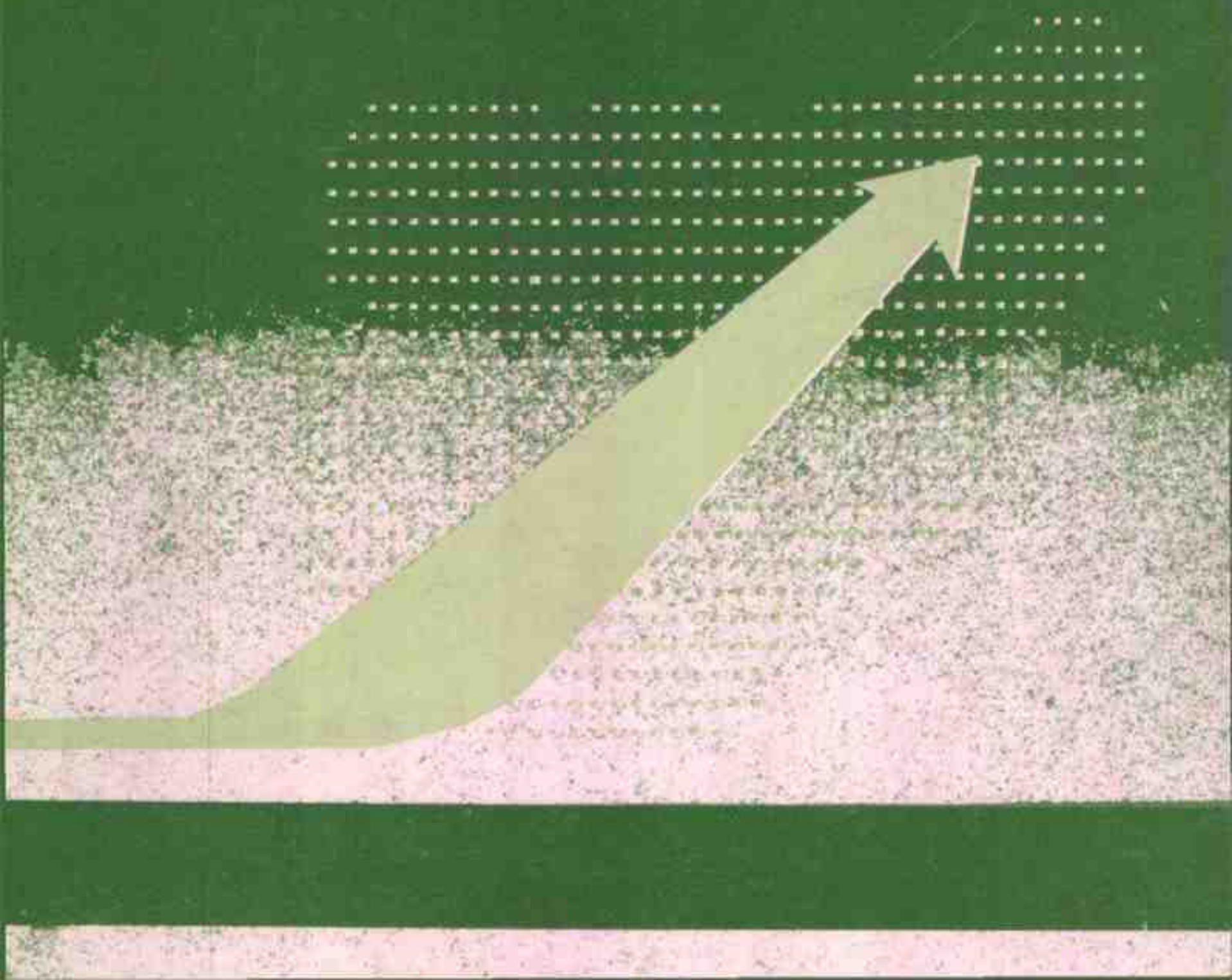


REPORT ON THE

**TENTH
NIGERIAN
ECONOMIC
SUMMIT
2003**



Report on the Tenth Nigerian Economic Summit

**10 - 12 September, 2003
Abuja**



Spectrum Books Limited

Ibadan

Abuja • Benin City • Lagos • Owerri

*Spectrum titles can be purchased on line at
www.spectrumbooksonline.com*

Published by
Spectrum Books Limited
Spectrum House
Ring Road
PMB 5612
Ibadan, Nigeria
e-mail: admin1@spectrumbooksonline.com

in association with
Safari Books (Export) Limited
1st Floor
17 Bond Street
St Helier
Jersey JE2 3NP
Channel Islands
United Kingdom

Europe and USA Distributor
African Books Collective Ltd
The Jam Factory
27 Park End Street.
Oxford OX1, 1HU, UK

© The Nigerian Economic Summit Group

First Published, 2004

All rights reserved. This book is copyright and so no part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, electrostatic, magnetic tape, photocopying, recording or otherwise, without the written permission of the copyright owner.

ISBN: 978-029-513-5

Printed by Meg-Comm. Network. Tel: 4712660, 08023173020

Contents

Pages

Introduction

1

Section 1

Day 1 - Wednesday, 10th of September, 2003

Opening Plenary

Welcome Remarks – Mohammed Hayatu-Deen	6
Opening Address – President Olusegun Obasanjo	8
Opening Presentation – Richard Kramer and Professor Charles Soludo	10
The Leadership Challenge in the Quest for Growth and Transformation – Professor Marvin Zonis, Chicago Business School	14
Vote of Thanks – Dr. Babangida Aliyu, Permanent Secretary, FCT	16

Special Summit Dinner

Welcome Speech – Mohammed Hayatu-Deen	17
Building a Self-Perpetuating Partnership – Honourable Aminu Bello Masari, Speaker, House of Representatives	17
Special Address – Dr. Ngozi Okonjo Iweala, Hon. Minister of Finance, FRN	18
Special Address – Brian Anderson, Anderson Energy, Hong Kong	18
Vote of Thanks – Tokunbo Adeola, Senior Special Assistant to the Vice President	20

Day 2 - Thursday, 11th of September, 2003

Plenary Session

Investment, Security and the New Pensions Reform – Fola Adeola, Chairman, Fate Foundation	20
Critical Success Factors in Implementing a Country's Growth Strategy – Professor Paul Collier, Oxford University	22
Managing Transition from Underdevelopment to Fast-Paced Economic Development – President Festus Mogae of Republic of Botswana	24
Vote of Thanks – Professor Charles Soludo	27

Tenth Anniversary and Award Dinner	28
Chairman's Address – Chief Ernest Shonekan	28
Citation at the Anniversary Award Dinner – Omobola Johnson, Accenture	29
Goodwill Message – Adrian Wood, MTN	30
Special Address – Adebayo Ogunlesi, CSFB	31
Vote of Thanks – Sola David-Borha	32

Special Summit Events - Open Fora

Open Forum I – Oil and Gas	33
Open Forum II – Social Infrastructure	36
Mini-Dialogue	40
Open Forum III – Public/Private Partnership and Transformation of the Nigerian Economy	40
Open Forum IV – Physical Infrastructure	45

Day 3 - Friday, 12th of September, 2003

Feedback Reports of Mini- Dialogue Sessions

Report of the Mini-Dialogue Session on Leadership	51
Report of the Mini-Dialogue Session on Nigeria and Global Competitiveness	52
Report of the Mini-Dialogue Session on Fiscal Responsibility Pact	53

Feedback Report from Workgroups

Summary of Summit Recommendations Presented to the President, Federal Republic of Nigeria	54
Closing Address, President, Federal Republic of Nigeria	60
Vote of Thanks – Asue Ighodalo	61

Section 2

Workgroup Reports

Group 1: Infrastructure	63
Group 2: Budget and Macroeconomic Framework	70
Group 3: Human Capital, Youth Development and Quality of Life	71
Group 4: SMEs, Informal Sector and Wealth Creation	77
Group 5: Agriculture and Food Security	81
Group 6: Oil and Gas	83

Group 7: Banking and Finance	86
Group 8: Privatisation and Deregulation	89
Group 9: Trade Policy and Competitive Industrialisation	92
Group 10: Rebuilding Institutions (Public Service, Judiciary and Police Reforms)	95
Group 11: New Investment Strategies	99
Group 12: NEPAD	103
Group 13: Solid Minerals	105

Comments, Questions and Answers 108

Section 3

Summary of Summit Recommendations Presented to the President, Federal Republic of Nigeria	120
---	-----

Appendices

A. NES #10 Schedule of Activities	133
B. Opening Plenary Speeches and Presentations	136
C. Opening Presentation	145
D. The Leadership Challenge in the Quest for Growth and Transformation	155
E. Open Forum Speeches and Presentations	166
F. Mini-Dialogue Presentations	214
G. Special Dinner Speeches	221
H. Investment, Security and the New Pensions Reform	233
I. Special Plenary Presentations	238
J. Speeches and Presentations at the Anniversary Dinner and Award Night	257
K. Summary of Summit Recommendations	271
L. Closing Remarks	279
M. List of Participants	281
N. Sponsorship	304
O. Summit Organisation	305

Introduction

Theme: Nigeria: Partnering For Growth And Transformation

The Tenth Nigerian Economic Summit was held in Abuja from 10th to 12th, September, 2003. The summit was not only a major milestone in the life of the summit process, it was also an even greater milestone in Nigeria's return to the democratic process, with President Olusegun Obasanjo's government settling down to a second term of office with a clear and unequivocal mandate from the country to continue the reform process embarked upon during its first four-year term.

The timing of the summit was most opportune since the government, having made a number of changes in key economic appointments in the administration, was also in the process of finalising its new-draft economic agenda. The 10th Summit was thus an extremely timely vehicle, not only as a '*sounding board*' for these proposals but also as a facility that could put some '*flesh*' on them with a view to expediting their implementation.

The Tenth Summit was also considered an appropriate time for the Nigerian Economic Summit Group (NESG) to reflect on its own development, a decade after the first summit was held in February 1993. Among the questions being raised after those years is whether the efforts have been worthwhile. Has progress been made? Has there been any significant improvement in the public/private sector dialogue process? Are changes necessary in its own *modus operandi* and, if so, what form should such changes take? And, even more significant, was whether the summit process justified the hopes and aspirations of its founding fathers and Nigerians at large?

Looking back on the report of the first summit in 1993, together with its associated Action Agenda, it is possible to establish that, in spite of the fact that the first six years were undoubtedly negatively affected by the lack of a democratic system of government, and the last four by the need for the new democratic process to shake off the trappings of the past, a significant number of the summit's recommendations had indeed been either fully or partially implemented. Nevertheless, it is recognised that there remains a significant number of recommendations yet to be effectively addressed while the implementation of some policies and programmes had been quite weak and non-sustained.

The summit took advantage of the 10th anniversary to publish some of those achievements. It is not often appreciated that reforms are delivered as a package; and where such implementation is done selectively, rather than holistically as a package,

the chances are that the desired results would not be achieved. Secondly, implementation itself must be well-planned and executed with efficiency and commitment. This had often not been the experience thus exhibiting the often talked about "good policies, good plans but poor implementation." Therefore, much remains to be done, not only to expedite the rate of change in Nigeria's economic development, but also to keep abreast of the continuous changes in the global economy.

In essence, the work must go on and the energies and efforts of the public/private sector partnership must be clearly focused on the lot of all Nigerians while also ensuring that Nigeria plays a major role in the economic development of sub-Saharan Africa and the world. After a successful transition and a careful review of the achievements made so far there is growing interest in helping to articulate a shortlist of economic priorities, which the current administration can consider, adopt and pursue, in its quest to deliver an economic legacy that would sustain Nigeria's nascent democracy.

It was thus with all these issues in mind that the NESG together with its partners in the public and private sectors, developed the theme/structure of the 2003 summit. The theme for the summit this year was **"Nigeria: Partnering for Growth and Transformation"**

NES#10 Objectives

The specific objectives of NES#10 were to:

- Sustain public/private dialogue and collaboration process in a democratic setting
- Acknowledge action taken since NES #9 matched against set targets
- Define short to medium-term economic priorities and contribute to the development of the National Economic Empowerment and Development Strategy (NEEDS)
- Generate an 'implementation-oriented' action agenda with clearly defined milestones and success evaluation criteria
- Determine who will do what, how, when and where
- Obtain commitment of all stakeholders to the 'low hanging fruit' actions required to achieve set targets

The summit was extremely fortunate in that His Excellency, Mr Festus G. Mogae, the President of The Republic of Botswana, agreed to speak on the experiences of Botswana in moving its own economy forward since it obtained independence in 1966. Among the other specialist speakers were, Professor Marvin Zonis from the University of Chicago Business School; Professor Paul Collier from the Department of Economics, Oxford University; Dr Mark Tomlinson, Country Director of the World Bank in Nigeria; Ambassador Robert Perry from the Corporate Council on Africa and Mr. Adebayo Ogunesi, the Head of Worldwide Investment Banking, C&A, USA.

These specialists from overseas availed the summit of their knowledge and rich experience. The summit was also extremely fortunate in that the two key economic specialists in the Federal Government – the Honourable Minister of Finance, Dr (Mrs.) Ngozi Okonjo-Iweala and the Economic Adviser to the President, Professor Charles Soludo, both participated actively in the summit.

The presence of Chief Ernest A. Shonekan who convened the first summit in 1993 as the Head of the Transitional Government of Nigeria was also remarkable. He delivered a speech at the award dinner which brought back old memories on how the summit process began and some of the personalities that facilitated the process.

The NESG took opportunity of the summit to unveil its plan to re-organise the institution. The re-organisation envisaged sought to sharpen the vision of the organisation and would place more emphasis on research and communication (education) than hitherto. The previous preoccupation with advocacy (lobbying) would be reduced. With the attainment of democracy the feeling was that there should be less lobbying and more involvement in policy articulation and marketing of agreed policies and measures. In response to the criticism that the summit was becoming just an annual event and a "talk shop", more work would in future be done in-between summits through the various commissions to be set up; research and education (selling of agreed policies to stakeholders) would be vigorously pursued to enhance the effective implementation of policies and programmes. The re-organisation would affect the structure of the NESG itself and would include its organisational structure, finance and personnel. The details, participants were informed, would be worked out at the end of the summit.

The summit presented awards to a number of organisations and individuals from both the private and public sectors who were considered to have played significant roles in the development of the summit process. These individuals included Chief Ernest Shonekan, the initiator of the summit idea in Nigeria and the one who convened the first summit; Dick Kramer, Felix Ohiwerei, Freddie Scott, Pascal Dozie, Aminu Saleh, Faysal El-Khalil, who were the pioneers of the NES process and Gidado Idris, former Secretary to the Government of the Federation and Ibrahim Idah, former Permanent Secretary, Economic Affairs at the Presidency, among others. Among the organisations honoured were Mobil Producing Nigeria Unlimited, 7-Up Nigeria Limited, Shell Petroleum Development Company (SPDC) and Arthur Andersen (represented by KPMG and Accenture Nigeria Limited).

The government took the opportunity of the summit to publicise the broad outline of its draft new economic programme, titled the National Economic Empowerment and Development Strategy (NEEDS). The highlights of the objectives and targets of the strategy being developed by the government are as follows:

- Poverty reduction, employment generation, wealth creation
- Redefining the governments role in the economy
- Creating an enabling environment for the private sector to invest
- Improving the delivery of basic social services
- Investing in the country's greatest asset – the people, and laying the foundation for future improvement in human capital.

Although the details were still being worked out, a target growth rate of GDP of at least 5% per annum is envisaged after launching the programme in June, 2004 and rising to 7% by the terminal date of 2007. The emphasis would be on reforms; especially right sizing government and reforming the public sector to plug leakages and reducing waste, improving the quality of service and greatly improving the environment for the pursuit of a private sector- led growth strategy. The aim would be to grow a robust economy that is globally competitive and capable of exploiting expressed preparedness to give support to its preparation in the sub-region, Africa and the world. The NEEDS would address poverty reduction strategies, employment creation, and protection of the vulnerable groups in society. The focus of the draft strategy was generally well received and the summit expressed preparedness to give support to its preparation.

As in the past, the summit was organised in plenary and workgroup sessions with the introduction of open mini-dialogue sessions as an innovation. There were thirteen workgroups in all – Infrastructure, Budget and Macroeconomic Framework, Agriculture, Banking and Finance, New Investment Strategies, Human Capital, Youth Development and Quality of Life, among others. The workgroups were enjoined to contribute towards the articulation of NEEDS by examining the various elements and recommending appropriate inputs that would improve the content and quality of the final document to be produced. The workgroup reports are contained in this report.

The summit was well-attended and the level of participation was quite high with the plenary hall and the workgroup rooms filled to capacity. Fears were expressed that unless remedial actions were taken, the number of participants could grow out of control in the future. There was, of course, the usual problem of time constraint, which limited the number of participants who wanted to make comments or ask questions at the plenary session which considered the workgroup reports.

While there is much enthusiasm about the prospects for the future there also remains considerable scepticism about the ability of stakeholders to deliver in the light of implementation failures of the past. For one thing, there appeared to be considerable consensus about what needed to be addressed to free the economy from the binding constraints of the past. The challenge remains how to effectively implement them. There can be little doubt that the 10th Summit was completed in an atmosphere vibrant

with a sense of optimism. This feeling was enhanced by the extremely positive inputs from all the key government speakers, starting with the president's own presentation which was undoubtedly a clarion call for meaningful actions to follow the summit's recommendations.

The focus of the President's presentation set the tone for all that followed – with speaker after speaker strengthening the feeling of optimism, which became even more pervasive as the summit progressed.

The presentations of both the Economic Adviser to the President and the Minister of Finance left the listeners in no doubt as to the commitment of the government to speedy development of a meaningful economic programme for Nigeria with a view to its even speedier implementation. Neither of the presentations failed to throw the right punches and clearly demonstrate the determination of the government to make a "great leap" forward in the development of a soared economic base on which the future prosperity of Nigerians could be assessed and their welfare greatly improved.

Section 1

Opening Plenary

Prior to the formal opening of the 10th Nigerian Economic Summit, three special events were organised, namely: an Oil and Gas Forum, a Social Infrastructure Forum and a Mini-Dialogue Session on the themes, Nigeria and Global Competitiveness, Fiscal Responsibility Pact and Leadership. These are reported upon in the special summit event session of Day 1 of this report.

Formal Opening Ceremony: Welcome Remarks - *Mohammed Hayatu-Deen, Chairman, NESG*

The formal opening ceremony commenced with a welcome address by Mr. Mohammed Hayatu-Deen, Chairman of the Nigerian Economic Summit Group (NESG). In his remarks, Mr. Hayatu-Deen observed that the NES process had come of age at ten, stressing that the year's summit overlapped with a historical political transition and coincided with the roll out of government's economic reform agenda.

He observed that the form and substance of the summit was also different. The fundamental essence of the summit, he emphasised, was to foster sustainable long-term economic development based on deregulation, liberalisation and free markets. He noted that the nation had followed this path in the last decade with many bold economic reforms and expanding as well as deepening private/public sector partnership. In the process, the administration had expanded the frontiers of reform.

On the record of reforms between 1999 and 2003, the Chairman stressed that the market oriented economy as a policy thrust of the Obasanjo's administration had made it possible for privatisation to be undertaken in the areas of banking, insurance, hotels, oil marketing, cement, telecommunication, maritime and aviation.

Deregulation/liberalisation, he went on, had also been achieved in power, telecommunication, oil and gas, downstream petroleum, education and health insurance while the financial sector had undergone reformation through the adoption of universal banking, Dutch Auction System in the foreign exchange market and streamlining financial system supervision.

Mr. Hayatu-Deen lauded the transparency in oil block allocations, improved cash calls payment, movement towards deep water concessions, expansion into the Gulf of Guinea (JDZ), coherent policy on marginal fields, new local content policy and

establishment of Petroleum Products Pricing Regulatory Agency (PPPRA) in the oil sector. The Chairman also noted that there was a continued expansion in LNG output and the huge potential it offered for export earnings. He stressed that infrastructure upgrade was critical for enhancing the performance of the economy.

In the area of trade and investment flows, Hayatu-Deen pointed to Europe/USA and South Africa as potential sources. On the part of Europe/USA, he said that there were trade and investment flows in oil and gas, IT and imports of raw materials and finished goods while South Africa presents diversified investment flows in areas such as construction, services, food, publishing, IT, telecommunications, power, oil and gas, transportation and entertainment.

He listed sources of official development assistance such as World Bank, International Finance Corporation (IFC), U.S. Export-Import (EXIM) Bank, Afri-Exim Bank, Centre for Disease Control (CDC), African Development Bank (ADB) and Development Bank for Southern Africa (DBSA) as possible areas from which Nigeria could garner some resources needed to finance development programmes and that the country needed to explore the opportunities they offered.

In the area of social engineering and institution building, he noted that there were attempts at poverty reduction, increased focus on Small and Medium Scale Enterprises (SMEs) and HIV/AIDS. He acknowledged the renewed focus on corruption and the good work being done by the financial crimes commission. He observed that the administration also lived up to expectation in areas such as the modernisation of the bureaucracy, radical change in compensation structure, pension reforms, building executive capacity and adopting or finding new approaches to budget administration.

Mr. Hayatu-Deen expressed delight at Nigeria's improved international image, stressing that the country was back on the world map with the good work done on Cameroun, Liberia, Sierra Leone and Sao Tome. He also mentioned the 1.5 billion dollar package for HIV/AIDS pledged by George Bush, the US President. The bottom line, he continued, was that there had been substantial achievements over the past four years by the administration but stressed that a lot more work still lay ahead.

In this direction, the Chairman observed that the theme of the 2003 Summit, "Partnership for Growth and Transformation" was timely because the economy was operating below potential and therefore had a compelling need for diversification and structural transformation aimed at creating "an economy that would operate at full throttle, with a punching double digit growth rate".

Turning to the Nigerian Economic Summit Group, the Chairman stressed that "since

we live in a changing world, the tenth anniversary was a moment for sober reflection," disclosing that the NESG was undergoing phenomenal re-organisation. The new focus, he disclosed, was to gravitate towards an authentic think-tank, deep research capability, year round activities and expansion of networks and alliances. He said that several retreats were held and a strategy document had been prepared, ready for consideration by the board after the summit.

The chairman welcomed the President, the speakers, distinguished guests and all participants to the tenth Nigerian Economic Summit and wished them a memorable summit. He then invited the President, Chief Olusegun Obasanjo to present his opening address.

Opening Address - Chief Olusegun Obasanjo, President, Federal Republic of Nigeria

The formal opening of the 10th summit was performed by Chief Olusegun Obasanjo, President, Federal Republic of Nigeria. He remarked that ten years of active and effective partnership between the public and the private sectors to move the economy forward, called for both celebration and sober reflection. He noted that the theme of the year's summit: "**Nigeria: Partnering for Growth and Transformation**", called for deep reflection about the way forward, adding that ten years was a critical threshold in the life of any human organisation or process.

In appraising public-private sector partnership, Chief Obasanjo noted that since May 1999, the government had received several representations from private sector organisations, including the NESG, MAN, NACCIMA, farmers associations, as well as labour unions, professional associations, civil society, international and religious organisations, all with various proposals and suggestions on how to transform the nation's economy. He said that judging from the proposals, there was a general consensus about the nature of the problems besetting the economy and indications on the broad direction of the choice of instruments needed to effect change. He said his administration had taken the proposals seriously. He noted that many of the government's economic programmes reflected such public-private sector consensus agenda, and would continue to do so.

The president added that the government had since 1999 joined hands with other stakeholders to reverse the downward trend in the economy by tackling gross mismanagement, corruption and a multitude of negative factors which characterised the battered economy that the administration inherited. Also, despite the sometimes bumpy ride in the country's experimentation with nascent democracy, the administration had endeavoured to stabilise the polity and restore the confidence of Nigerians in

themselves and in their country, to enable democracy dividends to be delivered and bring about an era of economic prosperity.

He expressed satisfaction that his administration's resoluteness was beginning to bear fruit in the cogency of the policies it adopted on many sectors, including power, agriculture, debt management, industries, trade, communications, pensions, energy and ports.

He also listed areas of governance which he said had shown clear signs that it would no longer be business as usual. Among the actions so far taken were:

- Passing the anti-corruption law, and setting up the Independent Corrupt Practices Commission
- Instituting greater transparency in government procurement through the enforcement of due process
- Raising morale in the public service through wage increases and improved conditions of service
- Restructuring and strengthening of weak and moribund institutions

Consequent upon these reforms, the GDP growth rate had consistently been positive on a per capita basis since 1999, thereby reversing the previous volatile and low trend. Productivity had risen, with industrial capacity utilisation rising steadily from about 30 per cent in 1999, to well over 50 per cent in 2002, observing that even the Manufacturers Association of Nigeria [MAN], which normally understated industrial capacity utilisation rate admitted in its last report that it was 53 percent in 2002. He also observed that there had been a significant Foreign Direct Investment inflow into the non – oil sector, a situation which, he said, reflected the new confidence of the international community in Nigeria. He added that, after an initial depreciation, the exchange rate of the Naira had stabilised and that interest rates had drastically fallen.

Despite these achievements, Chief Obasanjo said the challenges were still enormous more so because most socio-economic and development indicators showed that Nigeria ran the risk of not meeting the internationally agreed Millennium Development Goals (MDGs). More effort would have to be made to meet these goals.

He informed the participants that the broad outline of the administration's reform programme had been articulated in the National Economic Empowerment and Development Strategy (NEEDS). A high-level 20-member drafting committee, headed by the Chief Economic Adviser, was already working to articulate the programme and its targets, benchmarks, and implementation framework. He also gave an assurance that NEEDS would be subjected to stakeholder consultations and participation, and that Nigeria's Poverty Reduction Strategy Paper (PRSP) would form part of it.

He charged the summit participants to be aware of government's funding constraints and that they should therefore come out with recommendations that are implementable with well-defined sources of funds to execute them. He wished the summit successful deliberations.

Opening Presentation - *Richard L. Kramer and Professor Charles Soludo*

The opening presentation was made by Richard Kramer and Professor Charles Soludo, Economic Adviser to the President. Starting the presentation, Richard Kramer went down memory lane to outline the evolution of the summit process. He observed that the idea of the summit was mooted in 1992 shortly after Bill Clinton, who, as the newly elected President of the United States, held a highly successful economic summit in November of that year. Clinton recognised that the U.S. economy must be his primary focus if his administration was to succeed. His idea of the summit sparked off similar thinking in Nigeria. At that time, he recalled that Nigeria was then gearing up for democratic elections and transition to civilian government. Kramer said that the top leadership in both the public and private sectors felt strongly that the economy should be given priority and made healthier if democracy was to succeed.

The first summit, he said, reacted to the problems of marginal investment growth, lack of an economic blueprint, and stressed the importance of dialogue and partnership among all major economic stakeholders in the economy. It stressed the importance of a successful transition to democracy.

He said that the summit process was initially designed around the use of dialogue in small group sessions as a means of achieving understanding and to reach consensus on economic policies and strategies. It was also designed to attract top level public and private sector leaders, who were running the economy along with other major Nigerian and international stakeholders.

He said that the summit process took the long-term view of the economy in order to be able to go beyond "quick fixes" to emphasise the requirements for permanent and accelerated growth which should be in the region of 6 to 10 per cent per annum. The other reason for the summit, according to him, was to place the national interest above self-interest, and plan how to improve the quality of life for all Nigerians as a main objective. Kramer said that the four principles that informed the actions of the summit process have stood the test of time, and the summit had remained a dynamic force.

He described the ten years of the existence of the economic summit as a decade of progress. In particular, he said that during the ten years, Nigeria recorded the following five major achievements:

- Transition to democracy
- Return to international good standing
- Leadership within Africa
- Improved investment climate, and
- Evolution of economic policy.

While the investment climate had become more positive, he believed that investment flows were not yet at the level required to jump-start the economy for accelerated growth.

He believed that the 10th summit was historic in that it came at the beginning of the second term of the Obasanjo administration, which was itself a result of a successful transition. He said that the 10th summit also marked the first time government was making public its new economic agenda, titled the National Economic Empowerment and Development Strategy (NEEDS).

On the challenge of economic reform, Kramer observed that major reforms were needed to first reverse the deterioration in the economy and simultaneously provide positive economic policies and programmes to move the economy forward, although, such would need some time to bear fruit. He warned that economic reform was a battle that should be fought on many fronts at the same time. Equally important was the need to overcome powerful resistance to economic reform by vested interests. He said that economic reform required strong management capabilities and commitment from both the public and private sector leadership. He advised that external support from major nations and international institutions was essential and that Nigerian public support for the reform effort should be strong and enduring.

On the challenges before the summit, Mr. Kramer advised the participants to listen with open minds, critique and make constructive input and come up with broad consensus. He said that partnering work should start at the summit, and that after the summit, each participant should commit to collaborate with other stakeholders to implement the summit recommendations successfully. He stressed that further research, workshops and specific projects would be needed to either complement the summit or to facilitate the implementation of its recommendations.

On the way forward, he advised that performance assessment should be balanced and based on facts on ground. He said that the private sector needed to get beyond its tendency to criticise the government and should accept its own responsibility to build the Nigerian economy. The private sector needed to brainstorm extensively with all other stakeholders about the existing situation facing their businesses and particularly what was inhibiting investment. He said that the new economic strategy should provide

a clear blueprint for accelerating economic growth. The summit was to first make input into the strategy and then work to build consensus and turn this into commitment, adding that determined implementation was basically the “will to act and get results”.

Concluding, the presenter said that the summit had a unique opportunity after its 10 years of experience, with public/private sector partnership, to make positive impact on reforms. He observed that with Chief Olusegun Obasanjo’s strong mandate for a second term, as exemplified in his landslide victory, control of a large majority in the federal legislature and state assemblies, about two-thirds of state governors, the time could not be more auspicious to pursue vigorous reforms and create a momentum. The commitment of the administration to economic reforms must be equally supported by other stakeholders especially the private sector as partners in progress.

Highlighting why the NEEDS is imperative, he recited out the challenges of the economy as follows:

- Low GDP growth rate of an average of 2.8% in the 90s and 3.5% between 1999 and 2003. A minimum of 5% growth rate was needed to stop poverty from worsening and 7% or more to achieve the Millennium Development Goals by 2015. An annual investment of 30% of GDP compared to the current level of about 18% was also required to achieve the Millennium Development Goals.
- Poor socio-economic indicators
- Rising HIV/AIDS prevalence
- High income inequality – one of the worst in the world
- Unbalanced demographic structure with 50% of the population being children
- High rate of urbanisation (5.3%)
- High unemployment
- Stagnating secondary sectors
- Exploding violent crimes

He concluded that unless drastic measures were taken to arrest the situation, the economy and indeed the society would be heading towards disaster.

In continuation of the presentation, Professor Charles Soludo, Economic Adviser to the President and Chief Executive of the National Planning Commission, presented a broad outline of the **National Economic Empowerment and Development Strategy (NEEDS)**, a package of new reforms agenda which the Federal Government had conceptualised to breathe life into the economy and turn it around.

He stressed that there had been considerable fiscal indiscipline in the system (characterised by extra budgetary expenditures, payment of arrears, and a large number

of uncompleted projects), support for loss-making government entities and little savings for the rainy day. Also, there was weak non-oil revenue effort, complicated tax structure and low-tax compliance. In addition, he said there were low levels of coordination of fiscal policy among different tiers of government, ineffective resource management and so on. Many state governments were currently technically bankrupt while the system was generally characterised by weak public institutions, weak human resource capacity and low levels of transparency in government business with attendant high levels of corruption. Added to these were heavy unsustainable external and domestic debt burden.

What makes the new economic agenda different? Professor Soludo emphasised that NEEDS is a home-grown, selective, and a well-focused programme of reforms that would become the consistent basis for budgeting. There would be synergy and coherence between federal and state programmes for the first time in a long while, he stressed.

He believed the NEEDS would succeed because the country had a committed President, Vice President, and a cabinet with a vision and desire to leave a legacy; a renewed, more responsive, more enlightened legislature, greater party clout as exemplified by control of the states (28 PDP states out of 36) and a strong buy-in within government and a growing strong stakeholder support. These portend a bright prospect for the articulation and implementation of NEEDS. He stressed that the government had learnt lessons from its efforts in the first administration and was set to build on gains so far made; Professor Soludo said "it's not just talk or wishes because the implementation of needed reforms had begun".

The core elements of the agenda the NEEDS agenda, he stressed are:

- Poverty Reduction
- Employment generation
- Wealth Creation
- Reforms, derived from a long-term perspective of social and economic transformation of the country into a sustainable, modern, competitive and prosperous economy.

The major sources of growth to achieve the target growth rate set in the NEEDS are: agriculture, manufacturing (especially SMEs), the services sector (arts, culture, tourism, ICT), solid minerals, oil & gas, and, above all, human capital which Professor Soludo described as Nigeria's greatest asset and investment opportunity.

He said that a sustainable macro-economic framework would be put in place to ensure predictability and credibility; reduce waste and inefficiency, and ensure effective incentive structure to promote investment by the private sector and promote private sector-led growth.

In order to achieve the macro-economic objectives, the following would be pursued as strategic components of the NEEDS.

- Fiscal policy rule and budgetary reforms to be reflected in a Medium Term Economic Framework (MTEF)
- Diversification of revenue sources, reduction of the volatility of public finance and monetary financing of deficits
- Targeting of annual growth rate of at least 5%;
- Low and stable prices;
- Competitive and stable real exchange rate regime to maintain healthy external position and promote competitiveness
- Sound debt management with sustainability as key

The adviser gave an assurance that work would proceed speedily and must be completed before or latest by June 2004. There would be wide and intensive consultation with stakeholders as part of the process.

The Leadership Challenge in the Quest for Growth and Transformation - *Professor Marvin Zonis*

Professor Marvin Zonis of the University of Chicago made a presentation on the need for socio-economic and political stability as preconditions for growth of all economies including the Nigerian economy in particular. In his analysis, he divided the world into three groups, namely, Organization for Economic Cooperation and Development (OECD) countries, emerging markets and the non-emerging markets/countries. He noted that in the last decade, the emerging economies had been recording higher growth rates than the OECD and the non-emerging economies. For example, he said that while the OECD countries with 19.1% of the world population recorded an average of 3.13% growth, emerging markets with 60.3% of global population recorded an average of 7.28% as against the non-emerging countries with 20.6% of global population and 0.72% growth rate.

In the OECD countries, Ireland had an average growth rate of 9.9%, Korea 6%, Luxembourg 7.6%, Australia 4.4% and Poland 4%. In the emerging markets, many countries also recorded dramatic GDP growth rates. Among them were Equatorial Guinea 52.2%, China 16.2%, Singapore 11%, Sudan 10%, Malaysia 9.8%, Chile 8.8% and Uganda 8.8%. Others include India 7%, Mozambique 5.2%, Botswana 5.9% and Argentina 5.6%. For the non-emerging markets, average annual GDP growth was less than 4%. He listed some of the countries in this category as Antigua and Barbuda 3.9%, Swaziland 3.8%, St. Vincent 3.7%, Tanzania 3.3%, Philippines 3.3%, Brazil 3.1% and Nigeria 2.9%. Others include Cote d'Ivoire 2.9%, Venezuela 2.2% Saudi Arabia 2.4%, UAE 2.8%, South Africa 1.8% and Niger 2.1%. In fact, some of

the non-emerging economies recorded negative growth rates during the period. Among them were Burundi, -1.5%, Romania, -1.7%, Russian federation, -3.4% and Sierra Leone, -3.5%.

Zonis pointed out that the non-emerging countries carried "multiple burdens" which resulted in their slow annual GDP growth and that all indices of development showed that Nigeria had a long way to go to catch up with other emerging economies in all aspects of development such as literacy rate, access to improved water supply and health care. He said that especially, it is important to reduce dependence on oil revenue, stressing that the current level of dependence was bad for the economy.

He then went on to compare the performances of countries along some indices of development. On life expectancy at birth, he said that developed countries had long life expectancy at birth in contrast to the less developed countries with low life expectancy. Japan topped the list of countries with long life expectancy at birth with 80.9 years as opposed to Sierra Leone with 34.3 years. Others are Australia, 79.5 years and France 79.3 years. A striking revelation was that most of the western European countries now had over 78 years of life expectancy at birth while most African countries had between 34 and 42.7 years. On fertility rate, he said that while the developed countries recorded low fertility rates, the less developed countries still had high fertility rates. For example, while Japan, Germany, Italy and Greece each had fertility rates of 1.3, Niger had 7.3, Somalia 7.3, Congo 7.0, Uganda 6.9, Burkina Faso 6.8 and Liberia 6.8.

On access to improved water supply, Zonis said this was still very low in the less developed economies. For example, only 14.3% of the Ethiopian population had access to improved water supply. In Rwanda, it was 34.6%, Congo 35.5%, Sierra Leone 33.1% and Chad 20.7%. He also noted that with about \$10 and \$20 per capita per year, expenditures on healthcare in Africa was still very low, especially when compared to what obtains in the U.S with as high as \$4,243 per capita. He also took a look at organised crime and described it as a new phenomenon. According to him, some governments supported organised crime because they found their authority besieged at home and their policy interest imperiled abroad. He said that countries which supported organised crimes such as drug trafficking and terrorism, or aided the smuggling of illegal aliens or massive financial and bank frauds, sale of nuclear materials, political intimidation and corruption had failed to be accepted internationally as states.

Pointing to statistics on the severity of the impact of organised crime on the global economy, he said that on an annual basis, between \$100 and \$300 billion was made from narcotics smuggling, between \$10 to \$20 billion from toxic and other hazardous waste dumping, \$7 billion from alien smuggling, \$1 billion from theft of intellectual

property through piracy of videos and software etc. He also quoted the IMF as saying that the aggregate size of money laundering in the world was between 2% and 5% of the world's GDP, or between \$690 and \$1.6 trillion.

He said that deadly diseases such as cholera, anthrax, typhoid, dengue fever, hepatitis and meningitis had continued to ravage many of the non-emerging states and were taking their toll on them. And, in the less developed countries, he said armed conflicts had continued to take their toll on the population and their development efforts as resources, which ought to have been deployed to developing their economies, were spent on armed conflicts resulting in development failures in much of the concerned states.

He added that in a country with powerful ethnic groups like Nigeria, there was need for the development of a super national commitment to the greatness of the country. This is because powerful ethnic divisions have negative implications for the economic development of a country.

In conclusion, Zonis gave a recipe for the stability and growth of states. He said that countries must be part of the on-going globalisation and social change; adopt competence as a state policy, promote property rights and free markets, put in place policies that promote macro economic stability, discourage anti-development interests, rent seeking devices, ethnic and religious divisions, separate religion from politics and fight corruption.

Vote of Thanks - Dr. Babangida Aliyu, Permanent Secretary, Federal Capital Territory on behalf of Mallam Nasir El-Rufai, Minister, FCT.

In his vote of thanks, Dr. Babangida Aliyu asked to be allowed to recognise his colleagues, the Permanent Secretaries whom, although the Economic Adviser did not recognise as a core group in the success of the ongoing reform, were bent on making sure that the reforms succeeded.

He disclosed that the Head of Service had enjoined them and prepared them for the reform, and were faithfully implementing the monetisation policy. He paid tribute to his Minister who was unavoidably absent and assured participants that they were welcomed to Abuja. He hoped that despite their busy schedules they would find time to taste the trappings of Abuja. He then thanked the President and his entourage, Ministers and members of the legislature and the judiciary and all participants for their presence. He wished the summit successful deliberations.

Special Summit Dinner

Welcome Speech – *Mohammed Hayatu-Deen*

At the special summit dinner which followed the opening ceremony, four speakers made presentations. The first to speak was Mr. Mohammed Hayatu-Deen. In his dinner welcome address, the NESG Chairman, Mr. Mohammed Hayatu-Deen, observed that both the morning and afternoon sessions of the summit were remarkable in that participants had the rare opportunity to listen to a lot of summit speeches from distinguished speakers from within the country and abroad. The afternoon session, he noted, witnessed wonderful exposé from panelists on the current status of the oil and gas industry and also defined a road map for the future.

He believed that from the speeches and discussions that followed, especially from the unveiling of NEEDS – the government's new economic programme, it was clear that the government had a consistent and coherent economic strategy and that the government was not afraid of subjecting the draft programme to rigorous debate by operators in the public and private sectors.

He observed that the government realised that it had funding and time constraints as regards the implementation of its projects. It also had constraints in the areas of capacity and institutions. He therefore urged the participants to give very deep thought to these areas of constraints and come out with recommendations that would be helpful to the government in overcoming them.

Mr. Hayatu-Deen also observed that most of the speakers during the day had emphasised the need for an enduring partnership between the public and private sectors as well as with the civil society in order to move the country forward. He believed that in doing so, Nigerians must draw from the experience of other countries as a way of benchmarking their own performance.

He then urged the participants to enjoy the dinner and get set for a hard day's work the following day.

Building a Self Perpetuating Partnership – *Honourable Aminu Bello Masari*

The second speech was delivered by Honourable Aminu Bello Masari, the Speaker of the House of Representatives. In his address, the Speaker recalled that when the civilian administration was inaugurated in 1999, it inherited an economy characterised by declining capacity utilisation in the real sector, inadequate performance of major

infrastructural facilities, crippling budget deficit, massive inflation, unemployment and depreciating naira.

Given that type of gloomy legacy, the speaker said the economy had topped the priority agenda of the government since its inception in 1999.

Recalling the theme of the 2002 summit, "Nigeria: Putting the Economy First", he said the government had been doing just that. He called on experts in the private sector to participate actively in the summit to proffer solutions to the country's problems. He gave assurance that government relied on them to chart the path of partnership and also to achieve the much needed transformation and growth.

He further said that the President was a willing and able partner who had already designed the strategy for effective collaboration with the private sector in line with the objectives and goals of the summit. The new strategy, he emphasised, was embedded in the government's new economic blue-print titled, National Economic Empowerment and Development Strategy (NEEDS). He pledged the cooperation of the legislature in the joint effort to uplift the economy.

Special Address – Dr. Ngozi Okonjo-Iweala

The third speaker was Dr. Ngozi Okonjo-Iweala, Honourable Minister of Finance. In her speech at the summit dinner, Dr. Ngozi Okonjo-Iweala, commended the NESG for its positive contribution towards the growth and development of the country. She noted that the summiters gave a fair assessment of the economy, especially as it related to the achievements that were made in the last four to five years.

While believing that quite a lot had been achieved, particularly on the political and economic fronts, she admitted that there was still a long and difficult path to be traversed to achieve sustained economic growth. In particular, she spoke of the difficult days ahead. In this connection, she stressed that fiscal pressures were building up in the system, inflationary pressures were beginning to re-emerge; domestic debt obligations were rising while external reserves were under pressure.

She said the government was trying to bring more fiscal discipline to the system. The Central Bank of Nigeria [CBN] had expected to pursue tighter monetary policy yet at the same time, the government had to bring quick improvement in the quality of life of the average Nigerian. These required tough measures.

Okonjo-Iweala said that the government had started the process of crafting and

implementing an economic programme titled the National Economic Empowerment and Development Strategy (NEEDS). She described NEEDS as an economic programme that would be responsive and flexible to the changes in the global environment. In implementing NEEDS, she said, government would seek to maintain macro-economic stability, reinvigorate sources of growth such as agriculture, SMEs and solid minerals, increase capacity in manufacturing, vigorously pursue its anti-corruption drive and also support key social sectors such as education and health, paying more attention to HIV/AIDS. The power and road sectors will also need to be transformed. She stressed that these daunting challenges would have to be addressed. She observed that the deterioration in the economy, especially as regards infrastructure, took time to happen and that it would also take the government some time to rebuild. She said the government would redouble its efforts at ensuring growth of the economy. In this direction, a minimum GDP growth of 5% had been targeted for 2004 but added that efforts would be made to achieve 6% or more. The minister also reiterated government's determination to continue its reform of public enterprises through privatisation, and its policy of deregulation and liberalisation.

On government's anti-corruption drive, she reminded the audience that corruption had its supply and demand sides. She appealed to the private sector to help the government in its anti-corruption efforts by refusing to give bribes and by reporting any public sector official who wrongly demanded money from them, for punishment. She disclosed that the due process mechanism, which was being led from the presidency, would be extended to the procurement process throughout government offices. That, she believed, would make the government procurement process cleaner and less vulnerable to corruption.

Concluding her address, she gave an assurance that the Obasanjo administration was committed to simplifying government and reducing the size of the bureaucracy. She enjoined the private sector to continue partnering with the public sector to speed up the recovery and growth of the economy. She also enjoined the private sector to be good ambassadors of the country by helping to communicate the gains that the government had made in the last five years, thereby helping to encourage investment flows into the country.

Special Address – Brian Anderson

Mr. Brian Anderson was the fourth speaker for the night. In his speech, Mr. Brian Anderson of Anderson Energy, Hong Kong, advised that Nigerians should not despair but continue to have hope about the future of the country. According to him, if China, a communist country, with about 1.2 billion people was forging ahead without losing hope, then, Nigerians should not lose hope about the growth and development prospects of their country.

He believed that in order to turn the economy around Nigerians must return to their roots to embrace those highly cherished cultural values and norms of the society such as honesty, hard work, business ethics, diligence and uprightness. He narrated how he rebuilt his father's two bedroom house in Bauchi State with only \$600 using his father's old foreman in the village as the contractor/supervisor. The accounts, he disclosed, were well-kept without an attempt to cheat or cut corners. In those days, it was a taboo to be caught stealing and the local judges were fair and firm. He described corruption as an urban phenomenon and believed that a return to the old cherished societal values and norms would help in eradicating corruption in the country.

He commended the government for submitting its NEEDS programme at the summit for public and private sector analysis and input. Going forward, Anderson believed that well-focused and charismatic leaders working with an honest team of ministers, could see the country through to development in the medium to long-term.

Vote of Thanks – Tokunbo Adeola

In her vote of thanks, Mrs. Tokunbo Adeola thanked the speakers who had so generously fed the audience from their reservoir of knowledge. She expressed the gratitude of the Joint Planning Committee to the Honourable Speaker and the Chief Justice for not only finding time to attend this dinner but sitting through. That was a clear indication of their interest in the summit and indeed in the country.

She also thanked the National Planning Commission, the official sponsor of the dinner and she thanked all participants for making the special summit dinner delightful. She wished the participants a good night and God's blessings.

Investment, Security and the New Pensions Reform – Fola Adeola

In his presentation, he gave a background to where Nigeria was and asserted that the existing pension scheme was no longer working, pointing out that the pension deficit could be more than ₦2 trillion per annum with pensioners dying without receiving any benefits. The new scheme being proposed, he said, would be contributory, fully funded, privately managed and strictly regulated.

On the structure of the scheme, Mr. Adeola stated that a National Pensions Commission would be established to regulate and supervise the Pension Fund Custodians and Pension Fund Administrators. The Pension Fund Custodians, which must be limited liability companies, with minimum paid up share capital of ₦2 billion, would be licensed by the National Pensions Commission. They would be expected to possess professional and technical capacity to perform functions of custodians and must not be engaged in

any business other than custody of pension funds. The Pension Fund Administrators on the other hand must also be limited liability companies, but their minimum share capital would only be ₦500 million. They would be listed on the stock exchange or listed within two years of operation and should have the professional capacity to manage pension funds and administer retirement benefits.

He said their role essentially would be to open and maintain retirement savings account for employees as well as manage and invest pension fund assets in accordance with regulation. All employers, both public and private, would participate in the contributory pension scheme but the private sector employers who will be required to participate will be those who have 20 or more employees. He said that those with less than 20 employees must have a turnover of not less than ₦25 million to qualify. The employees that qualify will be those working in the public sector and those currently working in institutions or firms with more than 20 employees. Employees in companies with not less than ₦25 million annual turn over would also be legible.

Existing pensioners or those with three years or less to their retirement would be exempted from participation in the proposed scheme. He explained that eligible workers would be issued a retirement benefit bond, the value of which would be computed for length of their service. The bond would be redeemed on retirement; the amount redeemed would be credited to an employee Retirement Savings Account. He said the retirement of the bond would be through the Retirement Benefit Bond Reserve Account.

In explaining the mechanics of the system, Mr. Adeola said that during employment, employees will be expected to open Retirement Savings Account with any of the Pension Fund Administrators. The employees determine their contribution and authorise regular deduction from employers who would add their own contributions. The total contribution would then be sent to a custodian who would notify the administrator of funds received and advise the administrator to credit the relevant account. The administrator would instruct the custodian on the type of investments to make and the custodian would in turn implement as instructed and keep instruments in its custody. Consequently, the Pension Fund Administrator would prepare accounts and send statements to the employee or contributor.

Explaining the mechanism further, Mr. Adeola said that on retirement, the employee would notify the administrator of his retirement and the administrator, in turn, would advise the employee of possible options which are annuity, programmed withdrawal or even lump sum withdrawal. He said that the employee would specify the option he wanted and that the administrator would implement the chosen option.

The presenter said the safeguards for pension funds based on the new scheme include the separation of the administrator and custodian, investment in listed income securities, independent directors, daily reporting requirement for administrators and the establishment of compensation reserve funds by the administrators.

He also explained that the transitional provisions include the establishment of pension departments at each tier of government. These would be supervised by the National Pensions Commission. The Pension Departments would perform functions of existing pension offices in the three tiers of government, make budget estimates for existing pensioners, receive allocations from government and make payment to the pension fund as and when due.

He listed the benefits of the new scheme to workers which include regular receipt of retirement benefits, potable accounts, labour mobility, incentive to work harder and save and freedom to switch between Pension Fund Administrators. The new scheme would also guarantee minimum pension, ensure peace of mind in old age, endow ability to plan for the future and preserve death-in-service and survivor benefits for workers.

He also emphasised the benefits of the scheme to the economy to include the generation of a huge pool of long-term funds, which is a major foundation for economic development, expansion of convertible funds, accountability and harmonisation of public and private sector pension programmes. To the government and employers, the new pension scheme would ensure that pension liability would be reduced. It would impose fiscal discipline and encourage separation of investment, administration and custody of assets. The new scheme would also ensure greater transparency through the publications of rates of return, regular statements of contributions and earnings as well as annual audited accounts.

Critical Success Factors in Implementing a Country's Growth Strategy- Professor Paul Collier, Department of Economics, Oxford University

Professor Paul Collier in his presentation identified with the World Bank's view that there is no single blueprint for explaining the process of economic growth and development. He explained that policies need to differ according to circumstances and within a range. He asked if a country could be turned around, stating that in the 1970s, Indonesia turned itself around and so did Mauritania. China turned itself around in the 1980s. Vietnam, India, Uganda and Mozambique turned themselves around in the 90s. China and Mozambique had somewhat different strategies, yet both had been growing at over 10 per cent per annum.

He described Nigeria's economic policies as dreadful. This, he said, explained why Nigeria's economy has been stagnant for many years. He affirmed that Nigeria was now one of the poorest countries in the world and that Nigeria's economic performance had been among the very worst even by African standards in spite of huge opportunities. Ghana, he said, had the same per capita income as Nigeria. Without the benefit of any oil income it had been growing considerably faster than Nigeria. Botswana, with natural resource revenues but without Nigeria's other advantages, had used its resources to increase per capita income to ten times the Nigerian level.

With the foregoing background, Collier suggested three critical success factors based on the experience of the countries that had turned themselves around.

The *first critical success factor*, according to him, is to accept that something had indeed gone wrong and to understand what it is. He said that it was not enough to understand what went wrong as policy choices were not just mistakes but deliberate strategies that benefited a few people at the expense of the majority. He stated that although the policies had been ruinous, they had been strongly supported by those who gained from them and that beneficiaries of bad policies had promoted a discourse that obscured the truth. He said that the enemies of Nigeria were not out there but right inside the country and that to overturn 30 years of accumulated vested interests would require a political alliance.

He said the *second critical success factor* was the need to build an alliance in favour of reform. The essence of an alliance is that a successful reform programme should deliver benefits to several different interests. He warned that the old rent-seeking elites would try to oppose it because they were going to lose from the reform.

The *third critical success factor* was to focus on a few reforms that really matter and those that would pay off quickly. He advised that it would be necessary to state clearly what would be achieved, set measurable benchmarks of performance for those goals and to let everyone know what they are and why they are important.

He specifically suggested the improvement of the investment climate, getting a grip on macroeconomic policy and improvement of the delivery of basic services. These suggestions, according to him, were illustrative rather than prescriptive. The poor investment climate, he stressed had persuaded Nigerian wealth owners to place most of their money abroad rather than invest in the country. Professor Collier estimated the size of Nigerian private wealth abroad at about US\$107 billion, adding that most of the money was honestly earned but stashed abroad due to the unfavourable domestic environment.

On his ranking of the critical problems facing services provided by the public sector, electric power stood out as the most critical problem, followed closely by the deficiencies of police services and utilities. He believed that it was extraordinary that in an energy-exporting country, there should be a severe shortage of power. He suggested that a good guide to identifying necessary reforms in Nigeria was to be on the look out for those reform proposals that were more vigorously opposed by vested interests.

In concluding, Collier said that the central fact was that Nigeria remained poor and stagnant despite its huge oil resources, which should have enabled her to grow rapidly. He said the resources were being captured by the parasitic elite, operating in a parasitic economy that destroyed the real economy. He also said that regulation, corruption, over-valuation and failed monopoly of public supply had impoverished the non-oil private sector. Nigeria has to deal with these problems for it to succeed.

Managing Transition from Underdevelopment to Fast-Paced Economic Development – His Excellency, Mr. Festus G. Mogae, President of the Republic of Botswana

Participants at the 10th Nigerian Economic Summit had the privilege of listening to the success story of the Republic of Botswana, a land-locked semi-arid country of some 582,000 square kilometers and a population of only 1.7 million as its President, Mr. Festus G. Mogae reeled out factors that contributed to the country's growth and development action.

President Mogae said that Botswana received widespread international acclaim for its rapid economic growth especially in the early 1980s when the country achieved an average economic growth rate that was close to 10% per annum. He said poverty in the country had reduced to an estimated 36 % by 2003 (from 47% in 1994) and that literacy rate was currently well over 89% while life expectancy rose to 65.3 years by 1991, although it had since fallen to 55.6 years in 2001 due to HIV/AIDS. He remarked that foreign exchange reserves had risen to a level that would cover 29 months of imports due to the adoption of a conservative or realistic foreign exchange policy (reserve cover) designed to insulate the economy from an otherwise volatile export sector.

President Mogae attributed the country's success to development of sound macro-economic policies and the prudent management of resources and not due to natural resource endowment. According to him, natural resources by themselves would not develop a country without sound macro-economic policies.

He attributed Botswana's success to committed and visionary leadership, especially at the time of the country's independence in 1966, when it had a per capita income of only US\$94 and depended largely on British foreign aid.

"The leadership was genuinely committed to development and was responsive to the needs of the people. In a way, the priorities representing these needs were clearly identified as skilled human resources, physical infrastructure such as roads and telecommunication, social infrastructure such as water, health and education; and appropriate institutional infrastructure which were almost non-existent," the Botswana President said.

He disclosed that rather than destroy the rich cultural democratic heritage of Botswana, post-independence leaders built on it to the extent that till date, the country never had a political prisoner. He revealed that the opposition in his country conducted its business freely without encumbrances.

He said Botswana relied on the instrumentality of its National Development Plans for the articulation of government's socio-economic policies. They laid out the main development priorities, programmes and projects for the plan period, in keeping with sustainable public expenditure profile and government revenues. These plans, he said, were enshrined in the law and approved by parliament. As a result of the key role accorded to planning, no development project could be implemented unless it is in the plan. Any periodic modifications must be fully justified, and approved by Parliament.

The established system of development planning which is the national rolling plan, and Botswana's adherence to democratic principles and free market economic policies endeared the country to foreign investors and donor assistance. This subsequently led to the development and marketing of diamonds as well as other mineral resources with success.

Government, he added, also paid special attention to budgetary sustainability as measured by the ratio of its non-investment expenditures to its recurring non-mineral domestic revenues. The Budget Sustainability Ratio (BSR) is a tool developed by Botswana to measure the extent to which government's non-investment recurrent expenditures are being financed by recurring sustainable revenues.

As a rule and matter of policy, government decided that mineral revenues and other non-recurring, non-sustainable revenues would not be used to finance recurring expenditures of a consumption nature. Priority was given to investing such revenues productively. This was to ensure sustainability and create more income generating opportunities thereby promoting a more stable and equitable distribution of income through increased employment.

The thrust of this planning tool, he said, was to inculcate budgetary prudence particularly in view of the non-sustainability of mineral revenues. The Botswana President disclosed that his government embarked on diversification of the economy as a matter of policy to avoid dependence on diamond revenues. "To this end", he said, "a deliberate policy had been adopted to invest in particular productive activities such as infrastructural development and human resource development".

On basic education which his government considered a human right, President Mogae stressed that "Botswana has always based its development strategies on the belief that the nation's major resource is its people and that investment in their education and training is a necessary tool for national development."

He spoke extensively on regional cooperation and how Botswana, recognising its small size, played a key role in regional initiatives. He stressed the use of trade policy as an instrument for development management. He submitted that Botswana was less inclined towards corrupt practices due to its relative openness in its economic policy formulation. National Development Planning and priority setting coupled with the constitutionally entrenched role of the Auditor General, the Attorney General and an independent judiciary are the main instruments for avoiding or combating corruption.

He said that political leaders during the independence era lived modest, private and public lifestyles, while ostentatious consumption and greed were discouraged. "It is therefore no surprise that in the early years, Botswana did not have large prestige projects like giant stadia and prestigious international hotels", adding that "where cases of corruption were detected, the culprits, including high ranking government officials were tried in the open court and sentenced as appropriate." He expressed his belief that a truly democratic political dispensation with a free press and vibrant civil society are the best checks against corruption.

He also identified the avoidance of accumulation of excessive debt, both internal and external as another important aspect of Botswana's development strategy. Its debt service ratio had been kept below 50% of exports of goods and services and that Botswana has become a net exporter of beef to the United Kingdom, Germany and Holland.

He concluded with the advice that successful policy making and management must meet the following prerequisites:

- the need for clear national priorities and well defined and agreed co-ordinated development processes right from the grassroots level;
- need for everyone to have a stake in the development process and no one should feel excluded;

- need to develop trust among key stakeholders, by acknowledging mistakes and taking corrective action on key matters. Disagreements must be well-managed so that they do not degenerate into irreconcilable differences over protracted periods of time.

He acknowledged the technical and empowerment support that Nigeria gave to Botswana at independence, paying tribute to Justice Aguda who served as a judge. He concluded by stressing his belief that Nigeria as a great country, a country blessed with abundant natural resources. He believed that Nigeria could be a far greater country if she could marshal her collective efforts for national development.

Vote of thanks - *Professor Charles Soludo*

Professor Charles Soludo, Economic Adviser to the President moved the vote of thanks at the close of the opening ceremony. In his vote of thanks, the adviser said he thought that it was an understatement to simply say "thank you", but since we have not learnt a better English word, we can only say, "Your Excellency, thank you, thank you, thank you a million times for this."

He then proceeded on behalf of the organising committee of the summit and also on behalf of the people and government of Nigeria, to sincerely thank President Mogae for the great effort he made to come to the summit despite his very busy schedule. That underlined the seriousness and the kind of friendship that existed between Nigeria and Botswana.

He stressed that President Mogae had spoken and participants had heard. Pointing to members of the cabinet and members of the economic team, including the Minister of Agriculture, he expressed hope that in one or more of their Wednesday meetings, President Mogae's speech would be thoroughly debated, paragraph by paragraph to learn the lessons and what Nigeria can borrow from Botswana in its effort to move forward. He pointed to various key elements in the speech and emphasised that it provided food for thought.

He then went on to thank most sincerely, the Honourable Foreign Minister of Botswana who accompanied His Excellency to the summit, as well as officials at the office of the President that had worked tirelessly to make it possible. He also thanked Nigeria's Foreign Minister who had actually played the role of "the big host" since the arrival of the President of Botswana.

Finally, he implored the President in a jovial way to open his country's doors to import skills from Nigeria as well as Nigerian home movies which are very popular in Botswana.

Tenth Anniversary and Award Dinner

The Day II events ended with an Award night. Individuals and institutions who had contributed to the growth of the summit process were recognised at this ceremony which was chaired by Chief Ernest Shonekan with Vice President Atiku Abubakar as the Special Guest of Honour.

Chairman's Address – Chief (Dr.) Ernest A. O. Shonekan CBE

In his speech at the 10th Anniversary Dinner and Awards Night, Chief Ernest Shonekan recalled that the Nigerian Economic Summit had its roots in the work of the Enabling Environment Forum (EEF) and was largely inspired by a similar conference that the then President-elect of the United States, Bill Clinton convened in Little Rock, Arkansas, on 14th December, 1992. That conference inspired him to convene the first Nigerian Economic Summit in 1993.

He told the gathering that the mission of the Nigerian Economic Summit was not only noble but its objectives were largely patriotic and critical to Nigeria's long-term future. There was however the need to re-direct its focus and effort in order to bring its objectives and mission to fruition.

He stressed that the idea of a Nigerian Economic Summit was largely borne out of the need to foster dialogue, consultation and cooperation between the public and private sectors in order to chart the direction for national development as well as promote trust between the public and private sectors.

On the year's summit, Chief Shonekan observed that it was the 10th in the series, the first having been held from 18th – 20th February 1993. He said that the vision of the summit remained alive and relevant today as ever, as it had promoted a healthy and rewarding partnership between the public and private sectors.

While a lot may have been achieved so far, Chief Shonekan emphasised that much remained to be done. He pointed out that the vision of the summit was for the long term but, to get there, it was necessary to look beyond immediate signs and focus on the long-term goals. Unless that was done, the long-term vision could be sacrificed in the process of responding to short-term pressures.

Chief Shonekan also recalled that the NES championed the idea of Vision 2010 which was successfully crafted but that it still remained on paper. He hoped that all concerned would sooner rather than later come see the need to redirect strategies and priorities to ensure the realisation of its goals.

On the role of the NES, the former Head of the Interim Government appreciated the fact that by bringing together various stakeholders to dialogue, discuss and collectively chart the direction for national economic development, the summit had been playing a vital role in the development of sound policy based on consultation and consensus. It is also a veritable catalyst for building support for policies and programmes and seeking to provide an enabling business environment for the country. The need to develop consensus and support for needed reforms should continue to rank high in the list of the summit's priorities.

He paid tribute to those individuals and institutions selected for the anniversary award, stressing that those selected had played key roles and continued to be committed to playing noble and inspiring roles. He also paid special tribute to others such as Aminu Saleh, Isaac Aluko Olokun, Moses Akpobusah, Ifueko Omoigui and Dayo Onibile for the laudable roles they had played and continue to play over the years in support of the summit process.

In conclusion, Chief Shonekan challenged participants to keep striving to get the issues right, defining necessary reforms, exploring avenues for effective implementation of agreed action steps, engaging in open dialogue and imbibing the virtues of transparent honesty in leadership and corporate governance. They should not only design necessary reforms that are implementable, they should follow through the implementation of agreed policies and programmes. He wished the summit every success in the years ahead, challenging members not to relent in their efforts.

Citation at the Anniversary Award Dinner – *Omobola Johnson*

The citation at the 10th anniversary dinner was read by Mrs. Omobola Johnson, Vice Chairman of the Joint Planning Committee for NES #10. The first category of awards went to individuals without whom NES might not have existed the way it had in the last ten years of its existence.

The NES Outstanding Individual Contribution Awards were presented to the following 12 people from the public and private sectors of the economy, namely Chief Ernest Shonekan, former Head of the Interim Government; Dick Kramer, Chairman, Strategic Research and Investment Nigeria Limited, and former Country Managing Partner, Arthur Andersen Nigeria; Mr. Felix Ohiwerei, Chairman, Unilever Nigeria PLC; Chairman, Nigeria PLC; Mr. Pascal Dozie, Chairman, Diamond Bank PLC; Mr. Philip Watts, Chairman, Committee of Managing Directors, Royal Dutch Shell Group and also a former Managing Director of Shell Petroleum Development Company of Nigeria; Mr. Brian Anderson, Managing Director, Anderson Energy and former Chairman/Managing Director, Shell Petroleum Development Company of Nigeria; Mr. Faysal

El-Khalil, Managing Director, 7-Up Bottling Company, Nigeria PLC; Group Captain Freddie Scott, former Country Representative of West African Committee; Alhaji Ibrahim Ida, former Permanent Secretary, Economic Affairs in the Presidency; Alhaji Gidado Idris, former Secretary to the Government of the Federation; Alhaji Aminu Saleh, former Secretary to the Government of the Federation and Chief Philip Asiodu, former Economic Adviser to President Obasanjo.

According to Mrs. Omobola Johnson, "these gentlemen, along with others, spent countless hours of their personal time ensuring that the economic summit is a lasting and sustainable initiative - from conceptualisation and selling the idea of a joint public and private sector economic summit in the early days to guiding and directing the affairs of the NES secretariat behind the scenes."

The second category of awards went to those organisations that have deployed their resources and capabilities to support NES in

- Lending their personnel to NES to be rapporteurs, workgroup chairpersons, serving on organising committees of the annual summit and providing other administrative and logistics support for NES
- Visibly supporting the NES vision and actively participating in NES events outside of the annual summit
- Being spokespersons for the relevance and importance of NES in both private and public sector forums
- Having visible CEO and executive leadership participation in pre and post-summit activities
- Providing significant cash and kind through corporate sponsorship.

In this group of award winners were Shell Petroleum Development Company [SPDC], Mobil Producing Nigeria Unlimited, 7-Up Bottling Company PLC, and Arthur Andersen [now represented by KPMG Professional Services and Accenture].

Goodwill Message – *Adrian Wood, Managing Director, MTN*

In his goodwill message at the Award Dinner sponsored by MTN (Nigeria), Mr. Adrian Wood, Managing Director of the company remarked that it was a coincidence that the NES was celebrating its tenth anniversary as the GSM system was also marking its ten and half years of its existence. In that time, 650 different GSM operators had been established around the world with 1.3 billion subscribers. In some countries like Finland and Norway, 80% of the population now carried GSM phones and in China there would be 65 million GSM users added to the networks by 2003.

In Africa, within the ten years, perhaps a little less than 25 million subscribers had taken up GSM telephones out of which Nigeria accounted for about two and half million subscribers. He pointed out that Nigeria already, in just two years accounted for ten percent of the African penetration of digital mobile telephony which was quite an achievement, he stated.

He disclosed that GSM companies in Nigeria had serious infrastructure challenges but were nonetheless determined to soldier on. "We are really pioneers. We are doing things in Nigeria that have not been done before; it's a learning experience for sure. We are rectifying the shortcomings of mobile telecommunications as we go along," he stressed.

He went on to enumerate areas that had recently been connected to the MTN network service in the country, disclosing that the company had outstanding requests from nine state governors and more than two hundred communities which were either represented by the local governments or the traditional rulers (the royal fathers).

He stated that jobs were being created in the process of expansion and that MTN alone had directly or indirectly created about 60,000 jobs since it came to Nigeria less than two years ago.

He stressed that the industry still needed about 1.7 trillion Naira of investment out of which MTN alone would account for about 160 billion. There was therefore room for more investors to participate in the industry. He enjoined the NESG to carry out a case study of the GSM industry and continue to press for infrastructural improvement.

He ended his goodwill message by stressing that MTN stands for "Married To Nigeria" and that "what is good for MTN is good for Nigeria."

Special Address- Adebayo Ogunlesi

Mr. Adebayo Ogunlesi, Global Head, Investment Banking, Credit Suisse First, Boston began his presentation by commending the NESG for their efforts in the last 10 years to enhance the collaboration between the public and private sectors. According to him, the NES initiatives are a welcome development considering Nigeria's lost economic opportunities in the past two decades.

To him, although Nigeria's leading role in sub-regional conflict resolution was commendable and had created a more receptive atmosphere, Nigeria must now move quickly to capitalise on this receptive atmosphere to achieve specific goals which can fuel economic transformation. For instance, he said that the prospect for growth in

Foreign Direct Investment (FDI) was much stronger now and that there was also evidence of an increased appetite for Nigerian associated debt instruments, particularly energy structured finances where over N32 billion had been raised.

He stressed that the government must follow through on its stated goal of transition to an open, internationally competitive, market-oriented economy. In this respect, he said attention should focus on specific issues that would create an enabling environment and act as a catalyst in stimulating international investors' interest. Mr. Ogunlesi, enumerated such specific issues to include stable and effective economic and financial policies, continued deregulation and liberalisation, effective privatisation strategies, addressing the external debt situation and corruption as well as developing a systematic communication strategy.

Mr. Ogunlesi recommended a strong commitment to fiscal discipline and a sound sustainable monetary and exchange rate policies as necessary elements of a viable long-term, growth-oriented economic programme.

On deregulation/liberalisation, he recommended a gradual and guided liberalisation of the foreign exchange market. In addition, he advised Nigeria's financial operators to create products which provide the opportunity for currency risk management.

In the oil and gas sector, he welcomed the proposed privatisation of refineries and further deregulation in the downstream sector. Similarly, he said the successful deregulation of the Nigeria communication sector should be applauded for its far-reaching implications for economic development and growth.

On the management of the country's external debt burden, he stressed that the most critical factor that would determine the country's success in debt restructuring or even debt relief was the commitment of the political leadership and constituency to embrace comprehensive economic reforms. In this respect, he pointed out that economic transformation "truly begins when a country makes reforms a domestic political priority rather than a platform to please the IMF or World Bank." To aid economic transformation, he advised Nigeria to obtain a country rating that would permit her public and private sector institutions greater access to international capital and provide foreign investors with opportunities to benchmark Nigeria against other countries.

Vote of Thanks – Sola David-Borha

In her vote of thanks, Mrs. Sola David-Borha on behalf of the Nigerian Economic Summit Group thanked President Festus Mogae of Botswana for graciously adjusting

his schedule to enable him take part in the anniversary dinner and award night. She lauded the President's example of humility and willingness to learn as preconditions for economic development. She also thanked Vice President Atiku Abubakar, for graciously joining in the dinner and for his continued support of the NESG.

Mrs. David Borha then thanked the Chairman of the dinner event, Chief Shonekan, the former Head of Interim National Government for initiating the summit process and for his unflinching support of the NES. She thanked the Guest Speaker, Mr. Bayo Ogunlesi, one of Nigeria's business ambassadors, for delivering a thought-provoking paper and for giving the audience a perspective of Nigeria outside the country.

She congratulated the award recipients for their contribution to the process and expressed hope that they would continue to support the process.

Finally, she thanked MTN for helping to bring about a telecommunications revolution in Nigeria, and the foreign guests, the other special guests and indeed all participants for gracing the occasion.

Special Summit Events – Open Fora

Open Forum I – Oil and Gas

This forum kicked off the formal events of NES #10 prior to the formal opening. The panel that was constituted comprised Ivo Bozon, Adedotun Sulaiman and Brian Anderson.

The facilitator observed that it was time to scrutinise the oil and gas sector as it was still the mainstay of the Nigerian economy. He pointed to lessons that would be derived from the experiences of other countries. He expected an informative dialogue session from which participants stood to benefit.

The first panelist to speak was Ivo Bozon, Managing Partner, Oil and Gas, Mckinsey & Company. He spoke on "Predictable Patterns in the Global Upstream Oil & Gas. He took a quick look at the drivers of economic development, the prize that is available and where government should concentrate its effort to stimulate growth.

According to Bozon, stimulating and fostering innovation as well as promoting competitiveness through globalisation and privatisation are issues that should be given priority attention. He maintained that unless there is a stable society with a robust fiscal and monetary policy, supported by a reliable institutional framework, the process of stimulating growth could be stalled.

The oil expert believed that for Nigeria to have economic development and be on the growth path, as the best evolving countries of the world were experiencing, increased productivity and revenue growth in the oil industry was imperative, but the prize, he stressed would be high.

Explaining the evolution of the upstream sector, he said that the oil industry was expanding at a rate that would have been unimaginable ten years ago, thus leading to a real battle for development among countries. However the surge of Russian production on the global export market was changing the market price for oil. This, he stressed, had made it possible for OPEC to have a neighbour in Russia. With the realities on ground, majors were not only pressurised for capital performance while prioritising the next wave of big bets across the globe, but that the dash for gas and the surge in LNG were on, thus heating up competitive pressure. Mr. Bozon stressed that winning the dash for gas was vital to Nigeria's future but that the main road block towards developing Nigeria's LNG project was the enormous amount of capital that was required.

On the creation of growth and expansion in the country's upstream petroleum sector, he grouped his suggestions around four pillars, namely:

- energy development as the driver of the economy;
- the National Oil Company (NOC) structure;
- capital attraction and International Oil Companies (IOC) cooperation,
- technology stimulation and tax legislation.

He advised that for Nigeria to aspire and gain market share in the global upstream sector, the country must create a framework and funding for oil investments, push the OPEC quota for a win in the dash for gas, pushing the development of the power sector to support the growth of the industrial sector and improve welfare as well as develop the broader economy by maximising the multiplier effect of the energy investments.

Bozon advised that Nigeria must make a choice over the level of domestic activity and the degree of internalisation which is best to optimise the country's wealth. He also called for policies that would strengthen the multiplier effect of increasing the local content in the upstream sector as well as government revenues.

Finally, he stressed the pillars that must guide the development of Nigeria's upstream petroleum sector, namely, the role and performance of the NOC; the need to win the race for capital and expertise of IOCs versus other countries in the world, fostering and promoting the application of technology, and the need to make a step change toward creating the right fiscal environment and funding conditions to win in the next decade.

Ivo Bozon's presentation was followed by that of Dotun Sulaiman, Country Managing Director, Accenture, who spoke on YPF – Repsol Model. He stressed that the oil industry faced increasing volatility which posed great challenge to oil players. Consequently, he said the super majors and the National Oil Companies (NOCs) must be mindful of the following critical success factors:

- Low cost of capital
- The share of world oil reserves
- Low cost of production per barrel
- Share of world production
- Access to new technologies/innovation
- Strategic relationships and alliances
- Concessionaires, J.V. partners, technical partners, etc.

He said the NOCs held 75 per cent of the world's reserves and that their share of world production had greatly increased and would continue to increase. NOCs, he said, have limited access to low cost capital due to high country risk rating. He said that in response, successful NOCs were moving towards full and partial privatisation or commercialisation as initiatives to improve efficiency.

He then highlighted the success story of Argentina's Yacimientos Petroliferos Fiscales (YPF) Sociedad, Anonima. YPF was Argentina's largest company involved in the entire spectrum of its oil and gas industry. It had a cash-based accounting system that produced financial statements ten months after year-end and had more than 50,000 employees, represented by one of the country's strongest unions. YPF faced such challenges as unclear focus on core business, weak financial base and unreliable financial statements. It accumulated losses of \$US6 billion from 1982 to 1991 and suffered from large scale corruption and inefficiency. It had a bloated and unproductive workforce and weak corporate governance.

YPF was later to be transformed; adopting the following steps:

- Review of the enabling legislation
- Auditing and cleaning up of financial statements
- Focus on core business
- Renegotiation of labour contracts before eventual privatisation
- Privatisation

Key milestones were set for the transformation process. Consequently, YPF was transformed from being a domestic player to a global oil company covering over 16 countries. As a result of the transformation, there was increased production of crude oil and gas and improvements in sales, earnings and cash flow. By 1993, YPF had achieved remarkable performance with ROCE of 11.7 per cent compared with BP

(3.44 per cent) Chevron (9 per cent) and Amoco (13.32 per cent). He stressed that currently, YPF was the largest company in Argentina, ranked top among Latin America's leading companies. The speaker predicted power shift by 2020 from Super Majors to NOCs going by the success story of YPF. The results achieved were remarkable with YPF ranking among the 10 largest oil and gas companies in the world.

He concluded that oil markets would be volatile in 2003 – 05, although outlook remained bullish. He stressed that super majors had consolidated and were financially stronger; NOCs and regional majors controlled most of the resources of the world and that capital would flow towards deep water oil and gas and West Africa.

Next to speak was Brian Anderson, Managing Director, Anderson Energy, Hong Kong, who spoke on "Professionalisation: Petronas Model". He said that the clamour for local content was protectionist in nature and that if the local content was pushed, costs could go up. He cited Malaysia as a good case in point.

Through a scenario model, he demonstrated that:

- If the cost of production goes up, oil revenue would go down and this would lead, in the end to regulations.
- Apparent benefits of controls and regulations have a huge cost.
- Local content adds to cost and does not provide very much in return
- When oil revenue drops, corruption increases.
- Nationalism drives the push for local content, which also leads to the desire for control and ownership by government.
- On the other hand, community action to induce change fuels ethnic tension and intercommunal disputes.
- By payment of local royalty, community would earn income directly.
- A satisfied community would end disputes and lead to community action to induce change.
- People's desire for change can influence political will to make change.
- Market forces influence competition, which in turn, encourages professional management of oil.
- Competition would reduce cost and enhance oil revenue and reduce corruption.

He believed that the interplay between super majors and NOCs would increase and that this would benefit all stakeholders.

Open Forum II – Social Infrastructure

The panelists for this forum were Dr. Victoria Kwakwa of the World Bank in Nigeria, Professor Peter Okebukola, Executive Secretary, NUC and Professor Martin Aghaji, Provost, College of Medicine, UNN. Mazi Sam Oluabunwa facilitated the forum.

The first presentation, titled, "Nigeria: Partnering for Social Service Delivery" was made by Dr. Victoria Kwakwa. In her opening remarks, Dr. Kwakwa asked the question "Where does Nigeria stand in the delivery of social services and how can the situation be improved through partnership between the public and private sectors?"

Referring to various indicators, she concluded that the picture of social services delivery in Nigeria was gloomy. She disclosed that, in education, primary school enrolment was 74% (male), 56% (female); 7.3% of children not in school; ratio of girls to boys was 77:100. Secondary enrolment was 25% to 30%, and tertiary enrolment 4%. Worse still, the quality of higher education was low and not well focused on the needs of the economy.

In health, maternal mortality per 100,000 was 1000; under-five mortality per 1000 was 141; HIV prevalence about 5.8%, (4-6 million infected as at the end of 2001 cumulative deaths reached 1million, and number of HIV/AIDS orphans, 1.4million).

In view of the depressing picture and in order to improve the situation, Nigeria signed the Millennium Development Goals (MDGs). She said under the MDGs, education has the goals of universal primary education, elimination of gender disparities in primary and secondary education by 2005 and at all levels by 2015. In the health sector, the goals are to reduce under-five mortality rate by two-thirds and to reduce the maternal mortality rate by three-quarters. On HIV/AIDS, the goal is to halt and begin to reverse the spread. Water and sanitation goals are to reduce by half, the proportion of people without sustainable access to safe drinking water. She then asked if these goals are achievable by 2015. She stated that the government's economic team would need to carefully examine this question in elaborating the National Economic Empowerment and Development Strategy (NEEDS). She stressed that for any progress to be made, fundamental changes were needed. She believed that the situation could not continue with "business as usual."

On the available opportunities for private-public partnership in social service delivery, she said, globally, some trends were converging to encourage and enable private participation to enhance limited public resources in social service delivery. She said there had been a shift towards decentralisation in decision making and towards private sector involvement in the financing of social services because government was incapable of meeting the present and future demands.

"The traditional approach equated public intervention with public provision; and privatisation with outright sale of public assets to private entrepreneurs. She said evidence showed that there is capacity for a wide range of private investments, and innovative public-private partnership beyond these two extremes. Thus, there are options for private financing, private management and private ownership," Dr. Kwakwa pointed out.

The non-traditional approaches, she identified are as follows:

- Private sector management and operation of publicly-owned schools. In this case, schools remain publicly-owned and funded. A management firm is paid a fee, and required to meet specific benchmarks in areas such as school attendance and community involvement. Examples of successes abound in China, parts of the Middle East, UK and USA.
- Private provision of complementary services: catering, cleaning, security and recruitment, etc. In China, public universities are directed to contract out non-core services. University of Ghana uses the private sector to finance and operate student hostels.
- Scholarships, Vouchers, Loans, Stipends etc: Private/Public Sector could finance vouchers, scholarships for students to attend private schools. Vouchers may be available to all the students (e.g. in Indonesia, Senegal, Cote D'Ivoire) or targeted to certain groups as in Columbia.

In his presentation, "Social Infrastructure Reforms: Some Perspectives on Education," Professor Peter Okebukola of the Nigerian Universities Commission underscored four basic principles which he believed in, namely: that education is pivotal to human capital development; education should be more of public than private good; basic education is as important as higher education; and quantity is as important as quality.

He disclosed that about 18% of primary school age children in Nigeria were still out of school, the quality of primary education remained very low in the areas of numeracy, literacy and life skills; about 15% of teachers still lack basic teaching qualifications and participation rate in higher education is low. The 53 universities in the country offer admission to only about 10% of eligible candidates. He projected that by 2009 only 3% could be admitted. He believed that overcrowded classrooms and hostels were prevalent while the quality of social services in schools is very low. He referred to disruption in school calendars and the serious deficiencies in the quality of graduates, especially in practical skills. The short and medium-term priorities for education should be: enhanced access through full implementation of the UBE law and penalty for non-enrollment; improved quantity and quality of teachers through doubling the pace of pre-service and in-service training for teachers, and improved infrastructure through the provision of 20,000 additional classrooms annually for the next ten years.

With specific reference to higher education, Okebukola identified the short and medium-term priorities as follows to include:

- improvement in infrastructure through massive rehabilitation of abandoned academic buildings and hostels;
- renovation of municipal services;
- enhancement of research as well as ICT infrastructure and the others include a review of curriculum content through the total overhaul in 2004 of university

curricula in order to respond to national needs which should include entrepreneurial education, ethics and societal values, vocational and technical skills.

- curriculum delivery through annual training of higher education teachers in pedagogy.
- Stability of the school calendar through improved funding for the systems (including internally generated revenue), improved scheme for universities staff; setting up dialogue and consultations with university unions.
- Eradication of social vices through societal re-orientation; establishing in-campus police, and visitation of the full law on cultists.

Professor Okebukola believed that those short and medium-term priority areas were transformatory, implementable and practicable. He said that recent success stories in the education sector pointed to silver linings in the dark clouds in the sector. The Universal Basic Education (UBE), private sector participation in higher education, National Digital Library Project, Virtual Institute for Higher Education Pedagogy, Evolution of Centres of Excellence; University Autonomy” were all signs that pointed to a better future.

In the next presentation, “Social Infrastructure from a Healthcare Perspective” which was by Professor M.A.C Aghaji, health was described as an optimum state of well-being in the physical, mental, emotional and spiritual “realm.” Health is therefore a by-product of a wide array of choices and factors and not simply the result of medical intervention.

According to Professor Aghaji, health could be regarded as wealth since half of what creates health is lifestyle and behaviour-related. That is why a healthy nation is a wealthy nation. He pointed out that “health is not a commodity that is given. It must be generated from within. Similarly, health action cannot and should not be an effort imposed from outside and foreign to people; rather, it must be a response of the community to the problems that the people in the community perceive, and carry out in a way that is acceptable to them and properly support by adequate infrastructure”.

He stressed that presently Nigeria was neither healthy nor wealthy. He admitted that since 1999, the government had remained committed to revitalising healthcare in Nigeria although the efforts were yet to be felt by Nigerians. If anything, the reverse seemed to be true – as indicated by available statistics. For instance, Nigeria was the 7th nation in the world with the highest maternal mortality (15 per 1000 births); infant mortality rate, he stated, was above 75 per 1000 births while the under 15 mortality was 125 per 1000 births. Similarly, current coverage levels were less than 50, 35, 20% respectively for urban, semi-urban, and rural populations.

Professor Aghaji further argued that the results of huge amounts of money spent on

primary healthcare were yet to be felt. The secondary/district hospitals were nothing but ordinary buildings on the one hand, while on the other, tertiary hospitals had low productivity, were crisis-ridden, under-funded and poorly managed. As a result, he said, confidence in the healthcare system was at an all time low and many Nigerians more than before were going abroad for the most basic health care treatment. He expressed regret that expenditure on health was only about 3.2 US dollars per capita as compared to the benchmark of US\$14.

He nonetheless cited the following examples of positive initiatives taken by the current government to enhance health care delivery. These include the Roll-Back Malaria programme, HIV/AIDS multi-initiatives, and the guinea-worm eradication programme. He said despite these, there remained several key failures in the health care delivery system. Such failures, he said, included the low fiscal allocation which is one of the lowest in Africa and the world as well as poor management of the limited funds available for health care.

He said that the Federal Ministry of Health was in dire need of restructuring, pointing out areas of critical need in health care such as mental health, rapid response to disaster, kidney dialysis, cardiac surgery and radiotherapy.

Professor Aghaji therefore recommended that the health system at all levels of government should be modernised to satisfy all the health needs of all Nigerians and that this should be done efficiently, most cost-effectively and responsibly. "The system must be run ethically and friendly," he concluded.

Mini-Dialogue

A mini-dialogue session was organised at lunch time on three themes, namely

- Leadership
- Nigeria and Global Competitiveness
- Fiscal Responsibility Pact

The dialogue took the form of questions and answers which were collated into reports. The outcomes of the dialogues are highlighted elsewhere in this document.

Open Forum III – Public/Private Partnership and Transformation of the Nigerian Economy

This forum was facilitated by Professor Anya O. Anya, Director General, NESG and the first presentation was made by Mr. Bunmi Oni.

In his contribution, Mr. Bunmi Oni stressed that public/private sector partnership was compelling because neither of the sectors could exist without the other as they are inter-dependent. For example, he said that if a politician promised the electorate jobs, he has to rely on the private sector to deliver on the promise. On the other hand, he said that the private sector was obsessed with growth but it must rely on the politicians to create the environment for it to foster the much-desired growth. So, there was a very compelling case for building public/private sector partnerships.

He pointed out that such partnership would help to prepare for the baton change in making the transition from a public sector-led economy to one that was private sector led. As the public sector vacated the commanding heights of the economy, the private sector should be positioned to take over. He said that in the last ten years governments all over the world had turned over 680 billion dollars worth of assets to be managed by the private sector through the process of privatisation.

He observed that such partnership had always helped governments to stay the path of integrity and that with partnership and dialogue, either side could hold the other accountable for its promises, apart from supporting each other to succeed.

He then turned to the area of corporate governance. In this respect, he stressed that partnership against corruption was one thing that presented a tremendous opportunity, because corporate governance was both a defense against and an attack on corruption. He said that higher standards of corporate governance were needed both in the public and private sectors. He stressed that the governance of companies is as important as the governance of nations and so corporate governance was not just a matter that is important in the public service; increasingly, it is an issue for the private sector as well.

The governance platform, also gave opportunity to develop common national conventions on business integrity so that business integrity did not necessarily have to be limited to the business community because government was in some kind of business, even though it was not commercial business. He believed that the system must maintain the balance of power and the balance of influence between the shareholders/stakeholders and the regulators. Each of these platforms, he said, created the framework for implementing the corporate government principles.

He said the fourth compelling case was the development of society. This, he said, would help the country to focus attention on what matters the most, (i.e. the quality of life of the Nigerian people and to focus on investing in people, rather than investing in things). It would help to design a development model that is better focused on capacity building and having a population that can perform.

With capacity building, there would be an increasingly growing responsive population

that would become value creators and not just rent seekers. Such would have proper perspective on the role of government and shift focus from cake-sharing to actual cake-baking.

The fifth platform that he explored was the issue of national competitiveness. He said partnership would help to raise the level of national competitiveness.

The presenter believed that wealth creation should be the focus of poverty reduction programmes and not handing out of money to people which previous programmes tended to do. He said that if the interdependent nature of both the public and private sectors were understood, it would begin to change behaviour. Government appeared to have held itself out as the ultimate provider and for as long as that was the case, the ordinary man on the street would simply fold his hands with the hope that government would do all things for him. He believed the government should emphasise empowerment so that people would no longer have to look to government for every aspect of their lives.

On the conflict between controls and facilitation, he said that a whole lot of services had been based on control. This, he said should be changed to facilitation. He pointed out that the beneficiaries of controls and chaos would always present very powerful arguments why reform should not take place or why it should not be done as speedily as it should. The private sector has competition scare, a long history of monopoly environment and has opportunists who have inherited some economic power that they want to preserve. There was growing mercantilism and de-emphasis on production. He said that there had also emerged free-feeding frenzy and fuzzy nature of the big picture with people simply relating to narrow self-interests rather than to the national interests. These needed to be addressed.

He spoke on partnership in transformation under which he highlighted the following elements:

- Sharpening the regulatory environment
- Redefining the development model
- Focusing on economic priorities
- Private assets and promoting migration from the informal to the formal sector.

He recommended greater exchange of personnel between the private and public sectors and an alliance between the private universities with public sector institutions. He gave the example of the Pan African University and ASCON as two institutions that could collaborate with the possibility of ASCON being used as an institution for the training of civil servants. The essence, he said, would be to build capacity. Mr. Oni lamented the poor prioritisation of economic policies and programmes and stressed

the need for fundamental systemic shifts in the fight against corruption and inertia.

He concluded by stressing that for partnership to build the desired momentum, it must be applicable across all sectors. The success factors include commitment, human capacity building, stakeholder involvement, intelligent transition design and developing mature procurement and negotiation skills.

The next person to speak was Professor Marvin Zonis of the Chicago Business School. He explained how rapidly development could occur if people are given the right incentives. To illustrate his point, he compared economic performance in Mexico and Puerto Rico, both signatories to the North American Free Trade Agreement (NAFTA).

The economy in Puerto Rico, he said is a disaster with 75% of the Puerto Ricans living on welfare payments of the US government. Mexicans on the other hand, were considered very lazy for decades and their goods were classed substandard. On the 1st of April, 1994, the Trade Agreement was passed and this agreement allowed goods manufactured in Mexico and Puerto Rico to enter the United States duty free. What happened in Mexico after this was a massive investment boom. Billions of dollars were invested in Mexico by American, Japanese and European companies all seeking to use the cheap labour of Mexicans to produce goods to export to the United States. All of a sudden, the Mexican economy boomed and it looked like the only thing that changed was access to the American markets.

Meanwhile Puerto Rico had access to the American market too and Puerto Rico still has 75% of its population living off American welfare. He explained that the difference in economic performance was the variations in price structure. Mexico had a very different price structure from Puerto Rico. The Puerto Rican dollar is one to one with the US. "Why would anyone build a plant in Puerto Rico if it is going to cost the same as building a plant in the US?" So nobody builds plants in Puerto Rico. However in Mexico, where they do have a separate currency which is relatively competitive with the dollar, it made tremendous economic sense to build plants in Mexico because labour costs are actually 10% in Mexico of what they are in the U.S.

In conclusion, Zonis said the right incentive-structure will change people's behaviour. When it paid Mexicans to work because there was some profit to be made, they became the greatest workers as reported by the Ford Motor company. Second, a competitive exchange rate will facilitate investment in the country.

Ambassador Robert Perry was the third panelist to speak. Representing the Corporate Council on Africa, he said that the council considered itself partners with the Nigerian

Economic Summit. He explained that the CCA existed to assist those investing and trading in Africa in focusing their efforts as well as in proposing ideas to Government about the development of the businesses in Nigeria.

Saluting the organisers of the summit, he said both the theme for the summit and the presence of the President of Botswana confirmed a commitment to economic growth. This commitment was also illustrated in the government's support of the principles of NEPAD which are centered on the development of democratic governance, rule of law, privatisation and respect for human rights.

He shared his belief that despite pessimists, with prudent economic management and continued democratic governance, Nigeria could experience strong economic growth as the nation had endowments in crude oil, coal, tin, bauxite and gold.

According to him, the success of Botswana demonstrated that African economies could overcome their challenges and experience growth and stability. He enjoined Nigerians to learn from the Botswana experience as despite great challenges such as HIV/AIDS, poverty and unemployment, Botswana experienced the world's best annual GDP growth by developing strategies to improve FDI flows, transparency, democratic governance, and respect for human rights.

He recognised the evolution of mutually beneficial relationships emerging between the US and Nigeria over the last several years adding that President Bush's trip to Nigeria in July was another step towards strengthening Nigeria-US relations. Not only was the strength of relations between these two governments important, the public-private partnerships that have arisen as a result of cooperation was also significant. On the private side, he said the CCA was playing an important role in strengthening US-Nigeria relations especially through its Nigerian working group which engaged CCA members and US policy makers on issues affecting American relations with Africa.

He said Nigeria is the second largest trading partner in sub-Saharan Africa, South Africa being the largest. It is also the fifth largest supplier of crude oil to the US.

He agreed that Nigeria's successful transition to democracy in 1999 opened the door to increased opportunities to foreign investors and that the US, along with other major countries rapidly renewed relations with Nigeria. President Obasanjo and Vice-President Abubakar have taken key initiatives aimed at addressing the nation's economy. The economic plan that was presented by the Economic Adviser would help Nigeria to galvanise its potential, he believed.

He said that the programme presented to foreign and Nigerian investors at the summit should open new opportunities in oil exploration, banking, hotel and manufacture of automobile parts etc. The most positive aspect of the programme he believed is government's willingness to work with private investors.

He advised the government to follow up on the recommendations that came out of the G8 Summit to promote transparency in government and thus provide leadership to the rest of Africa. He called on the private sector operators to reward favourable policy reforms with increased investments. He said both sides of a good partnership should follow through on commitments.

In conclusion, he expressed hope that results achieved so far would be built upon. He assured that the US-Nigeria partnership is important to the United States and that a continued strengthening of that partnership would contribute to Nigeria's economic growth.

Open Forum IV - Physical Infrastructure

Mr. Faysal El-Khalil moderated the fourth open forum on physical infrastructure. He stressed the importance of building an enabling infrastructure because, without it, none of the reforms that had been discussed in the past few years could actually take off. The panel for the forum was made up of Dr. Mark Tomlinson, Country Director of the World Bank, Senator Liyel Imoke, Honourable Minister of Power and Steel, Senator Seye Ogunlewe, Honourable Minister of Works, Mr. Freddie Scott, former Country Representative of the West Africa Committee and Dr. Shamsudeen Usman, Deputy Governor of the Central Bank of Nigeria.

Dr. Mark Tomlinson began his presentation titled "Infrastructure, Growth and Hard Choices" by identifying links between growth and infrastructure in three sectors, namely: energy, transport and information or communications. On energy, Tomlinson said that a 10 percent GDP growth required 14 percent expansion in electricity generation while power outages to industry cause economic losses of at least US\$1 per kwh. He argued that access to electricity is strongly correlated with poverty reduction as exemplified by the opportunities it opens for investment in small and medium enterprises.

In the transport sector, the World Bank Country Director stated that 10 percent reduction in shipping costs has the effect of increasing trade by 25 percent while doubling shipping costs to a country; reduces GDP by 0.5 percent. He stated that infrastructure deficiency accounted for 40 percent of all shipping costs in developing countries and each \$1 not spent on road maintenance translates to \$3 in vehicle operating cost. He described the Lagos port as one of the most costly ports in the world. This, he said, was biting

hard on businesses, trade and growth. He said that there was solid evidence that infrastructure development was associated with poverty reduction because infrastructure services provide the means for people to leverage their own efforts and to move beyond subsistent activity to generate surplus. "Surplus equals growth and growth leads to poverty reduction", he argued.

Examining the links between growth and information/communications, Tomlinson said growth in actual and expected telephones per capita strongly correlates with GDP growth, and the number of phones strongly correlated with FDI. He also said that 83% of SMEs in Kenya and Tanzania considered that mobile phones "significantly" or "very significantly" helped their businesses to expand.

With regard to finance, he pointed out that government, the private sector and consumers/end-users must be the sources of finance for infrastructure but that private sector funds were scarce. Government on its part also had resource constraint and therefore, it has to be selective on what to subsidise. The implication is that end users must shoulder more of the cost of providing infrastructure.

He pointed out that, historically, Nigeria had provided infrastructure at very high cost compared with other countries. According to him, it costs approximately twice as much to build a kilometre of road in Nigeria when compared to Ghana. Furthermore, it costs approximately twice as much, or in some cases, more than that, to build a power station in Nigeria as in other developing nations in Africa and in Asia. He said that not only would public resources for infrastructure be limited for as far as can be projected into the future, the existing providers of the services would not be able to deliver at rates which compare with what other countries were achieving.

He therefore recommended a change in the source of funding infrastructure. He recommended that Nigeria should overhaul the management of its infrastructure by partnering with the private sector in the building and management of infrastructure to reduce cost and get quality.

He referred to Indonesia, Pakistan, Brazil and Argentina as countries which had adopted private infrastructure development strategy although private investors in those countries had a pretty rough time. He remarked that reliance on the private sector alone for financing infrastructure was not enough as investors were shy of emerging markets and were more intent on focusing their investments at home. He stressed that it was difficult to attract foreign direct investment into Africa and that Africa was receiving only about 2% of global FDI. Therefore, that source offered little prospects.

With the limited financing from the public and private sectors, governance improvement, he stressed, was critical to breaking persistent financial crisis, and to spur access and

growth. In essence, resources must be well-managed with clear prioritisation to improve the delivery of infrastructural services and to enhance overall economic performance. Importantly, infrastructure users have to pay an appropriate price, he concluded.

Reacting to the presentation by Dr. Tomlinson, Mr. Liyel Imoke, Minister of Power and Steel, drew attention to what had happened in the power sector over the last four years. He argued that in the power sector there had been considerable improvement at all levels, pointing out that generating capacity in 1999, was as low as 1,300 MW but by 2003, NEPA would effectively generate 3,500/3,600 MW, even though it had capacity for slightly over 4,000 MW. He said that the administration had set a target of 10,000MW to be generated, transmitted and distributed. He said that using Mark Tomlinson's cost of 1 million dollars per MW, to achieve the target would cost a lot of money and that Tomlinson's projection provided little comfort.

He gave an assurance that the government was committed to reforms but that the effort to raise funds for the sector had not been successful. The government was in the process of enacting the Power Sector Reform Bill into law; when that is accomplished the picture would be clearer and hopefully that would attract private investment.

He said that NEPA was collecting only about N4.5 billion monthly while it was spending about 6.6 billion naira, yielding a deficit of N1.5 billion naira every month. NEPA, he said should be collecting about N9-10 billion but could not due to various reasons, top among which is corruption - people consuming electricity without meters and some just refusing to pay. He said a lot of reasons existed for the private sector to be involved and he believed that there would be substantial private sector involvement in electricity distribution.

On transmission, he said that this was a bit more complex. The country had invested substantially in transmission but has an incomplete national grid – a circuit where one feeds power from Lagos to run right round the country and back to Lagos. He said the radial grid was too vulnerable to vandalism. He did not foresee the private sector investing in electricity transmission. He said the government would have to continue to shoulder the responsibility of upgrading the national grid network.

On electricity generation, Mr. Imoke said that there had been improvements in generation but the sad story was that the 4,000MW that was available could not be transmitted because of constraints in the grid system. He admitted that there had been substantial investment in generation but warned that by March 2004, the relative stability in power supply that was prevailing would be replaced by outages when the water level for hydro-generation would have fallen. He said that there had to be

selective investment again in thermo-generation to take care of the dry season when generation from the hydro stations would drastically fall. He said that the administration was committed to the power reform programme assuring that the enabling environment for investment was being created and that government was working closely with the World Bank and the BPE on reforming the power sector.

Next to speak was Senator Seye Ogunlewe, the Honourable Minister of Works. He started by asking the participants why Nigeria had expensive road construction costs. He said it was possibly due to exclusiveness being perpetuated by civil engineers in the Ministry of Works. "Civil engineers believe, very erroneously though, that they must design, they must value, they must construct, they must supervise and they must issue certificate for payment," he lamented.

He believed that a multi-disciplinary approach was needed. He disclosed that the country had 32,000 kilometres of federal roads. He said that during the period (1999-2003) about 62 roads were completed and 94 were under construction. The total investment that was undertaken was N308 billion. He said that the country spent N154 billion on road construction, N363.6 billion for 30 roads under design and accumulated debts of N38 billion.

He said that because of the bad roads, 5% GDP or about 185 billion naira is lost yearly; 85 people die daily on the roads because they are not good and 20% of the agricultural products perish. "We spend heavily on the importation of spare parts, the insurance industry has failed to insure our vehicles, the luxurious buses and the trucks on our roads have no insurance cover because the insurance industry would not insure them due to the bad conditions of the roads while the banking sector is reluctant to give loans for the purchase of buses, trailers and tankers", he said.

He attributed the high cost of road construction and maintenance to what the professionals in his ministry call "Bill One" – an amalgam of undisclosed cost elements. This, he said, must be fought against. With regard to the contractors, he said that they must show greater commitment and free themselves from corrupt practices and be required to inject their own funds into the business instead of relying on mobilisation.

Nigeria was making approximately 65 million naira from toll levies every month and there was a high possibility that ten times more could be collected. He suggested the deregulation of petroleum prices so that some money could be raised from that source for road maintenance and development.

With regard to private sector involvement in BOT (Build, Operate, Transfer), RMOT, (i.e Renovate, Maintain, Operate and Transfer) there had been encouragement from

the private sector. About fifteen roads and bridges would soon be available for private sector participation. He mentioned the Onitsha Bridge as one of them and emphasised the need to raise user charges, impose tolls on bridges such as the IBB Bridge in Lagos and other major roads in the country to raise funds for road maintenance. He said the enforcement of vehicle loads through the installation of weighbridges would be reinvigorated to remove the impact of overweight trucks on the country's roads.

Mr. Freddie Scott spoke next. He said that the infrastructure problems must be resolved to give room for the development of the economy, and as infrastructure had been a major constraint to private investment in the last twenty years, it needed to be addressed.

He said that if the power sector was divided into three segments - generation, transmission and distribution, no investor would invest in, for example, generation, if he would not be certain about the direction of transmission and distribution and that no one would have confidence in putting his millions of dollars into power generation if he was not sure whether that power he was generating would be distributed or transmitted. "He needs that confidence that whoever is controlling those other sections of the power system is going to do the job properly, otherwise he is not going to invest," he contended.

On roads, he drew attention to the enormous cost of operating on Nigerian roads. He referred to the large pot holes which do a lot of damage to vehicles and the problem of police personnel who were always on the roads to demand bribes. He lamented the incidence of contractors who do not construct roads to specification and those who are mobilised but do not do the job. The situation was deplorable, he stressed. The cost of doing business in Nigeria was enormous because of the state of the roads, the poor state of power, and the illegal "tollgates", that existed.

Mr. Scott then went on to talk about the enormous potential in rail transportation. He recalled going to Kano by train in 1961 when the railways worked. He believed the railway system could still be made efficient, but for the limitations imposed by its narrow gauge system. He said that the Chinese were called in to rehabilitate the railway but they had a problem reducing the gradient and reducing the curves in the network. He believed that the railways should be doing an enormous amount of movement of goods and services across the country if developed, but nobody seemed to be addressing that yet. "So, these are questions that really have to be answered and at the end of the day, if we know we need foreign investment, the limitations for the foreign investor remain very high," he concluded.

Dr. Shamsudeen Usman, Deputy Governor, CBN who spoke next apologised for the unavoidable absence of the Governor of the Central Bank. He disclosed that the

Governor had some strong views about the reform of the power sector which he had shared with him a number of times.

He said that the aviation area presented a very good example of what Nigeria should learn. The demise of Nigeria Airways did not cause a blink because the aviation sector had been completely deregulated and liberalised. Unable to compete with the privately-owned airlines, the Nigeria Airways became irrelevant and no one bothered about its rapid demise.

On power, he believed that many people could not imagine Nigeria without NEPA. He referred to the statistics reeled out by the Minister of Power and Steel who stated that available generating capacity had been increased from less than 2000 MW in 1998 to slightly over 4000MW at the end of 2002. He described it as a remarkable feat, especially coming from the public sector but he asked at what cost? He disclosed that over 100 billion naira had been spent between 1999 and 2002 and yet there were still numerous problems – vandalism of equipment, tariff evasion, N80.3 billion pension deficits, incurred unpaid loans of over N700 billion as at December 2002 and high monthly cost of maintaining the three new plants or the revitalised ones. He estimated that NEPA would require over N250 billion of new investment between 2003 and 2005 to finance the maintenance and rehabilitation of existing capacity and create additional capacity.

Taking a cue from what has happened in the telecommunications sector, Usman believed that if Nigeria thinks big, liberalises/deregulates; a lot of investment could be raked from internal sources (and Nigerians in the diaspora) to finance the needed investment in the private sector. He compared Nigeria's capacity of say about 4,000MW, with South Africa's 35,000MW, pointing out that with the best of intentions, our long term plans would be to raise our capacity to 20,000MW long term. In the mean time he said, South Africa was talking of increasing theirs in the near future to about 60,000 MW." That showed the magnitude of the challenge.

He stressed the need to set up the Nigerian Electricity Regulatory Commission, which would license operators and regulate tariffs. He emphasised the need to pay urgent attention to the Nigerian Electricity Regulation Bill. He said the commission would draw up proper guidelines for privatisation, liberalisation and deregulation of the power sector. Once that was done, people would be surprised at the amount of investment the private sector could muster. Going forward, Nigerians should pray for an effective Nigerian Electricity Regulation Commission and the privatisation of NEPA that would not evoke any emotions.

Day III – Feedback Reports

Feedback Reports of Mini-Dialogue Sessions:

Report of the Mini-Dialogue Session on Leadership - *Ifueko Omoigui*

The presentation of the conclusions of the mini-dialogue session on leadership was made by Ifueko Omoigui. She said the group identified the attributes of leadership, the constraints to effective leadership and the most critical actions that must be taken to move the nation forward. The group also discussed those measurable things that must be done to move the country from talking to the action stage.

On the attributes of leadership, the presenter said the country needed visionary leaders who could see, communicate and courageously follow through on a clear end picture and goals. The leadership must also have integrity, be honest, transparent, inspiring, disciplined and competent. She identified corrupted social values and pressures, status consciousness, undue social demand, greed, lack of respect for due process and the rule of law as constraints militating against high quality leadership in the country.

Other constraints identified include tribalism, ethnicity, lack of national cohesion, mistrust among and within groups, the existence of weak institutions and educational systems which have not helped in the development of the right kind of competences. She then used the "See, Do, Get" model to depict the development of mindsets. She concluded that what people do, especially the leadership, and the results we get is a factor of what we see, hear and imbibe. She therefore canvassed for a mind-set change in both the leadership and the followership. She stressed the need for communication of the right information that would ultimately change people's behaviour in the right direction.

Furthermore, the presenter said that leaders must lead by example. Nigerians must also build capacity, have long-term commitments and have clear accountability system that promotes transparency and performance management. She said that Nigerians must sanction people for poor performance, accept responsibility for their leadership and develop their capacity as individuals and as leaders of their organisations. She counselled that Nigerians must build alliances and focus on few measurable goals that will make significant difference. Finally, the group advised that "if we want to make small changes, we must work on our behaviour, but to make quantum leap changes, there must be paradigm shifts."

Report of the Mini-Dialogue Session on Nigeria and Global Competitiveness **– Wole Obayomi**

The report on the mini-dialogue session on global competitiveness was presented by Mr. Wole Obayomi on behalf of Mr. Seyi Bickersteth. He said that the session started with the adoption of a definition of competitiveness. According to the presenter, competitiveness meant the set of institutions, regulations and policies that support high levels of productivity, growth and sustained increases in output. He said that if a country had institutions or policies that determine or hinder high levels of productivity, growth and sustained increases in output, then it is not competitive.

He said that there is a correlation between development and global competitiveness. He identified three stages which a country will typically go through before it could become economically developed. These are:

- factor driven economy;
- investment driven economy; and
- the innovation driven economy.

He believed that Nigeria with its low income is in the factor driven economy stage. He referred to the annual global competitiveness report published by the World Economic Forum and indicated that Nigeria had always scored low on the forum's competitiveness ratings. He attributed this to the high cost of doing business in the country, unstable and inconsistent government policies, corruption, insecurity of lives and property, ineffective legal system, low level of technology and inadequate human capital development, among others.

In order to create a more competitive economy, the group recommended improvement on the country's social and physical infrastructure, building of stakeholder support and collaboration in the formulation and implementation of policies to ensure consistency. The group also recommended diversification of the productive base of the economy away from oil, increased focus on human capital development and investment in Research and Development [R&D].

Going forward, the presenter said that the group believed that by the time the country achieved increased capacity utilisation in industries and increase in the inflow of foreign exchange from non-oil exports, it would have started becoming globally competitive. He however stressed the need for active public and private sector participation, institutionalisation of global best practices in technology, production processes, product quality and in corporate governance.

Report of the Mini-Dialogue Session on Fiscal Responsibility Pact - Dr. Ayo Teriba

The report of the mini-dialogue session on Fiscal Responsibility Pact (FRP) was presented by Dr. Ayo Teriba. He said that the group had input from the Debt Management Office, the federal government, state governments, and all arms of the government, the academia and the business community.

He said the group noted that there were inter-governmental and intra-governmental tensions. There was also tension between the Central Bank of Nigeria (CBN), the monetary regulatory agency and the states and the CBN and the commercial banks' especially as regards the bank credit exposure to the states. The group recommended that as a way of easing the tension, a Fiscal Responsibility Pact was needed among the parties.

He noted that public attention had always been focused more on the federal budgets and their utilisation. He noted that in sharing the federation's revenue in 2002, the federal government had 46% share while the states and the local governments had 54%. The group recommended that more public attention should be paid to budget expenditure by states and local governments, in view of their significant share of the federation's account. The presenter believed that the federal government had borrowed heavily in recent years and there was a need for all the parties to sign a Fiscal Responsibility Pact to ensure stability of the economy. This, Teriba said, had become necessary because both the states and the federal government borrow indiscriminately and there was a need to ensure that the system was not unduly overheated.

The group advocated the application of a traffic light system for credit access by both the federal and the state governments. Using this system, the red light would apply to those states that have over-borrowed and must be excluded from further borrowing from the financial market, amber to refer to those states that are on the borderline, but must seek some clearance before they could borrow from the financial market, while green light should refer to states without much debt obligations and could be permitted to secure funds from the financial market. He said that the same rule must be applied to the federal government to ensure stability in the system.

Furthermore, there should be a limit to the funds, which states could take from the financial market, and that there must be accountability and transparency in fiscal governance. If this is done, he believed that the fiscal process would become more predictable. It would also be easier for the country to achieve monetary and price stability while the level of uncertainty in the economic environment would reduce. He

believed that dialogue and broad consultations with the stakeholders should precede the agreement on rules, targets and limits among the parties to the Fiscal Responsibility Pact. He said that the states must be allowed to commit themselves to the pact without compulsion while the CBN should be empowered to apply the rules and principles to both the federal and state governments.

Feedback Report by Workgroups

The 13 workgroups presented their reports to the final plenary session. The workgroups are as follows:

- Infrastructure
- Budget and Macroeconomic Framework
- Human Capital, Youth Development and Quality of Life
- SMEs, Informal Sector and Wealth Creation
- Agriculture and Food Security
- Oil and Gas
- Banking and Finance
- Privatisation and Deregulation
- Trade Policy and Competitive Industrialisation
- Rebuilding Institutions, Public Sector, Judiciary and Police Reforms
- New Investment Strategies
- NEPAD
- Solid Minerals

Their reports are contained in section 2 of this document.

Summary of Summit Recommendations Presented to the President, Federal Republic of Nigeria

The presentation of the summary of recommendations of the 10th summit was done by the duo of Messrs Kunle Elebute and Mansur Ahmed. The first to speak was Mr. Elebute who reminded the audience of the theme of the 10th summit, "Nigeria: Partnering for Growth and Transformation." He clarified that the parties involved are the public and private sectors.

He drew attention to the President's statement at the opening of the summit, that "there is a need for symbiotic partnership to drive the economy on a fast and sustained track of growth." That statement, he said, underlined the focus of the summit. He said that the objectives of the 10th summit were to sustain public/private sector dialogue,

define short to medium-term economic priorities and contribute to the development of the NEEDS document, as well as generate an implementation-oriented action agenda with defined milestones and success evaluation mechanisms and criteria.

Highlights

The major highlights of the summit, he said, included high level participation from the public and private sectors, presentation of the NEEDS document to the summit participants by the Economic Adviser and the sharing of experiences. He referred to the key lessons from Botswana's transformation experience which gave a pride of place to good leadership, focused economic programme, plan discipline, policy consistency and enforcement of the anti-corruption legislation.

Major NES # 9 Recommendations

He recalled that NES#9 recommended that the country should build a Nigerian national spirit and rally beyond football, integrate budget and economic policy and reduce the size of government and institutionalise corporate governance.

NES # 9 also recommended that the country should stop deficit budgeting, waste orientation in the public and private sectors, tax evasion and undermining due budgeting process. It also recommended that the country should continue to intensify the deregulation and privatisation process, anti-corruption crusade, strengthen the police force, reduce cost of government and institutionalise corporate governance. NES #9 also addressed the growth drivers and tracks that must inform strategic choices.

Achievements since NES # 9

He said that significant achievements had been made since NES # 9, especially in the area of telecommunications. In the power sector, the enactment of the EPSR Bill was awaiting presidential assent while work was in progress on the draft oil and gas policy as well as on the draft bills on pension reform and on competition.

There had been significant achievements in the areas of infrastructure, improvement in the investment climate, as well as in security and job creation. On infrastructure, the achievements include rapid increase in teledensity, on-going maintenance and rehabilitation of roads, sea and airports, increase in the generation capacity of NEPA and enhancement of the electricity transmission system.

In the area of private investment, the achievements include the growth in telecoms and the multiplier effect therefrom, growth of the SME fund and the emergence of service institutions such as SMIDA, entrepreneurship, development centres etc.

On security, there had been improvement in the quality and number of policemen, improvement in communication facilities available to the police and an on-going anti-corruption drive.

On job creation, the expansion in the telecoms sector had brought with it job creation and reduction in job losses.

NES # 10 Recommendations

At this stage, Mansur Ahmed took over to present the key recommendations of the summit drawn primarily from the recommendations of the thirteen workgroups including their observations/recommendations on the draft NEEDS document.

Infrastructure

On the power sector, the presenter said that a generating capacity of 10,000 MW was targeted for the power sector between now and the year 2007. About \$5.5 billion would be required to meet this increased investment. The responsibility for raising the capital was hinged on the public and private sectors.

He called for an immediate assent by the President of the Electric Power Sector Reform [EPSR] Bill, the unbundling of NEPA into 18 new electricity marketing companies between 2003 and June 2004 and the establishment of the 11 private distribution companies by December 2005. The Electricity Regulatory Commission should also be established by the BPE/Presidency latest by June, 2004.

On water, a target access by 60% of Nigerians to potable water was set for 2006. The increased investment in water works called for public/private sector partnership. On roads and rail, the summit called for increased investment in the building and rehabilitation of roads and rail by the private sector on the basis of BOT and ROT. On ICT, he said that the government should encourage the development of ICT villages by reducing import duties on ICT related equipment from its current figure of 5% to 0%.

Budget and Macroeconomic Framework

He said that the key summit recommendations in this area include following through the work on NEEDS to anchor future budget and economic policies. Both the government and the NESG should consult with and build stakeholder support for the NEEDS reform between October 2003 and June, 2004.

Human Capital, Youth Development and Quality of Life

He said that the Universal Basic Education (UBE) programme must be sustained by immediately enacting the UBE act, improving infrastructure in schools and by the provision of educational materials. Also, teacher training and reorientation programmes should be enhanced while the policy on university autonomy should be expedited. In addition, the summit recommended that the current efforts on HIV/AIDS should be sustained by both the public and private sectors. It also recommended that the government should immediately convert the numerous NRC and SDP (defunct political parties) secretariats in the country to community and youth centres for entrepreneurship and skills development.

SMEs, Informal Sector, and Wealth Creation

The summit recommended that within the next three months, the federal government should grant five years tax holiday to SMEs and reduce tax rate to 10%. It also recommended an immediate review of the SMEIS guideline by the Bankers Committee to include input from stakeholders and that within the next 12 months, SMIDA should build a database on SMEs and market opportunities.

Agriculture and Food Security

The summit recommended an immediate revitalisation of the Agricultural Credit Guarantee Scheme by the CBN and NACRDB and an increase in the funding of agricultural research from the proposed ADF as from year 2004 while the CBN and NACRDB should immediately promote the export of cassava and soya bean.

Oil and Gas

It was recommended that the country should immediately leverage on the oil and gas industry to develop the rest of the economy, by increasing its usage of gas to generate electricity and for domestic use. It was also recommended that the country should develop the national gas grid system and create industrial parks. By June 2004 the government should forge ahead with full deregulation of the down stream sector; by the end of 2004 it should complete the reduction of government participation in Joint Ventures to 51% and reinvest the proceeds in the power sector. On the country's oil quota, it said that the government should in 2004 pursue vigorously an increase in OPEC quota to accommodate deep water production.

Banking and Finance

Government should immediately accelerate the implementation of pensions reform. It should within the next 12 months, establish and equip commercial courts for quick resolution of disputes and recovery of bad debts owed to financial institutions. Also, the government should before the end of 2003 enact guidelines for the establishment of rating agencies to boost confidence in tradeable instruments.

Privatisation and Deregulation

The government should continue to pursue its privatisation and deregulation programme with more vigour and immediately tackle major assets such as NITEL, NEPA, refineries, pipelines and ALSCON.

Trade Policy and Competitive Industrialisation

In this sector, the government was called upon to immediately establish trade liberalisation and competitive industrialisation commission. A cross section of stakeholders should be represented in the commission. Also, the government should immediately review the national industrial policy and design a master plan for export.

It was also recommended that government should immediately implement protection for locally produced goods and, within the next one year, should implement the deregulation/liberalisation of fuel prices.

Rebuilding Institutions, Public Sector, Judiciary and Police Reforms

In this area, he said that the government should within the next 12 months revamp the tax administration system and criminalise tax evasion in the country. Also, it should within the same period introduce tax incentives to promote private sector participation in education and health sectors while it should increase funding for key institutions such as the judiciary, healthcare, education, police and prisons. On the police, he said the government should between 2004 and 2008 implement the policy of increasing and training 40,000 new police personnel per annum for the next five years.

New Investment Strategies

Government should henceforth focus on priority sectors such as agricultural production, processing, storage and manufacturing, especially those that are related to agricultural processing. It should immediately establish economic zones and industrial parks in

parts of the country. Also, the government should immediately reactivate economic diplomacy by re-orientating Nigerian missions abroad.

Solid Minerals

Between now and 2005, the government should undertake sector reforms and debottleneck the licensing regime to encourage new investments in solid minerals.

Alignment of NEEDS' Sources of Growth and NESG's Growth Drivers

It was recommended that NEEDS sources of growth should be aligned with the summit's growth drivers, especially oil and gas, manufacturing, agriculture, solid minerals and human capital.

Conclusion

At this point, Kunle Elebute returned to present the conclusions. He reiterated that the theme of the summit was most timely and that after 10 years of NES, some consensus had emerged on the need for economic reforms and the key elements of the reform agenda. While recognising that the agenda was overwhelming and that there existed strong resistance from vested interests as well as lack of understanding, he pointed at the resource constraints in the public sector and the need to sustain real partnership.

He stressed the need to form strong alliances and coalition for the reform agenda and the need to deliver quick wins to mobilise public support. At the same time, he said, the private sector was ready and willing to commit human and financial resources to support the public sector to articulate and implement NEEDS.

On the economic management team set up by the government, he said that NESG was ready to demonstrate its unflinching commitment to the partnership for growth and transformation of the country by seconding staff to work on the NEEDS team, providing financial and technical support and by making sacrifices in partnering with the economic management team set up by the government in order to ensure that the programme of reforms are homegrown, costed, prioritised and well focused. The summit, he said, believes that it is easier to sell to Nigerians a programme of reforms that has quality, depth, and joint ownership with linkage to the budgeting process. It must also have synergy between the federal and state governments.

He concluded by stressing the need for strong partnership between the public and private sectors to ensure growth and transformation of the country. He quoted from

the president's speech at the opening ceremony to the effect that "... the economy is too serious and too important to be left in the hands of either the public sector or the private sector. There is a need for a symbiotic partnership to drive the economy on a fast and sustained track for growth."

Closing Address - *President, Federal Republic of Nigeria*

On behalf of President Olusegun Obasanjo, Vice President Atiku Abubakar delivered the closing address in which he commended the organisers of the Tenth Nigerian Economic Summit for a job well done. He observed that participants at the summit had in their deliberations concentrated more on the specifics, especially focusing on the instruments, fixing the country, bearing in mind the resource constraints in terms of finance, institutions and time frame.

He believed that there was a broad consensus between the government and the private sector on the broad directions of policy. He noted that the summit had endorsed the overall thrust of the government's reform agenda – "NEEDS".

He implored both the private and public sectors to work together in the national interest to achieve sustainable economic development that would measurably raise the quality of life of all the citizens.

He said that the recommendations of the Tenth Nigerian Economic Summit would be part of the input into the process of finalising the drafting of the NEEDS reform document, disclosing that some members of the NESG were already involved in the drafting of the strategy. He therefore urged the participants to continue sending ideas and suggestions that might further help in amplifying various aspects of the reform agenda.

The Vice President also observed that the country's economic priorities in the past had suffered from poor implementation, monitoring and evaluation. The government, he stressed, was poised to change that trend. The emphasis in the future would be on results, adding that government was already rationalising and strengthening its institutions to ensure success.

He announced that as part of the house keeping efforts to ensure efficient delivery of the reforms, the National Planning Commission was undergoing review and restructuring, while other institutions bordering on co-ordination and monitoring were also being strengthened. Also, a website that would ensure continuous flow of information to the public was under way. He gave an assurance that the government would run an open door policy in terms of continuous flow of information and evaluation

of economic policy. He solicited the support of participants at the summit in communicating the reforms to the people and building consensus round them.

He observed that the set of reforms embodied in the NEEDS would entail very hard choices and some short-term pains. There would be winners and losers from any policy change. Those who lose or are likely to lose would try everything possible to frustrate reforms. He stressed that if progress is to be achieved, it would not be business as usual, all must be involved in explaining the reforms and in building broad consensus. The Vice President appealed to stakeholders in the mass media to work in the spirit of partnership and help to market the reforms.

In expressing the government's determination to push on with reforms until the desired goals are attained, the Vice President argued that if Nigeria must experience accelerated economic growth and catch up with the best in the global economy, government on its part must create the needed framework for wealth creation, while the private sector must become the engine driving economic growth and the wealth creation process.

He announced that the government has set up a presidential advisory council on NEEDS to which all stakeholders are expected to propose their ideas for debate with other experts within and outside the government.

In conclusion, the Vice President congratulated the participants for a successful summit and the NES on its 10th anniversary of effective public-private sector partnership. On behalf of himself and the President he expressed the hope that there would be many results to celebrate at the next summit.

Vote of Thanks – Asue Ighodalo

In his vote of thanks at the end of the closing ceremony, Mr. Asue Ighodalo, Co-Chairman of the Organising Committee of NES #10 thanked the President, Chief Olusegun Obasanjo, whom he said "had been so gracious and helpful to the summit and his suggestions were so deep and incisive and his commitment to the NES very strong." Mr. Ighodalo called on the Vice President to please "convey our thanks to the President."

Next, he thanked the Vice President who made a promise in December last year to give his firm support to the summit and ensure the participation of the ministers. The Vice-President delivered on all his promises and, for that, the summit was most grateful.

Mr. Ighodalo then turned to President Mogae of Botswana and said, "Mr. President, you are a remarkable man indeed". He remarked that when the President was

approached, he just accepted. The Minister of Foreign Affairs, Botswana and all those that accompanied Mr. Mo Mogaie were all so helpful. He applauded the readiness with which the President altered his travel plans to accommodate the demands of the summit. He then thanked the President and his entire entourage, Mr. Ighodalo also thanked the Senators and especially mentioned Senator Udo Udoma "for his continued support for the NES process." He then thanked the Speaker of the House of Representatives who had been quite helpful in securing the participation of members of the House, and the Chief Justice of the Federation for honouring the invitation to the dinner. He then thanked the Honourable Ministers, the Minister of the Federal Capital Territory, Permanent Secretaries and senior citizens for coming and participating actively in the dialogue. He thanked the World Economic Forum and staff of the National Planning Commission and NESG Secretariat all of which did a wonderful job to make the summit a success.

He paid tribute to Professor Charles Soludo, the Economic Adviser to the President and Prof. Anya O. Anya, Director General of the NESG for their unflinching support and understanding even when there were pressures or differences of opinion.

He thanked members of the NES #10 Organising Committee for working so hard to make the summit a success. He ended by thanking the Almighty God for all that happened.

Section 2

Workgroup Reports

Group 1: Infrastructure

Background

The chairman provided an overview of the agenda for the session's proceedings, emphasising the fact that the outcome of three earlier workgroup meetings and two dry-run sessions, held in Lagos would be brought to bear on the day's deliberations. He reiterated the fact that infrastructure is the key driver for the economic growth of any nation, Nigeria inclusive.

The speaker then proceeded to present the initial report/feedback of the workgroup.

The presentation covered the following key elements of infrastructure:

- Utilities
 - Power
 - Potable water
- ICT
 - Communications
 - IT
- Transportation
 - Roads
 - Sea ports
 - Inland waterways
 - Railway
 - Aviation

He emphasised the fact that upgrading the existing infrastructure of the country to a desired state, based on 2006 projections would require enormous funding. Consequently, active partnership and collaboration of both the public and private sectors is critical and inevitable. The session then proceeded to review and discuss the status and action steps in detail, considering each element one after the other. The following are the highlights of the deliberations and agreed action steps/recommendations:

Power

Outstanding Recommendations from NES #9

- Unbundle NEPA into the proposed new entities
- Pass the Energy and Power Sector Reform (EPSR) Bill to create the enabling environment for the deregulation of the sector
- Encourage private sector funding to bridge the current investment gap in the sector

Priorities for NES #10

The following were identified as priorities for consideration for NES #10.

- a. Need to obtain Presidential assent to the EPSR Bill
- b. Unbundling of NEPA into the 18 New Business Units to be fully implemented as follows:
 - 6 Generating companies (Gencos)
 - 1 Transmission Company (TranSysco)
 - 11 Distribution companies (Discos).

It was further stated that the proposed entity names being considered for registration were based on the current geographical structure and facilities of NEPA.

Genco	–	Shiroro, Niger, Egbin, Sapele, Afam and Delta Power Company
TranSysco	–	Nigerian Transmission Company Limited
Disco	–	Abuja, Benin, Ibadan, Enugu, Kaduna, Kano, Jos, Ikeja, Eko, Port Harcourt and Yola Distribution Companies.

- c. The need to ensure proper funding of selected critical expansion and reinforcement projects in the power sector was emphasised

Constraints

The following were identified as constraints to the implementation of some of the proposed recommendations:

Funding

It was estimated that about \$5.5 billion will be required to achieve the target generation capacity of 10,000MW by 2005. The group unanimously agreed that this level of

funding is enormous and thus makes private sector's active participation in this sector absolutely inevitable.

Current leakages

Inadequate revenue collection mechanism at the distribution end of the power sector value chain was identified as a major constraint that needs to be addressed. The possible involvement of the private sector in a decentralised revenue collection regime (including some possible roles for banks) was proposed. The use of prepaid metering and automated monitoring of NEPA facilities was recommended.

It was agreed that a revenue collection target of at least 85% by the end of next year and 100% target subsequently, should be set and adopted for NEPA.

Action Steps/Recommendations

The following action steps/recommendations were agreed as the way forward for the sector:

- a. Increase generation capacity to 10,000MW by 2007 (funding requirement of \$5.5 billion) through private/public partnership.
- b. Obtain Presidential assent to the EPSR Bill immediately and ensure establishment of Electricity Regulatory Commission by 2005.
- c. Implement the unbundling of NEPA into the 18 NBUs by June 2004
- d. Privatised the Distribution Companies and ensure they operate as profitable centres by December 2005.

Potable Water

Outstanding Recommendation from NES #9

It was observed that less than 35% of Nigerians had access to potable water, hence the group agreed on a target of at least 45% access by end 2004 and 60% by 2006. Consequently, the following priorities and action steps were agreed:

Priorities for NES #10

- It was recommended that the implementation of water policies and programmes by federal and state governments should be given priority. There should be increased integrated sector collaboration.

Constraints

The major constraints identified include

- Inadequate budgetary allocation/funding
- Weak policy framework and inadequate integrated sector collaboration

Action Steps/Recommendations

The following action steps/recommendations were agreed upon by the group to ensure 60% access to potable water by 2006:

- a. Encourage private sector participation in setting up mini-water works and water supply
- b. Government to build more water works in every urban city and within 5 km radius in rural areas.
- c. Housing estate developers to construct own mini-water works or boreholes
- d. Ensure adequate regulation of water management and adhere to WHO standards.
- e. Ensure adequate policy linkage between water and sewage management.

Information and Communications Technology (ICT)

The group agreed that ICT is the main driver of the new world economy and since Nigeria had missed the industrial revolution, the country cannot afford to miss the digital revolution. Consequently, it was considered imperative for the country to leapfrog in this sector.

Outstanding Recommendations from NES #9

The recommendations on the development of a robust regulatory framework, tariff regulation and expansion of national infrastructure for voice and data traffic were yet to be implemented.

Priorities for NES #10

The group agreed on the following priorities for NES #10:

- a. Empowerment of Nigerian ICT practitioners
- b. Increased build-out and expansion of basic infrastructure
- c. Efficient interconnectivity among GSM operators and other PTOs
- d. Government to encourage establishment of ICT infrastructure by reducing import duties to 0% for all ICT – related equipment and services: Communications and Internet.

Constraints

The constraints/challenges of competition with foreign and inadequate investment / venture capital were identified.

Action Steps/Recommendations

It was considered imperative that the Nigerian economy be grown through a revolution in technology and that Nigeria can actually replicate the success stories of Bangalore in India, which currently exports over \$10 billion of software and other ICT-related services per year. Consequently, the following action steps/recommendations were agreed:

- i. Facilitate roll-out of effective national telecommunications backbone to enhance national voice and data penetration
- ii. Ensure efficient interconnectivity among GSM operators and other PTOs
- iii. Ensure effective consumer protection
- iv. Explore pioneer status to cover telecommunication operators deploying new technologies (e.g. 3.5GHz).
- v. Develop human capital in ICT
- vi. Build ICT villages
- vii. Encourage establishment of ICT infrastructure by reducing import duties to 0% (presently 5%) for all ICT – related equipment and services – communication, computer and internet
- viii. Empower Nigerian ICT practitioners
- ix. Encourage the propagation of ICT by making ICT part of UBE
- x. Improve internet penetration; have faster, cheaper internet access

Transportation

The group extensively debated the state of the transportation sector and concluded that the roads are deplorable, while the railway system has completely collapsed. Consequently, the existing road network must be rehabilitated, and new ones built to facilitate efficient transportation.

Most importantly, an integrated approach was proffered for solving the transportation dilemma. The group envisaged the development of a complementary network where the inland waterways would complement existing acute road networks. Furthermore, some selected airports should play the role of commercial/regional hubs.

Roads and Rails

Outstanding Recommendations from NES#9

- a. Urgent rehabilitation/maintenance of all roads at all levels, especially economic roads;
- b. Government to ensure technical feasibility and transparency on the execution and management of road/rail contracts;
- c. Liberalise/privatise road/rail construction

Priorities for NES#10

The following priorities were identified

- i. Completion of nation-wide dual carriage way and road rehabilitation projects
- ii. Immediate phased implementation of approved master plan
- iii. Development of public-private partnership

Constraints

Funding was identified as a recurring constraint to the development of the road and railway system, thus making private sector participation inevitable.

Action Steps

- Implement integrated road-railway master plan
- Develop public-private partnership intra-city and inter-city road and rail system
- Involve private sector and National Planning Commission in the implementation of integrated master plan
- Privatise road/rail construction on BOT and ROT basis to facilitate urban mass transit and haulage of products
- Develop east-west rail lines.

Seaports

Outstanding Recommendations from NES#9

The recommendations to empower the Nigerian Ports Authority (NPA) to perform its regulatory and supervisory roles; ensure full computerisation of port activities and to encourage private sector participation in building of jetties were yet to be implemented.

Priorities for NES#10

The group stressed the need to implement the cabotage regime and encourage Nigerians to participate in the provision of shipping services.

Constraints

It was observed that lack of political will to implement deregulation and inadequate infrastructure to actualise application of the Cabotage Law were major constraints.

Action Steps/Recommendations

- Implement port reforms
- Enforce compliance with international shipping and port codes
- Encourage public-private sector partnership in vessels and craft-building
- Facilitate completion of dredging work on Rivers Niger, Benue and Imo
- Accelerate construction of inland dry ports

Inland Waterways

Here the group stressed the need to

- facilitate private sector participation in building of jetties
- encourage private sector participation in the provision of ferry services especially in Lagos and other coastal cities and the introduction and enforcement of appropriate regulation and safety standards

Aviation

Outstanding Recommendation from NES#9

Government was called upon to install radar and rehabilitate navigational aids at all airports and streamline activities of various agencies for efficiency

Priority for NES#10

For 2003/2004, the focus should be on the establishment of a Transport Regulatory Commission

Constraints

Inadequate funding and inadequate commitment and transparency in implementing decentralisation were identified as major constraints.

Action Step

- Relax government exclusive rights on West African and other routes

In conclusion, the group agreed that the action steps/recommendations proffered for infrastructure will facilitate the achievement of the ultimate goals of NEEDS, poverty reduction, employment generation and wealth creation.

Group 2: Budget and Macroeconomic Framework

Introduction

The workgroup focused on what needed to be done to realise the implementation of recommendation that would lead to the achievement of the objectives of the National Economic Empowerment and Development Strategy (NEEDS). The key issues include the co-ordination of the fiscal activities of all tiers of government in the federation and the improvement of the budget process at all tiers and arms of government to ensure buy-in by all stakeholders and therefore, a disciplined implementation process.

Current Challenges

The workgroup identified as the most critical challenges, the need to anchor budgeting on the national economic blueprint, insulation of the budget from wide swings in oil prices, diversification of the nation's revenue base, and the inclusion of all tiers and arms of government in a budget process that is participatory, transparent and timely,

The lack of co-ordination and discipline in fiscal and monetary policies at the federal, state and local government levels, inefficient implementation of agreed policies and programmes and the maintenance of continuity in major national developmental policies and programmes were equally identified as challenges.

Recommendations

The workgroup acknowledged the ingenious work that had gone into the NEEDS document and recommended that the government should quickly conclude work on NEEDS which will serve as the basic anchor for future budget and economic policy. The task, the group recommended, should be executed by the President's Economic Team (PET), and should be completed by the end of 2003. In order to accomplish the task, the group recommended that efforts be made to consult stakeholder groups. It said that the government should obtain the confidence of all arms and tiers of government

as well as the civil society especially the trade unions and the academia to secure their buy-in to NEEDS .

The group also recommended that government should focus on strict prioritisation of projects, improvements in the UNDP Human Development Indices (HDI), and the creation of an enabling environment for investment in such key sectors as agriculture, SMEs, solid minerals, crafts, arts and tourism. It also very strongly recommended the diversification of the nation's revenue base to insulate the budget from oil price volatility. Responsibility for this task, it said, should rest on the executive and legislative arms of the different tiers of government; while implementation should commence immediately.

In order to achieve this goal, the group recommended the creative expansion of the tax base and improvement in tax and user fees administration and consultation and consensus building leading to the establishment of a Revenue Stabilisation Fund (RSF) by June 2004. The group believed that a constitutional amendment may be necessary, and in the absence of this, the enactment of a Fiscal Responsibility Act (FRA).

Furthermore, the group said that a framework for accretion to and draw down from the RSF should be developed, while a conservative approach should be adopted in setting the budget oil reference price. It felt strongly that there was the urgent need to strengthen budget design, monitoring and evaluation. This, it said, should be performed by the executive and legislative arms of the different tiers of government, and should take off immediately.

In order to accomplish these recommendations, the group said that it would be necessary to enact legislations, establishing budget monitoring and evaluation mechanisms and enforce the preparation of regular reports for dissemination to the public. It said that budget calendars should be established to ensure that budgets are finalised three months before the beginning of each budget year.

Group 3: Human Capital, Youth Development and Quality of Life

Introduction

The workgroup was co-chaired by Professor Peter Okebukola, the Executive Secretary, Nigerian Universities Commission and Adedotun Sulaiman, Country Managing Director, Accenture. The decision to focus mainly on the critical issues of education was retained, as was the case last year. This is because education is inextricably linked to

quality of life. The lead presentation was made by the rapporteur, Mrs. Wonu Adetayo. The Honourable Minister of State, Ministry of Women Affairs and Youth Development, Princess Olufunke Adedoyin, also made a presentation on government's plans for youth development in the country.

Progress to Date

Education Funding

On the funding of education, the group noted that government spending was 0.7% of GDP as against the recommendation of 2% for year 2002. It observed that less than 10% of the federal budget was allocated to education compared to the recommendation of 20%. This scenario, it said, showed that Nigeria's investment in education was still below the UNESCO standard of 26% of federal budgetary allocation. The situation, it further observed, was of much concern when compared with South Africa's investment of 7.6% of GDP and Ghana's figure of 4.2%.

Investment in Primary and Secondary Education

The group also observed that unlike in many developing nations, public spending on tertiary education in Nigeria was the largest at 35.3% compared to the rest of Africa at 14.3%, 12.2%, and 13.3% in South Africa, Ghana and Uganda. On this score, Nigeria, it said ranked the highest compared to advanced countries like USA and UK with 25.2% and 23.7% respectively. Also, it said that Nigerian universities were generating only 12% of their funding needs while government subsidies were up to the tune of N160, 000 per year on every university student.

On the adequacy of the education system, it observed an alarming illiteracy level of 43% in the country. Other shocking statistics include student-teacher ratio estimated at 200:1 for primary and secondary schools while university students were 382,299 to 13,760 academic staff. It observed that the new curriculum for universities was about to be concluded and there was a need to train existing lecturers on the new curriculum. It said that teachers in primary and secondary schools needed skills enhancement to enable them cope with the challenges of the times. On accreditation, it observed that 72% of all universities had interim accreditation but that plans were on for final accreditation of all universities.

On education for all by 2006, the group noted that government aims were to achieve 100% enrolment for all children of school age in full time schools, expansion in early childhood education from 18 to 70% in 2015, reduce illiteracy from 43% to 25%, train

additional 260,000 adult literacy instructors by 2001 and eliminate gender disparity in education.

Recommendations

The group deliberated on a host of actions to be taken to reverse the negative trend in the funding, quality, and content of education in Nigeria. It categorised its recommendations into education (funding, structure and content), youth development, ethics, moral values and health, and comments on the NEEDS document by the government.

On education funding, it said that education should be allocated a minimum of 12% of the 2004 federal budget; the World Bank soft loan of \$100m as well as the gains from the removal of fuel subsidy should be utilised to support the increased funding required of government and access to the funds should be without hitch. As soon as the budget is approved, funds should be duly released to the appropriate arms of government for immediate implementation. Also, it recommended that transparency should be ensured by publishing approved allocation for the information of the recipients and the public at large and that the Presidency and the National Assembly Appropriation Committee should implement the above recommendations.

On the focus and priority of budgetary allocation, it recommended that allocation to tertiary institutions should be reduced while government investment should be focused on primary and secondary schools; tuition should be re-introduced for undergraduate degree programmes in our universities to supplement the internally-generated income. Each university should determine its own fees based on their current realities. It recommended that universities should re-introduce scholarships, loans and grants schemes to be supported or funded by the alumni and the private sector while the private sector should be encouraged to participate in providing municipal services in universities.

On the Education Tax Fund (ETF), the group observed that the focus of budgetary allocation of ETF has largely been in favour of tertiary institutions and that most of the allocated funds were still lying fallow because the universities were yet to complete past projects to which funds had been allocated. It observed that unfortunately, the law did not permit ETF to utilize unclaimed funds. The group recommended that the fund allocation to primary and secondary schools should be increased by at least 10% in 2004. This, it said, could be done when ETF is empowered to allocate as the education development demands.

In the area of education structure, the group observed that there was a need to align

our education structure with economic needs. It said that tertiary institution curriculum needs should be aligned with the economic and development needs of Nigeria. This, it said, should be implemented as a joint effort between NUC, Ministry of Education and the private sector. Also, it said that teaching skills need to be enhanced to cope with the requirements of modern technology and education.

On curriculum and standards of education, it recommended that minimum academic standards should be set for university admission, polytechnic curriculum should be reviewed and re-directed toward the provision of middle level manpower for the country rather than the current clamour to award degrees and that trade schools should be equipped with modern machinery and the schools should be made attractive for students and instructors to produce professional artisans which we sadly lack in our country today. It also recommended that incentives should be provided to attract more students and tutors into science programmes; the National Primary Education Commission should institute effective systems for standardisation of primary schools and ratings of schools should be published for public consumption, primary and secondary curricular should be reviewed to re-emphasise reading, writing and arithmetic as our students are fast losing grip on these crucial foundation subjects and handwork and domestic science should be re-introduced in all primary schools. Also, it recommended that sexuality education and sports should be made compulsory in primary and secondary education curriculum and that the gap in teachers' qualification and skill between rural and urban areas must be closed.

On the application of 6-3-3-4 System, the group noted that the current implementation of the 6-3-3-4 educational system has not allowed for an effective capture of the output of the junior secondary school. It observed that the effect is that many students progress through the academic route failing and trying several times. It believed that the system required some review to allow for a formal non-linear progression after the first "3". The technical and vocational routes it said, should be formalised to accept the output of junior schools as the input into vocational and trade schools.

Youth Development

The group observed that Nigerian youth represented a great economic resource with about 70% of Nigeria's estimated 120 million population being less than 40 years of age. It also observed that about 38% of the population was between the ages of 18 and 35 years. Majority of these persons it noted were unemployed or underemployed, resulting in the involvement of our youth in thuggery, drugs, crime, cultism, violence, human trafficking etc.

The group recommended vocational training, entrepreneurship support, abolition of

cultism, and exemplary leadership. On vocational training and skills acquisition, it recommended that vocational training centres should be established in all local government areas (at least one in each) and that each centre should be equipped with standardised skills acquisition programmes for entrepreneurship and leadership skills development. On entrepreneurship support, it said that the private sector should outsource smaller businesses to encourage the participation of youths in the economic development of Nigeria and that the financial service companies should develop their capacity to incubate small and medium-scale businesses to provide opportunities for the youths to be engaged in small businesses.

On cultism and violence in schools, the group recommended that tertiary institutions should, in collaboration with the government, implement stiff measures against cultism and violence in our tertiary institutions. It also recommended that leaders in both the public and private sectors should endeavour to be exemplary leaders through transparency and accountability in all their dealings.

Ethics, Moral Values and Health

The group observed that as a nation, the Nigerian value system had been re-defined by the dictates of modern times and that the definition of right and wrong had been mixed up. It noted that there was an urgent need to reverse this negative trend. The country, it said, must retrace its steps through education, re-orientation and reinforcement.

The specific steps recommended by the group were in the areas of civic education, moral reorientation and school health programme. On civic education, it said that civic education should be re-introduced into primary and secondary schools and that families and the entire society would need to re-visit our age-old traditions and culture that re-enforce morality and decency.

On moral reorientation, the group recommended that community and religious organisations should be encouraged to join government in a moral re-orientation programme for the youth. On school health programme, it recommended that students and pupils should have access to basic package of primary health care, health and hygiene education should be emphasised in primary and secondary schools, while reproductive health and HIV education should be introduced in all schools.

Conclusion

The group believed people were the greatest asset of the country. It also believed that Nigeria might not attain the Millennium Development Goals without improvement in

the education of the people and without aligning the structure of the education with the economic needs of the nation. It believed that the youth cannot remain largely unemployed and underemployed if the country is to succeed in eradicating violence and continued disruption of business operations. The solutions to Nigeria's human capital needs lie in improved government funding of education, re-direction of the funding in favour of primary and secondary schools, review of the education curricular to align it with economic development needs to provide entrepreneurs and middle-level manpower. The emancipation of a people cannot be divorced from their type and level of education. The private sector should join hands with government in providing the needed resources to see these lofty but compulsory goals attained.

Comments on "NEEDS" Document

On the NEEDS document, the group observed that the sheer absence of human capacity in the country could hamper the achievement of the Millennium Development Goals (MDGs) for Nigeria. It said that unless the capacity development issues were well attended to and speedily too, it would be quite difficult to achieve any economic reform or take-off. To this end, the group distilled the NEEDS documents to identify key plans that relate directly to the development of the country's human capital. They include the Universal Basic Education, university autonomy, HIV/AIDS issue, programmes for vulnerable groups, and national fitness culture.

Key Gaps Identified

The group observed that the NEEDS document was incomplete. It also pointed to a number of pertinent human capital development matters that must form an intrinsic part of the NEEDS programme. These include absence of issues regarding funding of education, inadequate plan of action for the employment of qualified youth, absence of plans for provision of basic health packages for the common man and absence of plans to deal with security issues.

Identified Quick Wins

The group also evaluated the NEEDS programme and identified a number of quick wins which, if implemented, would communicate to the Nigerian populace that the federal government was truly ready for reform. They include Universal Basic Education (UBE) and university autonomy. On UBE, the group recommended that it be enacted into law by the National Assembly, latest by October 2003. It believed that government could ensure full implementation and compliance by mobilising people to send children to school. It said that agencies like NOA should be actively deployed in the mobilisation process.

Among others, it recommended that investment must be injected into teacher training and re-orientation, salaries of primary school teachers must be reviewed to attract the rich calibre and qualified persons into this fundamental aspect of primary education and the infrastructure in primary and secondary schools should be upgraded by simple provision of additional classrooms and instruction materials. Other recommendations of the group are that NGOs and the private sector should be encouraged to support the effort through tax-friendly incentives.

The group also recommended that the University Autonomy Bill be enacted into law by the National Assembly in or before December 2003 and that universities should be free to charge tuition fees as determined by each institution. It believed that the private sector participation should be encouraged in the provision of hostels and other municipal services. Private sector participation should also be encouraged in the setting up of tertiary institutions while the NUC should be charged with the responsibility for assessing institutions and programmes for the purpose of maintaining minimum defined standards.

Group 4 : SMEs, Informal Sector and Wealth Creation

Introduction

The first speaker, Mr. Peter Bankole gave an overview of the SME sector and their current needs. He pointed out the fact that there had been an increased interest and consensus on the part of government, on the key role of SMEs in economic development. He also stated that there had been increased support from multilateral agencies and other institutions. In particular, he informed participants that the SME Department of the World Bank had sponsored research into issues covering all aspects of the workgroup.

He then identified five key SME needs, namely, incentives; access to finance, infrastructure, training and access to services. On incentives, he said that there was need for the simplification of the procedure for registering companies and the need for the rationalisation of taxes and levies. On access to finance, he reiterated SMIEIS/BOI's claim that SME funds were not being disbursed due to non-submission of viable business proposals/projects for investment. On infrastructure, he called for the reduction of the high cost of production through the creation of clusters, industrial parks and incubators to improve the production capacity of the SMEs. On training, he said that there was lack of entrepreneurial, managerial and planning skills in most Nigerian SMEs, while on access to service, he called for improved information technology, market opportunities, accounting, operations and control mechanisms for SMEs. He

Among others, it recommended that investment must be injected into teacher training and re-orientation, salaries of primary school teachers must be reviewed to attract the rich calibre and qualified persons into this fundamental aspect of primary education and the infrastructure in primary and secondary schools should be upgraded by simple provision of additional classrooms and instruction materials. Other recommendations of the group are that NGOs and the private sector should be encouraged to support the effort through tax-friendly incentives.

The group also recommended that the University Autonomy Bill be enacted into law by the National Assembly in or before December 2003 and that universities should be free to charge tuition fees as determined by each institution. It believed that the private sector participation should be encouraged in the provision of hostels and other municipal services. Private sector participation should also be encouraged in the setting up of tertiary institutions while the NUC should be charged with the responsibility for assessing institutions and programmes for the purpose of maintaining minimum defined standards.

Group 4 : SMEs, Informal Sector and Wealth Creation

Introduction

The first speaker, Mr. Peter Bankole gave an overview of the SME sector and their current needs. He pointed out the fact that there had been an increased interest and consensus on the part of government, on the key role of SMEs in economic development. He also stated that there had been increased support from multilateral agencies and other institutions. In particular, he informed participants that the SME Department of the World Bank had sponsored research into issues covering all aspects of the workgroup.

He then identified five key SME needs, namely, incentives, access to finance, infrastructure, training and access to services. On incentives, he said that there was need for the simplification of the procedure for registering companies and the need for the rationalisation of taxes and levies. On access to finance, he reiterated SMIEIS/BOI's claim that SME funds were not being disbursed due to non-submission of viable business proposals/projects for investment. On infrastructure, he called for the reduction of the high cost of production through the creation of clusters, industrial parks and incubators to improve the production capacity of the SMEs. On training, he said that there was lack of entrepreneurial, managerial and planning skills in most Nigerian SMEs, while on access to service, he called for improved information technology, market opportunities, accounting, operations and control mechanisms for SMEs. He

however, mentioned the general failure by most SMEs in the country to harness opportunities for growth {i.e. franchise, links, joint venture, networks, etc }.

However, he noted that the appointment of a Director General for the Small and Medium Industries Development Agency of Nigeria (SMIDAN) was in line with the recommendation at NES #9.

The second speaker, Mrs. Bunmi Lawson, spoke on the informal sector and emphasised the need to create real incentives to help transit enterprises from the informal to the formal sector. She explained that more business development services have increased their support to provide services to SMEs to enter the formal sector since NES#9. However, she noted that past summits' recommendations on rationalisation of taxes and levies were still outstanding. She presented the tax incentives as follows:

- i. No Corporate Tax if turnover is less than N5 million per annum
- ii. Raise minimum personal income tax from N30, 000 to N500, 000
- iii. Maximum tax rate of 10%
- iv. Define and publicise criteria for those that benefit.

On the streamlining and simplifying of the company registration process, she said that a study had been carried out and the bottlenecks in companies' registration identified. She added that the Corporate Affairs Commission (CAC) had introduced the "fast track" registration process whereby incorporation can be done the same day by paying an additional sum of N40, 000 to alleviate the problems encountered in past operations.

She listed the outstanding issues as the decentralisation of the incorporation of companies from the federal to the state level, provision of funding to improve IT infrastructure of the CAC and the provision of service delivery manual that should state clearly the standard procedures with a clear timeframe.

In her presentation, Mrs. Modupe Adelaja spoke extensively on SMIDAN and its mandate to initiate, articulate and facilitate development programmes in the SME sector. According to her, the agency will amongst others, seek to encourage joint ventures, franchising and other arrangements with established/foreign firms; create incentives which will facilitate provision of relevant infrastructure by both the public and private sectors; vigorously pursue public enlightenment campaigns on the purpose and functions of SMIDAN; and establish Business Development Services (BDS) within industrial parks and also provide other services to SMEs.

Two other speakers, Messrs. Rotimi Oyekanmi and Okonkwo Ubadigbo spoke on

SMEs' access to finance. They noted that some NES #9 recommendations on this were outstanding. It was stated that no action had been taken to implement the incentive aspect of the SMIEIS guidelines. Since inception in July 2001, N18.6 billion had been set aside by 81 banks out of which only N4. 538 billion had so far been disbursed. They noted also that the recommendation that 1% of the SME funds should be used for building the capacity of participating SMEs has also not been implemented to date.

On Bank of Industry (BOI), Okonkwo acknowledged the take off of BOI with an initial capitalisation of N3.75 billion. However, with over 480 loan applications worth N86 billion, he said BOI certainly needed additional capitalisation to effectively carry out its mandate.

Key Issues

The group identified multiplicity of taxes, tax incentives and holidays, capacity building/creation of Business Development Services (BDS), and access to finance as some of the specific issues affecting most SME operators. On multiplicity of taxes, it observed that the different and arbitrary taxes, levies and duties charged at the three tiers of government tended to undermine the success/progress of the average SMEs. These, it said, posed difficulties to SMEs in planning their annual/monthly outlay. It called for the streamlining of all taxes and to enforce the existing laws barring such arbitrary duties and levies.

It believed that clear avenues must be created for seeking redress when such levies were demanded to curb the excesses, particularly at the local government level. To facilitate this, the group said that appropriate taxes, levies and duties should be published and disseminated to all stakeholders. The group also resolved to meet with the Local Government Reform Committee to further the cause of the SMEs.

On tax incentives and holidays, the group believed that SMEs should be given special attention in the ongoing tax reforms. It was agreed that the group should strongly advocate for this concession through SMIDAN.

On capacity building/creation of BDS, the group agreed that SMIDAN in collaboration with relevant non-governmental organisation (NGOs) and business development service (BDS) providers should be charged with the responsibility of articulating this process, and providing such services. The group also believed that banks should be involved in building capacity in SMEs to ensure that their investments remain viable.

On access to finance, it was agreed that for SMEs to access the SMIEIS fund, the guidelines must be reviewed and proper/representative definition of SMEs should be given. In particular, it was recommended that sectoral allocation be removed so as not

to restrict investment opportunities in the sector. It was also noted that the specific needs/interest of micro enterprises had not been taken care of in the guidelines. The group was charged with the responsibility of articulating the modalities for disbursing the earlier proposed 1% of SMIEIS to build capacity in SMEs (NES #9).

The group also reiterated the need for an independent credit rating institution (credit bureau). It noted that recent efforts by the Central Bank of Nigeria (CBN) at creating such a bureau had been unsuccessful. It believed that efforts to create such a credit bureau must involve all stakeholders.

Recommendations/Action Plan

What	When	Whom
Fund IT infrastructure to enable decentralisation of CAC operations (in 6 geo-political zones)	2004 budget	Federal Ministry of Commerce
Special concession should be given to SMEs on tax matters	2004Budget	Federal Ministry of Finance
Tax rate for SMEs should not be more than 10%	December 2003	Federal Ministry of Finance
SMIEIS beneficiaries should enjoy 5 years tax holiday	December 2003	Federal Ministry of Finance
Streamline taxes to be paid at all tiers of government. Publish information widely & disseminate to all stakeholders	December 2003	Ministry of Finance
Budget provision for capacity building for SMEs in collaboration with qualifying BDS/OPS	2004 budget	SMIDAN
Establish one or two model Industrial Parks in collaboration with state governments/private sector/ multilateral agencies	Within one year	SMIDAN
Build database on SMEs/ market opportunities	Within one year	SMIDAN
Establishment of legal framework for the operation of microfinance institutions (MFIs) within the SMIEIS guidelines, with input from all stakeholders	December 2003	Bankers' Committee
Review the SMIEIS guidelines with input from stakeholders	As soon as possible	Bankers' Committee
Government's initial funding of BOI is commendable but additional tranches of funds should be released to the bank	December 2003	Federal Ministry of Industry

Group 5: Agriculture And Food Security

Introduction

The group started by listening to a presentation by Mr. Andrew Kidd of Department for International Development (DFID) Nigeria. The presentation focused on agriculture, observations on NEEDS and recommendations. The Minister of Agriculture, Mallam Adamu Bello, in his introductory speech gave the government's position on the concept of "nucleus estate initiative". He said that the big companies such as FUNMAN Juice Company, Okomu Oil, Best Foods Global Nigeria, Cadbury Nigeria PLC, British American Tobacco Company, AFCOT Nigeria Limited and some livestock and fisheries companies adopted the strategy with some success.

The initiative, he said, assured farmers of necessary inputs since they were procured centrally and in large quantity by the end-user firm. It also assured ready market and guaranteed income. Other benefits of the scheme include increased agricultural production, increased productivity, extension of innovation and new technology to farmers, guaranteed product quality and reduced importation. The initiative, he said, also has its drawbacks. This, he said, included poor remuneration of farmers since they were not likely to get on-going market prices, inability of the big nucleus estate owners to buy back the produce of the satellite farmers and inadequate credit to the satellite farmers.

NES #9 Recommendations

The group examined its NES#9 recommendations with a view to determining the achievements recorded in the sector so far. It noted that the group had at NES#9 recommended increased funding for agriculture, the establishment of Agricultural Development Fund, development of preservation and storage infrastructure, and the establishment of agriculture development marketing companies.

The group noted that following the influx of cheap and low quality agricultural products into the country, the Federal Government imposed restrictions/tariffs on edible oil, textiles, poultry products, sweets and chocolates, sugar and fruit juices. On fiscal incentives and funding, it observed that during the year, export grants increased to 40 per cent, Agricultural Development Fund was incorporated and it got ₦2.5 billion as seed money, the construction of 142 earth dams were ongoing and marketing companies were incorporated for tree crops, arable crops and for livestock.

However, the group observed that in spite of these achievements, imported agricultural

goods still flooded the market; funding problems persisted and were hampering agricultural production. The cost of funds remained prohibitive for agricultural production. It also observed that inadequate market information was hampering production and distribution in the sector; research funding was still low while the cost of production remained high, thus making many of the country's agricultural products uncompetitive in the local and international markets.

The group also examined the draft NEEDS document. It observed that the document lacked specific focus on agriculture and food security.

Recommendations

The group noted the importance of agriculture in the provision of agricultural raw materials for industries and in the provision of food for the teeming population of the country. The group recommended that the country should immediately embrace nucleus estate initiative as a priority for accelerated agricultural production in the country. The growth of industrial farms and estates will also engender the growth of satellite farms around the nucleus estates and also ensure the provision of the much needed funding and improved seedling and other inputs to farmers in the satellite farms. It also recommended that appropriate infrastructure should be provided to the nucleus estates and that all stakeholders should be involved in policy formulation in the sector. It said that the government should also implement agricultural credit guarantee scheme.

The group also recommended that more incentives should be given to the sector. Such incentives include the reduction of interest rate to farmers and granting of subsidies to encourage the production of some selected agricultural products. It also recommended that the private sector should be involved in the management of the Agricultural Development Fund.

There should be a programme for capacity development among smallholder farmers to enable them access markets and incentives. It called for the attraction of Foreign Direct Investment (FDI) to agricultural production. Towards this end, it noted with satisfaction the recent agreement by some Chinese investors to co-invest with the Edo State Government in the area of rice production and the exploration of Kwara State by some farmers from Zimbabwe with the aim of investing in the sector. It however said that investment in the agro-allied sector must be value adding.

It was recommended that priorities should be placed on accelerated production of cassava, grains, soya bean, edible and non-edible oil, livestock, fisheries, fruits and tree crops. The group called for strong public-private sector partnership as the basis for accelerated agricultural production.

On the part of government, it was recommended that efficient discharge of obligations by public officers in charge of SMIDA, department of agriculture and rural development, strategic grains reserve, Senate/House of Representatives, Export Promotion Council, Central Bank of Nigeria (CBN), Nigerian Export Import Bank (NEXIM), the Nigerian Agricultural Credit and Rural Development Bank and the Nigerian Agricultural Insurance Corporation would help to move the sector forward. At the same time, the private sector organisations such as commodity associations, industrial and large-scale farmers, fishery society and merchants in the agro-allied sector must partner with the public sector for the improvement of the agricultural sector.

Comments on “NEEDS”

On NEEDS, the group recommended that the blueprint should have a more specific focus on agriculture and food security. It should adopt NES recommendations on agriculture and food security and promote the provision of a conducive environment to attract more local and foreign investment into the sector.

The group also resolved to set up an implementation sub-committee to liaise with other organised farmers and their associations and to partner with the public sector to drive the process of change in the sector and to ensure that the sector delivers the desired results within the next 12 months.

Group 6: Oil and Gas

Introduction

The oil and gas workgroup reviewed the past recommendations including implementation status, the current situation, linkages to other sectors of the economy and harmonising the views with the new government economic blueprint the National Economic Empowerment Development Strategy (NEEDS).

The focus was on the three main areas of the oil and gas industry namely: upstream oil, downstream gas and the Nigerian content. Key issues discussed include the national energy policy, peace and security, Nigerian content capacity building and environmental protection.

Progress on Key NES #9 Recommendations and Action Plan

The group observed that on the whole, most of the recommendations of NES #9 were still pending. The following is a review of the level of implementation of the recommendations of NES #9.

Upstream

OPEC Quota – The recommendation that Nigeria’s OPEC quota should be increased was still pending. The case for increased quota continues to be critical as more deep offshore and indigenous players begin to produce.

Funding Existing JVs – It was also observed that expanding the use of alternative funding schemes were being considered. The objective review of the balance between JV and PSC to sustain government revenue was yet to be fully addressed.

Downstream Gas -The Natural Gas Policy, required urgently was still pending but progress on the proposed bill continues to receive broad-based debate. The streamlining and codification of existing fiscal incentive were still pending while the Power Sector Reform Bill before the NASS was yet to be passed into law.

Nigerian Content - The setting up of long-term capital for financing (e.g. percentage of PPT) is pending while recommendation on the development of a database on Nigerian professionals in the industry also remained pending.

In sum, the group observed that only one out of the seven NES #9 action points actually got significantly implemented. It recommended that the adoption of a “round the year” follow-up strategy might need to be adopted to ensure the delivery of some of the crucial oil and gas issues. That would go a long way in ensuring the overall advancement of the rest of the economy.

Vision of the Nigerian Petroleum Industry

The group observed that the oil and gas sector had been contributing the most to the nation’s coffers in terms of revenue and foreign exchange generation and employment, it has acted as a fulcrum for the nation’s industrialisation and revolution in the manufacturing sector and a contributor to raw materials development and also a major contributor to the nation’s foreign exchange earning capacity.

The group observed that decades of oil and gas activities were not reflected in linkage to industries and the manufacturing sector. It said that the importance of oil and gas to the nation’s economy in the short and long term had made its effective management mandatory. It believed that the setback the industry experienced in the past was due to poor management of the industry which resulted in unstable policies, planned sale of NPDC, cash call arrears, reckless oilfield gas flaring, run down of refineries and petrochemicals plants, community unrest, products shortage leading to endless fuel queues as well as inadequate transparency and accountability in the sector.

However, it said that the present democratic government through NNPC had come to the rescue with clear plans and mandate on the way forward. Among them are the strengthening of the upstream oil and gas to provide the lead for the industry with the aim of making Nigeria the hub of the West African petroleum province, NNPC will be provided the right ingredients and environment for effective performance, local content development in the service sector will be pursued to provide an industrial base for the manufacturing sector and privatisation of the downstream will be carried out with active involvement of the NNPC to ensure improved system efficiency.

Others include total oilfield flare out with a deadline of 2008. This will further position oil and gas as a major revenue earner for the country. In addition, there would be the development of human capacity as technocrats and managers of the business become priority, the creation of the right orientation to suit a new working culture of transparency and accountability, and the empowerment of respective government departments would be done to oversee the industry and the oil and gas policy to be formulated and enunciated for adoption by the industry will be properly structured.

The Vision

Emerging from the foregoing review of the poor implementation of the NES #9 recommendations, the group said that the overriding theme of the Oil & Gas Workgroup for NES #10 was: “Linkage of the Industry to the Rest of the Economy”

Key Issues and Recommendations

The group categorised major issues and recommendations of NES #10 into the following three main areas: Linkages to the Rest of the Economy, Upstream Oil, and Downstream Oil and Gas.

Linkages to the Rest of the Economy

Projects with Spin-offs: It was recommended that there should be a concentration on projects that have spin-offs on transfer of technology and employment in the non-oil sector of the economy. This should include gas to power projects, institutionalising the National Guards System for pipelines, NEPA transmission grid, etc. This would also address the peace and security issues in the oil producing areas, in addition to the efforts of NDDC and industry community development programmes.

Transfer of Efficiency Norms and Skills: There should be a conscious effort to transfer the efficiency and skills in the industry to the rest of the economy.

Human Capital Development: Under the NEEDS blueprint, efforts should be further focused on developing human capital for engineering/technical and professional services.

Upstream Oil

Sustained Funding for Growth

The group observed that the sustained availability of funding for the growth of the oil and gas industry had continued to dominate the upstream business. It said that the critical relevance of the industry to the rest of the economy justified the strong emphasis for sustained funding and continuous growth of the industry in the years ahead. The main issues raised and recommendations made by the group were that government cash call payments have greatly improved and should be sustained; partial commercialisation of NNPC has been successful and should be deepened; government funding requirement for JV of \$3.5 - \$5 billion per annum might not be sustainable and therefore should be reviewed downwards; PSC for deepwater operations is very successful so far and should be sustained while the reduction of financial burden on the government should be pursued to scale down equity participation in the JVs to 51%. This would release much-needed government funds for development projects in the economy, while still drawing the significantly huge royalties and taxes from the industry.

Production Quota

The recommendations here were essentially an update of earlier views on the crucial issue of Nigeria's OPEC quota in due consideration of the current realities of the economy and the oil and gas industry. The issues and recommendations were that the government should intensify efforts to increase Nigeria's OPEC quota from 7 – 8% to 10% to accommodate increasing capacities (including PSCs and indigenous players) and peculiar economic realities. Alternatively, the group recommended that the government should seek special OPEC quota for deepwater PSCs. It was also recommended that the government should encourage increased condensate production, which is outside OPEC quota.

Group 7: Banking and Finance

Introduction

In any nation, the financial sector plays a crucial role in capital accumulation and allocation amongst various competing needs. This function hinges on the confidence and trust that the investing public reposes in the sector, hence the need for the operators in this sector to carry out their duty with utmost care and professional conduct. In Nigeria, the financial sector had witnessed a number of challenges ranging from dearth

of long-term funds, inconsistency in fiscal and monetary policies, dwindling public confidence in the sector, and the distress syndrome.

Despite these myriad of issues, the concern of the workgroup at NES #10 was how to stimulate the development of the much needed long-term funding. Hence, it formed the main issue for consideration by the workgroup.

The workgroup assessed the implementation of the recommendations of the previous summits and observed the absence of the framework for market determined exchange rate with less CBN dominance; introduction of minimum authorised dealership requirements in critical banking operations based on banks capital base; greater collaboration between banks to reduce overhead by sharing infrastructure; encouragement of manpower development training in banks and other financial institutions; and abrogation of uncomplimentary legislations/regulations of taxes as well as pension funds.

Where we are

The group noted that the Central Bank of Nigeria had just lowered the Minimum Rediscount Rate (MRR) by 150 basis points from 16.5% to 15% in response to the call for lower interest rates. Prior to this, average lending rate had hovered around 20.5%, it was expected that this rate would further decline in tandem with the drop in MRR.

Other realities include the achievement of lower interest rates; relative stability of the value of the Naira, which was in line with the convergence criteria under the West African Monetary Zone (WAMZ).

Against these achievements, the group observed the presence of such downsides as the capital market which has remained shallow and the operators undercapitalised; the sub-optimal performance of the insurance sub-sector; and a persistent dearth of long-term funds.

Recommendations

Going forward, the group called for increased collaboration between operators in the financial sector especially banks, building competences and skills in the industry, development of tradable instruments to attract long-term funds and reactivation of the bond market and expedited action on the National Savings Certificate.

The group also recommended the building of consensus through dialogue that will

accelerate the implementation of the pension reform, immediate establishment of commercial courts for quick resolution of disputes and recovery of debts, acceleration of the development of the capital market through the issuance of bonds and encouragement of the establishment of more rating agencies in the country.

Action Plan

What should be done	By Whom	Deadline
Ensure political, social and economic stability	Public / Private sector leadership	Immediate
Enforce money laundering regulations	Economic & Financial Crimes Commission	Immediate
Government to finalise Medium Term Economic Programme with IMF	FGN	Immediate
Ensure security of lives and property	Law enforcement agencies	Immediate
Reduce the cost of raising funds in the capital market	SEC/NSE/ capital market operators	Immediate
Establishment of commercial courts	Judiciary / FGN	Immediate
Implement the pension fund reforms	FGN	Immediate
Energise the insurance sector to aggressively mobilise long-term fund by encouraging life insurance policies	Insurance Companies/ NAICOM	Immediate
Further cooperation among banks in the provision of infrastructure to reduce the cost of doing business e.g. VSAT, bullion vans, etc.	Banks	Immediate
Develop enough instruments to attract long-term investments	BOFIs	Immediate
Accelerate the development of the bond market	CBN/NSE/BOFIs	Immediate
Improve the image of the financial sector through the implementation of enlightenment programmes	BOFI	Immediate

Group 8: Privatisation and Deregulation

Introduction

Two lead presentations were made. In the first presentation, Mr. Albert Okumagba of BGL Limited stimulated the audience by reiterating the objectives of privatisation and deregulation. These include the promotion of sustainable economic growth and development, the elimination of wastages and the institutionalisation of efficiency, refocusing government on regulation and provisions of infrastructure, and making the private sector the driver of economic growth and development.

He then assessed the past recommendations of the group and their implementation so far in the area of communicating and selling the privatisation process to the public and observed that no significant progress had been achieved. He believed that the government, the NCP, and BPE should demonstrate sincerity of purpose and transparency in programme implementation to secure public trust.

He also raised the issue of laxity in the passage of bills that are necessary for the achievement of set objectives. In his opinion, the concerned parties should ensure the passage of bills and alignment of future laws and other legislative actions with the privatisation and deregulation policies. He also recommended the review of bills passed by the previous legislature.

He said that the transaction time frame should be strictly adhered to by the BPE and that before time frames are set, the necessary preparatory steps should be taken to avoid delays and transaction failures. Any unforeseen occurrence should be duly communicated to all stakeholders.

Irene Chigbue of BPE made the second presentation, which highlighted progress reports on privatisation, some of the achievements of the programme in the last phase, problems faced, the lessons learnt by the bureau, and the new priority of the present administration. The focus here was on the companies scheduled for privatisation in the short, medium and long terms. In the short term, which is expected to end by the first quarter of 2004 such companies as NTM Kano, Nigeria Wood Industry, Chemical Company, Senegal Rolling Mills, ALSCON and Afribank would be privatised. The companies in this category have already had preliminary work done on them. In the medium term which is expected to last till the end of 2005, will witness the privatisation of paper mills, Nigerian Ports Authority, NICON Insurance and refineries, while the privatisation activities in the long term has no definite time frame. However, she said that sector reforms were ongoing and that companies in the long term group include NIPOST, NEPA and Ajaokuta Steel.

She said the reforms slated to take place would be in the areas of power, rail, ports, oil & gas and telecommunications. The Power Sector Reform Bill would address the legal and regulatory framework, unbundle NEPA, privatise NEPA successor companies and set social and development objectives for the sector.

Key Issues

Among the problems identified were poor communication, low participation of Nigerian investors in the privatisation process, low policy alignment among government agencies, inadequate capacity building, inadequate transaction preparation, insecurity of lives and property, inadequate support from the private sector and inadequate legal framework to protect investors. Other problems include non-involvement of foreign missions in the attraction of investment for privatisation programme and inappropriate investment of privatisation proceeds. It was recommended that the proceeds of the privatisation exercise should be used for the construction of rail tracks and constructing national power grids. It was also recommended that BPE should ensure that bottlenecks to privatisation are envisaged before hand and prepared for and duly tackled (especially the impediments to the privatisation of the Oil and Gas downstream sector).

The group also observed that while the relationship between the BPE and the stakeholders had taken a positive turn, the timing of the privatisation process had been highly influenced by some externalities that were beyond BPE's control. Also, it said that the process of advertising for advisers and core investors at the same time did not send the right signals to would-be investors and that the issue should be addressed. It said that while trying to draw up a programme on how to tackle the problem of powerful vested interests, BPE should try and solve its own problems with the government in private.

The group believed that the contributory pension funds should not only be exposed to fixed income but also the equity market.

Priorities

On the priorities selected for the sector, the group said that the presidency should ensure passage of the Power Sector Reform Bill and make clear and unambiguous commitment to implement the privatisation programme while the BPE should be the only implementation agency to undertake transactions on enterprises earmarked for privatisation. It said that privatisation proceeds should be invested in capital projects such as power and railway.

The group believed that the BPE should more clearly communicate privatisation

programme internally within government and externally to all stakeholders and that the process of the pension funds reform should be accelerated while the process of funding pensions should be adequately addressed. It also recommended that the pension funds should have exposure to all classes of assets (i.e. equities, fixed income, real estates, etc), while transaction timetable should be better planned, detailed and agreed upon and any unforeseen delays should be communicated to all stakeholders early.

Prioritised Action Agenda

Action Required	Whom	When
Presidency to ensue passage of Power Sector Reform Bill	Presidency	Immediate
Presidency should make clear and unambiguous commitment to implement the privatisation programme	Presidency	Immediate
BPE should be the only agency to implement privatisation	Presidency	Immediate
Restructuring of the sale process to emphasise total long-term economic value-added in the choice of core investor	NCP/BPE	Immediate
Recompose NCP Standing/Steering Committees to accommodate experts that will also champion the Programme	Presidency/NCP/BPE	Immediate
Seriously explore other methods of privatisation as already identified by the BPE (Liquidation, Exclusive MBOs, Asset Lease - Contracted method, unbundling, minority equity sales, etc)	NCP/BPE/	
	Other stakeholders	Immediate
Transaction timetable should be better planned, detailed and agreed upon. Any unforeseen delays should be communicated to all stakeholders early	NCP/BPE	Immediate
Actively engage our foreign missions in attracting investments for the privatisation programme.	NCP/BPE	Immediate

Privatisation proceeds should be invested in capital projects i.e. power sector and railway

Presidency/NCP/
BPE/NASS

Immediate

Accelerate the process of Pension Funds Reform Bill and address the process of funding pension funds.

Presidency/NCP/
BPE/NASS

Immediate

Pension funds should have exposure to all classes of assets i.e. equities, fixed income, real estates etc

Presidency/NCP/
BPE/NASS

Immediate

Group 9: Trade Policy And Competitive Industrialisation

Introduction

The chairman informed the group that the NESG intended for the group to be a standing commission. Therefore, the group would not only make recommendations but would also ensure their implementation by working with government departments, NGOs and the civil society. He urged members to make all the necessary sacrifice for the desired changes to occur. The group would be holding meetings and consultations after the summit.

Key Issues on Competitive Industrialisation

The speaker identified six key issues that affect competitive industrialisation and the recommendations that were discussed and accepted by the group at NES #9 in the following areas:

Enabling Environment

Under enabling environment, the group considered security, regulations, infrastructure and energy as the major factors affecting competitive industrialisation. It was agreed that security is important for any type of investment and identified the Nigeria Police in the maintenance of law and order as well as protection of lives and property without which investors would keep away from Nigeria. Therefore, the country needed an enlightened police force. It was recommended that O.N.D. should be the minimum entry qualification into the Nigerian Police and that the present leadership of the Police be completely changed and new Police leadership should be recruited and trained in a country where best practices are observed. There should be strict enforcement of law and order and the judiciary should be enabled to facilitate this. Regulatory agencies

such as SON and NAFDAC should be streamlined. The group welcomed the establishment of the Road Maintenance Agency (RMA) and advocated appropriate funding for the agency. In the long term, however, the roads should be privatised along with the railways along the BOT method.

The greatest headache to business people in Nigeria comes from power. The group recommended speedy privatisation of NEPA and the refineries possibly by end of 2003.

Globally competitive input costs

For Nigerian products to remain competitive globally, the government should maintain the current low tariff on raw materials and also proceed with plans for the development of the petrochemical industry. Productivity should also be matched with salary increase while tax cap should be reduced from the 35% to a maximum of 25%.

Financing Industry

Access to long-term funds was identified as one of the major problems of production activities in Nigeria. To this end, the group welcomed the establishment of the Bank of Industry and advocated that it should be appropriately funded. The development banks (BOI and NARDB) should publish money disbursed and the beneficiaries of such monies. The SEC and NSE should play a facilitating role to improve the environment for venture capital.

Skilled Manpower

It was observed that even when all other factors are available Nigeria may not be globally competitive without skilled manpower. The Government should therefore improve the level of funding for schools and promote private sector participation in education at all levels. The ITF should regularly publish its activities and involve industrialists in its board. The Ministry of Education should adopt school curricula that meet the needs of industry. The group also recommended respect for contract of employment to maintain industrial harmony and raise productivity.

Export Incentives

It was recommended that the NEPC should adequately publicise and implement incentives. It should publish the names of companies that benefited from such incentives. In doing this, the NEPC should be encouraged to focus on areas of competitive advantage including rubber, cassava, cocoa, groundnut, cotton and petrochemicals.

Trade Liberalisation

The group noted the influence of globalisation and WTO rules as they affect the country and recommended that the Federal Ministry of Commerce should circulate to all stakeholders the WTO operational procedures within one year for their information and guidance. The need to improve credibility of Nigerian transactions was stressed. The CBN and Federal Ministry of Commerce should be responsible for this.

Objectives

The workgroup after considering the speech from the lead discussant agreed on a set of objectives for the short and long-term attainment of competitive industrialisation. The major objective agreed by the group was that of non-oil export led growth. The essence of this objective is to move away from a mono-cultural economy. At present, the country depends mainly on oil revenues. The manufacturing sector should contribute more to the GDP through increased capacity utilisation and productivity. Therefore, the second objective was increased contribution of manufacturing to GDP from the present level of 8% to 25%. Capacity utilisation should also increase by at least 50%. The third objective set by the group was the creation of jobs through manufacturing activities.

Further Recommendations

In addition to the recommendations arising from the speaker's presentation, the workgroup agreed that government must also adopt consistent industrial policies so that the business community can plan with some level of certainty. The group noted that there were some master plans in some sub-sectors like textiles and recommended the production/update of the export master plan for Nigeria with the involvement of stakeholders. The master plan should research on all products to identify areas of competitive advantage and required levels of investment. The group recommended the establishment of a Trade and Industrialisation Commission to take its recommendations to the next step.

NEEDS: Comments and Recommendations

The group generally identified with the major focus of the NEEDS but noted that the document should make a specific statement on non-oil exports.

The group also identified four "quick wins" achievable in the context of NEEDS. It was advocated that government and large domestic private-sector companies should implement rules to discriminate positively in favour of "made in Nigeria" goods and

services - for example, in the pharmaceutical and furniture sectors. The only exceptions should be where quality in that sector is unacceptable.

Furthermore, the group encouraged the government to bite the bullet now and deregulate/liberalise completely, particularly fuel prices.

The Government was also requested to aggregate and channel idle long-term funds (such as NSIFE, ports development levy, sugar levy etc.) to the Bank of Industry for investment purposes.

Lastly, the group requested from government that no tariff changes be made without due process of consultation with major stakeholders. It also recommended special waivers and dispensations should be eliminated forthwith.

Next Meeting

The workgroup agreed to meet again six weeks after the summit to follow up on its recommendations.

Group 10: Rebuilding Institutions (Public Service, Judiciary & Police Reforms)

Introduction

The workgroup had the benefit of two presentations, one from the Attorney General of the Federation and the Minister of Justice and the second from the Director General of the National Agency for Food and Drug Administration and Control (NAFDAC), Mrs. Dora Akunyili.

The Attorney General of the Federation advocated that the public and private sectors must work together. He charged the government to minimise direct engagement in economic activities but create the enabling environment and promote sound economic values. This required an efficient system of administration of justice. Courts must inspire public confidence in their ability to resolve disputes quickly. Law enforcement agencies must provide safety and security of life and property. Prisons must reform and rehabilitate rather than dehumanise inmates. Alternative Dispute Resolution (ADR) mechanisms must be put in place to aid the process of justice administration. Criminal Justice Administration must give offenders due recompense and protect welfare of victims, the Attorney General stressed.

The Federal Minister of Justice identified as a major challenge the need for private sector's support to government's reform programmes in the area of justice dispensation and security. The principal aim of the reform programmes is to strengthen and reposition the Federal Ministry of Justice for the challenges of the 21st Century.

He proposed that the expected role of the private sector in the judicial reform should be infrastructure and equipment support for courts, funding of library development, establishment of an up-to-date database on administration of justice, publication of the Justice Journal, funding of Multi-Sectoral Law and Economy Group, provision of scholarships and fellowships for overseas training of lawyers in the Federal Ministry of Justice and support for in-house training and other capacity building programmes.

He concluded by stressing that justice is the ligament, which holds civilised society together. He therefore enjoined both public and private sectors to join hands together to bring about reforms in the system of justice administration.

The Director General of NAFDAC in her presentation traced the history of the agency to the Directorate of Food and Drug Administration and Control which was part of the Federal Ministry of Health. To remove the bottlenecks associated with civil service bureaucracy, NAFDAC was established by Decree No. 15 of 1993 (as amended in 1999) to control and regulate the manufacture, importation, exportation, distribution, advertisement, sale and use of food, drugs, cosmetics, chemicals/detergents, medical devices and all packaged drinks including the popular "pure water".

She then listed some of the factors that militate against effective food and drug regulation in Nigeria. They include corruption and poor orientation, absence of team work among government agencies, unfavourable government policies, lack of adequate legislation, ignorance and poor public awareness and discriminating regulations by exporting countries.

She also noted that proliferation of fake and substandard products was not limited to drugs but included non-iodized or insufficiently iodized salt, improperly processed "pure water", beer and other alcoholic drinks without "Best Before" date and alcoholic content etc.

She said that the use of fake drugs and other substandard products by consumers could, among others, result in social problems and destruction of healthcare delivery system.

The Director General also narrated her efforts to rebuild NAFDAC. These include repositioning staff according to qualification and area of competence, recruitments,

restructuring of the agency for effectiveness, drawing a new vision, mission and goal, staff re-orientation and motivation and review of tariffs. Others include review of laws/reconstitution of legal unit, developing guidelines and standard operation procedures, development of a website and enlightenment campaigns.

She said that the strategies employed by the agency in strengthening its regulatory activities include stopping the importation of fake drugs at source, beefing up surveillance at all ports, mopping up what was already in circulation, monitoring local manufacturers and modernisation of regulatory process.

So far, she said NAFDAC's achievements include apparent behavioural change by Nigerians, local and foreign acceptability of NAFDAC, increased {85%} factory level compliance in Vitamin A fortification of vegetable oil, increased production by local pharmaceutical manufacturers, patronage of Nigerian pharmaceuticals by West African countries, reduction of death rates in hospitals and banks' refusal to process financial documents for drug importers without NAFDAC clearance.

Her presentation was followed with discussion by the participants. The group observed that since inception in 1993, the Nigerian Economic Summit has been trying to define and facilitate the implementation of an economic agenda that would create an environment conducive to good governance, responsible private sector investment and sustainable private-sector-driven economic growth.

The group believed that deterioration of national institutions had made and would continue to make Nigeria a difficult place to live, work and do business in.

The group also recognised that NES #9 recommended that a community-based partnership (police and private sector-driven) security pilot scheme (with full security network gadget, CCTV etc.) using the Lagos Island as a test case be established to form a basis for similar schemes in other parts of Nigeria. Finally, it was agreed that if all NES participants committed themselves to a social contract to effect change in their spheres of influence, the Nigerian society would be improved.

Achievements since NES # 9

The group observed that some regulatory agencies were undergoing positive image {e.g. NAFDAC} through dynamic leadership. The group also commended the federal government for the reforms going on within the Nigerian Police especially in terms of logistics support. It also noted that following public reaction, the relationship between the executive and the legislature, had improved and the two arms now maintain greater checks and balances on each other. The group noted that the prominent role of the

judiciary was both as an independent arbiter and as the last hope for aggrieved parties. It noted that the standard processes for obtaining services from government departments and parastatals (Due Process) were better defined. Finally, it observed that the National Identity Card scheme that had been on the drawing board for quite a while in the country had finally taken off.

Current Priorities and Issues

The group, realising that most of its recommendations for NES #9 were hardly implemented recommended a multi-faceted approach to take the policy recommendations further. One of the recommendations made was to invest heavily on education and security and encourage private sector participation. It agreed that communicating defined processes, which are to ensure that the citizenry is well-informed of the law, the process and the consequences of violation was key. The administration of the justice system, adequate interpretation and administration of the law must be ensured. The group believed that creating effective public complaints and information systems to provide avenue for feedback by the citizenry should be vigorously pursued. It advocated a reform of the electoral institutions (the Independent National Electoral Commission (INEC) and State Independent Electoral Commissions (SIECs) in view of concerns on the conduct of the last general elections. Finally, the group believed that sensitisation of the public on government programmes/activities was inadequate as the rural inhabitants were hardly ever carried along, since they do not have much access to the government's medium of communication.

The group further identified key institutions such as the Customs, Immigrations, and Prisons, which should be fully reoriented and be given specific roles to play to enhance the security of the nation. The group also recognised the significant roles of the National Population Commission (NPC) and the Department of National Civic Registration (DNCR) as key institutions, which should be strengthened. Finally, the group advocated that the tax administration system should be revamped and that tax evasion be criminalised.

Implementation Constraints

The group viewed as serious, problems associated with implementing NES recommendations. It identified some of such constraints as slow pace of implementation and problems/constraints evidently in-built; lack of a follow-up process to monitor implementation by the NES and inadequate funding for the implementation of the various NES recommendations. It also observed that some public institutions (e.g. Police) were resistant to collaborative project with the private sector towards implementing vital reforms and that there were policy inconsistency and lack of

continuity of government programmes, while there was inadequate funding of the institutions.

Implementation Action Agenda

The group observed that the formation of a policy commission for public service, judiciary and police reforms was a great start. It said that the commission should now take up the task of following up and seeing through the implementation of recommendations made by the group. In the area of funding its various projects the group said that it would seek the support of institutions (such as the National Security Pilot Scheme etc.), while interested parties and stakeholders (banks etc) would be approached and encouraged to sponsor such schemes and programmes. For example, it said that the proposal by the Police on the National Security Pilot Scheme would be sent to banks for sponsorship.

The group agreed that it would identify key institutions in its priority areas and map out implementation plans by paying special attention to who, when, where and how, as well as the time frame, and continuous reviews to meet targets. In addition, it said that it would liaise with the state governments in some of the implementation plans, while it would develop work programmes and roundtable sessions aimed at exchanging views with these institutions.

Group 11: New Investment Strategies

Introduction

The group observed that new investments were key to the acceleration of free enterprise; it would drive economic growth and development and as well raise the quality of life of the citizenry. In order to have a sharp focus, it would recommend actions that would activate domestic investment to create momentum on the growth flywheel. The systemic change should stimulate economic activity. Also, its recommendations would target Foreign Direct Investments (FDI) and target measurable improvement in the Human Development Index (HDI).

Comparative Statistics as at 2002

It observed that when compared to South Africa, Egypt, Chile and Indonesia, Nigeria ranked poorly in major indices of investment. For example, it said that Nigeria attracted the lowest sum of US\$1.1 billion of FDI and ranked lowest in the HDI at 0.46; and had the lowest rating of 1 in technology diffusion against the best of 27.3 in Egypt.

The group said that these comparative figures provided compelling reasons for Nigeria to embark on an aggressive pursuit of new investments.

Investor Perception: Motivation

Relying on the findings of a UNIDO pilot study in 2001, the group observed that Nigeria ranked high in four out of eleven indicators of investor motivation, namely, size of local market, labour availability, access to regional market, and labour cost. The group believed that the competitive advantage in some of these four areas might be short-lived. Hence, Nigeria needed to take advantage of the window of opportunity within the next three years.

What Needs to be Done and How

The group noted that six things must be done in order to accelerate the rate of inflow of foreign investment into the country. They include empowerment of entrepreneurs, migration of the informal economy to the formal, economic zones versus political zones, creation of industrial parks and inland ports and the establishment of sovereign credit rating institutions.

On empowerment, it called for the promotion of private investments in prioritised sectors through privatisation, removal of discretion in implementing policy (e.g. duty and other concessions), activation and the strengthening of the enforcement of Investment Protection Agreements (IPA).

On the migration of the informal economy into the formal, the group called for property ownership and land reform that would ease collateralisation, conversion of such collateralised assets into capital, provision of an enabling environment for savings and long-term funds and the building of an SME force.

On economic zones versus geopolitical zones, it said that there was a need to shift attention from geopolitical zones by creating economic zones, which would not only cut across geopolitical zones but also create economic interests that would bind Nigerians together, displacing the divisive tendencies of the geopolitical arrangement. For example, it said that the grain-producing region could constitute an economic zone, which would cut across three geopolitical zones.

On industrial parks, the group believed that the creation of industrial parks would reduce the cost of transportation from, as well as decongest, the sea ports, especially in respect of goods with inland destination. It also said that the creation of inland ports would reduce the cost of transportation from, as well as decongest, the sea ports, especially in respect of goods with inland destination.

The group also called for the establishment of a sovereign credit rating system in the country. This, it said, had always been a major consideration by foreign fund managers to determine their investment fund destinations. It observed that only seven African countries were currently rated, excluding Nigeria. To qualify for rating, it said that Nigeria must ensure stable economic policy as well as prudent management of the budget and debt, among several other factors.

The group also observed the existence of some constraints to the inflow of investments into the country. Among such constraints are conflicting signals, non-implementation of economic policies and agenda, lip service to Public-Private Sector Partnership (PPP), whereby politicians make the promises but look up to the private sector to deliver them, discretionary implementation of policy {e.g. concessionary import tariffs and petroleum product pricing} and half-hearted implementation of the war against corruption. Other constraints include weak baseline sector (agriculture) as seed for investment, infrastructure failure, which limits possibilities and opportunistic adventure of some foreigners whose profit motive overrides their commitment. Also among the constraints to inflow of investments are that the IPA has not pursued a tightly focused agenda {for example, a UNIDO/NIPC study shows that only 7% of investors were made aware of opportunities by IPA} and poor management of Nigeria's image, with limited exploration of economic diplomacy and absence of a clear branding strategy.

In managing the problems, the group said that the Public/Private Partnership project should aim at smoothing the change of baton from public to private sector-led growth and that the Chief Economic Adviser to the President should provide the compass and the clock by serving as the arrowhead for driving the momentum for change. He should also drive fiscal and monetary policy coordination. It recommended that the current sector reforms should continue while supportive regulatory framework should be established.

The group also recommended that the government should ensure affirmation of the rule of law, security of life and property, access to finance by the citizenry and the renewal and the development of infrastructure.

It believed that the perception of the country in international circles is critical and that to create a strong positive perception of Nigeria the government must brand the country as having a passion for excellence and focus on enhancing the quality of products. The government, it said, must embark on economic diplomacy whereby every foreign trip by the president and government officials should involve private sector operators. Specifically, the group said the government should request for meetings with Nigeria-based organisations, use existing investors to champion investment promotion, communicate investment opportunities through every available channel and introduce a robust internal crisis resolution mechanism.

Promoting Investment

In promoting new investments the group recommended such strategies as diversification of the economy, striving to add value by shifting emphasis from primary commodity trading, as basis for wealth creation and human capital development, with particular emphasis on skill development.

It also recommended the implementation of the new pension reforms and the strengthening of savings mobilisation to create investment finance. This, it said, should also serve as a foundation for a social security safety net. It also recommended the enhancement of foreign exchange flow through non-oil exports, by creating and supporting champions and encouragement of the importation of Non-Resident Nigerian Capital (NRNC) and FDI.

The group recommended that the priority sectors for investment should be agriculture, with particular emphasis on rubber, oil palm, cocoa, cotton, cassava and rice; manufacturing, with focus on increasing domestic value added; infrastructure renewal and development and solid minerals development

The group believed that perception is the prerequisite for investments. As such, it said that the Nigerian government must be seen in the international circles to be combating corruption by making commitment to systemic change; it must be seen to be exploring every opportunity to affirm rule of law and free incentives from discretionary application.

Also, to promote investments, it said that the government must show its commitment to International Protection Agreements {IPA} in its grand economic plan. It should also evolve its strategic vision of the market place, with focus on product, price and promotion. It should also select its priority sectors, set its targets, and install performance measurement systems and mechanisms.

However, the group believed that the odds were stacked in favour of Nigeria by its huge local market, (which represents over 50% of ECOWAS); availability of labour and mobility, regional market and labour cost.

Group 12: New Partnership for Africa's Development (NEPAD)

Introduction

The New Partnership for Africa's Development (NEPAD) is the new initiative and vision by African leaders to reverse the present situation in the continent and place it on the path of sustainable growth and development. It takes account of the desire of African peoples to move from political to economic independence based on the principles of ownership, responsibility and partnership.

Set Targets

The set targets of NEPAD are to achieve and sustain an average GDP growth rate of over 7% per annum for the next 7 years and to ensure that the continent achieves the agreed Millennium Development Goals (MDGs) by 2015. These include reducing the number of people living below the poverty line by half, enrolling all children of school age in primary schools, making progress towards gender equality and women empowerment and providing access for all in need of reproductive health services.

Progress on Key NES #9 Recommendations

The group reviewed NES #9 recommendations and noted that progress had been made in such areas as the establishment of a NEPAD Nigeria office, the establishment of NEPAD Outreach Committee to promote awareness, implementation/operationalisation of the African Peer Review Mechanism (APRM) with regard to Liberia and Sao Tome and Principe, take off of the West African gas pipeline project and commencement of the Ecomarine shipping line—a brain-child of the ABR/NEPAD Business Group (NBG).

Outstanding NES #9 Recommendations

The group noted that some of the recommendations made at NES #9 were yet to be implemented. They include the establishment of a strong and well-funded national secretariat to implement NEPAD programmes in Nigeria, development of a blueprint and effective national programme of action for NEPAD in Nigeria, capacity building in all sectors of the economy to translate NEPAD ideas into development action, provision of fiscal incentives for private sector to jointly invest in resource development in various sectors; and regular reviews of the implementation of NEPAD programmes and evaluation of achieved milestones.

Implementation Framework

After an exhaustive deliberation, the group resolved that the government, with the support of the private sector should consolidate all NEPAD activities at one point for effective coordination. On the low awareness among stakeholders, it was agreed that aggressive campaign should be embarked upon through the organisation of seminars and conferences, as well as through the media and the internet.

To stimulate private sector participation in NEPAD activities, it was recommended that the NBG should be established in Nigeria. This will serve as a vehicle to facilitate public-private partnership in realising the goals of NEPAD in Nigeria. It was also recommended that a meeting of all stakeholders be convened to propose a bill to the National Assembly to give legal backing and institutional support to the implementation of NEPAD programmes in Nigeria.

Against the background of the limited success recorded so far in the war against corruption, it was recommended that as a matter of urgency, the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) be strengthened. It was also suggested that appropriate institutional arrangements should be put in place to implement the African Peer Review Mechanism (APRM) as well as the economic and corporate governance initiative.

In order to achieve synergy and cohesion among the key players in the NEPAD process in Nigeria, it was considered imperative to enhance interaction and networking. In view of the serious constraints that the dearth of investment capital poses to the implementation of NEPAD programmes, there is the need for the urgent implementation of the Monterey Consensus, as it relates to FDI flows, domestic resources mobilisation and human capital development was recommended.

It was also observed that there still existed a wide knowledge gap in the public sector about NEPAD. Given the critical role that the public sector is expected to play in driving the NEPAD process. The group recommended that a NEPAD desk should be established in every government ministry/agency.

In order to take advantage of the emerging opportunities in the global market place, aggressive capacity building process through international assistance and local efforts should be embarked upon. It was also agreed that the ongoing process of constructive engagement and discussion with members of the G-8 and other industrialised nations should continue.

In conclusion, the group recommended that NEPAD ideas and principles should be made to permeate the national planning process.

Group 13: Solid Minerals

Introduction

The solid mineral sector has great potential to turn the economy around, as evidenced in many countries of Africa like Botswana and South Africa. It has been observed to have a significant income earning capacity comparable to that of oil & gas. Besides, its development will not only broaden and diversify the economic base of the country through employment and wealth creation but will also open rural communities to economic development.

Unfortunately, this very important sector had been neglected and under-exploited over the years leading to all manner of abuse by illegal mining operations. However, there are hopes that the shortcomings in the sector will be redressed by the present administration.

Participants observed that the government was making some efforts to move the sector forward. These efforts include an artisanal programme aimed at curbing the activities of illegal miners and a programme to produce an airborne geophysical survey of Nigeria.

The government has approved a 7-year strategic plan (2003-2009) for the development of the sector just as the bitumen development programme took off with the contract awarded to a private company.

Outstanding Issues and Problems

In spite of the government efforts in the sector, participants noted that several problems remained. There had remained the lack of adequate manpower. This was due to poor funding of schools and other mining institutions. Also, the group observed that the absence of a geological and geophysical survey had led to a lack of reliable geological information and data.

It noted that due to poor physical infrastructure, mining operations had dwindled over the years as lack of roads, dilapidated railway systems and poor ports capacity for handling and shipping of heavy minerals, especially coal, to ready markets abroad had continued to hinder solid minerals production and product evacuation.

The group also noted the persistent problem of insecurity of tenure for mining license holders. This, it said, had discouraged genuine investors from investing in the sector.

It also believed that bureaucratic bottlenecks have been responsible for slowing down the process of license acquisition. Thus encouraging the attractiveness of illegal mining and minerals smuggling out of the country.

Recommendations/Action Plan

After much deliberation, the group recommended that the development of solid minerals should be private-sector-led and that the government should create an enabling environment to attract investors into the sector. Other recommendations of the group are that the Geological Survey Agency should be made autonomous, human resource capacity should be improved upon both in quality and in number. It also advocated the establishment of a clear procedure for granting mining licenses and that the development of geo-scientific data bank should be expedited.

Steps to Implementation

In implementing the recommendations, the group called for the provision of an enabling environment. This includes a review of the Land Use Act and the provision of a competitive legal and regulatory framework to guarantee investor confidence; review of the Geological Survey Agency legislation to make it autonomous; provision of fiscal and infrastructure incentives to attract investors and the provision of environmental guidelines in line with international practices. It said that the legislature should ensure security of lease and property rights by passing appropriate bills and amendments, while the federal and state governments should implement existing policies. Also, it said that the operators, Federal and State governments should accommodate host communities to allow for a peaceful environment through consultations/negotiations and compensations for indigenes and youth. In addition, it said that the activities of the informal artisanal miners should be regularised into viable co-operatives by implementing the artisanal and small mining programme. These reforms, it said, should be carried out between September, 2003 and March, 2004.

On how to effectively improve the quality of manpower in the sector, the group recommended support for effective training of geologists through effective funding of geology and mining departments of universities, polytechnics and established mining institutes; overseas linkages for further training of manpower and research. The responsibility for the capacity development was given to the federal and state governments, mining corporations, the private sector and relevant overseas institutions, which has funding for training and research. The group also recommended that the capacity development should be delivered between September 2003 and August 2004.

On the minerals that should be given priority in the country, the group said that only

those minerals with economic potential to develop industry should get priority. It therefore recommended limestone and kaolin; energy (coal); and barites and bentonite (for the oil industry). And in order to accelerate bitumen exploration and exploitation, it said that the federal and state governments as well as licensed operators should collaborate to ensure its implementation. This, it said should be completed by December 2003.

The group also recommended that, among others, the development programmes in the solid minerals sector should be funded with special grants. This, it said, should be made available to the mining and geology departments of tertiary institutions and to mining institutes to enable them develop the capacity of the sector to grow in a competitive environment. It recommended a time frame of two years beginning from September 2003 and ending August 2005 for the implementation of this recommendation.

It also recommended that the Mining Guarantee Scheme provided for in the relevant laws be implemented between September 2003 and March 2004 by the federal government, Bank of Industry, NEXIM, Ministry of Finance, and the CBN. In addition, it recommended that Nigeria should apply for international grants (EU, etc) to strengthen enabling infrastructure and fund institutions in the sector. This, it said, should be worked out and implemented by December 2003.

Recommendations on NEEDS

The group recommended that NEEDS should be implemented using private sector development agenda. It said that NEEDS programme should be implemented through very vigorous pursuit of infrastructure development and the deregulation of basic services. It said that the roads, railways and ports infrastructure should be developed to enhance the marketing of solid minerals. Also, it said that a stable macroeconomic environment should be maintained to sustain policy implementation. In addition, it recommended that public-private partnership should be strengthened through effective regulatory framework to reduce bureaucratic hiccups. The Geological Survey Agency, it said, should be made autonomous. Also, it said that solid minerals development should be based on the commercial imperatives. This, it said, will solve the problem of resource constraints for policy implementation.

Comments, Questions and Answers

Workgroup Presentations

At the end of the presentations, the following comments were made and questions were raised by the participants while the presenters proffered answers as detailed below:

Question: Mr. Chairman, based on the experience of the administration from 1999 to 2003, shouldn't there be a Fiscal Responsibility Pact between the political parties, the Executive and the Legislature, which is very essential if we are not going to throw this country into chaos?

Answer: Thank you very much sir. That is precisely the path that we are going. There is actually a draft bill and I must say on Monday this week, we had a review meeting just to take a second look at it before it goes to the National Assembly, so we are on track in that regard. Thank you.

Question: Isn't it time for the oil companies to stop gas flaring, especially in view of its effects on the oil producing communities?

Answer: The issue of gas flaring has been taken care of by past summits and the federal government. Gas flaring will stop in 2008. Also, the usage of gas is being expanded to include increased usage in power generation, addition of LNG trains, gas supply, industrial estates, e.t.c.

Question: Let me point out that it is the failure of the Gross Domestic Product that made the UNDP to come up with the Human Development Index and they have seen that the Human Development Index has also failed, so they are now talking about the Human Poverty Index. The Human Poverty Index means the change in the lives of poor people like me, within a given time. We all heard what the President of Botswana said. The centrality of what he said is that, Nigeria has a problem and that is leadership. Therefore, I am suggesting that the NESG should have a workgroup at the 11th Summit, on cross-cutting themes that should envelope things like leadership, moral issues, ethics and vision.

Answer: On the UNDP indicators, let me announce that the president had told me that he was working on a document to be part of the NEEDS. He was working on aspects of Human Development and I finally got a document on that two days ago, actually after the NES # 10 opening ceremony. I got the president's own input where

he was basically laying out the agreement you just made about our developing a set of indicators beyond GDP and some of these other measures to go via the UNDP route because that is consistent with our thinking on developing sustainability indicators. But, I like to also point out that whether you use the Human Development Index or Human Poverty Index, GDP is still at the heart of the income. You can't talk of poverty and exclude income, no matter how you look at it.

Question: The NEEDS framework should be publicised. Let us know what you are thinking about this. The problem we have in this country is that, not with Professor Soludo though, some few people will think, write, keep the papers under their boxes and impose the policies on people. It will not be accepted this time around.

Answer: On the publicity for NEEDS, I cannot agree more. I think we need to go beyond this room, and I wish to suggest that NEEDS publicity will be a collective responsibility; it's not just a job for those of us in Government. If we all agree to it, I think we should all hit the road to market NEEDS.

Question: Mr. Chief Economic Adviser, I want to mention this issue of globalisation and liberalisation. They are alright, they are modern concepts and ideas which we should try and go into. They have also cautioned us about how much of windows we can open, because how do you globalise if you don't industrialise? What happens if you open your doors and you don't produce things, which you can export? You become a dumping ground and that will not really move the economy forward. We have heard also yesterday about the value of the naira. Some people are asking us to still devalue while we know that the Reserve Bank of the United States last year intervened eleven times to make sure that the dollar does not depreciate. Why should we then continue to depreciate our own currency when others are trying to make sure that they protect theirs?

Answer: I think what you just raised is simply, in my mind, trying to begin a new conference which I said we are going to. We will probably have this hopefully before the end of the year because each of the issues you raised really are huge things that you need hours to debate and discuss; but let me just add foot notes, not responses to them. The first is globalisation/ liberalisation and I must say here that it depends on what we are talking about. When you have this kind of term "globalisation" and say it's good or bad, it is such a very blanket view. We need to begin to unbundle the term itself. What are we talking about specifically, when we say protect, close our borders? Close them to what? We need to begin to get to specifics. Let me, for example, cite the case of our manufacturers who want access to raw materials. They want access to plant and machinery to come in almost at world prices, little or no tariff for our manufacturing sector to grow up, but when you add this up, that is more than 60% of

our imports already. We need to begin to specify this – to say what aspects we are talking about when we say protect, and whether we can industrialise without letting in raw materials and machinery and technology. I think globalisation is a term we need to be very careful about when we discuss; and I think it is the subject matter of much debate in the years ahead.

On the value of the naira and the exchange rate, again this is a big thing but while we talk about the banks intervening out there in the US, let me also remind ourselves of two examples. Each time the Japanese Yen goes down from about 115 or so to the dollar, to about 103, the manufacturing firms complain. They want it at 120, 130 or 140. I like to also point out that Ghana's currency sometime in 2000, was about 4,000 cedes to the dollar, two months later or so, it had gone up to about 5000-6000 cedes or thereabout and so on. Yet I have looked at the numbers in terms of poverty and so on and so forth, they are still doing much better than we are doing. Anyway, I guess the fundamental point to be made here is that, the issue is not so simple. When we get down to the heart of this debate, ultimately the strength of a currency must be determined by the productive base of the economy itself unless you want us to go back to the era of import licensing when you fix it one naira to one dollar and start allocating. I'm not sure any Nigerian will want us to go back to that regime.

Question: Two weeks ago in NICON Hilton here, we had a seminar on agricultural inputs. At the seminar, the government said it was now subsidising agricultural inputs. Farmers themselves are in trouble following falling prices of agricultural products and the glut in the market. What is your view on this?

Answer: We wish the prices fell further. It may not pay the farmers, but consumers want lower prices. Also, cheap products will enable us to be internationally competitive and to be able to sell to the West African market. Issues of storage, processing, are market problems and we need to find answers to them.

Question: The interest rate that banks charge is too high. Some banks charge whatever rate they want. Some charge as high as 38%. Even the CBN current rate of 15% is high. What is your view on this?

Answer: We cannot resolve the issue of interest rate here. Interest rate is a function of price. It is a function of demand and supply of loanable funds. The government itself is loaning money from the CBN. Now that the CBN rate is getting lower, it might result in inflation as it can trigger borrowing that will spiral high spending.

Open Forum I - Oil & Gas

Comment: If Mr. Anderson were ready, I would take him to my governor for a state dinner rather than fearing that he would be shot. If we are privatising, I advise that we make the oil producing areas better and habitable before privatising. Let us make the Niger Delta habitable before privatisation. Oil communities don't have money to buy shares.

Comment: There cannot be peace in the oil producing areas without a token given to the owners. The issue is control, which can be managed. Security and peace of oil producing areas is critical for national security and growth. I endorse Brian Anderson's model.

Comment: On tokens, I advocate local tokens to all the communities in the oil producing areas. I also believe that local greed is better than national greed. The money [token] should be paid directly to the communities and not through Abuja or NDDC. In short, localise some of the rewards.

Comment: Corruption is not limited to governments. Multinational oil companies are also involved. How transparent are the joint venture partners? The 40% holder, because he has access to technology plays the game. Is there any equity in that arrangement?

Explanation: There are controls, audit system – taxes, royalties, etc payable by the oil companies. The oil companies are accountable to their parent companies. Every company has cases of corruption, (e.g. quota system) but there are controls. For example, I want Nigerian staff to go overseas to acquire experience. I also want a transfer of morality from foreign experts to local workers (e.g. in hiring local staff) to ensure lack of corruption. The same thing happens overseas (e.g. a Nigerian staff in Shell Malaysia helps to ensure fairness in hiring of staff there). Quite often, the officials tend to favour candidates from their ethnic groups. The companies do try to put a check on this. When political will for change goes up, corruption goes down. Without that happening, we need to change. We need to change from the company level to the national level. We also need political will to drive corruption down.

Question: On royalty for local stakeholders, how are we sure that we are not going to promote greed/competition among the locals? What are the driving forces for YPF success? Also, how do you promote the relationship that ensures that international companies in the sector work together to promote national interest?

Answer: In YPF, the critical success factor was political will. The privatisation boss

had direct access to the President of Argentina. Privatisation was not in a vacuum, there was removal of constraints to imports and exports, and the use of international advisers for the privatisation process. There was a shift from IOCs to NOCs. Both need to cooperate and collaborate. I cannot see a world without cooperation between the majors and the NOCs for increase in production, reserves, etc. Also, there are very clear roles and expectations between the majors and the NOCs.

Question: We all watch CNN and we have seen how the Argentine economy has been destroyed. Argentina now has high interest rate and high inflation. Argentina is a federal structure like Nigeria. Where do we go?

Answer: I cannot see the relationship between the melt down of Argentine economy and the privatisation of YPF. YPF was a success and a case study till today.

Open Forum II - Social Infrastructure

Comment: We do not need to encourage public/private sector collaboration on infrastructure since both of them benefit from it. They have no choice but to be strategic allies.

Comment: In future, we must limit the number of presentations at the summit to give people enough time for robust presentations and exchange of views.

Comment: A country that can spend ₦12 billion on Liberia should be able to direct more funds to education. We need more political will to do more in education. All stakeholders must be involved in funding education. Also, I am not impressed at the presentation of NUC at this NES. ₦20 billion by the President to universities is nothing. We have heard that for too long.

Comment: It is time for us as a nation to accept some truths. We are not going to have the stability we seek at the universities because the pricing is not right. Even in the advanced countries university education is expensive. Private sector participation is also needed.

Comment: Last year, the President invited the private sector captains and vice-chancellors of universities. He wanted collaboration between the universities and the private sector. Today, ₦7 billion is said to be in the banks, we cannot access the fund for hostel provision under BOOT.

Comment: There are no good catering services in the universities. We need the private sector to provide better catering services in the universities.

Comment: Finances going to the oil producing states is poor. Oil communities too want access to health, education, e.t.c. If they have these, some of their problems may be solved.

Explanation: There is a broad consensus here that things need to change in the provision of infrastructure services in the country. Private sector participation is also needed.

Question: Isn't it time we introduced fees in the universities with a safety net for those who cannot pay?

Answer: I am of the personal view that tertiary education should be more of a public good.

Question: Why is our spending on education lopsided? In other countries, it is pyramidal. Government should spend more on primary education. The private sector should spend more at the secondary/tertiary level. Spending on education can also be tied to tax payment. We are producing very poor students at the primary and secondary levels.

Answer: I do not have information on what local and state governments are spending on education. So, I do not know if the pyramid is upside down. The structure I do not know but I know that it is more expensive to train a student at the tertiary level than at the primary level. Also, I have no excuse for informing you of what the government has approved for infrastructure rehabilitation in schools. On fees in universities, tuition is free, but there are charges for accommodation, catering services, e.t.c. The abandoned catering services in many of the universities are being concessioned out to the private sector.

Open Forum III – Public-Private Partnership and the Transformation of the Nigerian Economy

Comment: I agree that public officers should be familiar with business proceedings. I was in Japan and the Director in the Ministry of Transport was behaving like a businessman. He was a facilitator. There is need for directors in the public service to grow in certain areas. We should let them stay long enough to enable them better understand the terrain.

Question: Was it not because of political expediency that the U.S gave zero tariff to Mexico?

Answer: U.S launched NAFTA because it believed that it could help the U.S and the countries in the area and it has helped all the countries in terms of job creation, investments, etc.

Question: Should we not watch the pace of our reform to avoid its failure?

Answer: So far, the hitches in the reforms have not been due to the speed of the reforms. Since 1998 the privatisation programme has not had big impact on the economy. We are just getting close to the big ones to be privatised.

Open Forum IV – Physical Infrastructure

Comment: We are instituting serious reforms that will make Lagos ports one of the best and most efficient. Results will be out within the next 18 months. The reforms will be private sector-driven and will see NPA becoming a landlord.

Comment: Nigerians abroad must come back home to participate in the rebuilding of the country. But the environment must be right for them to bring investment.

Comment: Our leaders must understand that people don't trust them. If we are sure that the toll fees which the government wants to impose on the usage of the Third Mainland Bridge is truly going to be invested directly in road maintenance, of course, people will support the policy.

Question: What is going to be done on "Bill One" and how can we reduce the cost of construction in the country?

Answer: Because of the exclusive position of civil engineers, Bill One, which adds about 20% to the cost of roads construction, was in vogue. Now it is gone for good. As ministers, our duty is to reduce the cost of doing things.

Observation: Inefficiency that characterises the cost of doing business is high all over the world. Since I became minister, most of my visitors have been Managing Directors of banks – all of them looking for deposits. Why can't I get even ordinary calls from the consumers of NEPA services?

New Pensions Reform – Mr. Fola Adeola

Question: What is the share holding qualification for PFAs?

Answer: The shareholding for a custodian is two billion naira. You may consider this as high but remember that when Joseph Sanusi introduced discount houses, no single institution could qualify to own a discount house. Today, no single institution owns a discount house. The stark reality is that as of today no institution can play such role.

Question: Who makes the choice of PFAs – is it the employer or the employee?

Answer: The contributor makes the choice of PFA.

Question: What is the income tax treatment under the proposed new pension scheme?

Answer: The contributions are tax-exempt at the level of employer and employee.

Question: Was there any investigation into the existing pension scheme to know why we need a new one? This new one looks too elitist to work.

Answer: The Federal Government did extensive investigation into the existing pension system. The existing pension system cannot work because of corruption. But, we know that the new pension system will work in spite of corruption.

Question: What will happen to the ₦3 trillion pension debt that the government owes today?

Answer: My job is to do a pension scheme for the future. It is the duty of the Federal Government to pay its obligations. We will not use new money to pay old debts.

Question: Why do we want to create a monopoly by merging a collapsed public sector pension scheme with a working private sector pension scheme?

Answer: The pension scheme has collapsed because it is not funded. At present, the government focuses more on the payment of salaries than the payment of pensions. With the new scheme, as they pay salaries, they also pay their portion of the pension.

Question: In the United Kingdom and the U.S, the funds are opened in the name of the company. If it is done in the name of the employee, the cost of administration will be too high.

Answer: There are many pension types or models. But, the country has to select one. If it is not too difficult for a bank to own 200,000 customers, it will also not be too difficult for a pension fund manager. It is a question of the kind of software in use to manage the account. In Kazakhstan, Mexico, U.K, e.t.c the trend is towards the

individual account system. Those not doing it, are avoiding the cost of transiting to the individual account system. It is like the cost of changing from left to right hand driving.

Question: What is the take-off date of the new pension scheme?

Answer: The take-off date is yet to be determined. No date can be fixed until the pension bill becomes law. The new pension scheme is a change phenomenon. I am not afraid to make mistakes. But I am optimistic that it will work.

Critical Success Factors in Implementing a Country' Growth Strategy - Professor Paul Collier

Comment: NESG should broaden its partnership to include representatives of civil society so as to get popular support among the stakeholders.

Comment: People get more enthusiastic about being a Nigerian after some years of success. Once you get your country going, delivering the goods, then you get loyalty. The state cannot demand loyalty for nothing. It must make basic services work. On accountability, the grassroots must be empowered through access to information.

Comment: In the 1970s Nigeria was like other countries in income distribution. Then came the Structural Adjustment Programme in the latter part of the 80s. One of the first casualties of SAP was the middle-income class. Since then we have had a class of the extremely rich and then the extremely poor.

Explanation: SAP was deemed unpopular and was abandoned without waiting for its benefits. The elite frustrated it. The farmers had begun to benefit but the full reform package was never administered.

Question: Nigerians know the problems of the country. How are we to get to the solution? Are we not faced with the "all things being equal syndrome"? How do we build the alliances when we have about 150 ethnic groups that do not see eye to eye on any point?

Answer: We need a multi-disciplinary approach to tackle the problems.

Question: Is the \$107 billion Nigerian money overseas, that is, stolen money from Nigeria?

Answer: A large part of the \$107 billion is not stolen money. It was legitimately earned. But, the money should either be domiciled in Nigeria, or used to build factories and not sent out of the country. Their owners chose to send the money out of the country because of the environment. Every Nigerian stakeholder is an ambassador of Nigeria. Those who sent their monies overseas were also ambassadors of a kind for Nigeria. They tell people that it is not attractive or safe to invest in Nigeria.

Question: Is there any relationship between abolishing controls [e.g. open purchase of foreign exchange and stacking it overseas] and the \$107 billion? Can abolishing tariffs also abolish corruption in the customs?

Answer: The controls are part of the problems. The controls have been delivering corruption. For example, in the past, Nigeria banned champagne, but people resorted to bringing it into Nigeria illegally through the neighboring Benin Republic. Suddenly, Benin Republic became a large champagne consuming country!

Question: With an exchange rate of \$1 to ₦128, you mean we should further devalue our currency?

Answer: You depreciated your currency and you still have inflation. It is obvious that your currency is over-valued.

Question: How do we reform Nigerians that engineer corruption?

Answer: The members of the private sector need to be ambassadors. When you moved your money out of the country and saved it in other countries, you were a kind of ambassador. The private sector is more credible than the public sector in convincing others to invest in an economy. So, be good ambassadors.

Sharing Experiences – President Festus Mogae

Question: General elections in Nigeria are often characterised by controversies, bitterness and violence. How does Botswana conduct elections without the kind of rancour that characterised elections in Nigeria?

Answer: Botswana has an independent electoral commission that is composed of twenty members drawn from all the political parties. We also invite observers from other countries to come during our elections. Election observers and monitors don't need special permission to do their work. The process is transparent. I am not able to understand what the problem is in Nigeria. I understand that your ballot boxes are transparent. Moreover, Botswana has a rich tradition of democracy, uninterrupted since its independence in 1966.

Question: Botswana has a population of 1.7 million as compared to Nigeria with a population of over 120 million. Is the small population size of Botswana not responsible for its economic and political success stories?

Answer: In a sense, the smallness of the population is an advantage because it is easier for management. But smallness has its own constraints in terms of shortage of skilled manpower. This explains why Botswana has had occasion to hire the services of expatriates from other African countries. For instance, a one-time Chief Justice of Botswana was Dr Akinola Aguda from Nigeria.

Question: How did Botswana manage to achieve its economic success stories, given its background of difficulties under the apartheid dispensation? Could it be attributed to the quality of leadership or its 85% literacy level? What was the most critical success factor?

Answer: The quality of leadership was the most important factor. Even if a country has rich mineral resources as Botswana is blessed with diamond, but the leadership is deficient in quality and integrity, that country will not achieve much progress.

Question: You have acknowledged the contribution of Nigeria to the success of your country. Would you say that Nigeria should adopt the Brazilian/Peruvian fiscal responsibility law?

Answer: Nigeria is a very rich country. It is difficult to prescribe a solution based on limited experience of the country. But leadership is a key important factor. You can establish a code to which everybody will be required to subscribe. The code may not necessarily be a law but shame and moral suasion can prove effective.

Question: Your country is predominantly in subsistent agriculture. Yet, you have performed well in agriculture over the years. The key area of focus of this (Obasanjo) administration is agriculture. I wonder how you were able to make it in agriculture.

Answer: Thank you honourable minister. The situation is that majority of our people depended on subsistence agriculture as at independence. That has since changed. We now export beef to the United Kingdom, Germany and Holland. It is in the arable sub-sector that we have not been so successful. In the 70s you were excited about oil revenues; we too were excited about our diamond revenues. We did something about our agriculture, you didn't do enough.

Question: Nigeria with a large population hit 5% HIV/AIDS rate. Botswana with a small population has hit 20% HIV/AIDS rate. We still find it difficult to talk about AIDS.

Answer: If I was as successful as Uganda to reduce the rate of HIV/AIDS then, I could have been justified to talk about it. Be that as it may, let me tell you that I never make any public statement without talking about HIV/AIDS. We also have a prevention campaign. Nigerians are very creative. I wonder why we have not contracted you to give us a play on HIV/AIDS? We are talking about HIV/AIDS in Botswana. We are offering voluntary testing and therapy to all mothers to ensure that newborn babies are free from it. HIV/AIDS have a crippling effect. Some five years ago it was 5% in Nigeria. It is very high. All of us must worry about HIV/AIDS. The scourge must be talked about publicly to promote an awareness.

Question: To what extent are the World Bank, IMF and other international financial institutions involved in the economic progress of Botswana?

Answer: Botswana has some facilities from the international financial institutions and also benefits from their various advisory services. However, our debt profile is not unwieldy but manageable.

Question: Nigeria has problems in the area of fiscal discipline. How was Botswana able to achieve its fiscal discipline?

Answer: Nigeria is a very big country. Solutions to problems are never universal but customs-made to suit special circumstances. Botswana is a small country whereas Nigeria is very big. There should be more brainstorming on issues. An excellent example is the Nigerian Economic Summit, which is highly commendable. I will recommend that Nigeria should institute an ethical code of conduct, which every Nigerian should subscribe to. Such a code may not be legally enforceable but should pack a lot of moral force such that anyone who runs foul of the code ought to suffer social ostracisation.

SECTION 3

Presentation to the President

Final Presentation to the President, Mr Kunle Elebute and Alhaji Mansur Ahmed

Summary of Summit Recommendations Presented to the President, Federal Republic of Nigeria

At the final plenary session, a summary of the summit's recommendations was presented to the President.

The theme of NES #10:

- Partnership for growth and transformation

NES # 10 objectives:

The objectives of NES # 10 were given as follows:

- Sustain public/private sector dialogue.
- Define short to medium-term economic priorities and contribute to the development of the NEEDS document.
- Generate an implementation-oriented action agenda with defined milestones and success evaluation criteria

NES #10 major highlights:

The major highlights of NES #10 were

- Presentation of NEEDS by the Chief Economic Adviser
- Sharing experiences – Key lessons from Botswana transformation experience
 - Leadership
 - Focused economic programme
 - Policy consistency
 - Enforcement of anti-corruption legislation

Presentation outline

- NES # 9 recommendations and achievements to date
- NES # 10 recommendations
- Summary and conclusions

Major NES # 10 Recommendations

The government/stakeholders should start doing the following:

- Build a Nigerian national spirit –rallying beyond football
- Integration of budget and economic policy
- Reduce size of government
- Institutionalise corporate governance

They should also stop doing the following:

- Deficit budgeting
- Waste-oriented civil service/private sector
- Tax evasion
- Undermined due budgeting process

Continue/Intensify

They should continue and intensify the following:

- Deregulation/privatisation
- Anti-corruption
- Strengthen police force
- Reduce cost of doing business (duties and taxes)



Driving The Growth Tracks

	Sector Reform	Infrastructure	Security	Investment Climate	Job Creation
Agriculture	●	●	●	●	●
Solid Minerals	●	●	●	●	●
Manufacturing	●	●	●	●	●
Crude Oil	●	●	●	●	●
Gas	●	●	●	●	●

High need
 Medium need
 Low need

Photo: Zeddy/epic.com/Alamy.com

Photo: Nigerian Economic Summit Group

Achievements since NES #9 by reference to the 5 growth drivers

The following achievements were recorded since NES# 9 especially in the areas of the five growth drivers identified above:

Sector reforms

<i>Sector</i>	<i>Action</i>	<i>Status</i>
Telecommunications	Enactment of new legislation	Done
Power	Enactment of ESPR Bill	Awaiting presidential assent
Oil and Gas	Draft oil and gas policy	Work in progress
Pensions	Draft bill on new pension reform	Work in progress
Competition	Draft policy, bill and report	Work in progress

Achievements since NES #9 by reference to the 5 growth drivers

Growth driver:

Impact

1. Infrastructure

- Rapid increase in teledensity
- On-going road maintenance and rehabilitation
- On-going sea and airport rehabilitation
- Increase in generation capacity and on-going transmission

2. Investment climate

- Telecoms growth and multiplier effect
- Growth in SME fund and emergence of service institution
 - SMIDA
 - Entrepreneurship
 - Development center (LBS)
- Macroeconomic stability

3. Security

- Improve number and quality of policemen
 - Target 40,000 per year yet to be sustained
 - Improving communication facilities
 - Anti-corruption drive recent dismissals

4. Job creation

- Job creation through telecoms sector expansion
- Reduce job losses generally

NES # 10 Recommendations

The following are the highlights of NES # 10 recommendations in each of the work groups, the responsibility for carrying out the recommendations and the time frame for doing so:

Infrastructure

Key recommendations	Responsibility	Time frame
Power:		
Target generation capacity of 10,000MW (funding requirement \$ 5.5 billion)	Public/private partnership	2007
Presidential assent to Electric Power Sector (EPSR) Reform Bill	Presidency	Immediate
Implement NEPA unbundling into 18 NBUs	BPE/NEPA	June 2004
Establish Electric Regulatory Commission	BPE/Presidency	June 2004
Private distribution companies (11 Discos)	BPE	Dec 2005
Water:		
Target access by 60% Nigerians to potable water by increased investments in waterworks	Public/Private partnership	2006
Roads & Rails:		
Privatise road/rail construction on BOT/ROT	Public/Private partnership	2004 -2007
ICT:		
Encourage development of ICT with gas by reduction of import duties to 0% for all ICT related equipment (duty is currently 5%)	Public/Private partnership	Continuing
Budget and Macroeconomic Framework		
Follow through work on NEEDS to anchor future budget and economic policies. Create awareness- Consult with and build stakeholder support	FGN/NESG	June 2004
Human Capital, Youth Development and Quality of Life		
Sustenance of UBE by enhancing the UBE Act, improving infrastructure and provision of materials, enhancing teacher training and re-orientation	Presidency/NASS FGN	Dec 2003
Expedite the realisation of university autonomy	Presidency/NASS	Dec 2003
Enhance and sustain efforts on HIV/AIDS	FGN/NGOs	Continuing
Convert abandoned NRC and SDP secretariats throughout the country to community and youth centers for entrepreneurship and skill development	State/Local Govt.	Continuing

SMEs, Informal Sector and Wealth Creation

Grant 5 years' tax holiday to SMEs and reduce tax rate to 10%

FGN 3 months

Review SMIEIS guidelines with input from stakeholders

Bankers' Committee 3 months

Build database on SMEs and market opportunities

SMIDAN 1 year

Agriculture and Food Security

Revitalise the Agricultural Credit Guarantee Scheme

CBN & NACRDB 2003

Increase funding of agricultural research from the proposed ₦10 billion ADF

CBN 2004

Promote export of cassava, soybeans

NEPC Immediate

Oil and Gas

Leverage on Oil and Gas industry to develop rest of the economy. Gas to power. Domestic gas utilisation - Transfer industry efficiency to rest of the economy

FGN, NNPC/Industry Continuing

Develop the National Gas Grid system and create industrial parks

FGN/Industry 5 - 10 yrs

Forge ahead with full deregulation of the downstream sector

BPE June 2004

Reduce government participation in JVs to 51% and re-invest the proceeds in Power

FGN 2004

Pursue vigorously an increase in OPEC quota to accommodate deep water production

FGN 2004

Banking and Finance

Accelerate implementation of Pensions reform

Presidency/
National Assembly 2003

Establish and equip commercial courts for quick resolution of disputes and recovery of bad debts

State govt./private sector June 2004

Enact guidelines for establishing rating agencies to boost confidence in tradable instruments

SEC/Bankers' committee Dec 2003

Privatisation and Deregulation

Continue to pursue privatisation with more vigour and tackle major assets e.g. NITEL, NEPA, refineries, pipelines and ALSCON

BPE

Immediate

Trade Policy and Competitive Industrialisation

Establish trade liberalisation and competitive industrialisation commission representing all stakeholders

Review National Industrial Policy

Master Plan for exports

Policy implementation

Implement protection for locally produced goods

FGN/Private sector

2003

Implement deregulation/liberalisation of fuel prices

FGN/private sector

2004

Rebuilding Institutions

Revamp tax administration and criminalise tax evasion

FIRS

2004

Introduce tax incentives to promote private sector participation in education and health sectors

FGN

2004

Increase funding for key institutions – judiciary, healthcare, education, police and prisons

FGN/ State

2004

Police – implement the policy of recruiting and training 40,000 new policemen per annum for the next 5 years

FGN/NPF

2004 - 2008

New Investment Strategies

Focus on priority sectors

Agriculture production, processing and storage

Manufacturing especially related to agricultural processing

Private sector

6-12mths

Establish economic zones and industrial parks

FGN/State/
Land availability

6-12mths

Reactivate economic diplomacy re-orientating Nigerian missions abroad

FGN

Immediate

NEPAD

Create education and awareness building programme especially within the business community

FGN/Private sector

On-going

Solid Minerals

Undertake sector reforms and de-bottleneck licensing regime to encourage new investment

FGN & National Assembly

2005

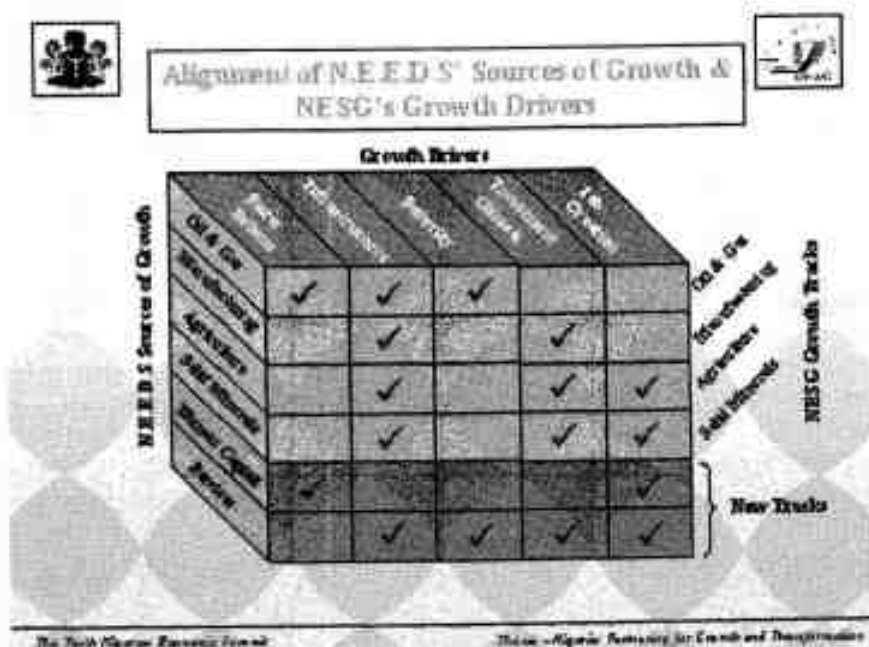
Alignment of NEEDS sources of growth and NESG's growth drivers

NEEDS sources of growth

- Oil and gas
- Manufacturing
- Agriculture
- Solid minerals
- Human capital
- Services

NESG growth tracks

- Oil and gas
- Manufacturing
- Agriculture
- Solid minerals
- Human capital – new track
- Services – new track



Conclusions

- The theme of this summit – “Partnership for Growth and Transformation” – is most timely
- After 10 years of NES, some clear consensus has emerged on:
 - The need for economic reforms
 - The key elements of the reform agenda
- We all understand that:
 - The agenda is overwhelming
 - There is strong resistance from vested interests as well as lack of understanding
 - Public sector resource constraints
 - Real partnership must be sustained
- Need to form strong alliances and coalition for the reform agenda
- Need to deliver quick wins to mobilise support
- Private sector is ready and willing to commit human and financial resource to support the public sector to articulate and implement NEEDS

Economic Management Team

NESG is ready to work with the NEEDS team in workgroups by

- Seconding staff
- Donating time
- Giving unflinching commitment
- Making sacrifices

NEEDS programme of reforms

NESG will work with the NEEDS team and ensure that the programme of reforms are

- Homegrown
- Prioritised
- Focused

NEEDS programme of reforms will have

- Quality
- Depth
- Acceptance
- Joint ownership
- Linkage to budgeting process

- Synergy between federal and state reforms

NEEDS programme of reforms will be easier to sell to Nigerians

The partnership

- Public sector
- Private sector
- Partnership for growth and transformation

Appendices

Appendix A

NES # 10 Schedule of Activities

Day 0, Tuesday, 9th September 2003

9.00am - Midnight	Registration	All Participants
5.00pm	Press Conference	Members Joint Planning Committee
9.00pm	Group Leaders' Dinner Meeting	All Co-Chairmen, Speakers, Rapporteurs,

Day 1, Wednesday, 10th September 2003

8.00am	Registration (continues)	All Participants
10.00am - 12.00pm	Open Forum 1 - Oil & Gas i. Predictable Patterns in the Global Upstream Oil & Gas Industry ii. Privatisation: YPF-Repso Model iii. Professionalisation: Petronas Model	Dr. Rilwan Lukman - Facilitator Mr. Ivo Bozon <i>Managing Partner, Oil & Gas, McKinsey & Company</i> Mr. Adedotun Sulaimun <i>Country Managing Partner, Accenture</i> Mr. Brian Anderson <i>Managing Director, Anderson Energy, Hong Kong</i>
12.05pm - 1.30pm	Open Forum 2 - Social Infrastructure	Mazi Sam Oluabunwa, Facilitator Dr. Victoria Kwakwa <i>Country Office, the World Bank</i> Professor Peter Okebukola <i>National Universities Commission</i> Professor Martin Aghaji <i>Provost, College of Medicine, University of Nigeria</i>
1.35pm - 3.00pm	Luncheon (Mini-dialogue) Sessions: <i>Lagos/Osun Rooms:</i> Nigeria and Global Competitiveness <i>Borno/Rivers Rooms:</i> Fiscal Responsibility Pact <i>Zuma Grill Restaurant:</i> Leadership	Mr. Seyi Bickersteth <i>Country Managing Partner, KPMG Professional Services</i> Dr. Ayo Teriba <i>Managing Director, Economic Intelligence Group Limited</i> Ms. Ifeako Omoigui <i>Chief Responsibility Officer, ReStral Consulting</i>
3.30pm	Formal Opening Ceremony Welcome Address Formal Opening of the Summit	Mr. Mohammed Hayatu-Deen <i>Chairman, NESG</i> His Excellency, President Olusegun Obasanjo, <i>GCFR</i>

Opening Presentation
Guest Presentation -

Mr. Richard Kramer / Prof. Charles Soludo
Prof. Marvin Zonis *University of Chicago
Business School*

"The Leadership Challenge in the Quest for Growth and Transformation"

	Vote of Thanks	Mallam Nasir El-Rufai, <i>Honourable Minister, FCT</i>
4.30pm	Press Conference	Co-Chairmen/Members, <i>Joint Planning Committee</i>
7.30pm	Cocktails / Summit Dinner	All Participants
	Chairman	Alhaji Amimu Bello Masari, <i>Hon. Speaker, House of Reps</i>
	Special Guest of Honour	Hon. Justice Muhammadu Uwais <i>Chief Justice of Nigeria</i>
	Guest Speaker	Dr. (Mrs.) Ngozi Okonjo-Iweala <i>Hon. Minister of Finance</i>

Day II, Thursday, 11th September 2003

7.30am	Investment, Security and the New Pensions Reform	Mr. Fola Adeola, <i>Chairman, Fate Foundation</i>
8.15am	Critical Success Factors for Implementing A Country's Growth Strategy	Professor Paul Collier, <i>Dept. of Economics, Oxford University, UK</i>
9.15am	Open Forum 3- Public Private Partnership & Transformation of the Nigerian Economy	Mallam Nasir El-Rufai - <i>Facilitator</i> Dr. (Mrs.) Ngozi Okonjo-Iweala - <i>Hon. Minister of Finance</i> Amb. Robert Perry - <i>Corporate Council on Africa</i> Mr. Bunmi Oni <i>MD, Cadbury Nigeria PLC</i> Mr. Adebayo Ogunlesi, <i>Head, Worldwide Investment Banking, CSFB, USA</i> Professor Marvin Zonis, <i>University of Chicago Business School, USA</i>
10.45am	Open Forum 4- Physical Infrastructure	Mr. Faysal El-Khalil - <i>Facilitator</i> Dr. Mark Tomlinson, <i>Country Director, World Bank</i> Mr. Frank Naeji, <i>Managing Director, ABC Transport</i>

Senator Adeseye Ogunlewe, *Hon Minister of Works*
Freddie Scott *Fmr, Coordinator WAC*
Senator Liyel Imoke, *Hon. Minister, Power & Steel*
Dr. Joseph Sanusi *Governor, Central Bank of Nigeria*

12.15pm **Sharing Experiences**

His Excellency, Mr. Festus G. Mogae, *President, Republic of Botswana*

1.45pm **Vote of Thanks**

Mr. Mohammed Hayatu-Deen *Chairman, NESG*

1.50pm **Breakout Session / Lunch**

All Participants to proceed to designated meeting (13 Workgroups - 1.45pm - 6.00pm) rooms for Workgroup discussions

4.30pm **Press Conference**

Co-Chairmen, *Joint Planning Committee*

7.30pm 10th Anniversary Dinner &

Awards Night*
Welcome Remarks
Chairman of Occasion
Special Guest of Honour

All Participants
Mr. Mohammed Hayatu-Deen *Chairman, NESG*
Chief E. A. O. Shonekan, *CBE*
His Excellency, Vice President Atiku Abubakar,
GCON

Goodwill Message
Guest Speaker

Mr. Adrian Wood *Managing Director, MTN Nigeria*
Mr. Adebayo Ogunlesi - *Head, Worldwide Investment Banking, CSFB, USA*

Vote of Thanks

* Dress Code: Black Tie or
Full National Dress

Mrs. Sola David-Botha *Executive Director, IBTC*

Day III, Friday, 12 September 2003

8.00am Feedback Plenary Session

(All Participants)

- i. Mini Dialogue
- ii. Workgroups

Coordinators:

Prof. Charles Soludo & Mr. Henry Okolo

Facilitators: Ms. Ifeako Omoigui/Dr. Ayo

Teriba/Mr. Seyi Bickersteth

All Workgroup Chairmen

11.30am **Arrival of His Excellency, President Olusegun Obasanjo, GCFR**

11.35am Presentation of Recommendations
of NES #10 to His Excellency,
The President

Mr. Kunle Elebute/Alhaji Mansur Ahmed

12.35pm Closing Address

His Excellency, President Olusegun Obasanjo, *GCFR*

1.10pm Vote of Thanks

Mr. Asue Ighodalo, Co-Chairman,
Joint Planning Committee

Appendix B

Opening Plenary Speeches and Presentations

Welcome Remarks at the Opening Plenary Session

- Mr. Mohammed Hayatu-Deen, Chairman, The NESG

Outline:

- 2003 SUMMIT
 - Why it is different
- SUMMIT REFLECTIONS
 - Record of Achievements
- SUMMIT THEME AND CONTENT
 - Economic Transformation and Growth
- THE ROAD AHEAD
 - Revitalising the Summit
- OUR HOPES AND DREAMS
 - Legacy for Future Generations

This Summit is Different

- We have come of age at ten
- Overlaps with a historical political transition
- Coincides with roll out of government's Economic Reform Agenda
- Form and substance of this summit is different

Summit Reflections

- Fundamental essence of summit
 - foster sustainable long-term economic development
 - based on deregulation, liberalisation and free markets
- Nation has followed this path in the last decade
- Many bold Economic Reforms implemented
- Private/Public Sector partnership expanded and deepened
- This administration has expanded the frontiers of reform

Record of Reforms (1999 – 2003)

- **Policy Thrust – Market Oriented Economy**

- **Privatisation**
 - Banking - Oil Marketing - Maritime

- Insurance
- Hotels
- Cement
- Telecomm
- Aviation
- **Deregulation/Liberalisation**
 - Power
 - Education
 - Downstream Petroleum
 - Oil & Gas
 - Telecomm
 - Health Insurance
- **Financial Sector Reforms**
 - Universal Banking
 - Dutch Auction System
 - Streamlining Financial System Supervision
- **Oil Sector Reforms**
 - Transparency in Oil Block Allocations
 - Improved Cash Calls Payment
 - Movement towards Deep Water Concessions
 - Expansion into Gulf of Guinea (JDZ)
 - Coherent Policy on Marginal Fields
 - New Local Content Policy
 - Establishment of PPPRA
- **Gas Sector Reforms**
 - Continuing expansion in LNG output
 - Huge potential for export earnings
 - More downstream Gas Projects
 - But infrastructure upgrade is critical

Trade and Investment Flows

- Europe/USA
 - Oil & Gas
 - IT (Hewlett Packard, Microsoft)
 - Raw Materials/Finished Goods
- South Africa
 - Diversified Investment Flows
 - Construction
 - Services
 - Foods
 - Publishing
 - IT
 - Telecomm
 - Power
 - Talent
 - Oil
 - Gas
 - Transportation
 - Entertainment

Official Development Assistance

- World Bank
- IFC
- FMO
- CDC

- U.S. Exim Bank ADB
- Afri-Exim Bank DBSA

Social Engineering

- Attempts at Poverty Reduction
- Increased Focus on Middle Class (SMEs)
- HIV/AIDS focal point of attention
- Renewed focus on corruption
 - Scams - Money laundering
 - Drugs - Graft
- Financial Crimes Commission

Institution Building

- Modernisation of bureaucracy
- Radical change in compensation structure
- Pension Reform
- Building Executive Capacity
- New approach to Budget Administration

International Image

- Back on the World Map
- Good work on:
 - Cameroon - Liberia
 - Sierra Leone - Sao Tome
- \$15b package on HIV/AIDS
 - Nigeria a major catalyst

Bottom Line

- Substantial Accomplishments over the last 4 years
- However, a lot more work lies ahead!

Theme and Content

- Partnering for Transformation and Growth
- Economy is Operating Below Potential
- Compelling Need for Diversification & Structural Transformation
- Create an Economy Operating at Full Throttle
- Punching Double Digit Growth Rate
- The View from the Private Sector
- Presentation of Government Blue Print
- Open Fora

- Oil & Gas
- Social Infrastructure
- Physical Infrastructure
- Private/Public Partnership
- Mini Dialogues
 - Nigeria's Global Competitiveness
 - Fiscal Responsibility Pact
 - Leadership
- **Guest Lecturers**
 - President Festus G. Mogae - *Botswana*
 - Prof. Marvin Zonis - *University of Chicago Business School*
 - Prof. Paul Collier - *Dept. of Economics, Oxford University*
- 13 Workgroup Sessions
- Anniversary Dinner
- Feedback and Closing

The Road Ahead

- We live in a Changing World
- OUR TENTH ANNIVERSARY
 - a moment for sober reflection
- We must change to suit the times
- NESG undergoing 'Phenomenal Reorganisation'

We are Questioning Everything

- Vision/Philosophy
- Process
- Objectives/ Goals
- Governance
- Strategies Values/Ethos
- Structure/People
- Alliances/ Partnerships

New Focus

- Gravitate towards an authentic Think Tank
- Deepen research capability
- Year round activities
- Expand networks and alliances

Status of Re-organisation

- Several retreats held
- Strategy document ready
- Board approval after summit
- Implementation completed by March 04

Opening Address - His Excellency, President Olusegun Obasanjo, GCFR

Protocols

It is my pleasure to welcome you all to this special Economic Summit, the first after the successful general election and inauguration of a new government, the fifth since transition to democratic rule since 1999 and the tenth in the series of the national event of the Nigerian Economic Summit.

Ten years of active and effective partnership between the public and private sectors in endeavouring to move the economy forward calls for both celebration and sober reflection. The theme of this year's summit: '**Nigeria: Partnering for Growth and Transformation**', as well as the calibre of Nigerian and international participants underscores the focus on a deep reflection about the way forward. Ten years is a critical threshold in the life of any human organisation or process.

Since May 1999, the government has received several representations from private sector organisations, including the NESG, MAN, NACCIMA, Farmers Association, as well as labour unions, professional associations, civil society organisations, international organisations and religious organisations, all with varying proposals and suggestions on how to transform our national economy. Judging from these proposals, there is a general consensus about the nature of the problems besetting our national economy together with indications on the broad direction for the instruments needed to effect change. Our administration has taken these proposals seriously and I am pleased to note that many of our economic programmes have reflected such public-private consensus agenda, and will continue to do so.

Since 1999, we have joined hands to reverse the downward trends implicit in gross mismanagement, corruption and a multitude of negative consequences of the shattered economy that we had inherited. In the last four years, despite the sometimes bumpy ride in our experimentation with nascent democracy, we have endeavoured to stabilise the polity, restore the confidence of Nigerians in themselves and in their country, so as to be able to deliver democracy dividends in the area of economic prosperity. We have, as a matter of necessity, needed to study the details of the problems of our sectoral and economic life, in order to draw a roadmap based on clearly articulated sectoral policies and reforms.

I observe with satisfaction that our diligence is showing in cogency of the policies on many sectors including power, agriculture, debt management, industries, trade, communications, pensions, energy, and ports.

We have sent clear signals in the area of governance that it would no longer be business as usual by:

- Passing the Anti – Corruption Law, and setting up the Independent Corrupt Practices Commission,
- Instituting greater transparency in government procurement through the Due Process,
- Raising morale in the public service through wage increases and improved conditions of service, and
- Restructuring and strengthening weak and moribund institutions.

Furthermore, we have made progress in deregulating and liberalising the economy, as is borne out by the GSM revolution which has quadrupled the tele-density of Nigeria in less than four years. Our intensified investment in infrastructure has had measurable results, as in:

- Three hundred billion naira invested in 124 road projects involving nearly seven thousand kilometres of roads,
- Electricity generation went up by almost 300 percent;
- Over one thousand boreholes have been sunk nationwide to improve the living standard of the rural dwellers and their access to potable water;
- Our sea and airports have received massive rehabilitation together with the liberalisation of the aviation industry;
- Agriculture and industry received special attention with the establishment of Small and Medium Scale Enterprises Agency, and two new banks to promote development in the two sectors;
- Our single-minded focus on poverty reduction led to the setting up of the National Poverty Eradication Programme (NAPEP)

Consequent upon these reforms, the GDP growth rate has consistently been positive on a per capita basis since 1999, thereby reversing the previous volatile low trend. Productivity has risen, with industrial capacity utilisation rising steadily from about 30 percent in 1999, to well over 50 percent in 2002 (even MAN which normally understates industrial capacity utilisation rate admitted in its last report that it was 53 percent in 2002). There has been a significant Foreign Direct Investment inflow into the non – oil sector which reflects the new confidence of the international community in Nigeria. After an initial depreciation, the Naira has stabilised, whilst the interest rates have drastically fallen.

Despite all these achievements, the challenges remain enormous. Most socio-economic and development indicators show that Nigeria lags behind its economic potential such that Nigeria runs the risk of not meeting the internationally agreed Millennium

Development Goals (MDGs). While the challenges are daunting, we know that Nigeria can, and must do much better.

The successful civilian to civilian transition has provided us with an opportunity to consolidate the gains of the last four years and we are determined and committed to laying a solid foundation for sustainable poverty reduction and development. Let me reiterate that the over-arching emphasis of this new administration is the economy. And we wholeheartedly welcome a continued partnership of all Nigerians and the international community in this enterprise. We are confident that in four years time the Nigerian economy will have fundamentally changed for the better, as we hope to have laid a foundation for a long-term change in our value system towards enterprise and selfless service.

In addition to the implementation of several aspects of our reform agenda, we have also taken concrete steps to realise our promise on the economy. A new Economic Management Team has been instituted. The team meets frequently and regularly, under the chairmanship of the President for the purpose of effective monitoring and coordination. Also, there is the Presidential Economic Advisory Council, under the chairmanship of the Chief Economic Adviser, which includes three members of the Nigerian Economic Summit Group.

More fundamentally, the broad outlines of our administration's reform programme have been articulated in the National Economic Empowerment and Development Strategy (NEEDS), on which a high-level 20 member Drafting Committee, headed by the Chief Economic Adviser, is now working to elaborate the programme by setting targets, benchmarks, and implementation framework. NEEDS is already being subjected to stakeholder consultations and participation, and would eventually become Nigeria's own Poverty Reduction Strategy Paper (PRSP).

The broad reform programme has already been endorsed by the Federal Executive Council and the National Economic Council. This broad outline will be presented to you by the Chief Economic Adviser and I am hoping that you will make valuable contributions into this critical concept.

As you deliberate on the content of NEEDS, I invite you to pay special attention to the resource constraints facing government in implementing your recommendations. It is important as you propose any programme that the government should undertake, to also give a sense of how much it would probably cost and how it would be paid for. This is to avoid some of the pitfalls of the past, where long shopping lists were submitted to governments which, *ab initio*, have no chance of being implemented because of their cost implications. Second, I invite you to also think through the priorities,

benchmarks and implementation framework. Government is looking forward to the outcome of this summit and I hope it would significantly enrich the content of NEEDS.

We are aware of the skepticism that some people may have regarding government policies and programmes. Some would question whether NEEDS is not just another empty acronym or whether it would succeed. Well, to those who have already made up their minds that it won't work, I have this to say: in the last four years, this administration has been consistent. There is no reason why it should not be consistent in the next four years. For those still willing to dialogue, I wish to assure you that this is not just another policy document. It is different. We have learnt the lesson from the past, and we are determined and committed to make it work. Besides having a programme that is focused on a few priorities rather than a shopping list, we recognise that the effectiveness of implementation is the major challenge. We are addressing the implementation problem. Already, most aspects of the reform programme are at various stages of planning and implementation, the monetisation programme started in July; the Contributory Pension Scheme hopefully will start before the end of the year. Already we have given the utmost priority to agriculture, and the results are very encouraging. Road maintenance and rehabilitation are on-going; privatisation, the deregulation of downstream oil sector on-going, the law for universal, free and compulsory basic education will soon be passed, and we are already prepared for its implementation.

The Economic Adviser is already developing a website for the NEEDS and in the next few weeks when the website is running, you can visit the site regularly and get up-to-date information about the progress on implementation, impacts of the reforms, state of the economy, the challenges and opportunities. This medium would provide open access to information regarding progress or lack of it in respect of NEEDS, and also an effective medium for public-private sector continued communication and dialogue on the reform agenda. I invite you to give us constructive suggestions for improvement in the true spirit of public-private sector partnership.

In an interview to mark the tenth anniversary of the Economic Summit, I pointed out that after ten years of its existence, any human organisation will need reflective review. I do hope that the Economic Summit will also use the occasion of its tenth anniversary for reflection, meditation, stock taking, assessment and review. I personally appreciate the close relationship and partnership of the past four years, and this Administration will continue to look forward to fruitful partnership with the Economic Summit. I have always maintained that the economy is too serious and too important to be left entirely in the hands of either the public sector or the private sector. There is need for symbiotic

partnership to drive the economy on a fast and sustained track of growth. Our aim is to get the economy and the nation to the appropriate cruising level and maintain a suitable cruising speed.

Appendix C

Opening Presentation

I. The Summit Process and Public/Private Partnership - *Richard L. Kramer*

Perspective and Context

- The Summit Process
 - Evolution to date
- The Challenge of Reform
 - Key fundamentals and priorities
- The Way Forward
 - Partnering for results

The Summit Process

- Evolution of the Summit Idea
 - Clinton Nigeria (1992)
 - Focus on the economy
 - Responding to four needs –
 - Marginal investment and economic growth
 - Lack of an economic blueprint
 - Need for dialogue and broad based partnership
 - Support transition to democracy

Crafting the Summit Approach

- Based on four principles
 - Top levels of leadership
 - Dialogue and partnership
 - Long term growth
 - National interest
- Annual “post mortem” and systematic improvement
- Process is dynamic but basic principles remain sound

A Decade of Progress

- Five major achievements -
 - Transition to democracy
 - Return to international good standing
 - Leadership within Africa

- Improved investment climate
- Economic policy evolution

Historic Time

- Second term administration
 - Successful transition
 - Majority control of Assembly and Governorships
 - Strong commitment to economic reform
- Launching of NEEDS
- Opportunity to make partnership work

The Challenge of Economic Reform

- Overwhelming Agenda
 - Rebuild institutions
 - Repair past deterioration
 - Work on multiple fronts simultaneously
- **Major Resistance Exists**
 - Deep rooted self interest
 - Many issues/problems not well understood
 - Lack of public support for critical reforms
 - Implementation is very difficult
- **All Hands Must Be on Deck**
 - The economic agenda must be comprehensive and broadly supported
 - Public/private partnership must work
 - External support must be forthcoming
 - Public support must be strong and enduring

No Pain, No Gain

Challenge for the Summit

- **During**
 - Listen with open mind
 - Critique and make constructive inputs
 - Reach broad consensus
- **After**
 - Work with all stakeholders on implementation
 - Assist with research, workshops, projects, etc.
 - Continuous communication and support

The Way Forward

Three Dimensions –

- Realistic assessment
 - Fundamentals and priorities
- Clear blueprints
 - Consensus commitment
 - Targets accountability
- Determined implementation
 - Broad public support
 - Private sector investment

Conclusion

We have a unique opportunity due to -

- 10 years experience with public/private partnership
- Second term administration with strong political mandate and commitment to economic reform
- Launching of new economic strategy and time to help shape it and support its successful implementation

Broad Outline of the National Economic Empowerment and Development Strategy— NEEDS by *Charles Soludo, Economic Adviser to the President*

Outline

- i. Introduction
- ii. Overview of Recent Past Record
- iii. Why Do We Need To Reform?
- iv. What's New? Why Would It Succeed?
- v. Outline of Core Elements of Needs
- vi. Financing and Implementation
- vii. Next Steps

The past as basis for the future

- Record of past four years?
- Everyone underestimated extent of decay
- BUT
- Stabilised the polity: Restored confidence in the Nigerian project; restored Nigeria into international community – NEPAD; AU; ECOWAS; ETC
- Reversed volatile growth – positive per capita income
- Foundation for institutional reforms, good governance and transparency – Due Process; ICPC; DMO; EFCC; etc.

- Strong sectoral reforms – agriculture; telecommunications (GSM); industry (capacity utilization at over 50% from < 30%); UBE; Health; etc
- Heavy investment in infrastructure – electricity; roads; aviation; water; ports; etc.
- Privatization; de-regulation and liberalization in many sectors
- Invested heavily in understanding the depth of the problems – pension liabilities; contingent liabilities and debt; etc.
- See *OBASANJO: LAYING A SOLID FOUNDATION (1999–2003)* by Ibiyinka Samuel
- Despite achievements, challenges remain enormous

Why Do We Need to Reform?

Current Situation unsustainable!

A. Low GDP Growth rate - (Average of 2.8% in 1990s; and 3.5% in 1999 – 2003)

- Low productivity
- Decapitalisation
- Under-capitalisation
- Low savings- investment- low growth trap

(Need minimum of 5% GDP growth rate to stop poverty from worsening; 7% or more to achieve the Millennium Development Goals (MDGs) by 2015).

Need annual investment of 30% of GDP as compared to current level of about 18%

B. High Levels of Poverty

Nigeria Runs the risk of missing the MDGs, and if so, SSA won't make it

- Poor Socio-Economic Indicators
- Rising HIV/AIDS Prevalence
- Income inequality one of the worst in the world

C. Demographic structure and rate of urbanisation with stagnating secondary sector pose threat to peace and stability

- About 50% of population are children
 - Urbanization rate (5.3%) one of the fastest in the world
 - Stagnating secondary sector, and high unemployment
 - Exploding violent crimes
- * If current trends continue, cities could become unlivable in near future.

D. Poor fiscal policy and accommodating monetary policy:

Several elements

- Heavy weight of government expenditures and government consumption in the economy
- Volatility of revenues and Expenditures.
- Lack of strong fiscal discipline (extra budgetary expenditures, arrears and uncompleted projects), support for loss making government entities, little saving for a rainy day
- Weak revenue effort, complicated tax policy and low tax compliance.
- Low levels of coordination of fiscal policy among different tiers of government.
- Many state governments currently technically bankrupt

E. Weak public institutions, weak human resource capacity

F. Low levels of transparency in government business and attendant high levels of corruption

G. Heavy unsustainable external and domestic debt burden.

- Federal Level
- State Level.

H. Poor infrastructure, weak basic service provision and generally poor environment for the private sector

- Atypically high cost of doing business
- Uncompetitiveness of firms and lack of diversification of production structure
- Perverse Incentive structure (based mostly on rent-seeking and cake-sharing rather than cake-baking):
 - Consequence?
- Mismatch between effort and reward
- Growing culture of expectations of something for nothing
- Poor attitude to public resources and public service

What's new? Why will it succeed?

A home grown, selective, and focused programme of reforms that would become basis for budgeting

- Synergy and coherence between federal and state reforms – first in a long time!
- A committed president, vice president, and cabinet with a vision and desire to leave a legacy.

- A renewed, more responsive, more enlightened legislature (almost 80% turnover in house and senate).
- Greater party clout and control of the states (28 PDP states out of 36)
- Strong buy-in within government and growing strong stakeholder support
- Learning of lessons from efforts in first administration and building on gains.
- It's not just talk or wishes: Implementation already begun in many cases

Core elements of the NEEDS

Objectives:

Ultimate goals?

- Poverty Reduction; Employment generation; Wealth Creation
- Reform derives from a long-term goal of social and economic transformation of the country into a sustainable modern, competitive and prosperous economy

Intermediate goals?

- A. Redefine the government's role in the economy
- B. Create an enabling environment for the private sector
- C. Improve delivery of basic social services
- D. Invest in the country's greatest asset—its people and lay foundation for future improvement in human capital
- E. Foundation to alter the incentive system and hence change the value and culture towards entrepreneurship, efficiency and selfless service

Major sources of growth?

- Agriculture
- Manufacturing (especially SMEs)
- Services Sector (Arts, Culture, Tourism, ICT)
- Solid Minerals
- Oil and Gas
- Human Capital— Nigeria's greatest asset and investment opportunity

Sustainable macroeconomic framework

- **GOAL:** To ensure predictability and credibility; reduce waste and inefficiency, and ensure effective incentive structure to promote private sector
- Key elements include:
- Fiscal Policy rule and budgetary reforms (MTEF?)
- Diversify revenue, reduce volatility of public finance – monetary financing of deficits
- Targets annual growth rate of at least 5%; low and stable prices; reduced interest rate

- Competitive and stable Real Exchange rate regime to maintain healthy external position and promote competitiveness
- Sound Debt management– SUSTAINABILITY IS KEY

Fiscal Strategy and framework for spending rules: Towards a MTEF

- Tax reforms
- Public expenditure reforms– setting priorities
- Clearing arrears
- Completing abandoned viable, priority projects
- Improving budget process
- New revenue allocation formula
- Debt Accumulation and Servicing strategy – SUSTAINABILITY
- Monetary and Exchange Rate policies
- Macroeconomic coordination between Federal and States –
 - Fiscal Responsibility Act
 - Pro-Active use of NEC; NCDP

Making government more efficient and more effective: Public service reforms

- General Framework for Public service reforms
- Civil Service Reforms – right-sizing, re-professionalisation, motivation, and capacity-building
- Monetization
- Pension reform
- Local Government Reforms

Governance: Security, rule of law, fighting corruption and improving transparency

- Continuing Reform of Administration of Justice – Legal, Judicial, Police, Prisons, Customs and Immigration Reforms – security and rule of law
- Due Process and Procurement Reforms
- EITI Initiative-
- ICPC
- EFCC

Private sector development agenda beside security and rule of law

- A Infrastructure and De-regulation of basic services
- B Mobilising long-term capital for investment
- C Privatisation, liberalisation and regulatory regimes
- D Oil and gas
- E Solid minerals development

Infrastructure And Deregulation of Basic Services

- Road – urban and rural (especially rehabilitation and maintenance)
- Electricity
- Water
- Telecommunications – rural phone system
- Liberalization of downstream oil sector

Mobilizing Long-term Capital for Investment

- Deepening the Capital Market – through privatization, etc
- SMEIS
- Forced National Savings schemes
 - Contributory Pension scheme (20%)
 - Contributory Housing Fund (2.5%)
 - National Savings Scheme (certificates)
 - National Health insurance

Privatisation and Regulatory regimes

- Complete Privatisation or Concessioning of Major Public Enterprises – NEPA, NITEL, NNPC (Downstream Petroleum Enterprises, Ports, Railway)
- Liberalisation, De-regulation – especially of downstream petroleum sector
- Competition Policy

Gas and Solid Minerals Development

- Sectoral reforms
- Agriculture
- Industry/ SMEs
- Services (art, culture, tourism, ICT)
- Social charter
- IT IS ABOUT PEOPLE, AFTER ALL!
 - Education as key to the future – compulsory UBE; university autonomy; etc
 - Food Security – basic need
 - Contributory pension scheme – for the senior citizens
 - Health – tackling the HIV/AIDS; promoting culture of physical fitness and recreation; etc
- NAPEP – targeted programmes, including programme for the vulnerable groups

Other issues for NEEDS

- CROSS-CUTTING ISSUES FOR PRIVATE SECTOR DEVELOPMENT
 - Cost and availability of finance—financial sector reforms

- Land use reforms
- Regulatory and administrative Reforms
- Trade Liberalisation and Regional Integration
- Science and technology – ICT
- Housing Development
- Youth Development
- Etc.

Financing

- These reforms will cost a lot of money – which we don't have.
But
- Myth that Nigeria is an oil-rich economy (Oil revenue about 25 Cents per Nigerian per day or about \$96 per annum.
* Nigeria receives lowest Oda As % of GDP in Africa

Tentative projections of fiscal position in Red - Debt servicing + non-debt recurrent > total revenue

Think of total resource envelop of about \$8 billion per annum for next 4 years for federal government – with debt service pegged at about \$3 billion– for domestic and external

Tough Decisions Lie Ahead!

Implementation?

- President leads the Implementation and Monitoring
- Many aspects of reforms already being implemented: so, not just another talk!
- Federal Executive Council
- Economic Management Team– every Wed.
- National Economic Council; NCDP/JPB
- National Assembly
- Effective monitoring and evaluation system being developed

Next Steps in Development of NEEDS?

- WORKGROUPS on various themes at work – working on benchmarks; targets; instruments,...
- End of November, first full draft of the 'Core Elements' of NEEDS
- Drafting Committee of NEEDS continue work to elaborate other aspects
- Extensive stakeholder consultations/Communicating the NEEDS – as Nigeria's PRSP.

- States' SEEDS simultaneously; state consultations too
- Joint national monitoring/evaluation mechanisms being developed– with state governments –
- Final Drafts of all programmes expected end June 2004.

Expected Contribution of the Summit?

- Government can't do it all alone!
- Partnership is the name of the game ...

We Need:

- IDEAS especially in terms of 'HOW' – Instruments, bearing in mind:
 - Binding financial resource constraints?
 - Political economy of reforms (how to manage so that those who lose do not upturn the system)?
 - Immediate 'QUICK-WINS' to sustain public support for the difficult reforms ahead?
- Support— in every form possible
- Communicating the reforms
- Everyone doing his/her bit– to move the country forward

Appendix D

Guest Presentation

= The Leadership Challenge in the Quest for Growth and Transformation -
Professor Marvin Zonis



World's Fastest GDP Growth By Country (1990-2000)

Equatorial Guinea	522%	Luxembourg	76%
China	162%	Cape Verde	76%
Singapore	110%	Syrian Arab Republic	75%
Sudan	108%	Mozambique	72%
Vietnam	105%	Bahrain	71%
Maldives	104%	Yemen, Rep.	70%
Lebanon	100%	India	70%
Ireland	99%	Mauritius	68%
Malaysia	98%	Sri Lanka	68%
Chile	89%	South Asia	66%
Uganda	86%	Costa Rica	65%
Bhutan	84%	Israel	65%
Lao PDR	84%	Oman	65%
Korea, Rep.	81%	Jordan	64%
Dominican Republic	77%	Nepal	63%

Source: World Bank Databases



Global Economic Growth and Population

	<u>Average Annual GDP Growth</u>	<u>Total Population (Billions)</u>	<u>% of World Population</u>
OECD Countries	3.13%	1.132	19.1%
Emerging Markets	7.28%	3.579	60.3%
"Non- Emerging" Countries	0.72%	1.221	20.6%

Source: World Bank



OECD Countries

	<u>Average Annual GDP Growth</u>	<u>Total Population</u>	<u>% of World Population</u>
OECD Countries	3.13%	1,132,526,105	19.1%
Ireland	9.9%	3,833,362	0.3%
Korea	8.1%	47,644,600	4.2%
Luxembourg	7.5%	444,100	0.0%
Australia	4.4%	18,386,820	1.7%
Poland	4.3%	38,653,050	3.4%
Mexico	4.1%	99,415,100	8.8%
Turkey	4.1%	66,230,330	5.8%
Norway	3.9%	4,519,398	0.4%
United States	3.8%	283,962,300	25.1%
Netherlands	3.2%	16,032,000	1.4%
Canada	3.0%	31,014,570	2.7%
Portugal	3.0%	10,231,000	0.9%
New Zealand	3.0%	3,848,000	0.3%
Iceland	2.9%	284,000	0.0%
Spain	2.9%	39,500,760	3.5%
Denmark	2.6%	5,350,226	0.5%
Greece	2.5%	10,575,290	0.9%
Austria	2.5%	8,124,110	0.7%
United Kingdom	2.4%	59,903,880	5.3%
Finland	2.4%	5,187,000	0.5%
Belgium	2.3%	10,273,300	0.9%
France	1.9%	59,165,000	5.2%
Sweden	1.9%	8,893,000	0.8%
Germany	1.8%	82,194,900	7.3%
Italy	1.7%	57,690,640	5.1%
Japan	1.5%	127,100,000	11.2%
Switzerland	0.9%	7,208,662	0.6%
Hungary	0.8%	10,187,450	0.9%
Slovak Republic	0.5%	5,407,587	0.5%
Czech Republic	0.0%	10,264,540	0.9%

Source: World Bank



Emerging Markets

	Average Annual GDP Growth	Total Population	% of World Population
Emerging Markets	7.28%	3,579,499,854	50.3%
Equatorial Guinea	52.2%	469,066	0.0%
China	16.2%	1,271,900,000	25.5%
Singapore	11.0%	4,102,665	0.1%
Sudan	10.8%	31,657,240	0.9%
Vietnam	10.5%	79,528,000	2.2%
Maldives	10.4%	292,752	0.0%
Lebanon	10.0%	4,394,744	0.1%
Malaysia	9.8%	23,795,500	0.7%
Chile	8.9%	15,396,810	0.4%
Uganda	8.8%	22,791,040	0.8%
Bhutan	8.4%	628,044	0.0%
Laos PDR	8.4%	5,403,167	0.2%
Dominican Republic	7.7%	6,505,204	0.2%
Cape Verde	7.6%	452,679	0.0%
Syrian Arab Republic	7.5%	18,593,210	0.5%
Mozambique	7.2%	18,071,190	0.5%
Bahrain	7.1%	714,348	0.0%
Yemen, Rep.	7.0%	17,999,950	0.5%
India	7.0%	1,033,390,000	28.9%
Mauritius	6.6%	1,197,800	0.0%
Sri Lanka	6.6%	19,549,490	0.5%
Costa Rica	6.6%	3,896,318	0.1%
Israel	6.6%	6,362,950	0.2%
Oman	6.6%	2,452,202	0.1%
Jordan	6.4%	5,030,925	0.1%
Nepal	6.3%	23,594,710	0.7%
Burkina Faso	6.3%	11,552,570	0.3%
Cambodia	6.3%	12,298,470	0.3%
Guyana	6.2%	766,256	0.0%
Malta	6.0%	392,000	0.0%
Bangladesh	6.0%	133,405,400	3.7%
Ecuador	5.9%	6,436,657	0.2%
Tunisia	5.9%	9,074,905	0.3%
Botswana	5.9%	1,615,210	0.0%
Belize	5.7%	247,107	0.0%
Argentina	5.6%	37,478,250	1.0%
El Salvador	5.6%	6,399,470	0.2%
Papua New Guinea	5.6%	5,254,053	0.1%
Panama	5.5%	2,900,590	0.1%
Egypt, Arab Rep.	5.4%	85,172,580	2.8%
Namibia	5.4%	1,799,090	0.1%
Hong Kong, China	5.3%	6,873,904	0.2%
Thailand	5.3%	61,238,240	1.7%
Oman	5.2%	19,707,870	0.6%
Indonesia	5.1%	213,637,600	6.0%
Cyprus	5.0%	790,653	0.0%
Iran, Islamic Rep.	4.9%	64,657,550	1.8%
Guatemala	4.9%	11,699,110	0.3%
Mauritania	4.9%	2,793,061	0.1%
Peru	4.8%	26,087,990	0.7%
Pakistan	4.7%	141,450,200	4.0%
St. Kitts and Nevis	4.6%	41,082	0.0%
Lesotho	4.6%	2,061,728	0.1%
Mali	4.6%	11,094,340	0.3%
Guinea	4.5%	7,579,660	0.2%
Ethiopia	4.5%	85,816,090	2.8%
Bolivia	4.5%	8,515,772	0.2%
Grenada	4.2%	99,000	0.0%
Malawi	4.1%	10,626,190	0.3%
Gambia, The	4.0%	1,341,071	0.0%

Source: World Bank



"Non-Emerging" Countries

	Average Annual GDP Growth	Total Population	% of World Population
Falling States	0.72%	1,220,865,721	20.6%
Antigua & Barbuda	3.9%	68,407	0.0%
Armenia	3.8%	2,201,641	0.4%
Swaziland	3.8%	1,068,050	0.1%
St. Vincent	3.7%	110,681	0.0%
Honduras	3.7%	6,575,284	0.5%
Puerto Rico	3.7%	3,980,473	0.3%
Tonga	3.7%	100,722	0.0%
Uruguay	3.6%	3,368,144	0.3%
Trinidad & Tobago	3.4%	1,300,606	0.1%
Tanzania	3.3%	34,450,420	2.8%
Philippines	3.2%	77,015,400	6.3%
Colombia	3.1%	43,055,480	3.5%
Brazil	3.1%	172,564,000	14.1%
St. Lucia	3.0%	198,134	0.0%
Nigeria	2.9%	120,880,700	10.6%
Cote d'Ivoire	2.9%	16,409,960	1.3%
Seychelles	2.9%	82,419	0.0%
Macao, China	2.9%	443,392	0.0%
United Arab Emirates	2.8%	2,976,287	0.2%
Vanuatu	2.8%	201,490	0.0%
Samoa	2.8%	171,154	0.0%
Chad	2.6%	7,016,727	0.6%
Gabon	2.6%	1,080,794	0.1%
Kiribati	2.6%	92,869	0.0%
French Polynesia	2.6%	238,540	0.0%
Monaco	2.6%	28,173,130	2.4%
Saudi Arabia	2.4%	21,408,470	1.8%
Suriname	2.4%	419,656	0.0%
Brunei	2.2%	345,351	0.0%
Venezuela, Rep.	2.2%	24,632,380	2.0%
Nicaragua, Fed. Rep.	2.2%	120,227	0.0%
Paraguay	2.2%	6,638,908	0.5%
Niger	2.1%	11,192,240	0.9%
Sao Tome & Principe	2.0%	151,168	0.0%
Slovenia	2.0%	1,988,134	0.2%
Bahamas, The	1.9%	307,153	0.0%
Ecuador	1.9%	12,679,520	1.1%
Madagascar	1.9%	15,875,750	1.3%
Dominica	1.9%	73,198	0.0%
Algeria	1.8%	30,893,800	2.5%
Kenya	1.8%	20,705,780	1.7%
South Africa	1.8%	43,240,000	3.5%
Central African Rep.	1.8%	3,770,885	0.3%
New Caledonia	1.8%	216,390	0.0%
Barbados	1.7%	268,189	0.0%
Zimbabwe	1.3%	12,620,600	1.1%
Guinea-Bissau	1.0%	1,225,624	0.1%
Bermuda	1.0%	NA	NA
Cameroon	1.0%	15,197,720	1.2%
Solomon Islands	1.4%	432,200	0.0%
Togo	1.3%	4,853,458	0.4%
Fiji	1.2%	803,535	0.1%
Albania	1.1%	3,440,870	0.3%
Jamaica	1.0%	2,669,230	0.2%
Angola	0.7%	13,512,450	1.1%
Zambia	0.7%	10,282,500	0.8%
Congo, Rep.	0.3%	3,103,788	0.2%
Rwanda	0.1%	8,705,541	0.7%
Comoros	0.1%	571,048	0.0%
Mongolia	0.0%	2,422,054	0.2%



“Non-Emerging” Countries, continued...

	<u>Average Annual GDP Growth</u>	<u>Total Population</u>	<u>% of World Population</u>
Falling States	0.72%	1,220,865,721	20.6%
Uzbekistan	-0.4%	25,100,013	2.1%
Haiti	-0.6%	8,114,161	0.7%
Macedonia, FYR	-0.9%	2,043,888	0.2%
Djibouti	-0.9%	544,260	0.1%
Belarus	-1.1%	8,971,482	0.8%
Marshall Islands	-1.2%	62,500	0.0%
Croatia	-1.3%	4,380,785	0.4%
Estonia	-1.4%	1,354,688	0.1%
Burundi	-1.5%	6,938,011	0.6%
Romania	-1.7%	22,386,500	1.8%
Bulgaria	-1.8%	8,123,684	0.7%
Turkmenistan	-2.4%	5,293,247	0.4%
Kazakhstan	-3.1%	14,825,530	1.2%
Lithuania	-3.2%	3,488,100	0.3%
Armenia	-3.2%	3,809,225	0.3%
Kyrgyz Republic	-3.4%	4,267,287	0.4%
Russian Federation	-2.4%	144,837,400	11.9%
Sierra Leone	-5.5%	5,140,978	0.4%
Latvia	-5.8%	2,341,024	0.2%
Congu. Dem. Rep.	-4.0%	52,359,770	4.3%
Azerbaijan	-4.3%	8,114,301	0.7%
Ukraine	-5.7%	49,117,378	4.0%
Tajikistan	-6.2%	8,223,721	0.6%
Moldova	-6.5%	4,273,519	0.3%
Georgia	-7.7%	5,019,033	0.4%

Source: World Bank



Life Expectancy at Birth (years, 1999)

Top 10 countries		Bottom 10 countries	
1	Japan 80.9	1	Sierra Leone 34.3
2	Australia 79.5	2	Malawi 37.9
3	Sweden 79.5	3	Zambia 38.5
4	Switzerland 79.3	4	Niger 38.9
5	France 79.3	5	Botswana 39.4
6	Monaco 79.1	6	Zimbabwe 40.5
7	Canada 79.1	7	Rwanda 41.8
8	Andorra 78.8	8	Uganda 42.2
9	Italy 78.7	9	Ethiopia 42.3
10	Spain 78.7	10	Mali 42.7

Source: World Health Organization



Fertility Rates

10 Highest Countries

1	Niger	7.5
2	Somalia	7.3
3	Yemen	7.2
4	Congo	7.0
4	Mali	7.0
5	Angola	6.9
5	Uganda	6.9
6	Burkina Faso	6.8
7	Comoros	6.8
8	Liberia	6.8

10 Lowest Countries

1	Hong Kong	1.0
2	Czech Republic	1.1
2	Ukraine	1.1
3	Bulgaria	1.2
3	Spain	1.2
3	Slovakia	1.2
4	Germany	1.3
4	Greece	1.3
4	Italy	1.3
4	Japan	1.3

Source: Population Reference Bureau, 2001



Access To Improved Water Source

Country	% Of Population	Country	% Of Population
1. Ethiopia	14.3	11. Eritrea	40.9
2. Chad	20.7	12. Haiti	42.4
3. Sierra Leone	33.1	13. Madagascar	42.5
4. Cambodia	33.4	14. Guinea	42.8
5. Mauritania	33.8	15. Guinea-Bissau	44.2
6. Angola	33.9	16. Kenya	44.6
7. Oman	34.3	17. Uganda	45.8
8. Rwanda	34.8	18. Congo-Brazzaville	45.9
9. Papua New Guinea	35.4	19. Tanzania	48.4
10. Congo	35.7	20. Togo	50.3



Education: Lowest Primary Enrolment (Worldwide)

Country	Number Enrolled As % Of Relevant Age Group	Country	Number Enrolled As % Of Relevant Age Group
1. Niger	28	15. Côte d'Ivoire	71
2. Burkina Faso	40	Jordan	71
3. Ethiopia	43	Senegal	71
4. Mali	48	16. Congo	72
5. Burundi	51	18. Pakistan	74
6. Sudan	51	Uganda	74
7. Eritrea	53	21. Oman	76
8. Guinea	54	Saudi Arabia	76
9. Chad	58	23. Gambia	77
10. Mozambique	60	Kenya	77
11. Guinea-Bissau	62	25. North	78
12. Tanzania	67	Uzbekistan	78
13. Serbia & Montenegro	69	27. Ghana	79
14. Yemen	78	Mauritania	79



Education: Least Literate Countries

Country	% Adult Literacy Rate	Country	% Adult Literacy Rate
1. Niger	14.3	16. Pakistan	40.8
2. Burkina Faso	20.7	17. Central African Rep.	42.4
3. Gambia	22.1	18. Yemen	42.8
4. Afghanistan	23.4	19. Cote d'Ivoire	42.8
5. Guinea-Bissau	23.8	20. Sudan	44.2
6. Benin	23.9	21. Marshall	44.8
7. Sierra Leone	24.2	22. Haiti	45.8
8. Senegal	24.8	23. Morocco	45.8
9. Ethiopia	25.4	24. Liberia	46.4
10. Mali	25.5	25. Chad	50.3
11. Guinea	27.8	26. Egypt	52.7
12. Nepal	28.1	27. Togo	53.3
13. Mauritania	28.4	28. Sudan	53.3
14. Bangladesh	28.8	29. India	53.8
15. Mozambique	40.5	30. Malawi	57.7

Organized Crime:

While organized crime is not a new phenomenon today, some governments find their authority besieged at home and their foreign policy interests imperilled abroad. Drug trafficking, links between drug traffickers and terrorists, smuggling of illegal aliens, massive financial and bank fraud, arms smuggling, potential involvement in the theft and sale of nuclear material, political intimidation, and corruption all constitute a poisonous brew—a mixture potentially as deadly as what we faced during the cold war.

—R. James Woolsey, Former Director of US Central Intelligence

Annual Revenues from Global Criminal Activities

- \$100-300 billion from narcotics trafficking
- \$10-20 billion from toxic and other hazardous waste dumping
- \$7 billion from alien smuggling
- \$1 billion from theft of intellectual property through pirating of videos, software, etc.
- The IMF has stated that the aggregate size of money laundering in the world is between two and five percent of the world's GDP. Using 1996 statistics, this would indicate that money laundering ranged between 590 billion and 1.5 trillion US Dollars.

The Foundations of Stability and Growth

- Participation in Globalization
- Social Change
- State Policy Competence/State Institutional Power
- Policies Promoting Property Rights and Free Markets
- Policies Promoting Macro-Economic Stability

- Anti-Development Interests
- Rental Income
- Leadership Succession
- Ethnic Divisions
- Religion in Politics
- Corruption

Globalization

Definition of Globalization - I

The "growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology."

– *International Monetary Fund*

Globalization also entails the greater movement of people across national borders and the relentless rise of similar standards across the globe. The increasing similarity of standards is driven by the diffusion of technology and the diffusion of American popular culture and by the dictates of industrial and commercial economic organizations. But the central element of globalization is that it is driven by companies in their relentless search for market share and profits. Companies are at the heart of globalization.

Vote of thanks after Opening Ceremony – Dr. Babangida Aliyu, Permanent Secretary, Federal Ministry of Capital Territory on behalf of Mallam Nasir El-Rufai



Globalization – How much?

Capital flows to emerging markets	\$21 billion in 1970	\$190 billion in 2000
Foreign direct investment flows	\$44 billion in 1970	\$865 billion in 1999
International refugees	1.4 million in 1961	22.3 million in 1999
World trade	\$311 billion in 1950	\$7.5 trillion in 2000
International NGOs and Non-Profits	985 in 1956	40,000 in 2000

Sources: UN World Investment Report, Institute for International Finance, UNCTAD, UN High Commission on Refugees, IMF World Economic Outlook, Union of International Assoc. World Health Org.



International Trade As % World GDP 1960-1998



Source: www.BigCharts.com

March 2002



Total Trade to GDP (current prices, %)

41	44	30	37
32	35	22	40
17	20	27	40
21	28	24	40
52	60	52	59
14	13	8	24
38	35	37	33
10	30	16	17

Average Tariffs on Imported Manufactured Goods (Per cent)

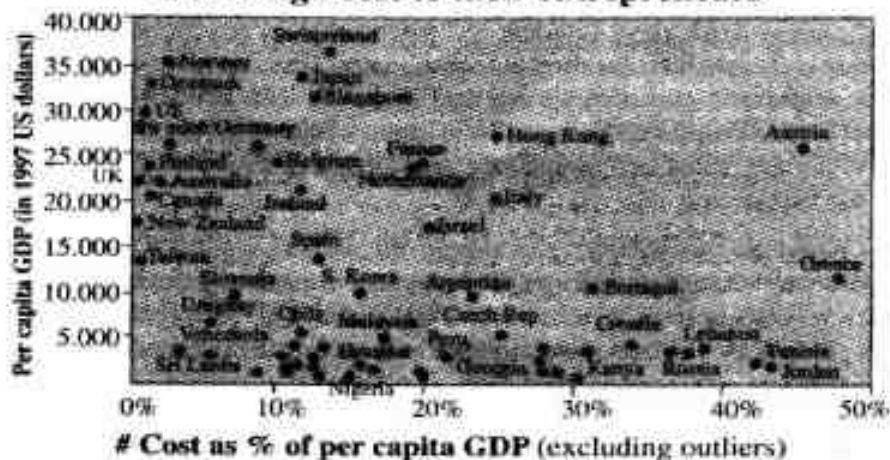


	1974	1980	1984	1988	Per Country	Per Region
Japan	13-15	20	28	18	-	-
Germany	44	17	21	28	-	-
Italy	9-10	18	48	25	-	-
UK	0	0	n.a.	20	-	-
EU	-	-	-	-	5.7	2.8
US	40-50	41	40	14	4.8	2.8



The Cost To Start a Business

... at a high cost to their entrepreneurs



Informal Labor Force in Urban Areas (selected countries)

Belgium	1996	57	53	52
China	1997	30	32	27
Denmark	1998	53	54	53
Czech Republic	1996	53	37	79
Sweden	1997	40	39	42
Poland	1996	33	18	53
Germany	1993	72	66	53
Malaysia	1994	43	43	43
Mexico	1996	35	38	34
India	1998	57	50	52
Finland	1995	17	16	19
South Korea	1995	17	11	26
Canada	1995	67	60	85
Uganda	1993	84	68	81

Source: International Labor Organization

Dead Capital in Real Estate Worldwide (1997)

TABLE 2.1 Urban and Rural Dead Capital in Real Estate Worldwide¹ (1997)

Urban						
	Total Population (millions)	Urban Population (%)	Urban Population (millions)	Urban Dwellings (millions)	Informal Urban Dwellings ² (millions)	Value of Informal Urban Dwellings (trillion US\$)
Asia	1,747	29%	503	101	85	1.75
Africa	525	32%	167	33	28	0.58
Middle East & North Africa	371	57%	211	42	36	0.74
South America	328	78%	256	51	44	0.89
Mexico, Central America, and the Caribbean	161	84%	103	21	18	0.36
China, CIS, and Eastern Europe	1,611	38%	618	124	105	2.14
Subtotal	4,743		1,959	372	316	6.48
Other Developing Countries	191	39%	75	15	13	0.28
TOTAL	4,934		1,934	387	329	6.74

Rural						
	Rural Area (thousand ha)	Informality in Rural Area (%)	Informal Rural Area (thousand ha)	Informal Rural Area Croplands (thousand ha)	Informal Rural Area Grasslands (thousand ha)	Value of Informal Rural Area ³ (trillion US\$)
Asia	480,500	44%	213,164	147,788	87,385	0.59
Africa	736,030	50%	368,792	66,186	280,626	0.39
Middle East & North Africa	444,685	40%	177,866	69,880	118,206	0.25
South America	607,407	49%	297,825	51,006	246,889	0.24
Mexico, Central America, and the Caribbean	134,541	53%	71,025	30,613	50,212	0.08
China, CIS, and Eastern Europe	1,151,280	47%	540,142	186,721	351,421	0.80
Subtotal	3,666,118		1,670,984	536,104	1,114,719	2.36
Other Developing Countries	399,926	47%	189,165	76,308	112,857	0.24
TOTAL	3,926,044		1,840,049	612,472	1,227,576	2.60

Total Informal US \$ 9.34 trillion

¹178 developing and former communist nations.

²It is estimated that 65% of urban parcels in informal. They either: i) were built in violation of express laws; ii) did not comply with requirements for access to land; iii) were originally formal but become informal; or iv) were built by the government without complying with legal requirements.

³A value of US\$ 3,973 per hectare of croplands and of US\$ 198 per hectare of grasslands were used.

Source: Hernando de Soto, *The Mystery of Capital*

Appendix E

Open Forum Speeches and Presentations

i. Predictable Patterns in the Global Upstream Oil & Gas Industry- Ivo Bozon

Agenda

1. Getting economic development right: the prize is large
2. Evolution of the upstream sector: more uncertainty, competition and new frontiers
3. Implications for Nigeria: how could you win?

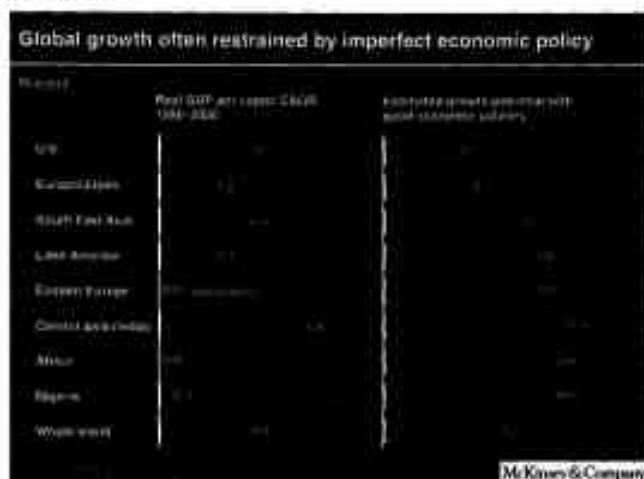
1. Getting economic development right: the prize is large

- Getting economic policy right is critical for economic and productivity growth
- Policies that foster innovation and privatization/globalization drive productivity growth
- The size of the prize for Nigeria is significant

2. Evolution of the upstream sector: more uncertainty, competition and new frontiers

- The petroleum market is more globally open and privatized than ever before
- The re-emergence of Russia is changing the market place for oil
- The majors are pressurized for capital performance whilst prioritizing the next wave of big bets across the globe
- The dash for gas is on

3. Evolution of the upstream sector: more uncertainty, competition and new frontiers



Higher productivity = higher GDP

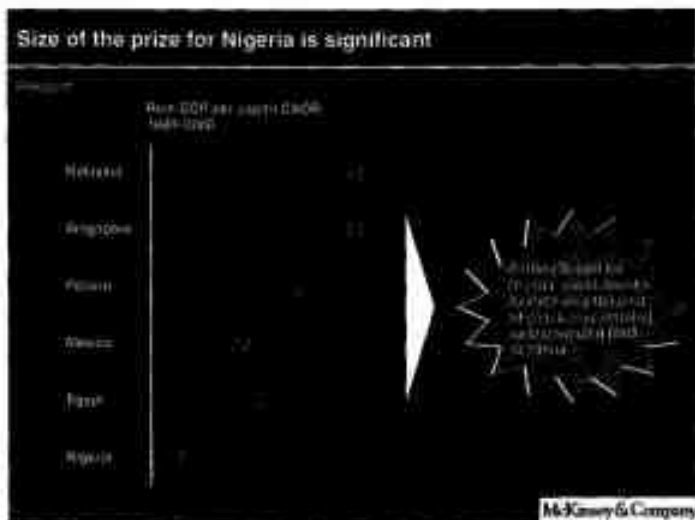


Productivity growth is the engine of economic growth



Innovation and policy changes drive growth

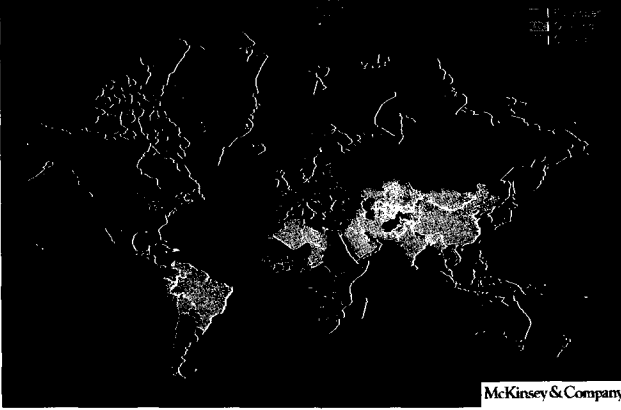




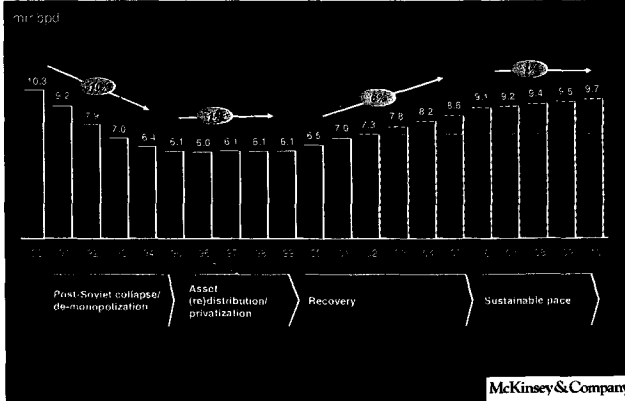
- The petroleum market is more globally open and privatized than ever before – it's a battle between countries for development
- The re-emergence of Russia is changing the market place for oil – Opec has a new neighbour
- The majors are pressurized for capital performance whilst prioritizing the next wave of big bets across the globe – countries need to compete for access to majors
- The dash for gas is on – Nigeria shouldn't lose out



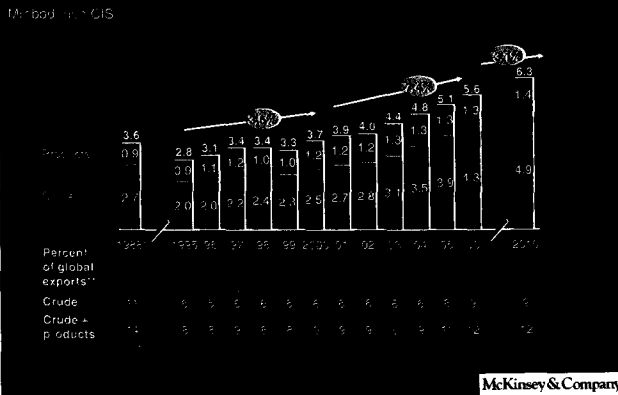
Upstream markets 2003



Russian oil production growth – past and future



Russian export growth may thus continue, putting pressure on Opec



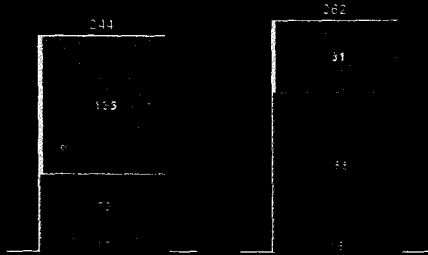
Majors are increasingly dominating major projects

Current and projected major projects in the US oil and gas industry, 1987-2000

BOE

Historical (1987-97)

Projected (1998 and beyond)



- More technologically complex projects
- New "virgin" arenas
- Opening of new frontiers

McKinsey & Company

Replicating the sources of past success will become more demanding

Field NPV BOE
Relative to US BOE



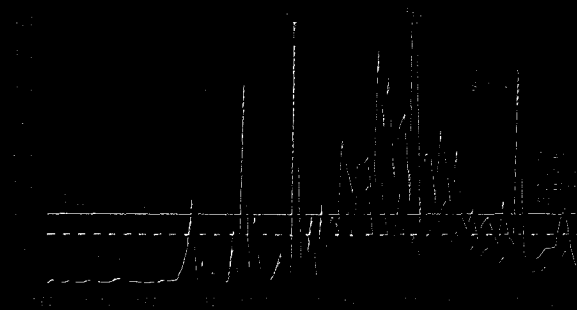
1. Increasingly more challenging to capture value as evidenced by the declining value of equity barrels and industry returns
2. Increasingly more challenging to succeed in elephant hunting as basis for establishing structural advantage

McKinsey & Company

The dash for gas is supported by supply side growth triggering competition among gas sources

Global gas supply and demand (1980-2000) (trillion cubic feet)

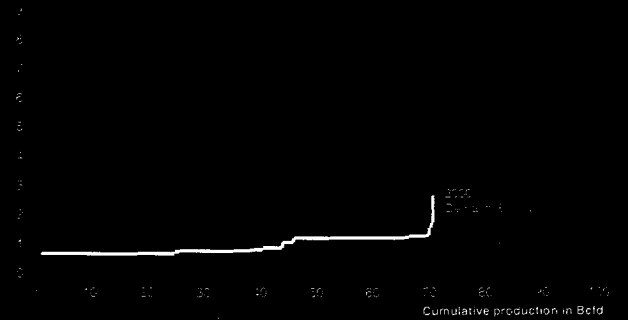
TCF



McKinsey & Company

High cost of new US gas gives ample headroom for LNG

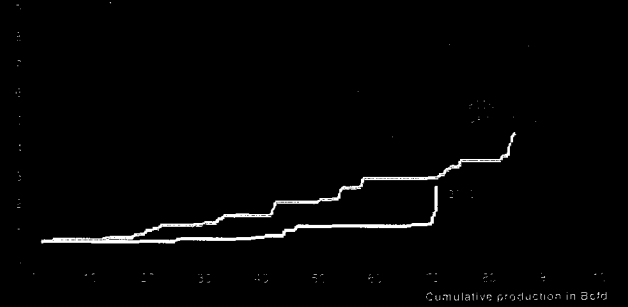
USD / Mcf Current technology and supply improvements



McKinsey & Company

High cost of new US gas gives ample headroom for LNG

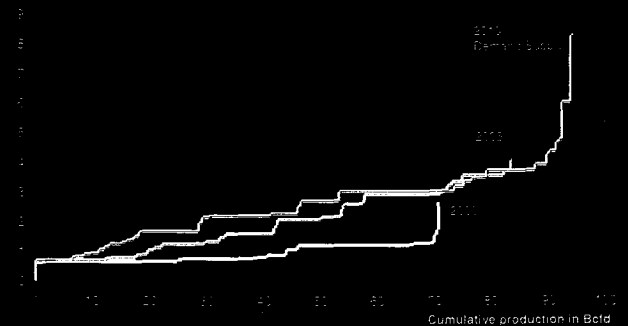
USD / Mcf Current technology and supply improvements



McKinsey & Company

High cost of new US gas gives ample headroom for LNG

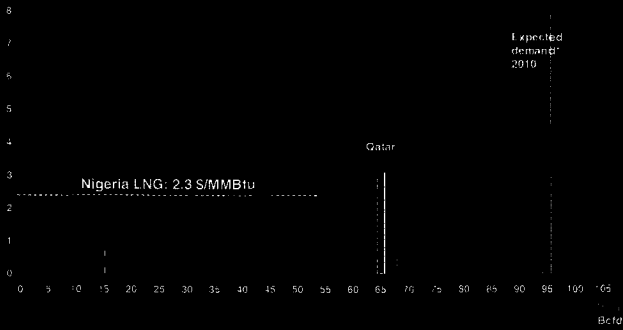
USD / Mcf Current technology and supply improvements



McKinsey & Company

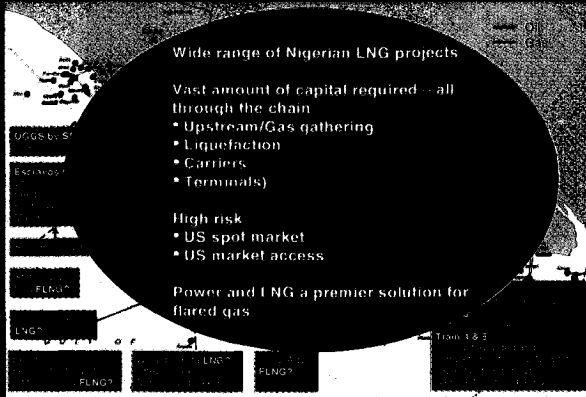
Expected LNG supply curve position 2010

Expected U.S. & Canada supply/demand situation, 2010
 S/MMBtu – real



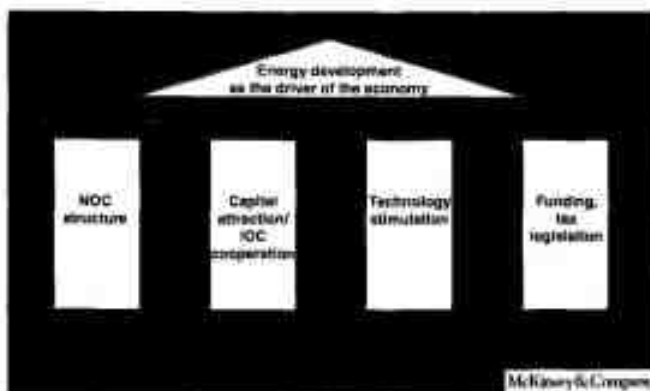
McKinsey & Company

Nigeria has the capacity to deliver - LNG plans in Nigeria

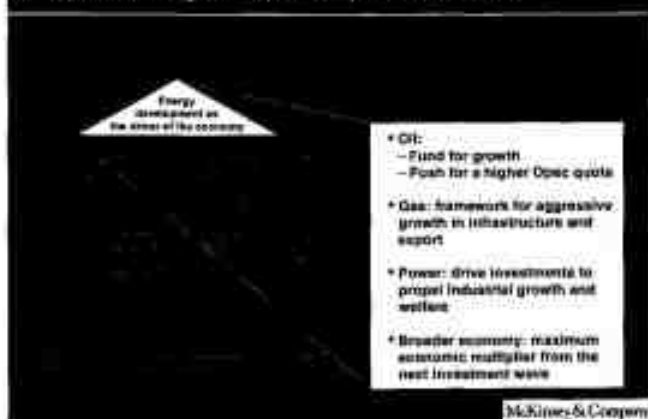


McKinsey & Company

3. Implications for Nigeria: how could you win



Four pillars for Nigeria's upstream petroleum sector



Countries need to consider multiplier effects when deciding how to capture activity



Footprints of the UK and the UAE

UK footprint - emissions from domestic flights - UAE footprint - emissions from flights (flown)

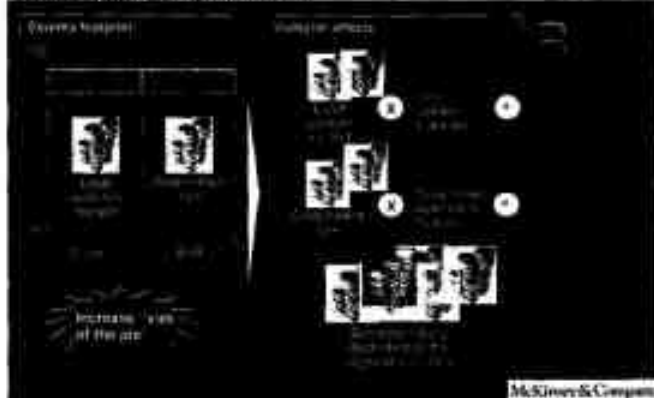


McKinsey & Company

Countries need to consider multiplier effects when deciding how to capture activity



Increasing the "size of the pie" is the best mechanism to strengthen the economic base



Four pillars for Nigeria's upstream petroleum sector

NOC structure

- Create a driver of the Nigerian economy
 - Incentives to become an internationally competitive player
 - Clarity of roles
 - Professional's culture

McKinsey & Company

NOCs' postures are evolving

	Strategic cooperation with IOCs	Competing globally	High investment	Production
• Norway	+	-	-	-
• Mexico	+	-	-	-
• China	+	-	-	-
• Brazil	+	-	-	-
• Indonesia	+	-	-	-
• Kazakhstan	+	+	+	-
• Russia	+	+	+	-
• Norway	+	-	-	-
• Nigeria	+	-	-	-
• Angola	+	-	-	-
• Libya	-	-	-	-
• Trinidad	-	-	-	-
• Petrobras	-	-	-	-
• Petrochina	-	-	-	-
• PDVSA	-	-	-	-
• NOC	-	-	-	-
• Petrobras	-	-	-	-
• NNPC	-	-	-	-
• Sonatrach	-	-	-	-

McKinsey & Company

Four pillars for Nigeria's upstream petroleum sector

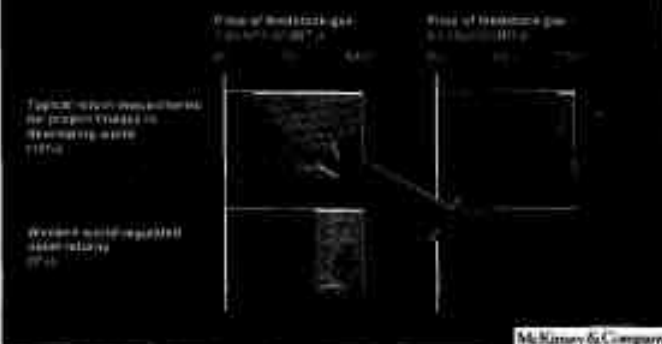
Capital allocation NOC investment

- Win race for international capital/expertise:
 - Risk premium and stability
 - Funding/contract structures

McKinsey & Company

Reducing country risk premium enables more viable projects

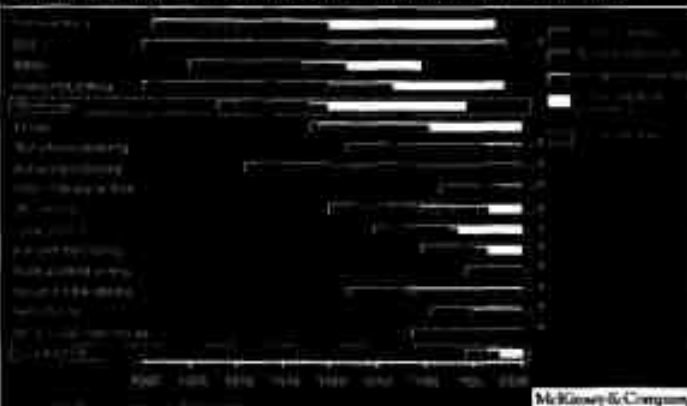
Value chain of West African L&C companies
 (Country risk premium is highlighted)

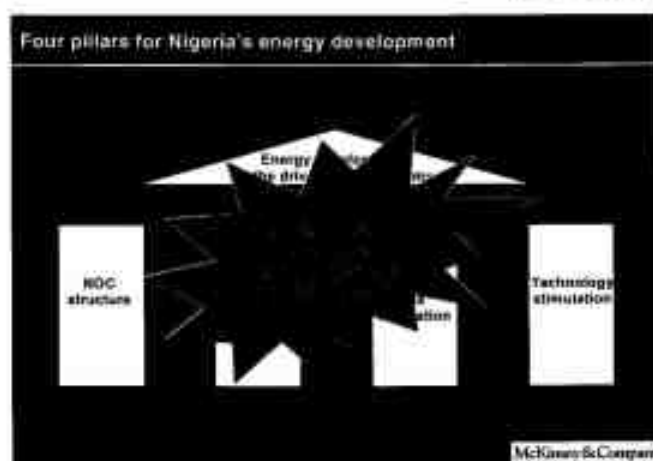
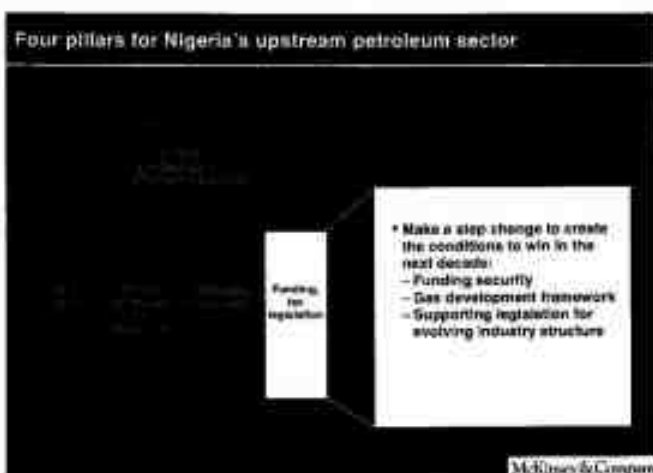
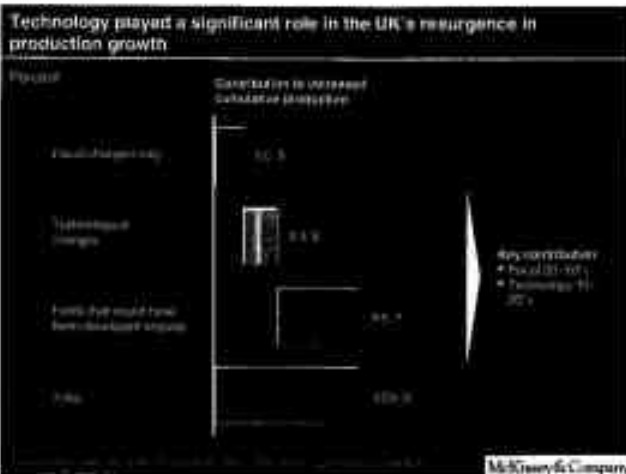


Four pillars for Nigeria's upstream petroleum sector



New generations of technology are ready for implementation





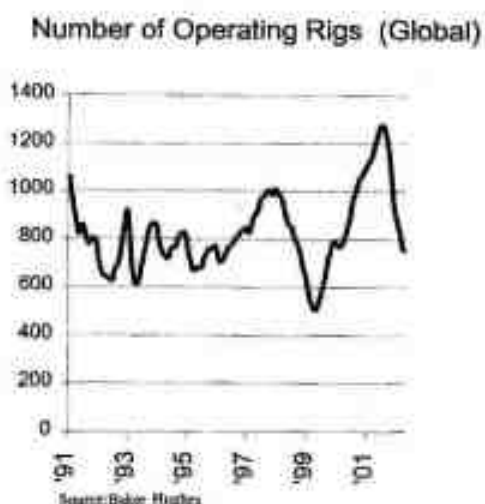
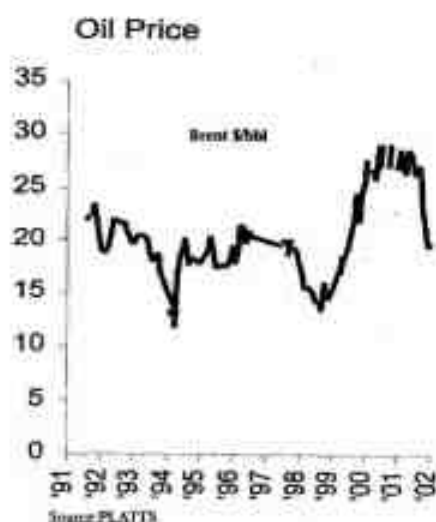
II. Privatisation: YPF -Repsol Model-Adedotun Sulaiman

Success Factors for National Oil Companies - YPF Story

Outline

- Oil Industry Volatility
- Critical Success Factors for Oil & Gas Companies
Super majors and National Oil Companies (NOCs)
- YPF Success Story

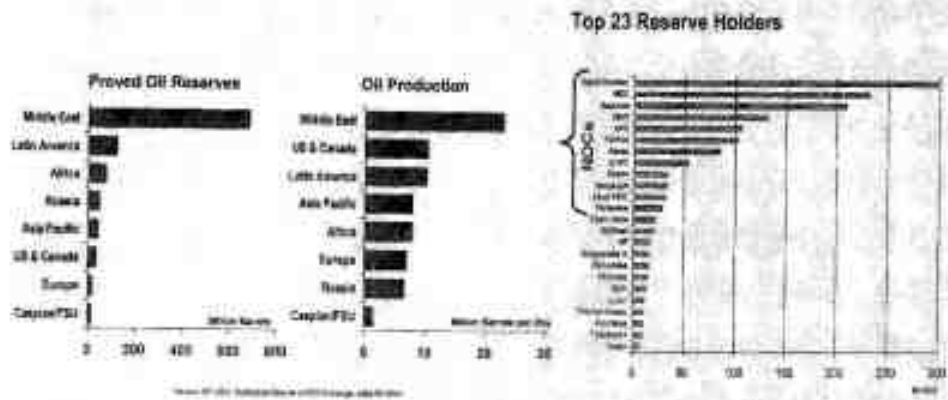
Increase Industrial Volatility poses greater challenges for Oil players



Critical Success factors required by Super majors and National Oil Companies

- Low cost Capital (WACC)
- Share of world Oil Reserves (%boe)
- Low cost Production per barrel (\$/bbl)
- Share of World Production (%bdp)
- Access to new Technologies/Innovations
- Strategic Relationships and Alliances
- Concessionaires, JV Partner, Technical partners etc.
- Talent

NOCs hold 75% of the world reserves

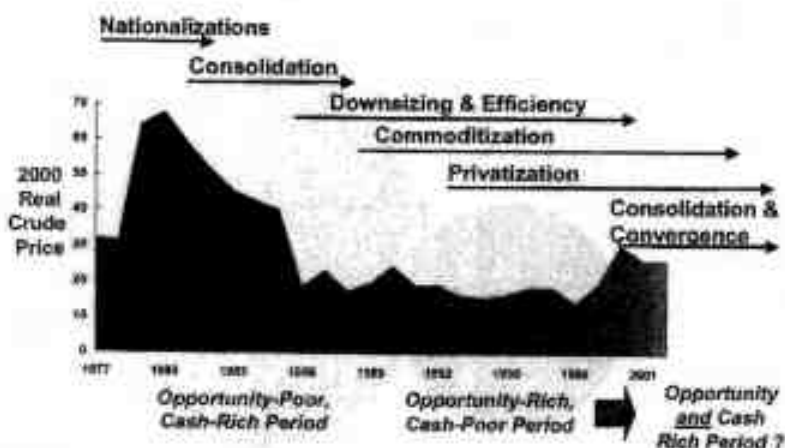


NOC share of world productivity has greatly increased and will continue to increase.

Annual Production of Oil			
	1972	2002	2020
Majors	70%	15%	10%
NOCs	20%	70%	85%
Independent	10%	15%	5%

However, NOCs have limited access to low cost capital due to high country risk rating.

In response, NOCs are moving towards full or partial privatisation or commercialisation



Note: Successful NOCs have undergone some form of commercialization / privatization, with large scale restructuring and initiatives to improve efficiency

NOCs Success Story - Argentina's Yacimientos Petroliferos Fiscales (YPF) Sociedad Anonima

Background

- YPF was Argentina's largest company involved in the entire spectrum of Oil & Gas
- Argentina nationalism meant government control over energy, heavy industries, telecommunication and transport
- Argentina had a record of low and erratic growth, declining investment rate and rapid inflation
- Carlos Menem led government curtailed severity of the economic situation by working towards reduction of hyperinflation and privatisation of state owned enterprises
- When President Carlos asked Jose "Pepe" Estenssoro to take over the country's ailing Oil & Gas giant, YPF had a cash-based accounting system that produced financial statements 10 months after year-end and more than 50,000 employees, represented by one of the country's strongest unions
- In 1990, Argentina's crude oil production stood at 483,000 barrels-per day, a level less than that produced a decade earlier.

YPF Business Challenge

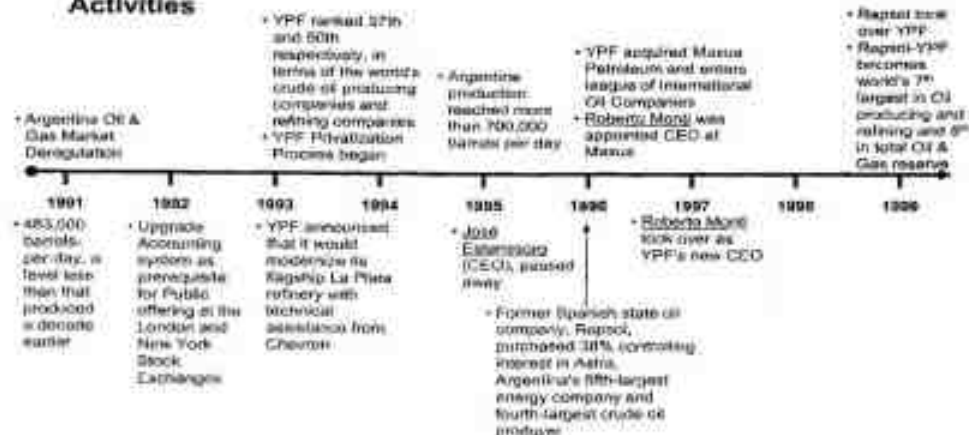
- Unclear focus on core business
 - accumulation of variety of assets including schools, cinemas, supermarkets and hospitals.
- Weak financial base and unreliable financial statements
 - funding provided mostly by government
- Accumulated losses of \$6billion from 1982 to 1991
 - massive debts owned by state agencies
- Large scale corruption and inefficiency
- Bloated and unproductive workforce
 - 50,000 workers including 15,000 temporary workers mostly hired to pacify and all-powerful union
- Weak corporate governance
 - Board interference in operational activities

YPF Transformation Steps

- Government enabling legislation for YPF Transformation
- Redesign of organisational units, management systems, processes, policies and procedures.
- Auditing and cleaning up of financial statements
- YPF focus on its core business
 - Sale of < \$2b in assets with low strategic importance on economic value
- Renegotiation of labour contracts
- Eventual privatisation
 - Initial Public Offer (IPO) raised \$3.04b

Key Transformation Milestone

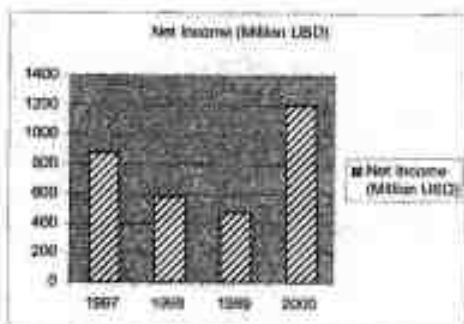
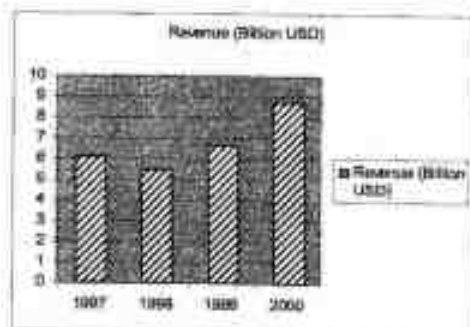
Activities



Results Achieved

- Transformation from domestic player to global oil company
- Increased production of crude oil and gas
- improvements in sales, earnings and cash flow
- By 1993, YPF had achieved stellar performance with ROCE of 11.7%
 - compared to BP (3.44%), Chevron (9.0%) and Amoco (13.32%)

YPF improved its financial performance



YPF Today

- Integrated Global (Upstream & Downstream) Oil & Gas company
- Largest company in Argentina, ranked among top Latin-America's leading company
- Aggressive growth strategy enhanced by expansion to Brazil, Chile, Paraguay, Peru, and the acquisition of Maxus in 1996
- Big assets exchange with Petrobras in 2001 to gain retail market and better position in Upstream
- YPF Privatisation Processes a case for analysis at the Harvard Business School

Future Outlooks for NCOs

- Oil market will remain volatile and margin will remain challenging
- Regional shift from Europe/USA to the Middle East and Russia
- Power shift by 2020 - from Super majors to NCOs
- Interplay between Super majors and NCOs will increase
- Commercial excellence will be key for NOC success
 - Acquiring Technologies - Building Talent - Deploying Shared Services

iv. Nigeria: Partnering For Social Service Delivery - Victoria Kwakwa, World Bank

Partnering For Social Service Delivery

1. Where does Nigeria Stand?
2. Where Does Nigeria Want to Go?
3. Issues For Government Attention
4. What Role For Public-Private Partnerships

1. Where Does Nigeria Stand?

- Education
 - Primary enrolment: 74% (M); 56% (F) ;7.3 children not in school
 - Ratio of girls to boys in education: 77:100
 - Secondary enrolment: 25-30%
 - Tertiary enrolment: 4%;
- Health
 - Maternal mortality (per 100,000): 700
 - Under-five mortality (per 1000): 151
- HIV/AIDS
 - HIV prevalence: 5.8%? 4-6 million infected
 - At end 2001, cumulative deaths of 1 million
 - Number of HIV/AIDS orphans: 1.4 million

2. Where Does Nigeria Want to Go?

- Nigeria has signed onto MDGs:
 - Education Goals
 - Universal primary education
 - Eliminate gender disparity in primary and secondary education by 2005 and at all levels by 2015
 - Health Goals
 - Reduce under five mortality rate by 2/3
 - Reduce maternal mortality by 3/4
 - HIV/AIDS Goals
 - Halt and begin to reverse spread of HIV/AIDS
 - Water and Sanitation Goals
 - Reduce by half the proportion of people without sustainable access to safe drinking water
 - Higher Education
 - Improve quality and access to higher education
 - Align higher education with market needs
- Big question: are these goals achievable by 2015?

- Economic team will need to carefully examine this as NEEDS is elaborated
- If not, what is achievable and what are priorities?
- Certain that for any progress to be made fundamental changes are needed. Cannot continue with “business as usual”

3. Key Issues for Government Attention

- Constitutional Legal Regulatory Framework
 - Lack of clarity on specific responsibilities and division of labour between tiers implies waste and duplication
 - Existing laws don't provide proper legal framework for management, regulation and private sector participation (UBE, Autonomy not passed)
 - Regulation does not encourage innovation and responsiveness
- Coherent Vision and policy framework
 - Tendency to compartmentalize and look at different areas separately
 - Need sector wide approach so synergies and trade-offs within sectors can be highlighted
- Financing—Efficiency and Level
 - Low efficiency in resource use
 - Insufficient total spending: 14% of total public expenditures and 2.3% of GDP in 1998; 20% and 4.7 respectively in sample of 19 countries. Spend about \$5 pc on health annually. In 2000, FGN spent 13% of total expenditures on education, 4% on health and 4% on water
 - Skewed intra-sectoral allocation—towards higher education, towards tertiary health
- Role of Private Sector

4. What Role for Private-Public Partnerships?

- Globally, three trends are converging to encourage and enable private participation to enhance limited public resources in social sectors:
 - Experience of several successful innovative models for financing and managing delivery of social services
 - Shift towards decentralization in decision making and social service provision/financing
 - Private provision and financing essential because government incapable of meeting present and future demand

- Traditional approach equates public intervention with public provision; and privatisation with outright sale of public assets to private entrepreneurs
- But evidence shows there is scope for a wide range of private activity and innovative public private partnerships beyond these two extremes
- Could have private financing, private management, private provision, private ownership
- Non traditional approaches:
 - Private Sector Management and Operation of publicly owned schools
 - Schools remain publicly owned and funded
 - Management firm is paid a fee and required to meet specific benchmarks in areas such as school attendance, student performance and community involvement
 - Examples of successes in China, Sabis schools in Middle east, UK, and US
- Some Non-traditional Approaches:
 - Private provision of complementary services
 - Catering, cleaning, security and recruitment etc. In China public universities directed to contract out non-core services. University of Ghana uses private sector to finance and operate student hostels
 - Scholarships, Vouchers, Loans, stipends etc
 - Private/public sector could finance vouchers, scholarships etc for students to attend private schools
 - Vouchers may be available to all students – e.g. in Indonesia, Senegal, Cote D’Ivoire – or targeted to certain groups as in Colombia
- Supply Side Financing
 - Direct public assistance to private schools e.g. through matching grants
- Private Supply of Educational Inputs
 - Supply of textbooks, curriculum and other learning materials to public and private institutions

Example of Successful Private Public Partnership in Education

- Government Sponsorship of Students in Private Schools in Cote D’Ivoire

- Private schools receive payment for each “public” student in their institution
- Covers secondary and professional and technical training—secular and religious
- Only “chartered” schools are eligible
- In 1997, government paid \$10.3 million for over 160,000 students.
- 40% of students in private schools sponsored under this programme

Less Successful Public Private Partnership in Health

- Contract between Zimbabwe MOH & Wankie Colliery for clinical services
 - Successful in offering services of good quality at lower unit cost
 - But failure to contain total costs
 - 70% of provincial non-salary recurrent expenditure taken by contract but only small proportion of province has access to hospital
 - Utilisation levels not controlled

What Role for Public-Private Partnerships?

- Constraints to Effective Private Participation
 - Public Sector Perspectives
- Political sensibilities. Political nature of reforms required to create effective service delivery arrangements under partnerships with private sector makes this a political minefield for the public sector
- Weak capacity to implement partnership holistically e.g. skills to manage contracts etc.
- Constraints to Effective Private Participation
 - Private Sector Perspective
- Poor access to capital at affordable rates to finance school construction and expansion
- Lack of skilled staff
- Lack of access to buildings and land. Several private institutions are forced to lease residential and business facilities (motels, houses, shops or worse)
- Demand side impediments. User fees could deter low-income families. Thus access to public subsidies is an essential ingredient.
- Bureaucratic hurdles. Registration procedures etc
- Partnerships not panacea but can harness strengths of each sector. No one size fits all.

- A few key areas need to be addressed:
 - New approach to regulating private education
- From prescriptive and input based (command and control) to greater flexibility, output based and promoting innovation
- Clarity in rules of the game
- Consistency and evenness in application
- Access to resources for private schools
- School funding arrangements
- Accountability, monitoring and transparency by both sectors–
Forum for meaningful and regular policy dialogue between the private and public sector on partnership
- HIV/AIDS
 - Potential cost to private sector in terms of sick workers could be significant. Thus strong private action on HIV/AIDS makes good business sense.
 - Private sector could champion HIV/AIDS awareness in the workplace
 - Pharmaceutical firms could explore possibility of manufacturing generic HIV/AIDS drugs
 - Nigeria HIV/AIDS Fund?
 - Matching grants based on what government is putting into HIV/AIDS activities
 - Could be privately managed

v. Social Infrastructural Reforms, Some Perspectives on Education - *Peter Okebukola, Executive Secretary, National Universities Commission*

Four Assertions

- Education is pivotal to human capital development
- Education (higher) should be more of public than private good
- Basic education is as important as higher education
- Quantity is as important as quality

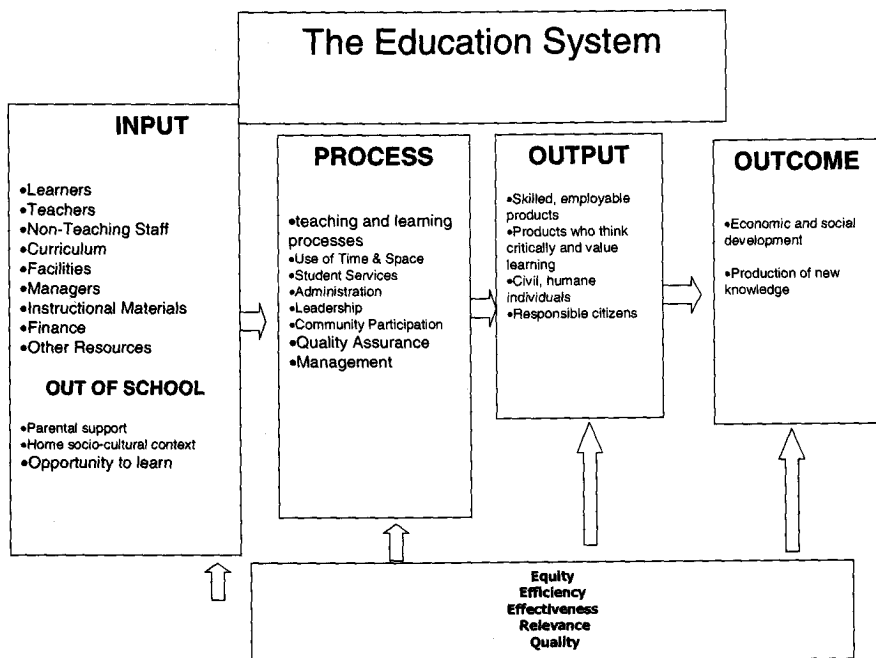
Four Questions

- What are the short-and medium-term priorities for education?
- What transformatory, implementable and practical interventions should be made in the priority areas?
- What resources are needed?
- Who should do what?- What role for the private sector?

Systems Thinking in Educational Reforms

Some input and output statistics

- About 18% of primary school-age children are still out of school
- Quality of primary education still low in numeracy, literacy and life skills
- About 15% of the teachers lack basic teaching qualification
- Participation rate in higher education is low.
- The 53 universities can offer admission places to about 10% of eligible candidates; in 2009 only 3% can be admitted



- Overcrowded classrooms are prevalent; also hostels
- Social vices and disruption to school calendar predominate
- Deficiencies in the quality of graduates especially in practical skills

Recent Success Stories: Silver linings in the dark clouds

What are the short- and medium-term priorities for education?

BASIC EDUCATION

- Enhanced access
- Improved Teacher Number and Quality
- Improved infrastructure

HIGHER EDUCATION

- Improvement in infrastructure
- Improvement in curriculum content and curriculum delivery
- Stability of calendar
- Eradication of social vices

What transformatory, implementable and practical interventions should be made in the priority areas?

BASIC EDUCATION

- Access
- Teacher No. and Quality
- Improved infrastructure

- Full implementation of the UBE law on access (social mobilisation and penalty for non-enrolment)
- Doubling the pace of preservice and inservice training of teachers
- Implementation of the Teachers Service Corp Scheme
- Provision of 20,000 additional classrooms annually for the next five years.

What transformatory, implementable and practical interventions should be made in the priority areas?

HIGHER EDUCATION

- Infrastructure

- Massive rehabilitation of abandoned buildings, academic buildings and hostels
- Renovation of municipal services
- Enhancement of research infrastructure
- Enhancement of ICT infrastructure

What transformatory, implementable and practical interventions should be made in the priority areas?

HIGHER EDUCATION

- Curriculum content
- Curriculum Delivery

- Total overhaul in 2004 of university curricula to respond to national needs
- Curriculum to include entrepreneurial education, ethics and societal values, vocational and technical skills
- Annual training of higher education teachers in pedagogy

What transformatory, implementable and practical interventions should be made in the priority areas?

HIGHER EDUCATION

- Stability of calendar
- Eradication of social vices

- University autonomy
- Improved funding for the system (including internally generated revenue)
- Improved welfare scheme for university staff
- Stepping up dialogue and consultations with university unions
- Societal re-orientation
- Campus police
- Full application of the law on cultists

Who should do what?- What role for the private sector?

Government

- Policy
- Quality assurance
- Funding of Basic Education
- Funding of select components of higher education such as academic costs

Private Sector

- Participation in offering basic and higher education through establishment of schools
- Partnership in funding education
- Funding and collaboration in research and further training

- Universal Basic Education
- Private sector participation in higher education
- National Digital Library Project
- Virtual Institute for Higher Education Pedagogy
- Evolution of Centres of Excellence
- University Autonomy

vi. Social Infrastructure from a Healthcare Perspective - Professor Martin Aghaji, Provost, College of Medicine, UNN

*“Health is not a commodity that is given. It must be generated from within. Similarly, health action cannot and should not be an effort imposed from outside and foreign to people; rather it must be a response of the community to the problems that the people in the community perceive, carried out in a way that is acceptable to them and properly supported by adequate **infrastructure**”*

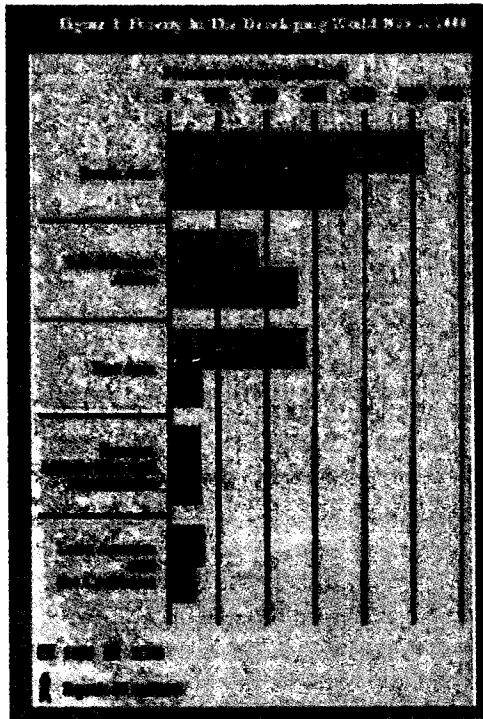
-Halfdan Mahler, Director General
World Health Organization

Poverty Protocol – [ThisDay Vol 9 No 3053 Page 17]

“Poor health, Hunger, Poor education, Low skill attainment, Social exclusion, Economic disempowerment, Inadequate housing conditions, Inadequate healthcare facilities, High maternal and infant mortality and morbidity, Low life expectancy, Low income, Unemployment and Insecurity of life and property.”

Causes

- Stunted economic growth (2.9%) relative to population growth (2.8%)
- Stunted growth of investment
- Declining production across all sectors
- Inequitable income distribution
- Corruption
- Internal conflicts/ Social dislocations
- Gender disempowerment
- Crippling foreign debt profile
- Excessive cost of government administration
- Poor public expenditure management
- Education
- Health



- Education
- Health
- Water Supply/ Sanitation
- Power
- Road/ Air/ Rail/ Sea
- Nutrition, Food Production, Food Distribution/ Agriculture
- Poverty Reduction Strategies
- Pipeline Transport
- Transportation, Urban Public Transport
- Housing
- Living Environment

Infrastructure and Economic Development

Infrastructure Provides The Right

- Environment For Productive Activities
- Facilitates The Generation Of Economic Growth Of The Nation

Availability of Efficient Infrastructure Network Can Stimulate New Investment In Other Sectors.

PRIORITIES IN PUBLIC SPENDING

HDI RANK	COUNTRY	PUBLIC EXPENDITURE ON EDUCATION (AS % OF GDP)		PUBLIC EXPENDITURE ON HEALTH (AS % OF GDP)		MILITARY EXPENDITURE (AS % OF GDP)		TOTAL DEBT SERVICE (AS % OF GDP)	
		1985-87	1995-97	1990	1998	1990	1999	1990	1999
131	LAO PDR	0.5	2.1	0.0	1.2	"	2.4 ^m	1.1	2.6
132	BANGLADESH	1.4 ^a	2.2 ^a	0.7	1.7	1.3	1.6	2.6	1.7
133	YEMEN	"	7.0	1.2	"	8.5	5.6	3.6	2.3
134	HAITI	1.9	"	1.2	1.4	"	"	1.1	1.4
135	MADAGASCAR	1.9 ^b	1.9	"	1.1	1.2	1.4	7.2	4.5
136	"	1.7 ^b	0.7 ^b	1.0	0.8	0.7	1.4	11.7	2.6
137	DJIBOUTI	"	"	"	"	6.3	4.4 ^c	3.5	1.0 ^c
138	SUDAN	"	1.4	0.7	"	3.6	2.6	0.4	0.6
139	MAURITANIA	"	5.1 ^a	"	1.4	3.8	2.3 ^m	14.3	11.0
140	TANZANIA	"	"	1.6	1.3	"	1.3	4.2	2.2
141	UGANDA	3.5 ^a	2.6	"	1.9	2.5	2.1	3.4	2.9

SOURCE: UNDP HUMAN DEVELOPMENT REPORT 2001

HUMAN DEVELOPMENT INDEX

HDI RANK	COUNTRY	Life expectancy at birth (yrs) 1998	Adult literacy rate (%) 1998	Combined primary, secondary & tertiary gross enrolment ratio (%) 1998	GDP per capita (PPP US\$) 1999	Life index 1999	Education index 1999	GDP index 1999	Human Development Index (HDI) value 1999
									0.470
132	BANGLADESH	58.9	40.8	37	1,463	0.57	0.39	0.45	0.470
133	YEMEN	60.1	45.2	51	806	0.59	0.47	0.35	0.468
134	HAITI	52.4	48.8	52	1,464	0.46	0.50	0.45	0.467
135	MADAGASCAR	52.2	65.7	44	799	0.45	0.59	0.35	0.462
136	"	51.5	62.4	39	133	0.44	0.57	0.38	0.455
137	DJIBOUTI	44.0	63.4	22	2,377	0.32	0.50	0.53	0.447
138	SUDAN	55.6	56.9	34	664	0.51	0.45	0.32	0.439
139	MAURITANIA	51.1	41.6	41	1,009	0.43	0.41	0.46	0.437
140	TANZANIA	51.1	74.7	32	501	0.44	0.61	0.27	0.436
141	UGANDA	43.2	66.1	45	1,167	0.30	0.59	0.41	0.435

SOURCE: UNDP HUMAN DEVELOPMENT REPORT 2001

PRIORITIES IN PUBLIC SPENDING

HDI RANK	COUNTRY	PUBLIC EXPENDITURE ON EDUCATION (AS % OF GDP)		PUBLIC EXPENDITURE ON HEALTH (AS % OF GDP)		MILITARY EXPENDITURE (AS % OF GDP)		TOTAL DEBT SERVICE (AS % OF GDP)	
		1985-87	1995-97	1990	1998	1990	1999	1990	1999
131	LAO PDR	0.5	2.1	0.0	1.2	"	2.4 ^m	1.1	2.6
132	BANGLADESH	1.4 ^a	2.2 ^a	0.7	1.7	1.3	1.6	2.6	1.7
133	YEMEN	"	7.0	1.2	"	8.5	5.6	3.6	2.3
134	HAITI	1.9	"	1.2	1.4	"	"	1.1	1.4
135	MADAGASCAR	1.9 ^b	1.9	"	1.1	1.2	1.4	7.2	4.5
136	"	1.7 ^b	0.7 ^b	1.0	0.8	0.7	1.4	11.7	2.6
137	DJIBOUTI	"	"	"	"	6.3	4.4 ^c	3.5	1.0 ^c
138	SUDAN	"	1.4	0.7	"	3.6	2.6	0.4	0.6
139	MAURITANIA	"	5.1 ^a	"	1.4	3.8	2.3 ^m	14.3	11.0
140	TANZANIA	"	"	1.6	1.3	"	1.3	4.2	2.2
141	UGANDA	3.5 ^a	2.6	"	1.9	2.5	2.1	3.4	2.9

SOURCE: UNDP HUMAN DEVELOPMENT REPORT 2001

Infrastructure and Poverty Reduction

- Infrastructure and Economic Growth
- Infrastructure to Process of Pro – Poor Growth

Water Supply and Sanitation

- Health
- Social
- Economic
- Environmental Impacts

Fresh Water is absolutely essential for life

Major challenges to African Government

- Water Conservations
- Storage
- Protection from Contamination

Water Related Dysentery, Cholera, Gastroenteritis

African Economic Summit 2002, Chairperson – Graca Machel

- Chilling Statistics – 45 million African children are out of school - Peak to 50 million in 2015
- Only half of African children complete primary school education
- Almost all African countries do not have enough money to provide secondary or vocational training
- The effects can be curtailed by partnership between governments/civil society/business.
- Increase fiscal allocation to Health and Education
- Conflict Free – Education – Economic Growth Relationship
- NEPAD – Coordinated approach to issues help government mobilise resources for social investment
- Investment in Health – Investment in economy

COMMITMENT TO HEALTH: ACCESS, SERVICES AND RESOURCES

HDI RANK	COUNTRY	Health expenditure		
		Public (as % of GDP) 1999	Private (as % of GDP) 1999	Per capita (PPP US \$) 1999
145	BANGLADESH	1.7	1.9	12
146	HAITI	1.4	2.6	21
147	MADAGASCAR	1.1	1.0	5
149	DJIBOUTI	5.4	1.6	
150	UGANDA	1.9	4.1	18
151	TANZANIA	1.9	1.8	8
152	MAURITANIA	1.4	3.4	9
153	ZAMBIA	3.6	3.4	23

SOURCE: UNDP HUMAN DEVELOPMENT REPORT 2002

COMMITMENT TO EDUCATION: PUBLIC SPENDING



HDI RANK	COUNTRY	Public education expenditure			
		As % of GNP		As % of total govt expenditure	
		1991-92	1995-97	1995-97	1995-97
145	BANGLADESH	1.4	2.2	2.9	13.8
146	HAITI	1.9	-	39.8	-
147	MADAGASCAR	1.9	1.9	-	10
149	DJIBOUTI	-	-	-	-
150	UGANDA	3.5	2.5	-	-
151	TANZANIA	-	-	3.9	-
152	MAURITANIA	-	6.1	-	10.2

Source: UNICEF, *State of the World's Children* (1998)

Education

Years of Under Funding

Between 1986 – 1992 – Central Government allocation to education – 3%

Ghana – 26%, Botswana – 21%), Namibia – 22%, Uganda – 15%, Egypt – 13%, (UNICEF)

1990s – Government expenditure on General Admin., Defence & Internal Security was three times the Capital and Recurrent of the entire Education Sector

Education Sector – Inability to make the most effective use

Nigeria is one of the nine most illiterate countries of the world. Adult Literacy – 49%

North and South Differences

Lagos – 83%, Anambra – 82%, Delta – 81%, Edo 80%, Akwa-Ibom – 77%, Cross River – 76%, Ondo, Ogun, Oyo, Osun – 58-69%, Borno – 17%, Kebbi – 17%, Katsina – 16%, Yobe – 13%, Sokoto – 13%, Jigawa – 5%

56% - Male

41% - Female

Tertiary Education

6 – Mid 1960s to 37 in 1970s

16 Federal and 8 State Universities

Private Universities

Over 1 Million In Universities

- Lack of basic Infrastructure/ Facilities/ Funding
- Poorly Trained/ Poorly Motivated Teaching Professionals
- Poor Student Quality
- Poor Management/ Number of Students

Our graduates are becoming unemployable

Funding

- Government subvention not sufficient to run our Universities
- Determination to do to our tertiary education (to some extent) what it did for the Oil Sector.
- School Fees/ Levies
- Bursary, Scholarships and Loan Scheme
- University Autonomy

Teaching professionals

- Universities should be able to attract the best brains to the Universities and to keep them
- To take courses in Education
- Update/ Conferences/ Seminars

Poor Students

- JAMB
- Review of Admission Requirements
- Skill
- Teacher/ Student Ratio

Health

- A Traditional
- B Orthodox
- C Chemists
- D Spiritualists
- E Prayer Houses

Causes of Mortality in Developed Countries

- Cvs Diseases/ Diabetes/ Cvu
- Cancers
- Chronic Obst. Airway Disorders
- Trauma/ Rta

Causes of Mortality in Nigeria

- Trauma/ Rta
- Malaria/ Diarrhoea/ HIV/ AIDS
- Cancers
- Cvs Diseases/ Diabetes/ Cva
- Fake Drugs/ Substandard Quackery

Achieving The Twin Objectives Of Efficiency And Equity: Contracting Health Services In Cambodia

From 1998 to the present, the ministry of health of the royal government of Cambodia has conducted an operations research on the feasibility, impact, and cost-effectiveness of government contracting with non-government organisations (NGOs) to deliver health services as an alternative to conventional government provision. In the model for contracting-out, contractors had full responsibility for the delivery of specified services in an operational district; directly employed their staff; and had full management control. In the contracting-in model, contractors provided only management support to civil service health staff, and recurrent operating costs were provided by the government through normal government channels. The Cambodia case study suggests that government contracting of the provision of health services to non-governmental entities is not only feasible but can potentially increase the coverage of health services in a short time. The pilot study suggests that efficiency gains in the provision of health services do not come at the expense of equity. Rather improvement in efficiency appears to also lead to better access of health services by the poor, relieving them of the burden of healthcare expenditures.

Housing

- Housing, Health And Population Growth
- Urban & Rural – Urban Drift
- Case Of India – 1.6m / MAY 2000
1.37m/ 2021

HUDCO – Housing And Urban Development Corporation Ltd (April 1970 Inco)

- Government-Owned Enterprise
 - Housing And Sanitation Units Across India
 - Supported By Bank Of India
 - Built Building Material Centres
- *Building Technology* – Cost Effective Building, Clean Water, Sewerage, Sanitation Waste Management

- Spending on housing sanitation and water and water has the power to increase the effectiveness of health and education expenditure
- It is critical to empower individuals to take responsibility for their own health

Justification for Sectoral Reforms

- Improvement in the quality of care
- Healthcare should be affordable and accessible
- Reduce waste
- Improve efficiency and effectiveness
- Regulated regime/ framework
- Legislation
- Development of standards

Community Initiatives

- Government should strengthen the communities
- Healthy, sustainable, livable, safe, walkable, whole, successful, resilient, environmentally friendly, lovable communities.
- “What is in it for me” – linked with benefit to the commons
- Growing a healthy community requires nurturing and vigilance
- Healthy community – Healthy choices/ environment that support shared responsibility
- Choices – home, work, school, play, worship
- Health is about lifestyle/ behaviour – 50%
 - Social/ economic/ political/ culture – 20%
 - Genetic – 20%
 - Medical care/ services – 10%

Summary

- Health is more than absence of disease
- Health is optimum state of wellbeing: physical, mental, emotional and spiritual
- It recognises that half of what creates health is lifestyle and behaviour related
- Other major factors are:
 - Genetic endowment
 - Socio economic/ cultural
 - Physical environment
- Health is a by-product of wide array of choices/ factors – not simply the result of medical intervention

A Call to Action

The challenge before Americans and their coalitions today is how to apply the learning from decades of community-building experience to the choices we make every day in the settings where we live, work, play and worship. Healthy communities call for inspired leadership and action from every corner of our neighbourhood and regions. There is an increased and welcome call across the land for new levels of institutional accountability for results. This requires tracking outputs more than inputs; assuring deliverables, not simply activity; and promoting new types of knowledge exchange that broadly inform citizenry – not serving only to justify the practices of the institution issuing the data. The rapidly growing number of community sets and local report cards (Morris, 2000) tracking performance on progress towards shared vision attests the need for new metrics, and outcomes orientation and shared responsibility by business, non-profit philanthropic organisations and governments.

But it also is about each of us as an actor in community. Aristotle defined a citizen as “one who participates in power” –the power to shape civic purposes and act in alignment with values acting upon a shared vision for the future is the foundation upon which a healthier community is built. This is the practice of local democracy and an investment in the civic landscape.

Health

“Health is wealth” “A healthy nation is a wealthy nation”

Nigeria at present is neither healthy nor wealthy

Since 1999, this government has remained committed to revitalizing healthcare in Nigeria. But the efforts are yet to be felt by Nigerians – if anything, the reverse seems to be true – as the indices show.

- Nigeria – 7th nation in the world with the highest maternal mortality (15 per 1000 births)
- Infant mortality rate above 75 per 1000 live births
- The under 15 mortality – 125 per 1000 births
- Current coverage levels – access to safe drinking water – less than 50, 35, 20% - urban, semi urban and rural populations respectively
- Dividends of huge amount of money spent on primary health care yet to be felt
- Secondary/district hospitals – nothing but ordinary buildings – paying salaries to group of poorly motivated health workers/truancy/absenteeism
- tertiary hospitals – low productivity, crisis ridden, poor funding and implementation.

- confidence in our health care is at all time low – many Nigerians, more than before, go abroad for the most basic of health treatment
- Quality control of drugs/ NAFDAC
- Expenditure of health – 3.2 US dollars/capita compare to benchmark 14a good part to pay over bloated/inefficient workforce

Key Failures - Health

- Fiscal allocation is still one of the lowest in Africa/ world [Budget/planning, fiscal releases/cash backing, budget 2002/2003]
- Fed. Min. Of health in dire need of restructuring – decentralization, policy, implementation, monitoring
- Management/coordination of health professionals – industrial peace
- Lack of coordination among the three tier health system
- Appointment of boards of tertiary units/compare to education boards/ council
- Appointment of CMDS– Tenure – 4 Years
- Primary health care
- Poorly managed funds in health sector
- NAFDAC – more support – sanctions
- Overseas treatment syndrome
- Special needs - rapid response to disasters
 - Mental health
 - Kidney dialysis/ tpt
 - Cardiac surgery
 - Radiotherapy

Mission Statement for Health

Ministry of health is mandated to restructure and modernise the health system to meet and satisfy all health needs of all Nigerians, efficiently, most cost-effectively, responsibly, in an ethically run and friendly manner.

- Government cannot do it alone
- Private sector participation

Positive Health Policy Thrusts of this Government

- Return of international bodies: UNICEF, WHO, UNDP, ADB, World Bank, many internationally sponsored NGOs
- Roll back malaria initiative of April 2000
- HIV/ AIDS – multi-initiatives

- Guinea worm eradication programme – Global 2000
- Reintroduction of management boards for tertiary health units
- Board of NMDC
- NAFDAC
- N.I. Programme

Private Sector Participation in Tertiary Institutions

- Security/ catering/ DSU/ phasing
- Maintenance – equipment, generators, cars
- Special units - renal dialysis
 - CT
 - Radiotherapy
 - Cardiac services
- Services steady, efficient, no pension/ gratuity workers are more serious
- Private wards – BOT

Education

- Education budget – very low – one of the lowest in the world
school fees/ tuition/ our graduates are unemployable
- Budgeting/ releases/ cash backing
- NUC – more work on supervision of tertiary units
Law/ medicine – number of students enrolled should be determined by the professional bodies not NUC – based on facilities/teachers
- Student/ teacher ratio
Compare to other countries – South Africa, Ghana, Kenya
- Students – low quality
Requirements
 - (a) Need to upgrade entry
 - (b) JAMB
 - (c) Anti-cult programmes
 - (d) Books
- Lecturers (A) Encourage and attract the best brains to education
(B) Conflict resolution/ proactive
- Facilities (A) Hostels – code of conduct
(B) E-learning / IT
(C) Curriculum changes – Communication & IT Skills
(D) Classrooms
(E) Labs
(F) Field trips

- University Admin
 - Committee System
 - Due process

Private Sector Education

- Security / cleaning / maintenance of infrastructure
- Hostels and classrooms – BOT
- Water
- Electricity
- Maintenance for e-learning

Problems Faced by the Local Entrepreneurs

- Limited access to credit facilities
- High interest rate
- Unpredictable government policies
- Infrastructural inadequacies
- Low consumer purchasing power
- Poor / low quality products
- High cost of equipment / working capital
- Multiple levies and taxes
- Inefficiencies in custom and ports administration / porous borders
- Dumping of cheap products on Nigerian market
- Complexities of legal framework
- High cost of maintenance
- Inefficient workforce / management / Nigerians are “unintelligent parasites”

vii. Public-Private Partnership and Transformation of the Nigerian Economy - *Bunmi Oni, Managing Director, Cadbury Nigeria.*

Outline

- Partnership: the compelling case
 - Five irrefutable themes
- What has held us back?
- Partnership for transformation
- Conclusion
 - PPP investments
 - Key success factors in PPP transactions

1. The State of Interdependence

- Politicians promise jobs and look to the corporate sector to deliver the promise

- The days of unilateral expansion of the public service are long gone
- Empowering private sector mitigates dislocation from public service reform
- The corporate sector is driven by, and commits to growth, but looks to the politicians to create the ambience **and** get out of the way.
- Neither can go it alone

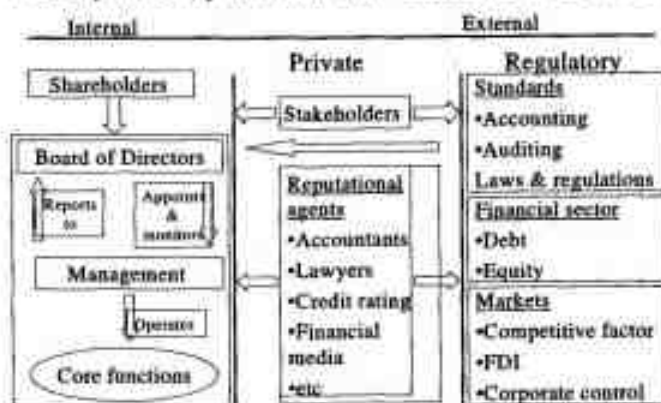
2. Effective Baton Change

- Transition to private sector led economy
 - Hand in hand as government vacates commanding heights of the economy; and ensure baton does not drop
 - Shun the blame culture
 - In ten years to 2000, Governments around the world turned to the private sector >\$680b worth of assets
- Support to government to stay the path of integrity
- Institutional support for reform agenda
- Help and support to hold each other accountable to commitments

3. Corporate Governance

- Partnership against corruption
 - CG is both a defence against and an attack on corruption, if progressed on all-inclusive basis
- Shareholders, SMEs, Regulators, Business, Bureaucrats
 - The governance of companies is as critical as that of nations.
 - Common national convention on business integrity
 - Cascade ethical standards
- Banking sector and capital market as arrowheads

Discipline by internal + external factors



4. Development of Society

- Focus attention on what matters most, viz quality of life of the Nigerian people – Investment in people development by public sector
 - Brands, services, and lifestyle by private sector
- Growing a responsive population
 - Value creators, not rent seekers
 - Proper perspective on the role of government
 - From “sharing the cake” to “baking the cake”

5. National Competitiveness

- Economic empowerment as the ultimate agenda
- Building a community of entrepreneurs, not opportunists or protected rent seekers
 - Activate the non-oil productive sectors
- Wealth creation not ‘poverty reduction’ through handouts

What’s Held Us Back in the Past?

- Clarity about the imperatives for PPP
- Government has held itself out as the ultimate provider
- Resolving the conflict: “control” vs “facilitate”
 - The power of discretion
- Considerable inertia and resistance to change
- Competition scare
 - Long history of monopoly environment
- Feeding frenzy, FF
- Fuzzy big picture - absence of a sustained strategy and agenda for economic development

Key Elements of Transformation

- Initial jump-start to overcome inertia
 - Systemic shifts to precipitate behaviour change
- Sharpening the regulatory environment
- Redefining the development model
 - Focus on building people rather than building things
 - Diversifying the economic base
- Focus on economic priorities
- Liberating private assets and promoting migration from informal to the formal sector

Overcoming Systemic Inertia

- Systemic shifts most potent force against corruption
 - Remove scope for discretion
- E.g. “concessions” on tariff
 - “Monetisation” alone will not satisfy a hefty appetite
- Capacity Building
 - Activate exchange programmes for senior executives
 - Selected Companies and key economic Ministries/Officers
 - Institutional support to facilitate shift
 - Upgrade ASCON to School of Business & Public Administration
- Affiliate with Pan African University
- Upgrade with private sector collaboration

Sharpening the Regulatory Environment

- Regulatory instruments for rule making and enforcement
- Self-regulation as key agenda
 - Public service: systems overhaul
 - Private sector: commitment and leadership
- Process will promote capacity building
- Help to “do things right” not wait to ‘catch them go wrong’

Redefining Development Model

- Investment in Nigerian people
 - Education, Health and Social Security
 - Infrastructure
- Targeted development of base line “champion” economic sectors
 - Agriculture – Cocoa, Rubber, Oil Palm, Cotton, Cassava
 - Solid Minerals
 - Spin off in manufacturing

Focus on Economic Priorities

- From mercantilism to a market economy
 - Mercantilism = the belief that the economic welfare of the State can only be secured by government regulation of a nationalist character
 - Mercantilism = supply and demand for monopoly rights through the machinery of the State
- Presumes that a nation cannot prosper through the spontaneous efforts of its citizens

- Privileges granted to favoured producers and consumers by means of regulations, subsidies, taxes, and licenses

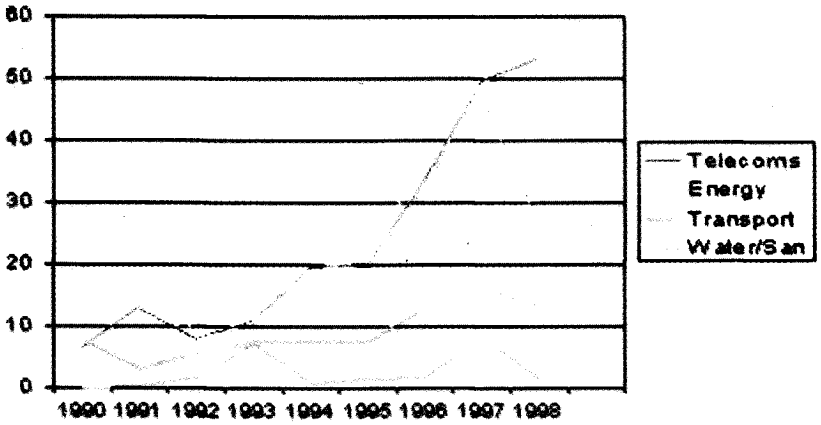
Liberating Dead Capital

- Tons of assets trapped in the extra-legal (informal) sector
 - Can't be leveraged to raise capital
 - Therefore economically inactive
- Property ownership rights
 - Major driver of modern economies
 - Real estate
 - Formal processes for title documents
 - Land Use Reform
- Intellectual property

Conclusion

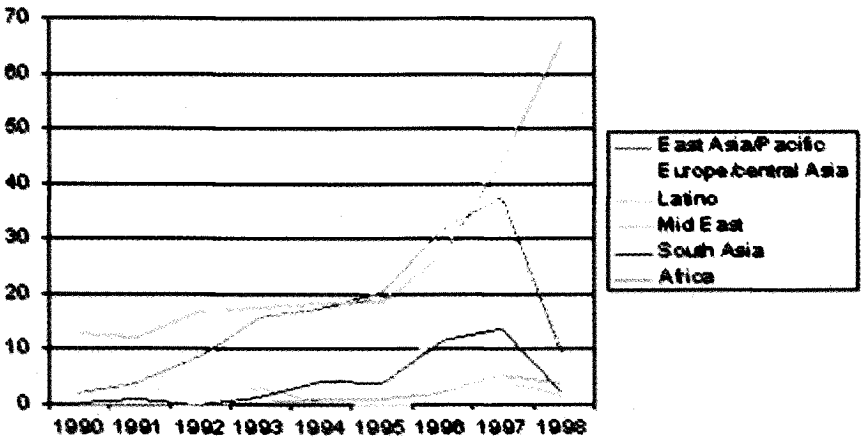
- Partnership builds the desired momentum for investment
- PPP applicable across sectors
 - Has been used effectively in many countries
- Varying possible structures
- There are key success factors

PPP Investment in Infrastructure in Developing Countries by the Private Sector, \$b



Source: World Bank's Private Participation In Infrastructure Project

PPP Investment by Region: 1990 – 1998 (\$b)



Source: World Bank's Private Participation In Infrastructure Project

Types of PPP Contracts

- BOT
 - Court rooms, maintenance of schools, prisons, hospitals
- Concession
 - New airport or seaport facilities, toll road or bridge
- Service Contracts

- Bill collection, facility repairs & maintenance, enforcement agencies
- Management Contracts
 - Water supply management
- Lease
 - Existing power or other infrastructure facilities

Key Factors in Successful PPP

- Commitment
- Legal & Regulatory capacity
- Stakeholder involvement
- Intelligent transaction design
- Cost recovery tariffs prior to transaction
- Mature procurement & negotiation skills
- Capacity for contract compliance and monitoring

viii. Infrastructure, Growth and Hard Choices - *Mark Tomlinson, Country Director, World Bank*

Links Between Growth and Infrastructure

Energy

- 10% GDP growth requires 14% expansion in electricity generation
- Power outages to industry cause economic losses by at least US \$1/kwh
- Access to electricity is strongly correlated with poverty reduction

Transport

- 10% reduction in shipping costs has the effect of increasing trade by 25%
- Doubling shipping costs to a country reduces GDP by 0.5%
- Infrastructure deficiency accounts for 40% of all shipping costs in developing countries
- Each \$1 not spent on road maintenance leads to \$3 in vehicle operating costs

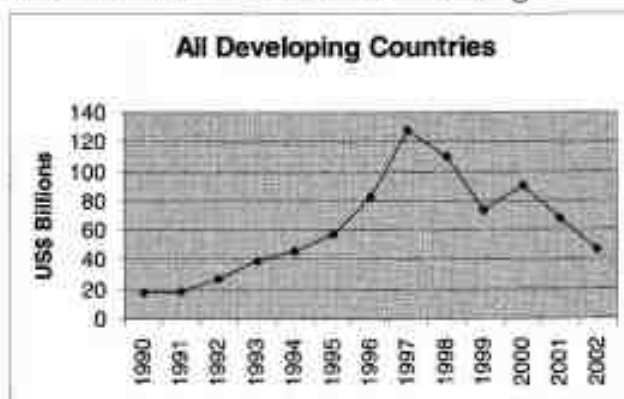
Information & Communications

- Growth in actual/expected telephones per capita strongly correlated with GDP growth
- Number of phones strongly correlated with FDI
- 83% of SMES in Kenya & Tanzania consider that mobile phones “significantly” or very “significantly” help business to expand

Financing Sources for Infrastructure

- Government
- Private Sector
- Customer/Users

Private Sector Trends in Infrastructure Financing



Constraints and Hard Choices

- Private Sector funds are scarce
- Government has to be selective on where to subsidise
- Existing infrastructure customers are the best source of funds, and will have to shoulder more of the cost

Customers Pay Too Little (*Example from the water sector*)

Water Tariffs - Domestic Metered	
	\$/m ³
Benin	0.52
Burkina	1.52
Cote d'Ivoire	0.75
Guinea	0.75
Mali	0.75
Mauritania	1.10
Senegal	1.20

Summary

- +/- 1% increase in infrastructure access associated with 1% increase in GDP
- WB: ERR for infrastructure projects 16-20%
- Government financing very limited. Tough tradeoffs. Private financing limited. Present paradigm leads nowhere.
- Governance improvements critical to break persistent financial crisis, spur access, growth.

Good morning ladies and gentlemen. I was very impressed by the talk we just heard and the talk by Professor Collier early in the morning. I just want to tell you one story to illustrate how rapidly development can occur and also how people's behaviour can be changed. We heard two comments this morning in response to Professor Collier's talk. One was, remember, that the currency is not overvalued and that a strong Naira is a good thing for Nigeria. The other comment was: what are we going to do about Nigerians? Prof. Collier only talked about Nigeria. The story I'm going to tell you speaks to these two questions. You all know that the USA has a colony in the Atlantic Ocean – an island called Puerto Rico. Everybody in Puerto Rico has an American passport, so, they don't have to stay in Puerto Rico if they want to live on the mainland, but it's a Spanish speaking people, who are very committed to Puerto Rico and they love to stay on the island. The economy is a disaster. Seventy five percent of the people in Puerto Rico live off on welfare payments of the government of the United States.

There is another country next to the US, its neighbour Mexico and for decades, what many people said about Mexico was, "these people are lazy, they don't work, Mexicans don't care, they are sloppy they make substandard goods". What can you expect from Mexico because of the Mexicans? April 1st 1994, NAFTA, the North American Free Trade Agreement was passed which allowed goods manufactured in Mexico to enter the United States duty free. But notice that was the same thing that was true of Puerto Rico, anything made in Puerto Rico could enter the US duty free without tariffs. But what happened in Mexico after April 1st 1994 was a massive investment boom. Tens of billions of dollars were invested in Mexico by American companies, by Japanese companies, by European companies, seeking to use the cheap labour of Mexicans to produce goods and then export to the United States. The Mexicans really hustled and the economy of Mexico boomed. In fact, the Ford Motor Company does an annual inspection of all its assembly plants in every country of the world and the Ford Motor Company in Hammarsele in Mexico has been adjudged the most efficient Ford Motor Plant with the least defects per million parts of any Ford Motor Company in the entire world. So the question is what happened? What happened to these Mexicans who made substandard goods and were sloppy workers and were lazy and did not hustle? What happened that all of a sudden Mexico boomed, when it looked like the only thing that changed was access to the American market? Meanwhile, Puerto Rico had access to the American market too and Puerto Rico still has 75% of its population living off American welfare.

The answer ladies and gentlemen is that Mexico had a very different price structure than Puerto Rico. In Puerto Rico, the price structure, the currency is the dollar, it's

one-to-one with the US. Why should you build a plant in Puerto Rico if it is going to cost the same as building a plant in the US? So nobody builds plants in Puerto Rico. However, in Mexico, where they do have a separate currency which is relatively competitive with the dollar, it makes tremendous economic sense to build a plant in Mexico because labour costs are actually 10% lower in Mexico what they are in the U.S.

The point in telling this story is to illustrate two points. Firstly, you can change people's behaviour by getting the incentive structure right. When it paid Mexicans to work and hustle as there was some profit to be made because there were some factories in which jobs could be gotten. They are hustling and the greatest workers I have ever seen are Mexicans, so change the incentive structure and you change a people's behaviour. Secondly, the key to getting this trend is in fact to get a competitive exchange rate which will facilitate investment in the country.

Ambassador Robert Perry

Good morning ladies and gentlemen, fellow members of the panel, all protocols observed. It is a pleasure for me to be here with you to represent the Corporate Council on Africa (CCA) at the tenth Nigerian Economic Summit

The CCA is also celebrating its tenth year of existence so we very much feel like partners/brothers with the Nigerian Economic Summit. We work for common goals to assist the business community. In the case of the CCA, we assist the community of those investing and trading in Africa in focusing their efforts as well as in proposing ideas to the Nigerian Government for the development of Nigeria.

This summit illustrates economic achievement of Nigeria. The CCA is a trade association of over 170 businesses (American companies), seeking to facilitate trade and investment between US and Africa.

In July 2000, Stephen Hayes, President of the CCA led a trade mission here to Nigeria. They focused on government steps towards privatisation in agriculture, telecommunications, transportation, and energy and also on advancing the US-Nigeria economic relationship.

I would like to salute the organisers of this summit for their commitment to economic growth. The theme of this year's summit, "Nigeria, Partnering for Growth and Transformation" and the presence of President Mogae of Botswana both confirmed the direction President Obasanjo is taking. This is also illustrated in the administration's advancing of the principles of NEPAD which are centered on the development of

democratic governance, rule of law, privatisation and respect for human rights.

President Bush's trip to Nigeria in July was another step towards solidifying the base of Nigeria-US relations. Nigeria is the largest oil producer in Africa. It exports about 2 million barrels of crude oil per day and it also has reserves of coal, tin, bauxite and gold. With proper management of economic resources, Nigeria has the potential to develop a stronger agricultural sector and an economy that benefits all Nigerians.

I strongly believe that with prudent economic and continued democratic governance, Nigeria can experience strong economic growth. Despite the view of pessimists who have doubts about the economy of African nations, I am a strong believer in the growth potential of Africa. The success of Botswana clearly demonstrates that African economies can overcome their challenges and experience growth and stability.

Later in the programme today, President Mogae will share his experiences in leading Botswana's successful economic development some of which can be adopted by Nigeria and other African nations. Despite great challenges such as HIV/AIDS, poverty and unemployment, Botswana is considered to be one of the pre-eminent success stories in Africa. Botswana experienced the world's best annual GDP growth by developing strategies to improve FDI as well as for enterprises, transparency, democratic governance, and respect for human rights. Nigeria has the same potential for economic growth. However, while FDI can help Nigeria achieve its goals, it is clear that the responsibility of rebuilding the nation still rests primarily on the people and government of Nigeria.

I would like to recognise the evolution of mutually beneficial relationships emerging between the US and Nigeria over the last several years. I want to acknowledge the work of the US government and our counterpart in the Nigerian government. It is important to highlight not only the strength of relations between these two governments but also the public-private partnerships that have arisen as a result of cooperation as well. This is what is happening between the CCA and the NESG. On the private side, I believe that the CCA is playing an important role in strengthening US-Nigeria relations. Our Nigerian working group which engages CCA members and US policy makers on issues that affect American relations with Africa is one of the ways that CCA has demonstrated its commitment to this goal of economic growth in Nigeria.

Nigeria is one of the most important African countries for US trade and investment. It is the second largest trading partner in sub-Saharan Africa, South Africa being the largest. It is also the fifth largest supplier of crude oil to the US. The successful transition to democracy in 1999 in Nigeria opened the door to increased opportunities for foreign investors. The US, along with other major countries rapidly renewed relations with Nigeria. In 1999, the US EXIM Bank also returned to Nigeria, once again making available medium term financing to US exporters in the Nigerian market.

Last year, total US foreign investment in Nigeria was estimated around 40 billion US dollars. I think that we can all agree that a feeling of optimism has returned to Nigeria. President Obasanjo and Vice President Abubakar have taken key initiatives aimed at addressing the nation's economy. The economic plan that was presented today by the economic adviser is an example of bold leadership required to enable Nigeria to meet its potential. The government has also demonstrated its commitment to privatisation of state-owned companies involved in electricity, telecommunications and oil refining.

Nigeria's privatisation programme presents to foreign and Nigerian investors, new opportunities in oil exploration, banking, hotel and manufacture of automobile parts. One of the most positive aspects of Nigeria's transition is the government's willingness to work with private sector investors by increasing the effectiveness of public-private sector partnership.

The government could take steps to increase investor confidence by obtaining a sovereign credit rating which enables Nigeria not only to borrow in international financial market and banks but also to give private equity investors a chance to compare risks in Nigeria with those in other nations in the world. Even if initial credit rating is not investment grade, it will provide a checklist for policy reform.

The government can also take steps to follow up on the recommendations that came out of the G8 Summit in a bid to promote transparency in government particularly in the extractive industry. This is an opportunity for Nigeria to provide leadership to the rest of Africa. Companies in Nigeria can utilise forums such as the Nigerian Economic Summit to recommend government policies that will reassure investors and stimulate investing. However companies also have an obligation to follow through with additional investments when the government makes policy reforms that they request. Good partners negotiate what they expect of each other and then follow through on the commitment that they make. As we look to continue to work with this administration, I hope that we can continue to build on these results and further increase American investments in Nigeria. The US-Nigeria partnership is important to the United States and although Nigeria faces some socio-economic challenges, it is a country with tremendous potential. Increased foreign investment and specifically a continued strengthening of the partnership between the US and Nigeria will contribute to Nigeria's economic growth.

At this tenth Nigerian Economic Summit, it is encouraging to see business representatives and government officials working together to build a partnership, economic growth and transformation. I believe that if we all put our efforts together, Nigeria can achieve unprecedented economic growth.

Appendix F

Mini-dialogue Presentations

i. Nigeria and Global Competitiveness – Seyi Bickersteth

Competitiveness

- Depicts “the set of institutions, policies, and regulations that support high levels of productivity and drive productivity, growth and sustained increases in output”
- Reflects the extent to which the institutional and economic conditions in a country support and sustain the creation of wealth.

Economic Development & Competitiveness

A nation's economic development generally follows 3 stages, which often correlates with the level of national income and company sophistication



Ranking Competitiveness

- The Global Competitiveness Report, published by the World Economic Forum (WEF) combines two complementary measures of competitiveness and ranks countries accordingly;
- The Growth Competitiveness Index (GCI) represents a best estimate of a country's underlying prospects for economic growth in the short to medium term (5–8 years); and

- The Micro-economic Competitiveness Index (MICI) assesses company/enterprise sophistication and “the set of institutions, market structures, and economic policies supportive of high current levels of prosperity”.

Nigeria's competitiveness?

Country	MICI ranking		Company operations & strategy		National business environment		GCI ranking		Macro-economic environment		Public institutions		Technology	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
United States	1	2	1	1	1	2	5	5	2	7	10	12	5	1
United Kingdom	2	7	2	7	2	6	11	11	19	17	8	8	14	10
Singapore	3	4	14	79	3	3	4	4	7	7	7	6	11	18
Japan	14	10	7	8	17	18	12	21	29	19	25	14	8	23
Malaysia	24	27	27	37	20	17	27	30	23	28	22	28	24	22
South Africa	29	25	31	24	28	27	32	34	31	27	24	24	28	40
Turkey	32	-	27	-	30	-	34	-	27	-	24	-	40	-
India	37	36	43	43	37	34	44	37	14	43	34	43	37	40
China	38	42	24	34	36	44	33	36	8	8	26	43	43	43
Venezuela	48	-	33	-	46	-	55	-	44	-	36	-	54	-
Norway	51	-	38	-	49	-	62	-	46	-	47	-	56	-
Bolivia	57	-	64	-	51	-	41	-	44	-	31	-	41	-
Russian Federation	58	56	37	54	50	23	64	61	31	57	62	62	62	62
Hong Kong	74	71	71	72	76	77	75	73	74	74	64	64	73	70
World	66	-	67	-	60	-	60	-	64	-	60	-	60	-

Why is Nigeria low on Competitiveness Ratings?

- Inadequate infrastructure = Resulting in high cost of doing business
- Unstable and inconsistent Government policies
- Corruption, greed and generally low ethical values across the spectrum of the society
- Insecurity of life and property
- Ineffective legal system
- Low level of technology and inadequate human capital development policies

To Create a More Competitive Economy

We must:

- Improve social and physical infrastructure
- Build stakeholder support and collaboration in the formulation and implementation of policies to ensure consistency and follow-through
- Diversify the productive base of the economy

- Focus on developing our human capital and invest in R & D to grow the real sector

Milestones to Competitiveness

Some measurable milestones identified are:

- Low and competitive cost of production
- Increase in capacity utilisation and product quality improvement and international competitiveness
- Non-oil export development and increased export market penetration

Public-Private Partnership

To create a globally competitive economy,

The Public Sector should:

- Provide the enabling environment that will attract and retain private sector-led investment and disengage from business
- Encourage avenues for public-private partnership, particularly in the provision of infrastructure

The Private Sector, playing a complementary role to the public sector, should:

- Imbibe and institutionalise global 'best practices' – technology, production processes, product quality and corporate governance
- Invest in human capital development to increase living standard, productivity and value added

ii. Fiscal Responsibility Pact -Dr. Ayo Teriba, Managing Director, Economic Intelligence Group Limited

Issues involved in the FRP

Currently there are Fiscal Tensions between:

- **Federal Government (FG) and State Governments (SGs)**
- **Legislative and Executive arms of the FG**
- **Central Bank and States/Federal Fiscal Authorities**
- **Central Bank and Private Banks**
 - *These tensions build mutual distrusts among the four parties which do not augur well for fiscal harmony and coordination that are needed to ensure fiscal stability*
 - *The "Pact" or FRP is needed to ease ALL these tensions*

Revenues	Billion of Naira					% of Total				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Federal Government	333,124	462,365	507,262	596,077	716,754	65.3%	74.2%	53.9%	51.7%	46.0%
State Governments	143,205	169,996	229,072	273,546	460,879	20.4%	18.0%	32.4%	37.2%	43.6%
Local Governments	44,953	89,601	151,677	171,523	172,131	8.3%	6.8%	13.7%	11.1%	11.0%
Total	521,282	721,962	888,011	1,041,146	1,349,764	100%	100%	100%	100%	100%
Expenditures	Billion of Naira					% of Total				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Federal Government	487,211	547,630	701,059	1,019,026	1,018,126	72.4%	60.0%	77.9%	69.2%	51.7%
State Governments	138,774	163,121	255,680	329,954	707,660	20.6%	13.0%	29.4%	30.8%	57.3%
Local Governments	46,499	69,441	131,605	171,375	165,620	8.9%	5.2%	12.7%	10.0%	9.0%
Total	672,484	780,192	1,088,344	1,520,355	1,891,406	100%	100%	100%	100%	100%
Surpluses/Deficits	Billion of Naira					Surpluses/Deficits as % of Revenue				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Federal Government	(13,387)	(28,316)	(103,777)	(223,049)	(301,402)	-3.8%	-4.9%	-17%	-20%	-42%
State Governments	4,429	5,809	-3,803	41,397	(57,692)	3%	3%	-1%	3%	-5%
Local Governments	(1,446)	209	(1,986)	-189	2,531	-3%	1%	-1%	-2%	1%
Total	(10,404)	(27,698)	(109,566)	(181,841)	(306,563)	-2%	-3%	-9%	-11%	-22%

What the FRP should achieve

- *FRP is needed to harmonize fiscal activities of the tiers/arms of government by eliminating tensions between:*
 - FG and SGs
 - Legislative and Executive arms of the FG
 - Central Bank and States/Federal Fiscal Authorities
 - Central Bank and Private Banks

The FRP Process

- *Works through a "pact" among the above parties that establishes mutually agreed:*
 - Goals and aspirations
 - Modes of communicating objectives and standards
 - Symmetric rules, such as a "traffic lights" system for credit access;
 - Quantitative limits; and
 - Stipulated targets that will guide the fiscal/monetary conducts of FG, CBN, SGs, and deposits money banks
 - Transparency, accountability and disciplinary clauses

Benefits of adopting the FRP in Nigeria

- Fiscal stability and predictability at both national and sub-national levels
- This will pave way for the attainment of monetary stability, and,
- Ultimately, price stability
- Lower level of uncertainty in the economic environment

How to Implement the FRP in Nigeria

- MUST involve dialogue/negotiation between the parties
- MUST involve broad consultations with the general public
- MUST result in formal agreements on the rules, the limits, and the targets
- OPTIONALLY, it could culminate in a legislation or an act based on the negotiated agreements

Likely obstacles to the FRP in Nigeria

- Unilateral imposition of rules, targets or limits by either
 - The executive arm of the FG,
 - The legislative arm of the FG, or the
 - The Central Bank
- Asymmetric rules such as
 - application of different set of rules for the FG from the ones imposed on SGs
 - Discriminatory or differential treatment of the SGs and the FG by CBN
- Distrusts arising from any of the above

How to surmount these obstacles

- The FRP must be driven by consensus
- The FG should demonstrate willingness to subject itself to targets, rules and limits stipulated in the pact
- SGs should be allowed to commit themselves to the pact **on their own volition**, not by any form of compulsion
- The Central Bank must be empowered to apply same principles to the FG and SGs, once these are agreed

iii. Leadership - Ifueko Omogui, Chief Responsibility Officer, ResTral Consulting

"Do not send meat to a dog through a cat"

Leadership Questions

- Top 3 Attributes

- Top 3 Constraints
- Three (3) most critical (measurable) actions for the (a) Public Sector and (b) Private Sector

What do we need to do (in measurable ways) to move from talking to action?

Attributes

- **Visionary** – Ability to see, communicate and courageously follow through on a clear end picture/goals
- **Integrity** – Honest, Transparent, Inspiring and Disciplined attitude and behaviour in both official and personal conduct
- **Competence** – Knowledge about environment and roles with the skills to effectively execute

Constraints (1)

- **Corrupted social values and pressures** – status consciousness; undue social demands; lack of respect for due process/rule of law
- **Greed/Avarice** – undue quest for wealth
- **Tribalism/Ethnicity** – special affinity towards a group rather to the country; no national cohesion; no unifying agenda; mistrust amongst and within groups

"Leadership is action, not position".

- Donald H. McGannon

Constraints (2)

- **Weak Institutions** – weak educational systems (low competence levels/low or no systematic leadership development; lack of institutions such as NGO's that can checkmate government excesses; Absence of equal justice before the law; social insecurity; patronage rather than merit driven system

"Good leaders develop through a never-ending process of self-study, education, training, and experience".

Constraints (3)

- **Our Mindsets** – "the way we have always done it"; dependency rather than interdependent mentality

Actions to Build Capacity (Public and Private Sector)

- **Lead by Example**
 - Be the person you want others to be
 - Have long-term commitment

Actions to Build Capacity (Public and Private Sector)

- Have a Clear Accountability System
 - Transparency and due process
 - Reinstitute Merit
 - Effective/Timely Reward and Sanction
 - Effective Performance Management
 - Appropriate Legal Framework
 - Strong Internal regulation (Processes, Audits etc)

Actions to Build Capacity (Public and Private Sector)

- Build a strong Social Welfare/Responsibility Programme (e.g. contribute, buy in to and execute ongoing pension reform)
- Emphasise Systematic Qualitative Training and Evaluation
 - Make a priority; no lip service; no budget cuts
- Have an Active Anti-corruption Drive

Actions to Build Capacity (Public and Private Sector)

- Empower people
 - Early Responsibilities
 - Learning by doing
 - Encouraging Entrepreneurship
- Adhere to Corporate Governance Rules
- Encourage Public/Private partnership
- Educate and enlighten the populace on a continuous basis

Final Thoughts...

- It's not their problem but our problem
- Lets accept responsibility for the dearth of leadership and that we have work to do to develop our leadership capacity as individuals first and then for our organisations (Public/Private Sector and Civil Society)
- Build alliances and partnerships to make work easier and faster
- Focus on the 1-2 measurable goals that would make a major difference
- DO IT NOW! and regularly track and report/review results.

"If you want small changes, work on your behaviour, if you want quantum leap changes, work on your paradigms"

– Stephen Covey

Appendix G

Special Dinner Speeches

Welcome Address by *Mohammed Hayatu-Deen*

After having such a marathon day, we really feel like delegating this function to someone else, but let me begin by saying welcome to our two Guest Speakers tonight, Dr. Mrs. Ngozi Iweala and Mr. Brian Anderson. The two of them will be giving us addresses, I believe in subjects that tend to converge rather than diverge. Professor Charles Soludo, the President's Economic Adviser, our Special Guest of Honour, with whom I should have actually begun, Hon. Justice Uwais, the Chief Justice of the Federation, Honourable Minister of the Federal Capital Territory, other distinguished guests, the Honourable Speaker of the House, the Special Adviser to the President on Petroleum, Professor Zonis, distinguished ladies and gentlemen.

I would like to begin by giving my very profound apology to Justice Uwais for this very serious error. Please accept my profound apologies – it's only the effect of human error.

Today has been such a profound day for a number of reasons, first of all, we are celebrating our tenth anniversary, second, we had a remarkable morning and a most remarkable afternoon that comprised a lot of good summit talk from a number of speakers. During the oil and gas session in the morning, a number of distinguished panellists treated us to a wonderful exposé on the current status of the oil and gas industry and defined a road map for the future.

In the course of the afternoon, we heard speeches from the President, from Professor Zonis and most especially, from the Economic Adviser to the President, that's from the public sector and from the private sector, we had our own one and only Dick Kramer talk about the expanding subject of partnership.

And what we can distil from all of this are three or four critical things – first of all, it is clear to everybody in this room and I think I speak all of your minds that the government, on paper has a very clear, consistent and coherent economic strategy. Second, that the government itself is not afraid of subjecting this document to very vigorous debate. Three, it realises that there are enormous constraints, constraints that have to do with funding, constraints that have to do with time and constraints that have to do with capacity and institutions. So, it is asking us in the course of the next two days, to give very deep thought to a very critical analysis of this particular document

and in our recommendations, that we should take these factors solidly into account. I couldn't agree more.

Thirdly, it is amazing that all of the four speakers were actually drawing from a central theme. A theme that talks about the need to move this country forward, a theme that talks about the need to build enduring partnership between the public sector, the private sector and the civil society in achieving these goals and a need to draw on the experience of other countries as a way of benchmarking our own performance.

So, as we settle down to this dinner, I have the following message, first, make sure that you enjoy this dinner thoroughly, forget about work, enjoy yourselves, drink only one glass of wine and no more and get ready for a very hard day's work tomorrow and the day after, I thank you.

Building a Self-Perpetuating Partnership – Hon. Aminu Bello Masari, Speaker, House of Representatives, Nigeria

Protocols

Permit me to welcome all of us to the dinner marking this very important summit designed to keep our national economy adequately focused on the developmental trends of the 21st century. I wish, in particular, to welcome participants from foreign countries and organisations who have responded to our invitation to share with us their knowledge and expertise in economic development and growth.

I understand that the theme of this 10th summit is "Nigeria: Partnering for Growth and Transformation." When the civilian administration took office in 1999, it inherited an economy characterised by declining capacity utilisation in the real sector, inadequate performance of major infrastructural facilities, disabling budget deficits, massive inflation, unemployment and depreciating naira.

Given this type of gloomy economic legacy, the economy has been, and remains the priority agenda of the government since its inception in 1999. This summit is the fifth under the President Obasanjo Administration and the first after a civilian-to-civilian democratic transition. Considering the enormity of the nation's economic problems, we are grateful to the Almighty God for guiding the nation both economically and politically to this day when we are talking of a veritable and self-perpetuating partnership between the public and the private sectors of our national economy as the very vehicle of growth and development.

The theme of the summit of last year was, “**Nigeria: Putting the Economy First**”; and the government has been doing just that. This year, the theme is “**Nigeria: Partnering for Growth and Transformation**”. I remember a little book with the title, ‘Introduction to Economics’, by Honor Croome. In the introduction to this book, the author says, “teach a parrot to say demand and supply and you have made an economist of it’. Economists so made are what I call, ‘parrot-economists’, to which group you, ladies and gentlemen, do not belong!

Ladies and gentlemen, you are invited to participate in this Tenth Summit, as the real experts on whom we rely to chart the path of this partnership. The objectives of this partnership being enunciated by the Economic Summit are threefold:

- to foster continued public and private sector dialogue
- define, as well as, identify the macro-economic framework for rebuilding the Nigerian economy
- fashion clear policies and strategies for enhancing productivity, such that an Action Agenda emerges for presentation to the government of the Federal Republic of Nigeria, as an input into policy formulation for continued budgetary success.

How to achieve all these transformation and growth goals rests with experts, who we believe have, as it were, the much sought-after economic magic wand for growth and transformation.

Incidentally, ladies and gentlemen, I dare say we are fortunate that Mr. President is a ready, willing and able partner, who has already fashioned new tactics with which to collaborate in the goals of the summit in the new deal with private sector. This new strategy is embedded in the government’s new economic blueprint titled, “National Economic Empowerment and Development Strategy (NEEDS).

I believe the goals of the summit and this new government economic blueprint will provide the guide for the way forward in the pursuit of the partnership.

Distinguished ladies and gentlemen, once again, I welcome all of us to this very crucial occasion. I hope your deliberations will lead eventually to our finding the economic golden fleece we fervently seek. Considering the very mouth-watering aroma coming from the food stands, I believe you all agree with me that we can no longer hold back revolting appetite.

Thank you and God bless.

Protocols

My Lord, Chief Justice, Honourable Speaker of the House, Honourable Chairs of House Committees, Your Excellencies, Guests from abroad. With that kind of introduction that I was given, I am sure that people are expecting a profound speech, but I know that since you have all taken one glass of wine or more, I know that you are in no condition to listen to a profound speech.

I am particularly delighted to welcome those who have come from far to join us at this particular summit. In particular, I like to welcome a good friend and former colleague, Paul Collier from Oxford and the World Bank. It's a great pleasure to me to be once again, part of an NESG event and to be among such a distinguished group. I like to take this opportunity to say what a good job the NESG is doing and to congratulate them on the organisation of this economic summit and also on their tenth anniversary and to congratulate the chair and all those in the committee – both public and private sector that helped to make this happen, including my colleague and team member, Professor Charles Soludo and other members of the team who are present.

I want to applaud the NESG for the effort to reflect on the past ten years and to ask what you need to do to be an effective instrument for Nigeria's growth and development. It's really opportune that your self reflection should be happening at a time that we are also reflecting in government and trying to put together the new economic programme and indeed to continue implementation of some aspects of it. Let me say that I was particularly pleased this afternoon to hear the very positive assessment that was given by both the chair of the occasion and also Mr. Kramer about the achievements that have been made in the economy, not only in the past three years but also recently in the past four to five years. In fact, I sat back and enjoyed it, because it is not very often that you hear people give positive assessment of progress in the economy. If you read the press or you talk to many Nigerians, you feel they are impatient – and indeed, they should be – it is very difficult to see what gains have been made. I was so pleased with the presentations that I am going to ask to borrow them, to serve as an advertorial for the work of the team which we can put in the newspapers and other venues where people can see that indeed, something is being achieved.

Distinguished guests, we've heard this afternoon of the progress that I talked about that Nigeria has made on the political and economic fronts over these past few years. But we also heard of the long and difficult road that we still have to travel. In fact, as I speak, on the macroeconomic front, fiscal pressures are building up in the system, there are inflationary pressures that are beginning to re-emerge, domestic debt

obligations are rising and reserves are under pressure. But as we try to bring more fiscal discipline to the system and we work on a tighter monetary policy through the Central Bank, we also have to contend with the urgent need to bring quick improvement to the quality of life of the average Nigerian. I can tell you that to Mr. President and to the team, there is nothing more important than this.

While the road may be long, it was H.T. Ferro who said, if you advance confidently in the direction of your dreams and you endeavour to live the life that you have imagined, you will meet with success.

Let me say that we are trying to advance confidently in the direction of our dreams and that brings me to the NEEDS which we heard a lot about this afternoon. Taking on the challenge of trying to craft and implement Nigeria's economic programme, I don't use the word blueprint, because to me, that connotes something that is already perfected and set in concrete that you work out and you implement without changing. I think we need the flexibility not to make it a blueprint but to have a programme that is responsive and flexible to the changes not only in the Nigerian environment but also in the global environment, so I will not call it that famous word, blueprint.

Let me now say that the challenge of implementing the reform programme, maintaining macroeconomic stability, reinvigorating the sources of growth such as agriculture, small and medium enterprises, solid minerals, increasing capacity in manufacturing, fostering transparency and anti-corruption, pushing through with privatisation, liberalisation and deregulation of key sectors, supporting the key social sectors, education, health, in particular, paying attention to HIV/AIDS, generally building up social and physical infrastructure, looking at our power and road sectors and so on. These are tough challenges, because as my colleague said earlier in the afternoon, the base on which we have to build this reform needs a lot of shoring up. So, taking on this challenge may seem daunting and that is why it is important from time to time to sound a sober note and to try to hold these expectations in check.

As I said at an earlier gathering, where there were some newsmen, it took a long time for the deterioration we see in the economy to happen, in terms of our basic infrastructure and it will take some time to build it up. But, the point is, the opportunities to build these are there, efforts were already begun in the first term of the President to do this and these opportunities will continue and we are fully keen and able and willing to push through with the help of all Nigerians in supporting the key sectors of the economy that will ensure that we arrive at the type of growth rate that we are talking about - at least a minimum of 5% growth rate and pushing through to 6% or more so that we can make some substantial dent on poverty and begin to bring this country towards realising the millennium development goals.

I did say that we will need at least ten years of sustained growth at better than 5% in order to begin to make this dent, and the press misunderstood this and thought I said nothing will happen for ten years. Absolutely not, this is a vibrant team, a wonderful cabinet and a very committed President and Vice-President and we are going to make this work. We are not going to be comatose, yes, there are vested interests, yes, there are people who profited from what existed before, who don't want change; yes, I've said it will be difficult, but you are dealing with a team that is not daunted.

Let me say that the theme for this summit is rightly "Partnering for Growth and Transformation". I interpret this to mean that the NESG is looking for a new and reinvigorated partnership with the government. This was made clear this morning when we listened to the presentations. They are looking for new partnership in which both the organised private sector and the government realise that they sink or they swim together.

I want to quote an Igbo proverb that is really apt when describing partnerships – it says that when the right hand washes the left hand and the left hand washes the right hand, both are clean. The private sector and the public sector are both right and left hands. We've got to work together, we've got to partner with each other.

I want to assure you that the NEEDS is all about the government focusing on and delivering better on its core functions, while allowing the private sector to play its critical role as an engine of Nigeria's economic growth.

The public sector has for too long been involved in doing the business of the private sector through state-owned enterprises and other economic activities. Thankfully, as we see, with the drive on privatisation and with all the other activities to reform public enterprises and to deregulate and liberalise, things have begun to change and we will continue in that direction.

We all know that corruption has two sides. There is the demand side of corruption, and there is the supply side. Without the demand, corruption cannot thrive, without the supply, it cannot thrive either. And what I would like you to do is to commit, that is, you need to support what the government is trying to do. Cleaning up corruption is a long, tough and arduous business that will take a long time. But to begin, I like the private sector to curtail the supply of corruption. Those who are tempted, if you come to my ministry or you go elsewhere and someone demands that you make a payment to get anything done, say no. Be the first one to do that and report the incident. You may say this will not provide a level playing field because my colleagues or competitors in other sectors are doing the same. But be the first to make a break; because it could make a big difference.

Similarly, there are other areas where we are trying to make some changes and reforms. We are trying to embark on a reform of our complicated and not very high yielding tax system. We want to make it simpler, we want to bring down the rates and signal that we mean business.

We want to work on procurement; we've all heard of the due process mechanism that is being led from the Villa itself. We want to extend this to make sure that procurement processes throughout government offices are cleaner. I'm not promising total cleanliness, that does not exist in any country but let's move towards a cleaner environment in procurement, by putting forward a bill, capturing some of our gains in legislation and putting up an oversight agency that will make sure that this works. If we do that and if we look at our customs tariffs and try to reform them, if we try to simplify procedures, then we want the private sector to play fair and to play on a level playing field. Not to try to play past the rules and regulations, not to ask for special concessions, not to call for exemptions but just to go by the rules. Now, this is ideal. It will take us time. I'm realistic about that, but we are going to begin in this term. The Chinese say, every long journey needs a first step and what we are trying to do is take that first step and we want the private sector to take the step with us and to make it work, because without you, we cannot do it.

Let us say that we commit to make these things happen, to simplify government and to reduce bureaucracy, to try and put good governance in place, we want you to join us. The private sector can play a critical role in helping us, not only by doing this but in communicating it. If you really believe that gains were made in these past four years, if you really believe that we have a terrific programme and if you watch the trend as we implement and you believe the trend is right, then help us be ambassadors in spreading it, not only among yourselves as the domestic private sector but also to the foreign private sector so that investments will come in. Spread the news to the population, be ambassadors to the programme.

Thank you.

Special Address – *Brian Anderson, Anderson Energy, Hong Kong*

Thank you, I was not expecting to make a speech this evening, so I prepared nothing but I have a few ideas which I picked up here.

Your Excellencies, ladies and gentlemen, thank you for giving me this opportunity. Particularly, I thank Mr. Hayatu-deen for inviting me to the NES. I have been a fairly regular visitor to Nigeria since I left Shell and I have been trying to promote links between China and Nigeria. I believe there is a potential here for significant growth

in economic and commercial respects and in my own small way, I am trying to do something about that.

Let me try to give some ideas about what I believe I might be able to add. First of all, I'll say throughout the time of General Abacha, when we were developing many ideas through the Economic Summit and through Vision 2010, I participated in that process by trying to help to bring people into Nigeria to show what was possible and that process I believed convinced many people that there was a way to go forward.

When I got to China, which is a really different country, I realised that one should not worry about being in difficulty for so long because the Chinese were in a terrible situation after the Cultural Revolution. I'll give an example with a true story. In the middle of the Cultural Revolution, people were dying of starvation because of the policies of government towards collective farms. Mao Tse Tsung, Chairman of the Communist Party at that time gave the instruction that all birds should be killed because they were eating the grain and thus depriving people of food. And do you know how they killed the birds? By noise, they banged pots and pans for about three days non-stop and the birds fell off the trees because they were not able to sleep. It was a terrible thing. This is the extent to which government involvement in private enterprise should never happen please; certainly not in this country.

The point I am trying to make is in spite of being in a situation where 30 million are dying from lack of food, there are no birds left, there are no trees left. You go to Beijing today and the only big trees are in the compounds of foreign embassies. All the rest of the trees are gone.

The point I am trying to get across is this – where there is a will there is a way – the Chinese had the will to open up for reform and it did this by taking small pieces of China on the Coast and making it a special economic zone in which foreign participants should invest together with Chinese and build a market economy.

The country has a very effective management team. Having been in Shell, I can say this easily. There is sense of competence at the top, a team, a plan and an effective mechanism of getting the plan to work. However much you might think about the difficulties of communism, when you have 1.3 billion people soon to be 1.5, you need to have a pretty good management team to make it work. It is ten times the size of Nigeria in terms of people. When I go to a provincial governor there to talk business, I am sitting with a man who has a province of just 120 million people which is just like Nigeria. Next to him is the party secretary and the system is run this way – the governor runs the province (which is like a country) and next to him is a political appointee who is superior to him from the political system or the communist party.

The communist party has the best management schools in China and many people from the west participate in teaching in those schools. All members of the party as they rise in rank, just like in companies, go for training on how to manage the market economy, for example. The main thing is that it is run like a company. Democracy is good, I'm not saying that there should be no democracy, but no company I have ever worked for was very democratic. You don't vote for the boss, he gets there because he is good at what he does, but you do communicate, you do give feed back, you don't do stupid things, otherwise you don't last for a very long time as the boss. The point I am making is, if big companies, run the way they are can work and if that model can be expanded to the size of a country, there are some things one can learn and I don't like to give advice especially to Nigeria because you've had plenty of advice. I think the Economic Summit Group has plenty of good advice already given, there is no need for me to start talking about that, but I'm talking about the concept of not losing hope.

Even I lose hope occasionally. I look at the newspapers and at the internet every day and the stories on Nigeria scare the hell out of me, because they are so counterproductive for this country which was my birthplace and which I still love very much. I was born in the remote Plateau Hospital in Jos, Nigeria, 60 odd years ago, but my remembrance is of the Bauchi province, hundred miles from where there was nobody at that time – just a couple of villagers, my parents and me. I still have a house there and you will not believe what that house cost me to build. I asked my father's old foreman when I came back in 1997 to please rebuild the guest house (our own house is collapsed) no further instructions, no plan, no budget, which is not very good for the Managing Director of a company. I trusted this man who knew me as a boy. And I came back to a house with two bedrooms, bathroom and toilet and water from a well. It cost me 600 dollars, and every single bamboo, every single sheath of grass, every piece of work was itemised. There was no corruption, no attempt to take anything from me. That makes me want to live in Nigeria.

It is the cities that are creating this corruption, because people lose their societal forces. There was no police force where I lived. The people looked after their property. My father had a problem, he would go to the local courts, there were Islamic Courts. If there was a real problem, you went to the witch doctor, seriously. When we went on holiday to England (my father went once every ten years I think) we just left the house open, we go to the witch doctor, ask him to give a "juju" for the house, it cost ten pounds and we would come back to find that nothing happened. This does not work in cities anymore because they lost this kind of belief. Unfortunately, now you have to pay the police to do this kind of thing for you.

My father had a foreman/watchman who would look after the tin for us, because my

father was a tin man. We had a tin shed and we had tin stored there and this old guy had been given the job because he was way past being a night watchman. He must have been in his 70s. He looked terribly old to me when I was a small boy. I'd always liked Dankadi because he had a bow and arrow with poison and I thought he could defend our tin. Unfortunately, somebody else had a very different opinion because one night, they came along, they stole the tin and they killed Dankadi. My father was extremely upset because he'd been with him all these years since the 1920s. My father went to Jos, got the police down and they came to investigate, but of course they could not find anything, they don't know the area, they had never been there before.

We never saw the police again. My father went down to the magician and said to him, "this is what has happened, can you sort this out for me?" And it happened, a few days later, I was walking down the road, and I saw these two young men, just sitting by the bush. I asked my father what they were doing and he said to me, "those are the men who killed Dankadi, they are going to die". And they did! Now this is not the way you should run a country.

Now these are inside me, all these memories, when I come back here. What I've seen recently here, involving some friends of mine, is contention for power in order to get gain. I'm not going to go into details because it might not be appropriate. As a man trying to help investments come in through China, when I see this kind of misuse of power that is in this country, it makes me wonder, what to tell the Chinese investor. Do I ask him not to worry about his investment; that no one will try to cheat him? He will have cases of fraud to refer to. I warn you, it only takes a few cases and then it goes on the internet, and there's a problem for Nigeria. My advice is to be careful with this kind of thing. It is very important. To me personally, I believe that the country can grow out of this kind of problem, and it does not need this kind of treatment. The first thing you do in a company, if there is a problem like that, is to get rid of the guy and that is what I would do. It's very simple; you can't have this kind of corruption or this kind of misuse of power at senior levels without a problem. They might appear to be small cases, but they get multiplied and amplified and they become the way people think about Nigeria.

However, I am very impressed about what I have heard so far as regards the President's plan, that is, the "NEEDS" as presented by the Economic Adviser. I also understand from the Minister of Finance this evening that she understands the complexities and that there is the need for focus and teamwork. I've been with the Economic Summit Group for some years now and I've never seen this kind of thing and I frankly did not expect it; and from all I've heard today, it looks good.

Where is China today? The wonderful thing that happened in China is that economic zones were created in the South of China for the foreign investors to come in. They were like special economic zones with tax reductions; tax holidays and so on, opposite Hong Kong in the Guangdong province. A process was created by which government staff would withdraw from involvement in business. And I think the Chinese model is not a bad one for Nigeria to have a look at – it is a big country with big problems. It has got other problems than Nigeria – does not have the same mixture of ethnic groups, does not have quite the same education and healthcare problems, although social infrastructure is not that good if you go to the bulk of China's rural communities – 700 million people are out there and they have pretty poor systems of health care and pretty poor systems of education. They also have a legacy from the Cultural Revolution when most of the intellectuals and the not-so-intellectuals were sent off to work on the farms and they missed their education, so there are people in their 50s and 60s in China who are high up in government without an education. And similar horrors have occurred here. I heard today some very interesting points being made; it seems to me this focus on education is a long-term thing. It goes up slowly, we just have to keep working on it. The Chinese have changed their education system remarkably. They still have major problems but I think it's getting better. I will stop now. I really appreciate this evening's opportunity to talk to you and I think I've heard something today. It's really important in my heart and I think you have a chance to go through with this and make this work. This is wonderful, but persistence and focus is the key, continuity. I used to say to friends of mine that the solution to turning Nigeria around is three things – charismatic leaders, ten honest ministers and five years and you have to all three. Thank you very much.

Vote of Thanks – Tokunbo Adeola, Senior Special Assistant to the Vice President of the Federal Republic of Nigeria

I guess you are all tired and want to go to bed now. The Chairman, Rt. Hon. Bello Masari, Speaker of the House of Representatives, I believe has left. The Special Guest of Honour, Hon. Justice Mohammed Uwais, Chief Justice of Nigeria, the distinguished Guest Speaker, Dr. Ngozi Okonjo-Iweala, Hon. Minister of Finance, distinguished Senators and Honourable Ministers, Special Adviser to Mr. President on Petroleum, distinguished ladies and gentlemen. My responsibility this night is very simple. All I have been called upon to do is to say thank you. That is exactly what I'm going to do in as few words as practicable.

First, I wish to thank the two speakers who have so generally fed us from their reservoir of knowledge. I wish to express the gratitude of the Joint Planning Committee to the Honourable Speaker and Chief Justice for not only finding time to attend this

dinner but sitting through. This is clearly an indication of their interest in this country.

Of course, this gathering would not have been possible but for the generous sponsorship of the National Planning Commission who are official sponsors for this dinner. For this, we wish to say a very big thank you. Finally, I wish to thank all participants here for making this special summit dinner a success. I wish you a more fruitful day tomorrow, good night and God bless.

Appendix H

Investment, Security and the New Pensions Reform – Fola Adeola, Chairman, Fate Foundation

Background

- Nigeria currently operates a defined benefit pension scheme – finances on PAYG
- It is no longer working
- Pension Deficit at more than ₦2 trillion(?)
- Pensioners die without receiving benefits

Philosophy

- Everyone who has worked is entitled to his/her pension
- Assist improvident citizens to prepare for their old age
- Operate a uniform set of laws for all employees in both the private and public sectors
- Stem the growth of outstanding pension liabilities

The New Scheme

- Contributory
- Fully Funded
- Individual Accounts
- Privately Managed
- Strictly regulated

Pension Fund Administrator

- Limited liability company
- Minimum paid up share capital: ₦500,000,000
- Listed on the stock exchange, or to be listed within 2 years
- Professional capacity to manage pension funds and administer retirement benefits
- Not to engage in any business other than the management of Pension funds
- Role:
 - Opens/maintains retirement savings account for employees
 - Provides statements of account to beneficiaries of retirement savings accounts
 - Manages and invests pension fund assets in accordance with regulation
 - Provides reports on investment strategy
 - Maintains books of accounts on all transactions relating to pension funds

STRUCTURES



Pension Fund Custodian

- Must be licensed by the National Pensions Commission
- Limited liability company
- Minimum paid up share capital: ₦2,000,000,000
- Belongs to group with consolidated balance sheet not below ₦250,000,000,000
- Possesses professional and technical capacity to perform functions of a custodian
- Not to engage in any business other than custody of pension funds
- Receives total contributions and notifies PFA
- Holds pension fund assets in safe custody
- Holds assets on trust for employee
- Executes transactions
- Undertakes activities relating to pension fund assets

National Pension Commission

- Established to:
 - Regulate
 - Supervise
 - Ensure effective administration of pension matters in Nigeria
- Shall ensure the:
 - Payment and remittance of contributions
 - Security of pension funds
 - Protection of pension rights
 - Maintenance of a national data bank on all pension matters

- Issues
 - Guidelines for investment of pension funds
 - Guidelines for managing pension funds

Qualifying Employers

- All employers in the public sector
- All employers in the private sector of 20 or more employees
- All employers in the private sector of less than 20 employees with an annual turnover of not less than ₦25,000,000

Qualifying Employees

- All those currently working in the public sector
- All those currently working in a company or firm with more than 20 employees
- All those currently working in a company or firm with not less ₦25,000,000 annual turnover

Exemptions

- Existing pensioners
- Those with 3 years or less to their retirement

Retirement Benefit Bond

- Issuance of a retirement benefit bond to eligible workers
- Bond value computed for length of service
- Bond to be redeemed on retirement
- Amount redeemed credited to employee Retirement Savings Account
- Retirement of Bond through the Retirement Benefit Bond Reserve Account

Mechanics of the System

- During Employment:
 - Employee opens Retirement Savings Account with PFA
 - Employee contribution is deducted
 - Employer adds own contribution
 - Total contribution is sent to custodian
 - Custodian notifies PFA of funds received
 - PFA credits the relevant accounts
- Pension Fund Administrators instruct PF Custodian on investments to make
- PF Custodian implements PFA's instruction and keeps instruments in its custody
- PFA prepares account and sends statement to employee/contributor
- On retirement:
 - Employee notifies PFA of retirement
 - PFA advises employee of possible options

- Possible options: (annuity, programmed withdrawal, lump sum withdrawal)
- Employee selects one or more option(s)
- PFA implements
- Employee gets monthly/quarterly payments

Safeguards for Pension Funds

- Separation of PFA and Custodian
- Risk Rating Institutions
- Investment in Listed Fixed Income Securities
- Independent Directors
- Compliance Officers
- Daily reporting requirement for PFAs
- Establishment of Compensation reserve fund by PFAs

Transitional Provisions

- To address exiting pension liabilities:
 - Establishment of Pension Departments at each tier of Government
 - Pensions Departments to be supervised by the National Pension Commission
- The Pensions Department shall:
 - Perform functions of existing pension offices in the federal, state or local Government
- Make budget estimates for existing pensioners
 - Receive allocations from the government
 - Make payments to pensioners as and when due
 - Ascertain existing deficit of category of officers exempted from the scheme

Benefits

- To the WORKER:
 - Sure and regular receipt of retirement benefits
 - Contributions owned by employees
 - Accounts are portable
 - Mobility of labour
 - Incentive to work and save
 - Freedom to choose and switch between PFAs
 - Preserves death-in-service/survivor benefits
 - Ability to plan for the future
 - Ensures peace of mind in old age
 - Guarantees minimum pension
- To the ECONOMY:
 - Huge pool of long-term funds
 - Major foundation for economic development

- Expansion of convertible funds
- Harmonised public and private sector pension programmes
- Accountability
- To the GOVERNMENT/EMPLOYER:
 - Pension liability ceases to grow
 - Imposes fiscal discipline
 - Clear legal and administrative sanctions
 - Separation of investment, administration and custody of assets
- (For GOVERNMENT / EMPLOYER continued)
 - Greater transparency from:
 - (i) published rate of returns
 - (ii) regular statements of contributions and earnings
 - (iii) annual audited accounts

In Summary

- There is a need for Pension Reform
- New structure proposed
- A contributory, fully funded, privately managed pension scheme based on individual account*
- Benefits accrue to :
 - The Worker – The Economy – The Government / Employer
- We need your buy-in!

Appendix I

Special Plenary Presentations

i. Critical Success Factors in Implementing a Country's Growth Strategy *by Paul Collier, Oxford University and World Bank*

Introduction

There is no single blueprint for economic growth. Within a range, policies need to differ according to circumstances, and again within a range, it doesn't seem to make much difference to growth which policies are chosen. China and Mozambique have somewhat different strategies, but that have both been growing at over 10% a year. Unfortunately, Nigerian has been well outside these ranges: Nigerian economic policies have been dreadful. We know that because the Nigerian economy has been stagnant for many years. Nigerian economic performance has been among the very worst even by African standards. You are now one of the poorest countries in the world. Ghana has the same per capital income as Nigeria – without the benefit of any oil income, - and has been growing considerably faster. Despite huge opportunities – a good coastal location, massive oil resources, and a hugely energetic people who when living elsewhere in the world are routinely successful. Botswana, with natural resource revenues but without Nigeria's other advantages, has used its resources to increase per capita income to ten times the Nigerian level.

So, something has gone radically wrong. I am going to suggest three critical success factors in putting it right, drawn from the experience of other countries that have turned themselves round. Fortunately, experience suggests that it is possible to do just that. Indonesia turned itself round in the late 1960s, moving from stagnation to rapid growth based on oil, cocoa, and manufactured exports, which it sustained for thirty years. The downturn in Indonesia at the end of the 1990s tells us, by the way, that in economic matters there is no final victory: it is always possible to mess things up. Mauritius turned itself round in the 1970s from an impoverished stagnant sugar economy to a middle-income economy based on textiles and tourism. China turned itself round in the 1980s; Vietnam, India and Mozambique have turned themselves round in the 1990s. The future has to be like the past.

The first critical success factor is to accept that something has indeed gone radically wrong and to understand what it was. While you are trapped in the mental state of defending past policy choices, you will never muster the energy and courage for transforming change. For a long time, people blamed everything on the military. But

unfortunately, economic performance has been bad during the periods of democracy as it has been during the periods of military misrule. You will need to face up to the painful reality that economic policies over the past thirty years have been radically misguided. My first remarks will be a brief critique of those policies.

Of course, it is not enough to understand what went wrong. Policy choices were not just mistakes; they were deliberate strategies that benefited a few people at the expense of the many. Even though policies have been ruinous they have been strongly supported by those who gained from them, and they continued to be supported. Worse, the beneficiaries of bad policies have promoted a discourse that obscures the truth. They do not defend chosen policies by saying "although this is bad for Nigeria, it's good for me". No, they say "this is good for Nigeria". Usually, they go further. They say "without these policies, Nigeria will be destroyed by our enemies". Over thirty years, this deliberately misleading discourse has progressively rotted the capacity of the Nigerian media to see what has really been going on. The enemies of Nigeria are not out there, they are here in the country. To overturn thirty years of accumulated vested interests will require a political alliance. The need to build an alliance in favour of reform is going to be my second critical success factor. The essence of an alliance is that a successful reform programme must deliver benefits to several different interests – not, I should stress, to everyone. The old rent-seeking elites are going to lose from reform. That is why they have always opposed.

My third and final critical success factor is to focus on a few reforms that really matter and that will pay off quickly. State clearly what you want to achieve, set measurable benchmarks of performance towards those goals, and let everyone know what they and why they are important. Then, over a period of two to three years, deliver on them and move on to the next generation of reforms. I am going to suggest a few reforms that are examples of where you might start. You could choose a different list and still be very successful. One of the luxuries of starting from a position in which so much is wrong is that you have a wide choice of what to put right first. Just discipline yourselves not to overload the first generation reform agenda, and to avoid things that are not really important.

So, let us get started.

Critical Success Factor Number 1: Understand What Went Wrong

Over the past thirty years, despite huge oil revenues the non-oil economy has declined. As a result, Nigeria is now one of the poorest countries in the world. Instead of providing the motor for rapid growth, oil has fed a system that has actively impoverished people. This is the big issue for Nigerians to come to terms with.

Over these thirty years the economy has been divided into two Nigerias, both dysfunctional. One is the rent-seeking economy: the activities designed to gain access to the oil revenues. To dramatise, think of this as Saudi Arabia – an economy which consumes but does not produce. The other Nigerian economy has become radically impoverished – it is at best stagnant, has very low investment and virtually no exports. To dramatise, think of this as Haiti.

A new estimate of Nigerian income distribution illustrates this notion of the two Nigerias. In 1970 the distribution of income in Nigeria looked pretty much like that in other countries – of course, there were rich and poor, but most people were in the middle, neither rich nor poor – these were the representative Nigerians. Each decade since then, the distribution of income has become more polarized: a growing proportion of people are deeply poor, and growing proportion of people are rich. Fewer and fewer people are in the middle range of income. By 2000, the distribution of income had become bimodal – something completely unique to Nigeria. There is a big group of poor people, another group of rich people, and very little in between.

There is no longer such a thing as the representative Nigerian. There is the representative member of the Saudi-style rent-seeking society, and the representative member of the impoverished Haiti-style economy. Over time, the income of the poor majority has steadily fallen, while the income of the rich elite has been protected and stayed roughly constant – Haiti has floated further and further away from Saudi Arabia. It is no surprise that in this environment of rising inequality you have suffered one of the world's worst crime waves. Research shows that around the world, violent crime is linked to inequality.

So, the vast resources available to Nigeria have been used unproductively, to support the elite, while the majority of the population has floundered into a condition even worse than that found elsewhere in Africa. How, in economic terms did this come about? How was the oil revenue spent? First, and foremost, it was spent by the government. In Nigeria, the government spends half of national income, whereas elsewhere in countries at Nigeria's level of development a more normal figure is for the government to spend around a quarter of national income. The government has been spending too much. What did the government buy with all this money? It was spent predominantly on public sector wages and salaries, on public capital formation, and of course some of it was embezzled. The government wage and salary bill has increased spectacularly. For example, taking the period 1987-2001, in the rest of Africa the wage bill grew in real terms by only around 4%. In Nigeria it grew by around 700%. Sometimes this expansion of the public sector was almost comic. For example, by the end of the military government, the Nigeria Navy had more admirals than ships. Whatever did these people find to do? However, the most startling feature of

policy has been spending on public sector capital formation: both military and civilian governments have done this and it has proved spectacularly wasteful. Nigerian public capital formation has been unproductive.

At the same time, as public investment has been such a priority, private investment has collapsed. As a result, the Nigerian capital stock has become massively skewed towards public capital. By 1998, for every Naira of the private capital stock there were three Naira of the public capital stock. How does this compare with East Asia, or the OECD economies? There, for every Naira of the private investment in Nigeria has fifteen times as much public investment and far too little private investment. Why has there been so little private investment?

The lack of private investment has not been due to a lack of private savings. People have chosen to invest their savings abroad. By 1998 an astonishing 70% of Nigerian private wealth was held outside the country. This degree of capital flight is unprecedented: Nigeria has had massive capital flight over a long period and it has got steadily worse.

Elsewhere in Africa during the 1990s, there was generally some improvement. When we talk of capital flight the first thing that people think about, especially in Nigeria, is corruption. President Abacha abused his high position to loot billions and placed it abroad. But corruption is not the main explanation for Nigerian capital flight. We are talking about 70% of private wealth. I expect that most of the people at this conference are holding some of their wealth abroad. Most of this wealth was honestly acquired.

That savings went abroad on such a scale tells us that the climate for private investment was highly hostile. Evidently, the return on domestic private investment has been so unattractive that people have chosen to place their money abroad. The hostile investment climate reflects a wide variety of actively dysfunctional policies. I am going to go through some of them in the final part of my presentation.

In one sense, this terrible legacy is an opportunity: there are now high pay-offs to economic reform. The 70% of private wealth that is outside the country represents a huge potential resource for financing domestic investment if only it can be attracted back. You could triple your domestic private capital stock just from your own resources. It is possible to do it: during the 1990s, several African countries managed to reverse capital outflows. For example, Uganda managed to get capital repatriation that in some years exceeded exports.

So, just to summarise, what went wrong was partly that the oil revenue was spent in a way that benefited an elite not ordinary people. The massive spending on public

capital formation has not yielded growth. Beyond this, policies actively undermined the climate for private investment, other than in the oil sector, encouraging massive capital flight.

Critical Success Factor 2: Build An Alliance For Change

Reform needs an alliance of different social groups in favour of purposive change. With such a persistently catastrophic economic performance it is on the face of it astonishing that there has not been more focused domestic criticism of economic policy. It is evident that the government has been very bad at spending money effectively, and especially at investing it, yet the lobbies in parliament and the press do not seem to be arguing for economic reform, they just seem to want more of the policies that have been such a spectacular failure. Why is this? Partly, it is obviously because individual parliamentarians can benefit from public investment located in their constituencies. A lean and efficient government is a "public good" in the sense that it benefits everyone in general but nobody in particular; better to use your energies to get your own nose in the trough. But more fundamentally, it is because economic reform is very badly misunderstood in Nigeria. As I suggested, I think that this is deliberate: the people who have benefited from past policies have put up a smoke screen of confusing critiques of reform, and reformers. But there is more to it than this. Nigerians are much less supportive of reform than similar situations elsewhere, and I think that reason for this is the experience with SAP in the late 1980s.

During SAP living standards collapsed. Of course, the elite was squeezed, but ordinary people also suffered – poverty rates rose sharply. Understandably people assume that this collapse in living standard was due to SAP: economic reform reduced living standards.

This is completely wrong. What actually happened? Why did living standards collapse? The answer is very simple. Living standards collapsed because in 1986 the world price of oil halved, drastically reducing income. This was compounded because, instead of saving some of the oil windfall, the government had borrowed as if there was no tomorrow. By 1986 this could not be sustained: nobody was willing to lend more money. The combination of lower oil revenue and the switch from borrowing to repayment halved real expenditure, producing a terrible squeeze on living standards. This would have happened regardless of economic policy. Only had the government built up some precautionary savings the good times could have cushioned the crash – a lesson that your government has still not learnt. Normally, such a massive reduction in expenditure as happened in 1986 would have produced a further collapse in output.

Amazingly, this does not occur. On the contrary, the late 1980s are the only period of

rapid growth in output in the past thirty years. Further, this growth was broad-based; for example, agricultural production grew by over 6% per year. This spurt in growth was the triumph of the SAP policies. SAP was a brilliant success. Of course, it didn't last. In the early 1990s the oil price rose again and the government abandoned economic reform. The tragedy is that because this phase of reform and growth coincided with a collapse in expenditure, reform has friends in Nigeria. Nobody noticed what a success it was.

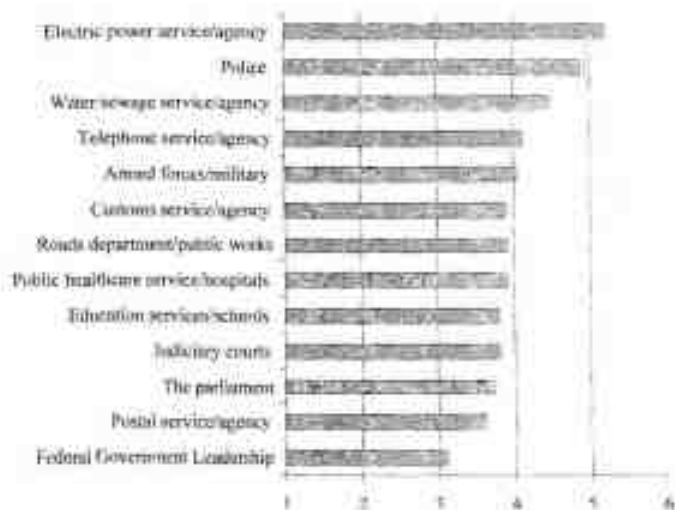
That dreadful legacy of misunderstanding makes it much harder to build on coalition for economic reform in Nigeria. But such a coalition has to be built. To my mind, the most obvious alliance for reform is between the business community and mass of ordinary Nigerians who have not benefited from oil revenues. The business community needs reform of the investment climate to generate growth. Of course, in the long term, this will benefit ordinary people through jobs. However, in the short term the direct pay-off to ordinary people will be modest. Is it nevertheless possible to bring rapid benefits from reform to ordinary people? I think that it is. Ordinary people need a refocusing of government spending and managerial attention away from wasteful capital formation towards basic services such as primary education. It is possible to achieve quick gains in these areas. I stress managerial attention to basic services. Globally, there is astonishingly little relationship between how much is spent on these services and what is delivered. For a country like Nigeria, which has spent a lot but seen little delivered, this is good news. It is possible to get much performance out of public services without spending more money. Some such alliance of these business community and ordinary citizens has to defeat the vested interests: the elite that is benefiting from the present size and structure of public spending.

Critical Success Factor Number 3: Don't Try To Fix Everything At Once.

So, let us suppose that you have an alliance for change; one, which accepts that past policies, have been radically dysfunctional. Where should you start? I am going to focus on three areas: improving the investment climate, getting a grip on macroeconomic policy, and improving the delivery of basic social services. These suggestions are illustrative rather than prescriptive.

Improving the Investment Climate

Something about the climate for investment has persuaded Nigerian wealth owners to place most of their money abroad rather investing it domestically. In establishing what are the major problems, a useful guide is what the business community itself says. A few months ago UNIDO financed a survey of Nigeria firms. This is what the firms themselves said were the key issues.



Note: The following scale was used: 1 = 'Very good'; 2 = 'Good'; 3 = 'Slightly good'; 4 = 'Slightly bad'; 5 = 'Bad'; 6 = 'Very bad'. The sample consists of 188 firms.

Figure 2: Rating Critical Problems of Public Sector Services

The top problem was power – power was unreliable and this affects many aspects of production. It is, of course, extraordinary that in a power-exporting country there should be severe shortages of power. The vested interests within the sector that have maintained this state of affairs for years, despite the massive damage it has done, hiding behind a fatuous smokescreen of nationalistic rhetoric have to be faced down. I am not going to advise you in detail as to what needs to be done. But I will give you a good working guide: the more vigorously a power reform proposal is opposed by vested interests, the more likely it is to be a good idea. This is indeed likely to be a good guide to identifying necessary reforms in Nigeria.

After power, the next problem was the deficiencies of the police service. After that it was back to the utilities – water, sewage, and telecommunication. The message is evident: public delivery has failed.

Another of the basics is transport. The single most important transport node in the Nigerian economy is the port of Lagos. Currently, Lagos is one of the most expensive and inefficient ports in the world. It is strangling your economy. And yet ports are easy things to get right. A few years ago, Dar es Salaam in Tanzania was as bad as Lagos is now. It was reformed and now its costs of operation are globally competitive.

Lagos has the potential to be a major industrial centre. It is well located to serve both the sizeable domestic market and the vast international market. But for Lagos to work, the costs of doing business must be ruthlessly and drastically reduced. One of the important costs of doing business is corruption. The enforcement of petty regulations provides officials with opportunities to extort payments. Figure 3 shows the proportion of firms that usually have to pay bribes to officials.

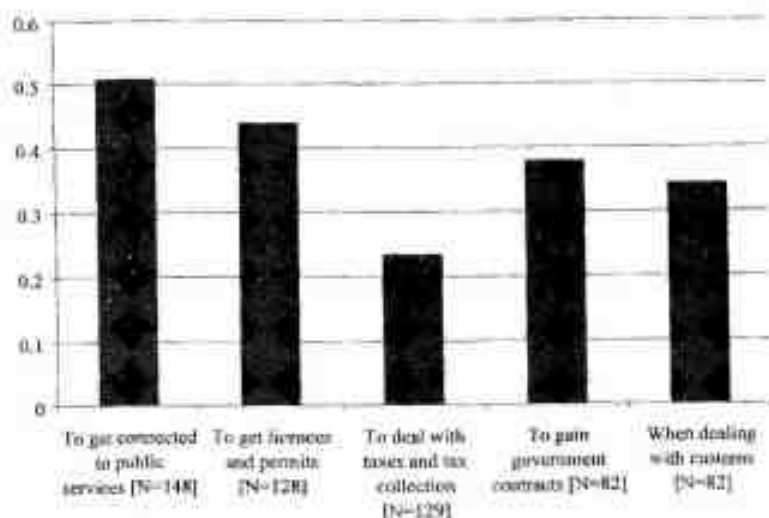


Figure 3. Proportions of Firms that need to pay bribes to Officials

The need to pay bribes particularly hits smaller firms – especially in dealing with customs and utilities connections. A similar survey in Uganda, where this was also a problem, found that the disincentive such corruption created to investment was three times as damaging as the effects of taxation.

Just as it is difficult to improve everything at once, it is difficult to achieve change everywhere at once. One way of making the problem of behavioural change more manageable is to create “good governance zones” in which new standards are demanded of public employees. The first good governance zones should be in the place where it will be most beneficial to business – namely Lagos.

Improving Micro-economic Policy

The bedrocks of Nigerian macroeconomic policy over the past thirty years have been debt accumulation and over valuation of the Naira.

Debt accumulation – both foreign and domestic – has reflected the voracious appetite of the public sector: the huge oil revenue was not enough to satisfy public spending ambitions. The stock of domestic debts is now considerably larger than the stock of domestic private capital. This is precisely the opposite of what the government ought to have been doing. Instead of borrowing from the private sector to augment its own expenditures, it should have been encouraging productive private investment. Fortunately, the huge stock of domestic debt has created an instrument by which the government can now encourage domestic private investment. If the government runs a budget surplus and starts repaying the domestic debts then the private sector will have to hold its wealth in other forms. Domestic debt repayment is complementary to an improvement in the investment climate. A better investment climate provides the incentives to invest domestically, domestic debt repayment would help to provide the resources to finance such investment. Between them, *domestic debt repayment and capital repatriation could finance a five-fold increase in the domestic private capital stock. Such an increase would massively raise incomes.* Of course, domestic debt repayment would require a fiscal surplus. But the government should in any case be running a surplus while the oil price is so high.

The over-valuation of the Naira has reflected the interests of the elite in having cheap imported consumer goods, to the detriment of the non-oil productive economy. This is perhaps the single biggest contrast with a growth-oriented economy such as Indonesia was for many years. In 1986, I was travelling regularly between Nigeria and Indonesia. In Indonesia, the academic community joined with the business community to demand devaluation. They argued correctly that overvaluation was making Indonesia uncompetitive in foreign markets a “high-cost economy” were the expression used. The Indonesian government responded by depreciating the currency. In Nigeria by contrast, the elite fought tooth and nail to oppose devaluation, even though Nigeria’s currency was far more overvalued than that of Indonesia. Nigerian voices seeking currency overvaluation are the authentic voices of rent-seeking vested interests masquerading as the nationalists. The most effective way to prevent over-valuation is to liberalise your trade. Given its oil revenues, Nigeria does not need tariff revenues. Trade restrictions are a source of corruption and delays, I advise you to phase them out as rapidly as possible.

Improving Basic Services

Some basic services have to be provided by the government. Other services, such as customs and electricity, can be provided either publicly or privately, but given the poor record of Nigerian public provision it is clearly better to use to the private sector. For example, in Mozambique, the government very successfully contracted out the customs service to the Crown Agents; why not do that here?

By shedding itself of all unnecessary activities the government, both federal and local, can free itself up to make the success of the activities that simply must be done by the government – such as primary education. Uganda provides a good example here. In the mid-1990s the Ugandan Ministry of Finance found that only 20% of the money it was sending to the primary schools actually reached them. Most of the money was not so much embezzled as diverted to other more-or-less legitimate uses. The district education officer would decide that it was more important for him to have a Suzuki than for the schools in his jurisdiction to have books.

Is this sort of problem relevant for you? Well, I'm afraid it is. Here is some new evidence from a survey of health centres in Nigeria. One of the major problems is that staff working in these centres are not being paid on a regular basis – there are salary arrears, sometimes of many months. Such long arrears turn out to be demotivating and are also an invitation to corruption. In some health centres with long arrears of salary, the drugs are much more likely to be misappropriated by the staff and sold privately, and staff are much more likely to do private visits for fees rather than see patients for free at the centre. Now, it might seem that the salary arrears would be related to the adequacy of the budget for the health centres. That is, you might think that the smaller the government budget for a centre relative to its salary bill, the longer would be the arrears.

Astonishingly, this isn't the case: if anything, it's the other way round. The more money is budgeted for the health centre relative to each salary bill, the longer are the salary arrears. Basically, there is no relationship between the amount of money budgeted for a health clinic and the amount that reaches staff salaries. You have the same source of problem as Uganda and it helps to account for why your basic public service delivery is so bad.

In Uganda, they managed to do something about it. Here's what they did. The Ministry decided to empower local communities. Each time money was released for a school, the community was informed, through posters and radio, of how much it should be getting.

Local pressure took care of the problem. Within three years instead of 20% reaching the schools it was 90%. Note that this simple empowerment of ordinary people was more effective in increasing effective expenditures in school than had education budget been increased fourfold.

Would something like this work for you? I don't know. It seems worth a try. Somehow you will need to create radically greater accountability at the local level of public services to the communities they are to serve. Information is power: you can empower local people by informing them of their rights, and the resources that should be available to them.

Conclusion

The central fact about Nigeria is that it is poor and stagnant despite huge oil resources. Resources, which should have enabled rapid growth, have been captured by a parasitic elite – a Saudi style consumer society in the midst of poverty. Worse than this, the parasitic economy has destroyed the real economy. Regulation, corruption, over-valuation and failed monopoly public supply of essential services have impoverished the non-oil private sector-alongside our Saudi-style economy, you have Haiti-style economy. At present, the main intermediation between the two societies is violence: you are living in one of the most violent societies in the world and this is itself a severe handicap to proper business activity.

Such stagnation is not viable in the long term. Close by you have Cote d'Ivoire, a stagnant society that eventually erupted into large-scale violence. Change before it is too late. Fortunately, stagnation is readily avoidable: you have many assets that could make the economy successful. But to escape from thirty years of economic failure, which is what you have had, will require a policy transformation. Your rent-seeking elite will be inclined to oppose such a transformation. Yet the continuation of the past is not even in its own long-term interests. The Ivorian elite has not, in the end, benefited from the collapse of Cote d'Ivoire.

Nigeria is currently fortunate to have top leadership in the Presidency and in the Ministry of Finance, which is not part of the rent-seeking elite. If you look again at Figure 2, you will see that the business community rates the top political leaders as the best thing about the business environment – believe me, that is not the case in many countries! Such windows of opportunity do not happen very often. Reform in Nigeria is going to generate opposition from vested interests; there is no way around that brute fact. Some people have benefited from the very strategies that have impoverished the economy. Those people need to face down these voices from the past. The voice for chance needs to drown out the voice of privilege. Now is your chance, I hope you don't miss it.

iii. Managing Transition From Underdevelopment to Fast-Paced Economic Development: The Botswana Experience – *His Excellency, Mr Festus Gontebanye Mogae, President of the Republic of Botswana*

Protocols

It is a great honour for me to have been invited to this 10th Nigerian Economic Summit, especially to deliver a keynote address on “Managing Transition from Underdevelopment to Fast-Paced Economic Development.” I am particularly delighted to be part of this gathering, which is intended to contribute towards reshaping the economic landscape in Nigeria.

The Summit theme, “Nigeria Partnering for Growth and Transformation”, is therefore apt and appropriate. I cannot over-emphasise the need for leaders and other key players in the Nigerian economy and society to come together in order to dialogue and agree on major policy thrusts that will support transformation and growth through effective partnerships. I would therefore encourage all Nigerians, irrespective of political party affiliation, ethnic group or religious background to work together for the good of their country.

High Level Consultative Council. Every two years symposium on the performance of the economy

Permit me Mr. Chairman, to personally thank President Obasanjo and the Government of Nigeria for allowing me the opportunity to share with you the Botswana development experience. We also have an institute, which is only one of the players- Botswana Institute for Development Policy Analysis (BIDPA). I take pride in the recognition that a small country such as my own could be considered to have valuable lessons for Nigeria, I fully recognise that this is in keeping with President Obasanjo’s humility and the Nigerian people’s friendship with Botswana. I salute the President, the Nigerian people and Government for this. In Shakespeare’s *Merchant of Venice*, Graciano says some men are reputed wise just because they keep the company of wise men. I suppose nowadays we have to say to women too. I thank you for letting me keep your company.

Botswana has received much international acclaim for its rapid economic growth, especially in the early 1980, when average economic growth was close to 10% per annum. Notwithstanding this relative success, Botswana still faces many economic challenges.

For the benefit of those of us who may not be familiar with my country, Botswana is a landlocked semi-arid country of some 582,000 square kilometers in size, which is about the size of Kenya or France, or Texas and hosts a population of only 1.7 million people. It shares borders with Zimbabwe, South Africa, Namibia and Zambia. The country attained self-governance in 1965 and independence in 1966 after 80 years as a British Protectorate. It has since been a non-racial, multi-party democracy operating within the framework of a democratic constitution, which enshrines freedom of speech, of association, and of worship and affords all citizens equal rights. This is a constitution we have upheld to this day.

At the time of independence in September 1966, Botswana was one of the least developed and poorest nations in the world, with a per capita income of approximately US \$ 94. About 90% of the population was dependent on subsistence agriculture for

livelihood, with beef production as the mainstay of the economy, amidst a series of recurring prolonged droughts. The literacy rate was low and access to health, sanitation, water and other basic services was negligible. There was virtually no infrastructure, apart from Cecil Rhodes railway line completed in 1897 and minimal communication lines.

Prospects for rapid development were bleak given the fact that for all of its development capital and even a major portion of the recurrent budget, Botswana depended on the British foreign aid. This posed a major developmental challenge for the newly independent Botswana. Indeed, at this time, there was a lot of skepticism on the wisdom of this territory seeking self-governance and independence.

As of today, Botswana's social indicators are much improved. For example, life expectancy had risen to 65.3 by 1991, though it has since fallen to 55.6 years in 2001 due to HIV/AIDS, the literacy rate is now well above 89% and the percentage of people in extreme poverty has reduced from 47% in 1994 to an estimated 36% in 2003. Access to basic services such as potable water and sanitation; health facilities and telecommunications services have improved significantly.

Factors Accounting for the Transition

Although some development experts attribute Botswana's relative success to the exploitation of diamond deposits in the late 1970s and the early 1980s, this is only part of the story. Natural resources, no matter how lucrative, cannot develop a country without sound macroeconomic development and prudent financial management.

In my view, many factors were responsible for Botswana's success. These include the political leadership at the time of independence. The leadership was genuinely committed to development and was responsive to the needs of the people.

In a way, priorities representing these needs were predetermined as skilled human resources, physical infrastructure, such as roads and telecommunications; social infrastructure, such water, health and education; and appropriate institutional infrastructure were almost non-existent.

As a multi-party democracy, it is perhaps not too difficult to see why Botswana leadership was more inclined to respond to the needs of its people than many other governments in developing world and indeed Africa. During the period from the 1960s to the 1980s, developing countries were characterised by single-party democracies and dictatorships, and military dictatorships.

Often, the 1980s are referred to as the lost decade for Africa during which time the economic condition of many African states became worse than at the time of their political independence. In contrast, Botswana progressed during this period.

In Botswana, there is a saying that "*kgosi ke kgosi ka batho*" meaning that a chief is a chief through his/her people. Another saying is that "*mafoko a kgotla a mantle olthe*", which means that in the traditional meeting place, the kgotla, in this case, everyone is free to air their opinions, no matter how different. Rather than destroy the rich cultural democratic heritage, Botswana post-independence leans on it. Botswana prides herself in that to this day, the country has never had a political prisoner! The opposition conducts its business freely and without encumbrance. Typically of African opposition parties, it is kept out of power increasingly by its own fragmentations.

Development Planning

Botswana developed an elaborate system of planning in the early years of independence before diamond revenues became available. In those years, there were 5-year National Development Plans (3-year rolling plans) but from the mid-1980s, these became 6 year plans with a mid-term review after three years of implementation.

The National Development Plans are the main articulation of government's socio-economic policies as they lay out the main development priorities, programmes and projects for the plan period, in keeping with sustainable public expenditure profile and government revenues. These plans are enshrined in the law and approved by parliament.

As a result, a development project cannot be implemented, it is not in the plan, and any periodic modifications, which have to be fully justified, also have to be approved by the parliament.

The established system of development planning and Botswana's adherence to democratic principles and free market economic policies endeared the country to foreign investors and donor assistance. In this regard, diamonds were developed and marketed through Government's partnership with De Beers Mining Company. Other mineral investments were also developed in the same way, although unfortunately, these turned out not to be as rewarding as diamonds.

In the early 1980s, among the developing countries, Botswana was one of the largest aid recipients on a per capita basis. The national development plans clearly lay the framework of our policies and priorities.

As such, cooperating partners were happy with the levels of accountability that their

resources would be used for intended purposes and not diverted for personal use by leaders. I am thankful that some of our projects were financed through the Nigerian Trust Fund, which is administered by the African Development Bank on behalf of the Nigerian authorities.

Macro-economic Management

Apart from a host of macroeconomic policies, which are part of the economic management that has contributed to Botswana's success, particular attention has been given to budgetary sustainability, as measured by the ratio of its non-investment expenditures to its recurring non-material domestic revenues. This ratio is referred to as the 'Budget Sustainability Ratio'. It measures the extent to which non-governments re-curent expenditures are being financed by recurring sustainable revenues. The thrust of this planning tool is to guide budgetary prudence in the planning process, particularly in view of the unsustainability of mineral revenues, which dominate revenues from other domestic sources.

However, as diamond revenues increased in the mid-1980s and early 1990s, expenditure began to rise rapidly causing the economy to over-heat. Costs in the construction sector rose rapidly and the quality of projects deteriorated. The public sector pre-empted available capacity and constrained private sector growth.

Diversification

In view of the over dependence on diamond revenues, diversification of the economy became policy imperative. To this end, a deliberate policy has been adopted to invest in particular productive activities, such as, infrastructure development and human resource development. The corollary to this is that mineral revenue and other non-recurring; non-sustainable revenues should not be used to finance recurring expenditures of a consumption nature. This is more likely to create a broader spectrum of income generating opportunities, which, in turn, will lead to a more equitable distribution of income through increased employment.

As part of the diversification drive, the government continues to modernise and diversify the agricultural sector, through the extension of credit and targeted subsidies. This is where the majority of the population resides. Agricultural development as one of the key avenues for rural development has been recognised since the early development plans. Agriculture in Botswana however has been a disastrous failure, excessively dependent on subsidies. And we remain a food deficit country.

Creating and sustaining a conducive environment for private sector development is a

priority for government as it has been from the earliest development plans. Deliberate policies have therefore consistently aimed at this. In particular, government is now implementing a privatisation policy, as a framework for coordinated privatisation of activities hitherto performed by the public sector. In a true partnership sense, government is now to be a facilitator, rather than a provider of goods and services. In this regard, government's role is progressively being curtailed. On the other hand, the private sector is now seen as an alternative engine of economic growth and development.

From the outset, Botswana has always based its development strategies on the belief that the nation's major resource is its people, and the investment in their education and training is a necessary condition for national development

Hence, Botswana considers basic education as a human right and thus provides universal free education up to secondary level and a highly subsidised tertiary education.

Whilst government still has the social responsibility to have a major stake in education and the policy for free education has produced positive returns, this is no longer sustainable. In response to this situation, government is currently examining alternative strategies for funding, including cost-recovery measures.

Economic diversification has been a major challenge. An extensive subsidy programme to establish manufacturing enterprises, known as the Financial Assistance Policy attracted foot-loose companies, the majority of which ceased operations after a 5 year period.

Economic empowerment

Botswana also has macroeconomic and fiscal policies that have been directed at promoting business start-ups and development as strategies for diversification and poverty eradication. This is being done through the development of economic empowerment schemes, which support initiatives that are labour intensive, import substituting and export-oriented as well as promoting economic diversification and participation by nationals in economic activity.

How has Botswana avoided the menace of corruption?

It is well documented how the menace of corruption has inhibited economic development in many developing countries, particularly in Africa. Because of the relative openness in economic policy making, National Development Plan formulation and priority setting and the constitutionally entrenched role of the Auditor General, the Attorney General

and the Independent Judiciary, Botswana was less inclined towards corrupt practices. We were rural, poor and honest. Furthermore, during the independence era, political leadership lived modest private and public lifestyles. Ostentatious consumption and greed were discouraged. It is therefore no surprise that, in the early years, Botswana did not have large prestige projects like giant stadia and prestigious international hotels. In fact, some development commentators have criticised Botswana for her perceived excessive modesty and economic conservatism. Where cases of corruption were detected, the culprits, including high-ranking government officials, were tried in open courts and sentenced, as appropriate.

I would also like to believe that a truly democratic political dispensation, with a free and vibrant civil society is also a good check against corruption. However, as society has become prosperous, urbanised, it has become necessary to establish institutions to guard against and fight corruption.

For the public service, in addition, to "General Orders", we have the anti-corruption provisions of the Public Service Act, a couple of years ago we have created the Ombudsman to report annually to Parliament, (helicopter issue). Above all, we have created and constitutionally entrenched the Directorate on Corruption and Economic Crime. It reports to Parliament through me.

Regional Co-operation

Botswana, due to its small population and economy, has always recognised that regional cooperation is indispensable to its economic success. For this reason, Botswana has played a key role in regional initiatives such as the Southern African Customs Union (SACU), the South Africa Development Community (SADC) and the African, Caribbean and Pacific Group of Countries under the Lome Convention (now the Cotonou Agreement). Once again, the Southern African region is indebted to Nigeria for the crucial role it played as an honorary member of the Frontline states. Without the Nigerian moral and material support, the emancipation of the Southern African region from racist minority regimes would have taken much longer.

Botswana's open economy and low manufacturing base make trade policy a vital instrument of economic policy. In 1969 therefore, Botswana re-negotiated together with other partners, the republic of South Africa, Lesotho and Swaziland, the 1910 Southern African Customs Union Agreement in order to improve its terms and conditions.

The re-negotiation resulted in, among others, compensation in revenue for the polarization effect of entering into agreement with a more developed country, namely the Republic of South Africa. Customs Union revenues thus became one of the main revenue sources for government.

The Southern African Development Community also offered opportunities for development co-operation. Projects that could not be undertaken on individual basis. A regional approach is also valuable in harnessing energy, water and other natural resources. Botswana made the best use of opportunities regional integration presented. Regional co-operation is not only useful for the material it brings to members, but also for regional solidarity, including speaking with one voice on the many topical development issues, as well as developing common values and ideals. In 1980, when the Southern African Development Co-ordination Conference, the predecessor of the Development Community, SADC was founded, only Botswana was a multi-party democracy. Today, as I speak, all 14 member-countries are democracies although some are in the formative stages of establishment.

Botswana, which hosts the SADC Headquarters, was chair of the organisation for most of the first decade of its existence. One could argue that given that Botswana was a relatively small country, this was a major sign of confidence in her leadership to steer the organisation to maturity.

Foreign Exchange Reserves

As they say, experience is the best teacher. Given Botswana's vulnerability to drought and international price fluctuations of diamonds and beef, Botswana adopted a cautious Foreign Exchange Reserve Cover. At the moment, there are 29 months of import cover of goods and services. Many protagonists of high unproductive spending have criticized this as too high.

While we agree that they may indeed be high by any international standards, the logic for it is a simple one. Botswana is a country of recurring prolonged droughts and frequent outbreaks of foot and mouth disease ultimately adversely affecting the export industry. This is also a country largely dependent on food imports and with weak manufacturing capacity and at the same time currently hard hit by HIV/AIDS. The simple logic therefore is that given these circumstances, we have to "save for the day when it does not rain". And believe me it does not always rain in Botswana.

To this end, the majority of the foreign exchange reserves, which represent accumulated savings of government, are being invested in longer-term financial instruments, the returns of which have become a major source of recurring revenues for financing the public budget.

Debt Management

Another important aspect of Botswana's development strategy has been to avoid the

accumulation of excessive debt, both internal and external. Throughout the post-independence period, our debt-service ratio has been kept below 5% of exports of goods and services.

External borrowing was undertaken after careful assessment of projects to be financed as well as realistic capacity and ability to pay back. Botswana took advantage of concessionary international finance and resisted borrowing at high costs from private capital markets and multilateral finance institutions.

Despite recorded successes, Botswana continues to be faced with major developmental challenges, such as HIV/AIDS, which threaten to reverse the development gains of the last 36 years. Other challenges include poverty eradication, economic diversification, plateauing of mineral revenues, creation of new engines of growth, sustained private sector development, continued economic management, recurring droughts, globalisation and HIV/AIDS.

Conclusion

I wish to conclude by observing that economic management in a given country has to respond to the particular circumstances on the ground. Good policies, strategies and management cannot simply be transplanted from one economic regime to another. This, notwithstanding, some common threads can guide economic policy-making and management.

In my view, key prerequisites for successes include the following:

- (a) the need for national priorities and well-defined and agreed co-ordinated development processes right from the grassroots levels;
- (b) everyone must have a stake in the development and no one should feel excluded;
- (c) there is need to develop trust among key stakeholders, by acknowledging mistakes and taking corrective action on key matters. Disagreements must be well-managed so that they do not degenerate into irreconcilable differences over protracted periods of time.

I derive comfort from the knowledge that Nigeria is a great country, a country blessed with abundant natural resources, highly skilled and professional cadres in a wide variety of specialisations, as well as enterprising and resourceful people. Nigeria will be a far greater country if you could marshal your collective efforts for development.

Appendix J

Speeches and Presentations at the Anniversary Dinner and Award Night

- i. Ten Years of NES, Time for Reflection and Concrete Action – Chief Ernest Shonekan, CBE
 - ii. How Nigeria Can Use Global Financial Markets to Achieve Transformation and Growth – Adebayo Ogunlesi
 - iii. Goodwill Message – Adrian Wood, Managing Director, MTN
 - iv. Citation at the Anniversary Award
 - v. Vote of Thanks – Mrs Sola David-Borha
-
- i. **Ten Years of Nigerian Economic Summit, Time for Reflection and Concrete Action by Chief (Dr) Ernest A.O. Shonekan, CBE**

Protocols

First and foremost, let me thank the Almighty God to whom all praises and honour should go for bringing each and every one of us safely here to participate in this tenth anniversary of the Economic Summit. I also want to thank the organisers of this year's summit for inviting me not only to participate, but to act as the chairman of the session.

It affords me immense delight to welcome you all to tonight's dinner/award ceremony of the Nigerian Economic Summit. For all practical purposes, it is fair to say that the Nigerian Economic Summit is unique in several respects. It is one forum that brings all stakeholders together in a serious dialogue on the way forward for our national economy. It is particularly gratifying to observe that over the years, the summit has enjoyed the strong support of government, both in terms of participation and commitment to its ideals. This year's summit is not different, and this is underscored by the presence here tonight of the Vice President of the Federal Republic of Nigeria, His Excellency, Atiku Abubakar. It is my sincere hope and prayer that the government will continue to demonstrate its support for and commitment to the ideals of this forum through adoption and faithful implementation of recommended measure.

The Nigerian Economic Summit has its roots in the work of the Enabling Environment Forum (EEF), and was largely inspired by a similar conference that the then President-elect, Bill Clinton, convened in Little Rock, Arkansas, USA on 14th December, 1992. His tenure of course ushered in a period of unprecedented economic expansion in the

US. Arguably, this could be attributed to several factors including the power of ideas developed at the pre-inauguration economic summit. The rest is now history, but what is most gratifying for our purpose is the fact that our mission is noble, and the objectives are largely patriotic and if I may say so, entirely critical to Nigeria's long-term future. What we now need to do is to re-direct our focus and effort to bring these objectives and mission to fruition.

Some of you will recall that the idea of the Nigerian Economic Summit and indeed, the first Summit was largely borne out of the need to foster dialogue, consultation and co-operation between public and private sectors in charting the direction for our national development. We saw then the need for the public and private sectors to cooperate and trust each other to ensure accelerated and sustained growth of our national economy. We held the view then as now, that both are stakeholders in development, anything short of co-operation and trust can only be detrimental to the progress of the entire country. Personally, this philosophy remains firmly etched in my mind today as it was in 1993 when we convened the first Economic Summit. It behoves us to renew our commitment to promoting the ideals of co-operation and trust between the public and private sectors.

The 2003 Economic Summit is significant in several respects. First, it is the 10th in the series, the first having been held between 18-20 February, 1993. While ten years is but a short time in the life of any institution, organisation, nation, or forum, there is no denying the fact that it is an appropriate milestone to reflect on the journey so far, ponder on the core mission, and renew our resolve to consolidate on the gains that we have made over the years.

Second, the vision of the summit, in my view, remains alive and relevant today as ever. It is a vision of a rewarding partnership between the public and private sectors and other stakeholders or growth and economic development of Nigeria. It is beyond debate that so much water has passed under the bridge since we convened the very first economic summit. While a lot may have been achieved so far, but relative to the objectives of NES, much more remains to be done. I am however, pleased to observe that there are enough reasons to be positive about in the future. Our mission is for the long term, put simply, the race before us is a marathon and not a dash, as we often say. We must therefore, maintain the ability to look beyond immediate signs and/or constraints while focusing on the long term goal. Also, I believe, we can justifiably regard the changes that we have already seen; the various reforms instituted and above all, the visible change in mindset regarding the expected roles of the public and private sectors as additional reasons for hope about the future.

Furthermore, I believe NES has another reason to feel a sense of satisfaction as we

take stock of our progress so far. This august forum was the precursor of the largely successful Vision 2010 Committee, which fashioned out a collective for Nigeria's transformation by 2010. While the vision remains on paper, it is my earnest hope that all concerned will sooner rather than later come to a realisation of the need to redirect our strategies and priorities to ensure their realisation. That is, it is imperative for us as a people jointly and or severally resolve to build a united, industrious caring and God-fearing democratic society, committed to making the basic needs of life affordable for everyone, and creating Africa's leading economy".

The role that NES has played so far is well-known to us all. It bears repeating on this occasion to say that by bringing together various stakeholders to dialogue, discourse and collectively chart the direction for national economic development, this forum plays a vital role in the development of sound public policy. It is common knowledge that NES has also been a veritable catalyst for building consensus and support for the provision of an enabling business environment in the country.

Yet, a question today that we must of necessity ask ourselves is what lessons have we learnt over the past ten years? A corollary to this is of course, is the question of how we can position NES to better achieve its objectives based on the lessons learned from the experience so far.

A cursory evaluation will result in identification of many lessons. Permit me to observe, however, that no matter how we look at it, the need not to rest nor relent in our drive to develop consensus and support for needed reform will continue to rank highly in our list of priorities. Distinguished ladies and gentlemen, what I am really driving at is the need for a soul-searching exercise at this time such that we can learn valuable lessons from the past, as we enter another decade of purposeful public policy advocacy and promotion of enduring public-private sector dialogue and partnership for development.

Tonight, you are honouring a few of us who you believe embody the spirit of NES-tenacity of purpose, unrelenting commitment to promoting fundamental economic reforms, promotion of dialogue and understanding between the private and public sectors. As most of us gathered here tonight are aware, part of the programmes lined up for this dinner is the recognition and acknowledgement of individuals and institutions who have contributed to the summit idea to date. I would on behalf of all of you thank the leadership of NES for this thoughtful initiative of honouring key players in its activities over the years. I have no doubt in my mind that this initiative to explicitly concretise admiration so warmly felt to those who have rendered meritorious services in advancing the mission of NES in clear and unambiguous terms, is a good step in the right direction. It is my belief that part of the age-long values that we particularly need to give practical expressions to in our endeavours in this country is that of giving

honour to whom it is due. It is precisely for this reason that I particularly mention this initiative.

There is not much I can do to add to the tributes that will be paid to us and indeed, I do not intend to pre-empt these. But I will like to say without any equivocation that those of us selected for this year's award have played and are still committed to play noble and inspiring roles. I am certain that when the history of this whole process is written, men like the then President of the Federal Republic of Nigeria, General Ibrahim Babangida who warmly embraced and endorsed the idea, the late Alhaji Abdulkadir Ahmed, the then Governor of the Central Bank of Nigeria, the late Mustapha Umaru, Secretary for Petroleum Resources, Oba Oladele Olashore, Secretary for Finance, Alhaji Aminu Saleh, Secretary for Industry and Technology all in the then Transitional Council and our dear Dick Kramer, then Managing Partner of Arthur Andersen, as well as Philip Watt, then Chairman/Managing Director of Shell Petroleum Development Company of Nigeria (now group Chairman/CEO of Royal/Dutch Shell), and a host of others will have their names written in gold. Of course, not all the prime movers can be honoured today and I would think that this process of giving appropriate credit to key contributors will continue. In due season, I would hope that all deserving leaders, and institutions like the Harvard Business School Nigeria Alumni Association, Coca Cola International, Shell Petroleum Development Company, UAC of Nigeria PLC, Nestle PLC and Mobil Nigeria who gave logistics support and materials towards the success of the first summit will be so honoured. We must also not forget to give appropriate credit to those who worked relentlessly hard day and night in the background like Ambassador Isaac Aluko Olokun, Moses Akpobasa, Kayode Asoga, and Dayo Onibile, Ifaeko Omoigui to name a few, in order to make the summit a reality. Let me, once again offer my congratulations and warmest felicitations to my other colleagues who are being honoured today. The honour in my mind, is call to greater service. It is no doubt a thing of joy to be recognised by peers as a key contributor, but it is not yet time to relent.

Before I end my remarks tonight, I will like to give each participant at the tenth summit the two-fold challenge that I gave to the participants at the first summit of Friday, 19th February, 1993 in my keynote address titled: "The Challenge Ahead". First, we need to keep getting the issues out in the open through transparent honesty and constructive discussion. Second, we need to continue to define necessary reforms which we need to implement. Based on the quantum of capital flows into the non-oil sectors of our sector so far, it is clear knowledge that our business environment is not yet competitive enough for huge foreign capital inflow. This two-fold challenge is as relevant now as then if we are to generate or attract the needed capital for investment, employment generation, sustained economic growth and development.

Beyond the foregoing, we must, of course explore avenues for effective implementation of defined action steps. We, of course may have a few lessons to learn from the experience of our guest speaker for tonight, Mr. Ogunlesi, whom I know is a key figure in the global investment bank, Credit Suisse First Boston (CSFB). Let us take advantage of his insights and perspectives.

iii. How Nigeria Can Use Global Financial Markets to Achieve Transformation and Growth – Adebayo Ogunlesi, Global Head, Investment Banking, Credit Suisse First Boston

Your Excellency, Mr. Vice President, Chairman, distinguished ladies and gentlemen, it gives me great pleasure to be in Abuja today as Guest Speaker at the Anniversary Dinner and Awards Night of the 10th Nigerian Economic Summit.

I will begin by commending past and present members of the Nigerian Economic Summit Group for their efforts in creating a unique forum for knowledge sharing and enriching dialogue, which has created a channel for assisting the public sector with policy formulation, and enhancing the collaboration between the public and private sector (which is a critical ingredient for economic growth objectives). In my judgement, if Nigeria is to achieve its true economic and social potential and create a better place for the next generation, it will require the type of public/private sector partnership that the NESG promotes.

I salute you on the well-deserved achievement of reaching one decade, and wish you continued and greater success in your efforts. In my judgement, if Nigeria is to achieve its true economic and social potential and create a better place for the next generation, it will require the type of public/private sector partnership the NESG promoted which is a critical ingredient for economic objectives.

In keeping with the theme of this summit, I will attempt to make some suggestions as to how Nigeria—the government and private sector in partnership, seek the strengths and capabilities of the global financial markets, to help achieve the goal of effective transformation and sustainable growth.

To begin with, it is regrettable that for too long Nigeria has generally been viewed by the international financial community as a country to be avoided. This is particularly unfortunate when, over the past decade, many emerging countries have been successful in attracting large amounts of international capital to help with the transformation of their economies. Notable examples include the Asian Tigers and countries in Latin America, that have evolved through periods and crises, emerged on stronger economic

platforms. We only need to look at what has happened to several of our peer countries to appreciate the lost opportunity. For Nigeria, the 20 years of the 80s-90s have largely been wasted. There is no need to cry over spilt milk; we must learn lessons from our failures.

The success of the elections in April 2003 represented an important milestone which has helped to position Nigeria in a more favourable light in the eyes of the international community. Further, Nigeria's leading role in conflict resolution across the sub-region most recently in Liberia has been welcomed. Nigeria must now move quickly to capitalise on this more receptive atmosphere to achieve specific goals which fuel economic transformation. Re-establishing Nigeria on the radar screen of the international financial community should be one such goal which could be a highly significant accomplishment.

What I hope to do over next few minutes is to offer some concrete suggestions on how this can be achieved. I am not suggesting that the international financial markets are a panacea for all of Nigeria's problems. However, the resources available can make a positive contribution.

Recent Developments in the Global Markets

There is good news:

There has been a general improvement in global investor, business and consumer confidence. Several economic performance indicators in the world's major economic regions suggest there has been a noticeable acceleration in the momentum of growth over the last several months and global growth projections have been revised upwards. In addition, the prospect for growth in major emerging economies (particularly China and the Far East) continues to be strong. Why is this important? Growing economies offer markets for our expansions and business confidence stimulates investment.

In the fixed income or debt markets, although 10-year US bond yields are trending upwards, interest rates are still close to historical lows – the lowest in OECD in 50 years. Issuers, government corporations have capitalised on this and raised record volumes of debt, particularly between Q2 and the early part of Q3, and the pipeline for Q4 is robust. Investors continue to search for higher yielding assets in order to sustain performance, and have thus needed to better understand and accept shifting boundaries of credit risk. This is evident from the major contraction in credit spreads on the EMBI+ by approximately 5.6% since the high in September 2002. In addition, over the past few months, rising US interest rates have been accompanied by continued spread contraction. This is a positive environment for emerging market issuers: interest rates and margin spreads are low, volatility has subsided (despite the high volatility in the US Treasury markets) and institutional investors are still generally overweight cash;

In the equity markets, after a long period of declining prices/indices equity markets appear to be re-bounding, and the recent correction in bond markets should provide support to this trend. Emerging market stocks continue to yield higher returns than global stocks, and have been an attractive investment destination for portfolio investors;

The prospects for growth in foreign direct investment appear stronger, and although emerging economies in Asia and Eastern Europe stand to be the leading beneficiaries, Africa must improve its relative market share in attracting FDI flows.

In particular, Nigeria must reverse the trend of flat FDI inflows, and demonstrate that on a comparative basis, it provides at least as attractive, if not a more attractive environment for investment than other emerging economies.

There is already evidence of an increased appetite for Nigerian associated debt, particularly energy structured financing which confirms that international lenders are becoming more comfortable with Nigeria risk. This situation needs to be replicated in the international capital markets.

In this climate of improving business conditions, international investors are increasingly disposed to partnering with international companies as they pursue opportunities in emerging regions across the world. The Government must follow through on the stated goal of transitioning to an open, internationally competitive, market-oriented economy in order for Nigeria to capitalise on this situation.

Attention should focus on specific issues that create an enabling environment and act as a catalyst in stimulating international investor interest and appetite, namely: (1) stable and effective economic and financial policies; (2) continued deregulation and liberalisation; (3) effective privatisation strategies; (4) addressing the external debt situation; (5) addressing corruption; and (6) a systematic communication strategy.

Economic and Financial Policies

A strong commitment to fiscal discipline and sound and sustainable monetary and exchange rate policies are all elements of a viable, long-term, growth-oriented economic programme. Investors will want to see that policies are implemented in a well-coordinated manner, consistently applied, and not subject to sharp reversals. In addition, the dissemination of information on policies need to be clear, and widespread. The Government has made and continues to make progress.

Deregulation/Liberalisation

Deregulation and liberalisation provides a strong sign of commitment to an open economy. To take a few examples:

The gradual and 'guided' liberalisation of the foreign exchange markets is to be welcomed. The international financial community needs to be convinced that capital importation and exportation can be achieved within minimum interference. Among the next priorities should be for financial operators to create products which provide the opportunity for currency risk management.

In the oil and gas sector, which has traditionally been the host to most foreign interest and direct investment, efforts need to be directed at understanding the importance and the implications of further deregulation, particularly in the downstream oil sector, when balanced against the potential effect on the economy. Proposed privatisation of refineries is a welcome step in the upstream sector further emphasis should be placed on embracing mechanisms which ensure continued investment in oil reserve growth and gas monetisation. In addition, due attention must be paid to the role of the Nigerian oil industry entrepreneurs, with their demonstrated ability to attract foreign partnership and capital.

In the telecommunication sector, the fruits of successful deregulation are being shared by many (and in particular one of the summit partners), in particular through efficiency gains. Significant investment has come from offshore, and efficient utilisation of in-country capital. The benefits of more efficient communication infrastructure have far reaching implications for all forms of development, both social and economic.

In certain cases, deregulation has gathered momentum, and the pace needs to be sustained and publicity accelerated. Also, the private sector must be the engine for growth.

Privatisation

A country's privatisation programme is an important tool of economic policy, which, if properly used, can help transform the perception of international investors. It offers a country a perfect opportunity to show internationally and domestically that the government is committed to transparency, deregulation and open, competitive markets. Several countries (both developed and emerging) have used their privatisation programme to positive effect, as springboards to re-position themselves in the international financial markets.

Nigeria has had some success in reducing the government's shareholding in a number

of companies, primarily through transactions on the Nigerian Stock Exchange. However, the programme has not truly ignited the imagination of international investors and appears sluggish and should be streamlined. The programme desperately needs some high visibility successful sales to overshadow the aborted/stalled transactions. In addition, effort must be made to reduce the transaction cycle time in order to sustain the requisite momentum to carry transactions towards completion.

Managing the External Debt Situation

Many countries have succeeded in restructuring external debt burdens on their way to becoming successful emerging markets. Although it is clear that debt restructuring, and sometime debt relief, are important steps forward, the most critical factor behind country's successes was the commitment of the political leadership and constituency to embracing comprehensive economic reform. In other words, when countries stopped making policy adjustments mainly to please the IMF or the World Bank and instead embraced difficult decisions as a domestic political priority, that is when transformation processes truly began.

An important signal for the international financial markets is the status of Nigeria's relationship with the International Monetary Fund and Nigeria has an opportunity to shape the nature of the relationship. While the IMF continues to propose further fiscal retrenchment and expenditure control, greater exchange rate "flexibility" and a tightened and more active monetary policy, increased emphasis on country "ownership" of programmes allows considerable scope for creative policy making. Nigeria must be proactive in this regard and work with the IMF to develop a realistic and implementable economic reform programme.

A Paris Club debt restructuring will only be possible once a fund programme is in place. The debt levels are unsustainable and Nigeria has a strong case for comprehensive debt restructuring and we must pursue it with vigour and at the right levels reduction. The terms of a restructuring will need to establish a new level of credibility for Nigeria in the eyes of world financial markets. The Paris Club has stated that Nigeria is one of two highest country priorities for 2003.

In parallel, Nigeria should develop a London Club debt restructuring strategy that is consistent with the overall external debt management objectives, and should consider restructuring the Promissory Notes and Par Bonds into a single large debt instrument which be an actively traded and liquid benchmark.

In addition, Nigeria should consider obtaining a rating that (i) puts Nigeria on the radar of large institutional investors and (ii) enables Nigeria public and private sector

institutions greater access to the international capital markets. In sub-Saharan Africa, South Africa (Baa2/BBB), Botswana (A2/A), Senegal (B+), Cameroon (B) and most recently Ghana (B+) have all obtained credit ratings and institutions in both the public and private sectors in these countries stand to benefit (and in South Africa's case have already) from this action. Ratings provide investors with an opportunity to benchmark Nigeria against other countries.

Corruption

The 1999 Anti-Corruption Bill sent a powerful signal to the international financial community, and has helped to significantly improve Nigeria's image. A transparently run privatisation programme has augmented the anti-corruption efforts, as public sector reform, SOE sales and anti-corruption are aligned with the private sector becoming the engine of growth.

Communication

All of the issues I have outlined must be accompanied by a systematic communication effort aimed at improving Nigeria's image. This needs to be directed towards international investors in the main business and financial centres around the world, and carried out in a professional manner that clearly sets Nigeria's goals and report periodically on Nigeria's progress. This is perhaps one of the most direct and effective ways to reposition investor perceptions.

Conclusion

Mr. Vice President, Mr. Chairman, special guests, distinguished ladies and gentlemen, thank you for your attention to these perhaps rather direct remarks.

Nigeria has an opportunity to ignite and stimulate the interest of the international financial community, at a time when business confidence is improving. If a country wants access to the deepest pools of capital and resources it must move quickly to capture the confidence of private investors. Long gone are the days when dialogue with multilateral institutions and commercial banks was sufficient to attract international investment.

It is time to act decisively and capitalise on the good will of Nigeria's friends across the globe to further the goals of economic transformation. Mr. Vice President, Mr. Chairman, distinguished ladies and gentlemen, as one such friend, CSFB stands ready to assist.

iii. Goodwill Message by Adrian Wood, Managing Director, MTN

I should say Y'hello and good evening. I would like to also recognise two directors or shareholders of MTN, Mr. Pascal Dozie and Mrs. Dozie here tonight and Barrister Gbenga Oyebode and Mrs. Oyebode. I would also like all of the MTN Team to please stand up so that we can recognise you, everybody. Ladies and gentlemen, we are your servants in telecommunications in Nigeria. Now it is very interesting that this evening we are celebrating the tenth anniversary of the Nigerian Economic Summit Group and it's a coincidence perhaps that GSM itself is a little over ten years old. It is ten and half years old. In that time, 650 different GSM operators have been established around the world. There are 1.3 billion GSM subscribers. In some countries like Finland and Norway, 80% of the population carry GSM phones and in China in 2003, there would be 65 million GSM users added to their networks. In Africa, within ten years, perhaps a little less, 25 million subscribers have taken up GSM and Nigeria as we know has about two and half million and already Nigeria in barely two years has ten percent of the African penetration of digital mobile telephony which is quite an achievement. And GSM companies in Nigeria do contend with serious infrastructure challenges but we soldier on. We are really pioneers. We are doing things in Nigeria that have not been done before, it's a learning experience for sure. We are rectifying the shortcomings of mobile telecommunications as we go along.

It has been really about development and development is speeding up. Just in the last month and a half, MTN has opened up for service in Bonny Island, in Yenagoa, Bayelsa State, two weeks ago in Katsina and yesterday at twelve noon in Ado – Ekiti in Ekiti State.

We acknowledge that we have letters of invitation (you might call them letters of arm twisting) from nine state governors and more than two hundred communities which are either represented by local government or the traditional rulers and the royal fathers. Jobs are being created; MTN alone calculates that we have generated (directly or indirectly) 60,000 full time employee positions in less than two years. The industry still has significant funding requirements. MTN's commitment to investment in Nigeria is one hundred and 60 billion naira but the difficulty is that we calculate the whole industry needs 1.7 trillion naira, so it's clear that MTN can't carry this burden on our own yellow shoulders. We need other investors but we do encourage all other stakeholders and members of the Nigerian Economic Summit Group to please use MTN as a case study, because MTN is quite proud of its results so far. I would say there are positive signals, certainly we are on a journey. We are not at our destination and speaking of positive signals, all of you tonight should have found a yellow phone in your MTN bag and hopefully that will generate some positive signals for you as you use it.

So we very much appreciate the NESG, stimulating and amplifying public discourse on the need to attract infrastructure investment in Nigeria. GSM has been and we believe will continue to be an important topic for the development of Nigeria and for those of you who study these things, we'll soon be in Yola, Maiduguri, Sokoto, Makurdi, Nsukka as we roll out the MTN network. So in wrapping up this goodwill message, thinking about our will to take telecommunications to every nook and cranny of this country, I'd have to say that MTN stands for Married To Nigeria and on behalf of all of the MTN team, I'd like to leave you with one final idea – what's good for MTN is good for Nigeria.

iv. Citation by Mrs Omobola Johnson

The President of the Republic of Botswana, Your Excellency, Mr. Festus Mogae, the Vice President of the Federal Republic of Nigeria, Your Excellency, Alhaji Atiku Abubakar, the past president of the Federal Republic of Nigeria, Chief Ernest Shonekan, Executive Governors and Deputy Governors, Honourable Minister, the Chairman of the Nigerian Economic Summit, distinguished Ladies and Gentlemen.

On occasions like this when we celebrate milestones, it is important to recognise those who made achievements of the milestones possible. This evening, as we celebrate the tenth anniversary of the Nigerian Economic Summit, the NESG Board would like to publicly recognise some individuals and organisations who contribute tremendously to the gradually unfolding success story that we have here today.

The first category of awards will go to individuals without whom the Nigerian Economic Summit as we know it today may not exist. These gentlemen along with others spend countless hours of their personal time ensuring that the economic summit is a lasting and sustainable initiative from conceptualisation and selling the idea of a joint public and private sector partnership, the economic summit, in the early days, to guiding and directing the affairs of the NESG Secretariat behind the scenes. From a project run out of the Gerrard Road Offices of Arthur Anderson, to a fully fledged non-governmental organisation with its own infrastructure and dedicated management team and support staff. From a once-a-year summit to a continuous series of public and private sector interactions and dialogue on various areas of economic development. These gentlemen have clearly demonstrated the benefits of personal sacrifice for a worthy cause. Ladies and gentlemen, please join me in congratulating the following individuals in the public and private sector on the award of the **“NES Outstanding Individual Contribution Award”**.

Chief Ernest Shonekan, former Head of the Interim National Government, Mr. Dick Kramer, Chairman, Capital Alliance and former Country Managing Partner

Arthur Andersen, Mr. Felix Ohiwerei, Chairman Unilever PLC and Chairman Nigerian Breweries Limited, Mr. Pascal Dzele, Chairman, Diamond Bank PLC, Mr. Philip Watts, Chairman, Committee of Managing Directors, Royal Dutch Shell Group and former MD, Shell Nigeria, Mr. Brian Andersen, Managing Director, Andersen Energy and also former Managing Director, Shell Petroleum Development Company of Nigeria, Mr. Faysal El-Khalil, Managing Director, Seven-Up Bottling Company, Group Captain Freddie Scott, former Country Representative of the West Africa Committee, Alhaji Ibrahim Ida, former Permanent Secretary Economic Affairs in the Presidency, Alhaji Gidado Idris, former Secretary to the government of the Federation, Alhaji Aminu Saleh, former Secretary to the government of the federation and Chief Philip Asiodu, former Economic Adviser to President Obasanjo and former Secretary for Petroleum in Transition Government.

At this point can I respectfully ask Your Excellency the Vice President to please assist us in giving the awards to these deserving individuals?

While the intellectual content of the NES was assured by these gentlemen and many others like Mr. Dotun Sulaiman, Mr. Atedo Peterside, Mr. Bunmi Oni, Mr. Seyi Bikersteth and Mr. Mohammed Hayatu-Deen to name a few, resources were required to support the achievement of the laudable objectives set. Many organisations have deployed their resources and capabilities in more ways than one, lending their personnel to the NESG to be rapporteurs, working group chairpersons, serving on the committee of the annual summit and providing administrative and logistics support for the NES, visibly supporting the NES vision and actively participating in NES events outside the annual summit, being spokespersons for the relevance of and importance of the NES in both public and private sector forum, having both visible Chief Executive and Executive Leadership participation in pre and post summit activities and providing significant cash and kind contribution in terms of sponsorship. Please join me in recognising the organisations that have done all of these things and more. Shell Petroleum Development Company, MOBIL Producing Nigeria unlimited, Andersen, now represented by KPMG Professional Services and Accenture.

Can I respectfully ask Your Excellency, the President of the Republic of Botswana to please assist us in giving these awards?

v. Vote of Thanks – *Sola David-Borha*

Distinguished Ladies and Gentlemen, I am honoured to be giving the vote of thanks tonight and on behalf of the Nigerian Economic Summit Group, I'd like to start by thanking President Festus Mogae of Botswana for graciously adjusting his schedule to join us at the dinner tonight. One of the lessons I personally learnt from his session

with us this afternoon is that humility and a willingness to learn are one of the preconditions for economic development. Thank you very much sir.

Your Excellency, Vice President, Atiku Abubakar, we thank you for graciously joining us tonight and for your continuing support for the NESG, thank you sir.

The past President of the Federal Republic of Nigeria, the Chairman of this event tonight, Chief Shonekan, we thank you for initiating this process and for your unflinching support for the NESG, thank you sir. Our Guest Speaker, Mr. Bayo Ogunlesi, one of Nigeria's business ambassadors, we thank you for giving us a thought-provoking paper and for giving us a perspective as a Nigerian outside Nigeria looking in.

To our other distinguished guests on the high table, all protocols observed, we thank you. Helping to bring about a telecommunications revolution in Nigeria, thank you MTN. To our foreign guests, we say thank you.

Appendix K

Summary of Summit Recommendations – *Kunle Elebute and Mansur Ahmed*



NES# 10 Objectives:

- Sustain Public/Private Dialogue
- Define short to medium economic priorities and contribute to the development of the NEEDS document.
- Generate an "implementation-oriented" action agenda with defined milestones and success evaluation criteria.

NES #10 Major Highlights

- Presentation of NEEDS by Chief Economic Adviser
- Sharing Experiences - Key Lessons from Botswana's transformation experience:
 - Leadership
 - Focused economic programme
 - Policy Consistency
 - Enforcement of anti-corruption legislation

Presentation Outline

- NES # 9 Recommendations and achievements to date
- NES #10 Recommendations
- Summary and Conclusions

Major NES #9 Recommendations:

Start	Stop	Continue/Intensify
Build a Nigerian national spirit – rallying beyond football	Deficit Budgeting	Deregulation/Privatization
Budget & Economic Policy Integration	Waste Orchestral Civil Service Private sector	Anti Corruption
Reduce Size of Government	Tax evasion	Strengthen police force
Improve State & Local Government	Undermining due budgeting process	Reduce cost of doing business (utility, etc. fees)

Driving the Growth Tracks





	Sector Reform	Infra-structure	Security	Investment Climate	Job Creation
Agriculture	●	●	●	●	●
Solid Minerals	●	●	●	●	●
Manufacturing	●	●	●	●	●
Crude Oil	●	●	●	●	●
	◐	◐	◐	◐	◐
	◑	◑	◑	◑	◑

High need Medium need Low need

Achievements since NES #9 by reference to the 5 Growth Drivers

Sector Reforms

Sector	Action	Status
Telecommunications	Enactment of new legislation	Done
Power	Enactment of ESPR Bill	Awaiting Presidential assent
Oil and Gas	Draft Oil and Gas Policy	Work in Progress
Pensions	Draft Bill on New Pensions Reform	Work in Progress
Competition	Draft Policy, Bill and Report	Work in Progress

Growth Driver	Impact
 <p data-bbox="204 336 402 366">Infrastructure</p>	<ul style="list-style-type: none"> • Rapid increase in teledensity • On-going road maintenance and rehabilitation • On-going sea and airport rehabilitation • Increase in generation capacity and on-going transmission development programmes
 <p data-bbox="184 644 454 673">Investment Climate</p>	<ul style="list-style-type: none"> • Telecomms growth and multiplier effect • Growth in SME fund and emergence of service institution <ul style="list-style-type: none"> - SMIDA - Entrepreneurship Development Centre (EDC) • Macro-economic stability
 <p data-bbox="242 973 357 1003">Security</p>	<ul style="list-style-type: none"> • Improve quality and number of policemen <ul style="list-style-type: none"> - Target 40,000 personnel per year yet to be sustained - Improving communication facilities - Anti-corruption drive - recent dismissals
 <p data-bbox="219 1263 402 1293">Job Creation</p>	<ul style="list-style-type: none"> • Job creation through telecoms sector expansion • Reduced job losses generally

NES #10 Recommendations

Key Recommendations	Responsibility	Time Frame
Infrastructure		
Power: target generation of capacity of 10,000 MW (funding requirement \$5.5 billion)	Public/Private Partnership	2007
Presidential assent to Electric Power Sector Reform (EPSR) Bill	Presidency	Immediate
Implement NEPA unbundling into 18 NBUs	BPE/NEPA	June 2004
Establish Electricity Regulatory Commission	BPE/Presidency	June 2004
Privatise Distribution Companies (11 DisCos)	BPE	December 2005
Water: Target access of 60% Nigerians to potable water by increased investments in waterworks	Public/Private partnership	2006
Roads & Rails Privatise road/rail construction on BOT/ROT	Public/Private partnership	2004 - 2007
ICT: Encourage development of ICT with gas by reduction of import duties to 0% for all ICT related equipment (duty is currently 5%)	Public/Private partnership	2004 - 2007
Budget and Macroeconomic Framework		
Follow through work on NEEDS to anchor future budget and economic policies		
<ul style="list-style-type: none"> • Create awareness • Consult with and build stakeholder support. 	FGN/NESG	June 2004
Human Capital, Youth Development and Quality of Life		
Sustenance of UBE by enhancing the UBE Act; improving infrastructure and provision of materials; enhancing teacher training and re-orientation	Presidency/ National Assembly FGN	December 2003 Continuing
Expedite the realisation of University autonomy	Presidency/ National Assembly FGN/NGOs	December 2003 Continuing
Enhance and sustain effort on HIV/AIDS		
Convert abandoned NRC and SDP Secretariats throughout the country to community and youth centres for entrepreneurship and skill development	State and Local Govt.	Continuing
Informal Sector, SMEs and Wealth Creation		
Grant 5 years' tax holiday to SMEs and reduce tax rate to 10%	FGN	3 Months
Review SMEIS Guidelines with input from stakeholders	Bankers' Committee	3 Months

Build database on SMEs and Market Opportunities	SMIDAN	1 Year
Agriculture and Food Security		
Revitalise the Agricultural Credit Guarantee Scheme	CBN/NACRBD	2003
Increase funding of agricultural research from the proposed 10 billion ADF	CBN	2004
Promote export of cassava, soybeans	NEPC	Immediate
Oil and Gas		
Leverage on Oil and Gas Industry to develop the rest of the economy	FGN, NNPC/ Industry	Continuing
<ul style="list-style-type: none"> • Gas to power • Domestic gas utilisation • Transfer industry efficiency to rest of the economy 		
Develop the National Gas Grid system and create Industrial Parks	FGN/Industry	5 – 10 years
Forge ahead with full deregulation of the downstream sector	BPE	June 2004
Reduce government participation in JV to 51% and re-invest the proceeds in Power	FGN	2004
Pursue vigorously an increase in OPEC quota to accommodate deep water production	FGN	2004
Banking and Finance		
Accelerate implementation of Pension reforms	Presidency/ National Assembly	December 2003
Establish and equip commercial courts for quick resolution of disputes and recovery of bad debts	State Govt./ Private Sector	June 2004
Enact guidelines for establishing rating agencies to boost confidence in tradable instruments	SEC/Bankers Committee	December 2003
Privatisation and Deregulation		
Continue to pursue privatisation with more vigour and tackle major assets e.g. NITEL, NEPA, refineries, pipelines, ALSCON	BPE	Immediate
Trade Policy and Competitive Industrialisation		
Establish Trade liberalisation and Competitive industrialisation commission representing all stakeholders	FGN/ Private Sector	4th Qtr. 2003

- Review National Industrial Policy
- Master Plan for Exports
- Policy implementation
- Implement protection for locally produced goods

Implement deregulation/liberalisation of fuel prices

FGN/Private Sector 2004

Rebuilding Institutions

Revamp the tax administration system and criminalise tax evasion

FIRS 2004

Introduce tax incentives to promote private sector participation in education and health sectors

FGN 2004

Increase funding for key institutions – judiciary, healthcare, education, police and prisons

FGN/State 2004

Police – implement policy of recruiting and training 40,000 new policemen per annum for the next 5 years

FGN/NPF 2004 – 2008

New Investment Strategies

Focus on priority sectors

- Agriculture: production, processing and storage
- Manufacturing especially related to Agricultural processing

Private sector 6 – 12 months

Establish Economic Zones and Industrial Parks

FGN/State/
Land Availability 6 – 12 months

Reactivate economic diplomacy reorienting Nigerian missions abroad

FGN Immediate

NEPAD

Create education and awareness building programme especially within the business community

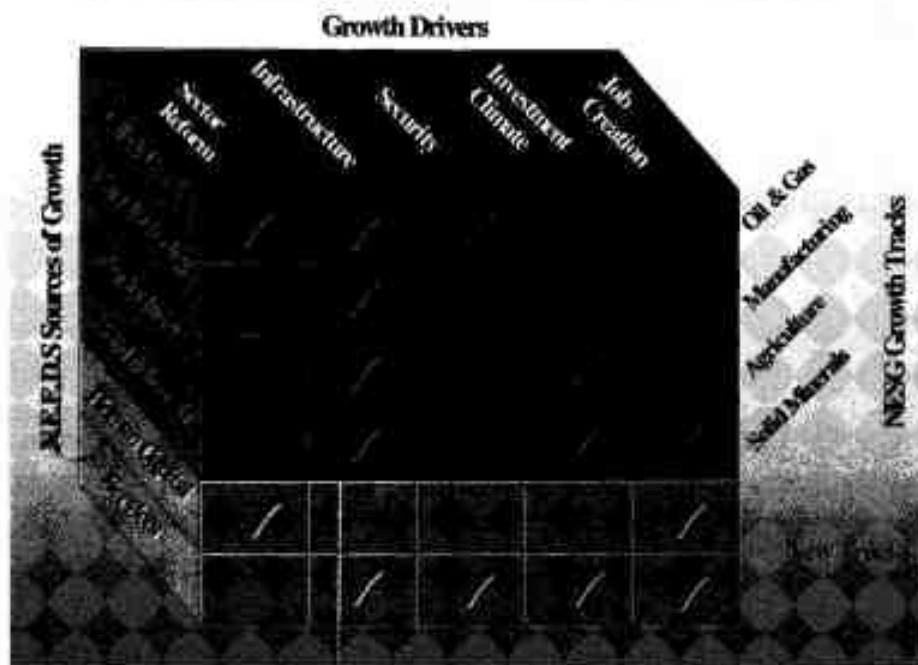
FGN/Private Sector On-going

Solid Minerals

Undertake sector reform and de-bottleneck licensing regime to encourage new investment

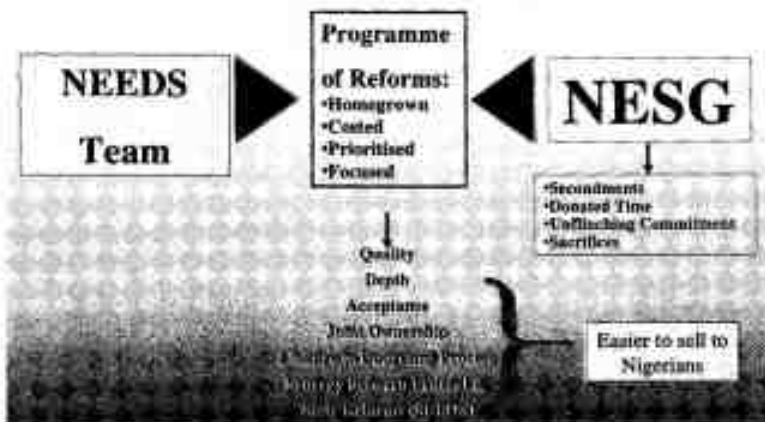
FGN/
National Assembly 2005

Alignment of N.E.E.D.S' Sources of Growth and NESG's Growth Drivers



Conclusions

- The Theme of this Summit – “Partnership for Growth and Transformation” - is most timely
- After ten years of the NES, some clear consensus has emerged on:
 - * The need for economic reforms
 - * The key elements of the reform agenda
- We all understand that:
 - * The agenda is overwhelming
 - * There is strong resistance from vested interests as well as lack of understanding
 - * Public sector resource constraints
 - * Real partnership must be sustained
- Need to form strong alliances and coalition for the reform agenda.
- Need to deliver quick wins to mobilize public support
- Private sector is ready and willing to commit human and financial resources to support the Public sector to articulate and implement NEEDS



"I have always maintained that the economy is too serious and too important to be left in the hands of either the public sector or the private sector. There is a need for symbiotic partnership to drive the economy on a fast and sustained track of growth"

Dr. Goodwill Adegboye, President of the Nigerian Bar Association
 1st Deputy Chairman, NESG, 2002-2003

Appendix L

Closing Remarks by Alhaji Atiku Abubakar, Vice President, Federal Republic of Nigeria

Protocols

Let me start once more by commending the leadership and organizers of the 10th Economic Summit, and to all of you participants for a very successful summit.

I have listened carefully to the various recommendations emanating from the three-day Summit. You have largely adhered to the request by His Excellency, the President, to the effect that you concentrate more on the specifics especially focusing on the instruments and bearing in mind the resource constraints in terms of finance, institutions, and time frame. I believe that many of the recommendations have met these criteria. Thank you very much. From what I have heard, I can confirm that there is a broad consensus between the government and the private sector on the broad directions of policy. I note that the Summit generally endorses the overall thrust of the government's reform agenda – the National Economic Empowerment and Development Strategy – NEEDS. Most of what I have heard are consistent with the thrusts of NEEDS. We also welcome the elaborations and amplifications in some areas.

Also, as stated by the President during his opening speech, the recommendations of this year's summit will be part of the input which the Drafting Committee of NEEDS will use in the process of finalising the drafting of the reform document. The government plans to embark on several other stakeholder consultations in the true spirit of building a broad-based support for the reforms as well as ensuring a participatory approach in the design of the programme. The feedbacks and recommendations obtained from this summit and the other stakeholder consultations will feed into the drafting and revisions of the NEEDS document. It is therefore important to underscore the fact that this year's summit recommendations will be seriously considered in the design of the government's reform agenda. In any case, the Drafting Committee of the NEEDS already has some of your members, and we invite you to continue to send them any further ideas and suggestions you might have, as they further amplify various aspects of the reform agenda.

The major challenge of our economic policies over the years has been the poor implementation of the policies. There has been a problem with monitoring and evaluation. Government is determined to change this. Government recognises that it does not have much time on its hands. We have a limited time to put in place all the

reforms so as to have the desired impacts on the economy. Emphasis now is on results, and government is already rationalising and strengthening its institutions to ensure success in this regard. The National Planning Commission is undergoing review and restructuring to properly perform its statutory functions. Other institutions in government with responsibilities bordering on coordination and monitoring are also being strengthened. We are also developing a website that will ensure continuous flow of information to the public on our performance of the reforms and the state of the economy. Government intends to run a completely open door policy in terms of continuous flow of information and evaluation of the economic policy.

Before I conclude, let me stress that government values the strong public-private sector partnership, and hopes that the spirit of the partnership demonstrated by this Summit will continue beyond this hall. Government counts on your continued support during the period of implementation.

First, we need your support in communicating the reforms and building consensus around them. As we all agree, the set of reforms embodied in the NEEDS entail very tough choices and possibly some short term pains. Obviously, there will be winners and losers from any policy change, and those who lose or are likely to lose will naturally try everything to prevent or frustrate the reforms. If we all agree that, to make progress, it should not be business as usual, then we must all be involved in explaining the reforms and building broad consensus around them. Let me also plead with the members of the press to work in the true spirit of partnership and help to market the reform agenda which all of us have broadly subscribed to. It is a job for all of us, and we must avoid the "US versus THEM" attitude that one reads in the press. Even after the NEEDS document is finalised, we still invite you to continue to share your suggestions and ideas with the government. As the President stated at the opening, government has set up the Presidential Economic Advisory Council, and we invite you to send your proposals to the council and have a chance to debate your ideas with other experts from within and outside the government, and the council will subsequently make recommendations to the government.

Finally, let me congratulate you on a successful summit and the tenth anniversary of effective public-private sector partnership. As we celebrate this first decade of success, we look forward to many more decades of continued and strengthened partnership. By the time we meet next year, I hope we will have several important results to celebrate. The challenges are many, the road ahead is difficult, but together in partnership, we will build a prosperous future for our children and generations to come.

Appendix M

List of Participants

Infrastructure Workgroup

Jim Ovia
Zenith Bank
Lagos

Joe Makoju
NEPA, Abuja

Kayode Odukoya
Bellview Airlines
Lagos

Gersh Henshan
N.I.E.S.V
Lagos

Guido Stock
Australian Embassy
Abuja

Albrecht Zimburg
Austrian Embassy
Abuja

Wolfgang Pfeiffer
Asea Brown Boveri
Abuja

David Wyatt
British High Commission
Abuja

Kassey Garba
Nigerian Economic Society

Chima Ibeneche
Shell Petroleum Development Company

Oluseye Oshunpitan
ADC Airlines
Lagos

Francis Fajemirokun
UNILAG

Ayodeji Olukoju
UNILAG

Emmanuel Ekuwem
Teledom International Ltd,
Ikeja

Abdulrahman Ado
NCC, Abuja

Dave Imoko
NCC, Abuja

Tsetim Akoso
NPC, Abuja

Jimoh Owaboye
Min of Works
Abuja

Erere Vera- Cruz
MINAJ Media Group
Lagos

A. B Sarumi
Shippers Council
Lagos

B. P Ruwase
Panalpina
Lagos

Isaac Popoola
CBN, Abuja

Tajudeen Oladipo
Min. of Works
Oshogbo

Olalere Oyewumi
Irewole L.G.
Osun

Remi Omotoso
Odu'a Investment Co Ltd.
Ibadan

Godfrey Edoziem
NPC
Abuja

Isaac Olarewaju Makinwa
Ilesa East Local Government

Joseph Tegbe
KPMG Professional Services
Lagos

Steve Omojafor
STB-Mccann
Lagos

Dominik Umosen
The Sun, Lagos

Abimbola Onibokun
Urban Dev. Bank
Abuja

Ayodele Arise
Cards Tech.
Lagos

Sunday Sun Oriala
Edge Environment
Lagos

Foluseke Somolu
Nigerian Society of Engineers
Lagos

Shakiru Anjorin
Federal Min. of Power & Steel
Abuja

Abu Sule
Group One Dimension Ltd.
Abuja.

Abdulmalik Mahmoud
Deputy Governor's Office
Maiduguri

Philip Obioha
Computer Warehouse
Lagos

Tokunbo Fagbemi
Spring Fountain
Lagos

Chris. E Obidike
Federal Min. of Water Resources
Abuja

Briskilla Sapke
Federal Min. of Power & Steel
Abuja

Budget & Macroeconomic Framework

Mansur Muhtar
DMO, Abuja

Abdul-Ganiyu Garba
ASU/NES, Zaria

Chijama Ogbu
Punch
Abuja

Leonard Kange
FSB International Bank
Lagos

Lele Muhtar
Khalil International,
Kaduna

Gesiye Angaye
Min. of Budget & Economic Planning,
Bayelsa

Mike Obadan
NCEMA
Ibadan

Olu Ajakaiye
NISER
Ibadan

Jude Njoku
FUTO
Owerri

Mack Ott
DFID, Abuja

Mike Ejims-Enwukwe
Min. of Budget and Economic Planning
Rivers State

Ayo Teriba
Economic Intelligence Group
Lagos

Colleen Crenwelge
U.S. Embassy

Angela Lusigi
UNDP,
Lagos

Olutosin Oni
QCM
Lagos

John Oladoye
F.O.S,
Abuja

Ahmadu Umaru
F.O.S
Abuja

Ismaila Mohammed
Gombe State Government

Margaret O. Olowu
National Planning Commission
Abuja

Olugbenga Ale
Min. of Finance
Ondo State Govt.

Kehinde Sogunle
Governor's Office
Ogun State

Sola Oyetayo
Sola Oyetayo & Co.
Lagos

Peter T.T. Audu
Planning Comm.
Yola

Tunji Fagbemi
Channels Television
Lagos

Lolade Ogunjimi
Agusto & Co.
Lagos

Abraham Nwankwo
Debt Management Office
Abuja

Chibueze Abara
Planning and Economic
Development Commission
Imo State

Grace Evbuomwan
CBN, Abuja

Sam Olofin
Nigerian Economic Society
Ibadan

Emmanuel Edozien
PZ Industries PLC
Lagos

Ibi Ajayi
Nigerian Economic Society
Ibadan

Iliya Vongjen
National Planning Commission
Abuja

Ada Chiboka
National Planning Commission
Abuja

Bode Augusto
Federal Min. of Finance
Abuja

Isaac Okoroafor
BusinessDay
Lagos

Paul Collier
Department of Economics
Oxford University

Simon Adeyanju
NASS, Abuja

Ben Akabueze
NAL Bank PLC
Lagos

Udo Udoma
NASS, Abuja

Oby Ezekwesili
State House
Abuja

Nicholas Costello
European Commission
Abuja

Marc Fiedrica
European Commission
Abuja

Nedo Osayande
SPDC
Lagos

Shuaib Ahmed
Min. of Budget & Econ. Planning
Bauchi

Farouk Lawan
National Assembly
Abuja

Elem Ebilah
Nigerian Civil Aviation
Ikeja

Kassim Bichi
Kano State Government

Bashir Borodo
NAL Bank PLC
Kano

O.O.O. Ogunkua
Presidency
Abuja

Emecheta Ofondu
Coscharis Technology
Lagos

Lateef Owoyemi
ICAN, Lagos

Kasimu Abubakar
Min. of Budget and Economic
Development
Kebbi

Hassan Elbadawy
Govt. House
Yobe

Pascal Dozie
Diamond Bank
Lagos

Wilma Aguele
Wilbahi Limited,
Abuja

Chris E. Obidike
Federal Min. of Water Resources
Abuja

Human Capital, Youth Development & Quality of Life

Victor Chukwuma
ROELtd.
Lagos

Joop Berkhout
Spectrum Books
Ibadan

Olugbenga Momoh
Federal Min. of Women Affairs
& Youth Development

Jide Aweju
Federal Min. of Women Affairs
& Youth Development

Bimbola Adedoyin
Min. of Women Affairs & Youth Devt.

Tai Osagbemi
NNPC, Kaduna

Ben Duntoye
National Youth Council
Ilorin

Dayo Onadepo
Min. of Women Affairs & Youth Devt.

Joseph Ibekwe
Future's Foundation International
Ikeja

Esther Avbuere
Min. of Women Affairs & Youth Devt.

Victor Dike
Center for Social Justice & Human Devt.
Sacramento, U.S

Babatunde Ahonsi
Ford Foundation
Lagos

Joachim Idada
School Chess Development Committee
Ogba – Ikeja

Gladys Okafor
S.G.F Office
Federal Secretariat

Friday Okonofua
College of Medical Sciences
University of Benin

Frank Ekpunobi
National Manpower Board
Abuja

Yusuf Adamu
C & LTC
Abuja

Shehu Danyaya
Federal Min. of Women Affairs
and Youth Development

Samuel Eze-Akudo
Lagos

Victor Jayeola
Alanbay Investment Ltd.
Akure

Joseph Akinyele
Federal Min. of Internal Affairs
Abuja

Adedoyin Oyekan
Federal Min. of Women Affairs
and Youth Development

Ambrose Ikpa
National Youth Council
Makurdi

Wanda Kramer
SRICN & American International School
Ikoyi – Lagos

Adelowo Adesola
Inlaks Computers Ltd.
Lagos

Levi Ajuonuma
LASOM Communications Ltd.
Lagos

John Elegido
The Lagos Business School

Taiwo Sogunle
Ogun State Government

Micheal K. Bolarinwa
National Manpower Board
Abuja

Olumide Okunola
National Hospital
Abuja

Ahmed Mora
Zazzau Pharm Ind. Ltd.
Zaria

Oladipupo Awosika
Total Health Trust Ltd.
Lagos

Mike Ogbalu
Ebubedike Health International
Abuja

Peter Okebukola
National Universities Commission
Abuja

Moyo Ajekigbe
First Bank of Nigeria PLC
Lagos

Victoria Nkuku
Professional Roundtable
Lagos

Anyia Inyang
Lagos

Chinyere Dozie
Elpina Associates
Lagos

Chidi Okpaluba
Quarmasters Ltd
Lagos

Adeniran Adejuwon
National Planning Commission
Abuja

Moses Akpobasah
ICL, Lagos

Wonuola Adetayo
Soft Skills
Lagos

SMEs, Informal Sector & Wealth Creation

Sunday Owualah
Department of Finance
UNILAG

Bunmi Lawson
Fate Foundation
Lagos

Ibrahim Garba
SME Manager Ltd.
Lagos

Olaniyi Olatidoye
Min. of Industries, Comm & Coop.
Ogun State

Emma Nwachukwu
NNB PLC
Port Harcourt

Sundaram Ranjan
INMB Bank Ltd
Lagos

Doreen Titilayo
Fate Foundation
Lagos

Stanley Dako
Presidency
Abuja

Margaret Taiwo
PCI Group Ltd
Badagry

Adebayo Adewusi
Ibile Holdings Ltd
Lagos

Anthony Oboh
NRF PLC
Lagos

Kayode Sufianu
Societe Bancaire Nigeria
Lagos

Ubadigbo Okonkwo
Bank of Industry

Mary Ebong
Governor's Office
Uyo

Ebebe Ukpong
Min. of Economic Development
Uyo

Emecheta Ofondu
Coscharis Technologies

Moore Walker
Government House
Port Harcourt

Anyawata Raymond
Government House
Rivers State

Valentine Attah
Min. of Economic Development
Akwa Ibom

Hadiza Maiwa
CBN, Abuja

Muyiwa Bello
Governor's Office
Ogun State

Tajudeen Akande
Panwell Kerr Forster
Lagos

Emmanuel Nnorom
NUB International Bank
Abuja

Chike Anyaonu
Adgozo Ltd.
Onitsha

Samuel Harbor
UNDP
Lagos

Adeniyi Aromolaran
Nehemiah Resources
Lagos

Rotimi Oyekanmi
SME Managers Ltd
Lagos

Mary Agboli
World Bank
Lagos

Ronke Eso
Physical Therapy Center
Lagos

Gibson Ola
Chevron Texaco
Lagos

Victor Dike
STEP, Lagos

Justina David
Federal Min. of Industries
Abuja

Chioma Iwuchukwu
Hewlett Packard
Lagos

Kalada Apiafi
Wider Perspectives Ltd
Port Harcourt

Adekunle Adeosun
ECOBANK, Lagos

Yvonne Popoola
Guardian Express Bank
Lagos

Benjamin Benedict Ekwoaba
Knowledge Centre
Abuja

Solomon Apreala
Min. of Finance
Bayelsa

Abo Sule
Group One Dimension Architects
Abuja

Sefiya Ajayi
National Productivity Centre
Abuja

Akin Akintola
Community Development Foundation
Ikeja

Adhiambo Odaga
Ford Foundation
Lagos

Doyin Ogungbe
Min. of Ind. Cop. Comm.
Abeokuta

Kola Aiyedogbon
KTIP Consulting
Lagos

Hauwa Audu
Aimyu Invest. Ltd.
Lagos

William Oyetakin
Nicomtech Nigeria Ltd
Lagos

Geff Nwokolo
Millenium Exhibitions Nigeria Ltd

Peter Elosia
NASME

Maria Eka
NASME

Femi Olaleye
Fed. Min. of Agric. and Rural Devt.

A.O Adekanye
National Planning Commission
Abuja

Bashir Modibbo
National Planning Commission

Mustapha Ibrahim
National Development Project

Peter Bamkole
Lagos Business School

Agriculture & Food Security

Ayo Ifayefunmi
Min. of Agric
Akure

Yinka Idowu
The Nigerian Stock Exchange

Mntang Fariku
OSGF Presidency

Jim Unah
Academia – UNILAG

Emmanuel Ukeje
CBN, Abuja

G.A. Adebayo
EAI Foods Ind.

Vivien Ere – Imananagha
Bayelsa State Government
Yenagoa

Tony A..Olorundami
Bayelsa State Government.
Yenagoa

Ebele O.Okeke
Federal Min. of Agric & Rural Devt.
Abuja

O.A. Adenola
Strategic Grains Reserve
Abuja

Oladele Afolabi
Capital Alliance

Emmanuel Otiotio

A.S.Okunahgieas
NNPC, Abuja

C. Uboejseen
NNPC, Abuja

Andy Olotu
Schlumberger
Lagos

Polly C. Ubechu
Cenouxs Shipping Services
Port Harcourt

David Dafinone
Horwath Dafinone
Lagos

Akin Aruwajoye
NDOC, Lagos

Franklin Akintilo
Oil and Gas Publication
Lagos

Dupe Akindele
NNPC, Abuja

Ahijo Bamanga
Police Service Commission
Abuja

Mustapha Bintube
FSB International Bank PLC
Lagos

Chidiebere Nwokeocha
Bond Bank Ltd
Lagos

Bode Sunmonu
Ondo State Government

Olalekan Sanusi
LNG Nig. Ltd
Lagos

Chike Okoli
Carreon Energy Ltd
Lagos

Charles Nkata
Hallmark Bank PLC
Lagos

Nkechi Obi
Techno Oil Nig.
Lagos

Christian Des Closieres
Total Nigeria PLC
Lagos

Ndubuisi Nwankwo
Min. of Energy & Nat. Res.
Port Harcourt

Olujinmi Adelekan
Texaco Nig. PLC
Lagos

Aloysius Attah
Texaco Nigeria PLC
Lagos

Kanu Ukonne
Total Nigeria PLC
Lagos

Chris Ohanele
SPDC, Lagos

Tim Odozi
ConocoPhillips
Abuja

Josephine Ukaegbu
ConocoPhillips
Lagos

Edward Akhuemonkhan
NNPC, Abuja

Segun Egunjobi
Accenture
Lagos

Cyprian Agim
AGIP Energy
Lagos

Omoruyi Iyamu
Diamond Bank
Lagos

Kola Ogunsola
NNPC, Abuja

Nnanna Anyim Ude
Agon Continental Ltd
Abuja

Mosto Onuoha
UNN, Nsukka

Femi Adegbite
Mobil Oil Nig. Plc
Lagos

John Pototsky
Mobil Oil Nig. Plc.
Lagos

Carol Melifowwu
Eco Bus. Net
Lagos

Olusola Ogunsakin
Mobil Producing Nig.
Lagos

Rosemary Onwuka
CPI, Lagos

Olugbemi Agboola
NPC, Abuja

Uwemedimo Ekanem
NNPC, Abuja

Emma Ujah
Vanguard
Abuja

Victor Osibodu
VIGEO
Lagos

Tosin Runsewe
Guaranty Trust Bank
Lagos

Funke Sode
Fed. Min. of Environment
Abuja

Dorothy Ufot
Dorothy Ufot & Co
Lagos

Nduka Chiejina
The Comet

Kunle Aderinokun
ThisDay

Adeboye Shonekan
Nig. German Chemical Plc
Lagos

Uzoma Dozie
Diamond Bank
Lagos

William Olurotimi
Olurotimi William & Co.
Lagos

O. Mobolunrin
Capital Bancorp
Lagos

Privatisation and Deregulation

J.J. Bala
BPE, Abuja

D.D. Kunle
BPE, Abuja

Reg. A. Ihebuter
Govt. House,
Owerri

Hakeem Bello
Daily Times Nig. Plc.
Lagos

E. Ikazoboh
Akintola Williams
Lagos

Lekan Belo
Min. of. Finance
Abeokuta

Tomi Davies
Richardson & Briggs
Lagos

Jibril Aku
Afribank
Lagos

Paul Okolo
Reuters
Lagos

Amaechi Ndili
CARE
Lagos

Emma Ugboaja
NLC, Abuja

Richard Ikiebe
Raitas Ltd.
Lagos

Judith Eta
BPE, Abuja

John Yisa – Doko
BPE, Abuja

Archibong Udofiah
BPE, Abuja

Segun Oyeyemi
Global Partners
Lagos

Sufiyanu Garba
Access Bank
Lagos

Uche Ihejiryka
DMO, Abuja

Lai Yahaya
BPE, Abuja

Kayode Odukoya
Bellview, Lagos

Adiba Ighodaro
CDC Capital Partners
Lagos

Garba Imam
NAL Bank Plc
Lagos

H. Alfa Ahmed
Min. of Finance
Bauchi

Apia Okorafor
UNN, Nsukka

Kola Akosile
African Properties
Lagos

Atedo Peterside
IBTC, Lagos

Tim Onebamo
TransAfrica
Lagos

Kamar Bakrin
Ocean & Oil
Lagos

Ekesi Dominic
Better Living Ltd
Lagos

Abiodun-Wright
BPE, Abuja

Nick C. Ezeh
Aulic (Nig)
Lagos

Abass Subair
Nig. Tribune
Abuja

Milton Weeks
Stanbic Bank Nig.
Lagos

Ese Awhotu
New Age
Abuja

Tony Elumelu
Standard Trust Bank
Lagos

Roberts Orya
Afribank Int'l Bank
Lagos

Gboyega Isiaka
Lead Bank Plc.
Lagos

Irene Chigbue
BPE, Abuja

Albert Okumagba
BGL Ltd. Lagos

Unipetrol, Lagos

Lovette Madam
Aso FM, Abuja

Uju Okoye
Fed. Min. of Env.
Abuja

Richard Ivie
Rural Urban Dev.
Lagos

Emeka Izeze
Guardian Newspapers
Lagos

Anthony Unokanjo
Policy Magazine
Abuja

Yomi Idowu
Puregate

New Investment Strategies

Hani Okorafor
KGBL Consultants Ltd.
Lagos

Baba Mohammed
NIPC, Abuja

Nwogha Godwin
ADP
Abakaliki

Edward Idigo
Spring Fountain
Lagos

Phillip Ikeazor
Ecobank
Lagos

Oluwole Adeosun
Int'l Cont. Sec.
Lagos

Samuel Akpovona
FRCN, Abuja

Ify Umenyi
NEPZA
Abuja

Ngozi Ezeagu
NEPZA
Abuja

Mfon Amana
NIPC

Bunmi Oni
Cadbury

Chichi Ashwe
INTEX Consulting

Suraj Yakubu
NIPC

Iyamu Ovota
Lead Bank PLC

Jamiyal Nathan Dari
Gombe State Government

Stephen Amase
NIPC

Lantewa Lawan
NIPC

Kwagyang Yakubu
NIPC

F.K. Ohuche
National Planning Commission

Anawo Fabian
New Nigerian Newspaper

Olisa Egbunike
News Agency of Nigeria

Athan Ogoh
Imo State Government

Victor Omonogbu
MTN Nigeria

Tunji Adeyinka
MTN Nigeria

Dominic Bako Adagudza
Min. of Finance and Econ. Planning
Nassarawa

Edward Idigo
Spring Fountain

Pascal Odibo
Jeff O'Brien

Samuel Abiodun Ojo
Kogi State

Demola Adeyemi
Gateway Bank PLC

Akin Fadeyi
Cadbury

Foluso Olateju
Mezzanine Associates

NEPAD Workgroup

Chinyere Asika
NEPAD, Abuja

Bamanga Tukur
ABR, Abuja

Isaac Aluko-Olokun
NPC, Abuja

Emman Obinyan
UTC Nig. Plc.
Lagos

James Atusue
NEPAD, Abuja

Paul Igbinoaba
Proserve, Lagos

Mike Itegeboje
The Kings Ltd.
Lagos

Ibrahim M. Ida
Finlay Int. Ltd.
Abuja

Billy Bright Anokwuru
N.L.C, Lagos

Samuel F. Olatunde
U.I. Ventures Ltd.
Ibadan

L.C. Anukam
NEPAD, Abuja

Charles Nkata
Hallmark Bank Plc.
Abuja

Akin Akinbowale
Vitafoam Nig. Plc.
Lagos

Appendix N

Sponsorship

Contributions were received from the following organisations:

Official Partners

Cadbury Nigeria PLC
Seven-Up Plc
MTN Nigeria
Shell Petroleum Development Company
First Bank of Nigeria Plc
IRS Airlines

Event Sponsors

Accenture – PAS & Stage Branding
MTN Nigeria – Anniversary Dinner & Awards Night

General Sponsors

Banwo & Ighodalo	Investment Banking & Trust Company
Chevron Nigeria Limited	Michelin Nigeria
Citibank Nigeria	Nigeria Breweries Plc
Dangote Nigeria Limited	Stanbic Merchant Bank Limited
Diamond Bank Limited	United Bank for Africa Plc
First Bank of Nigeria Plc	Wema Bank Plc.
FSB International Bank	Zenith International Bank Plc

Support/Assistance in kind

In addition, other organisations provided facilities, materials, equipment, seconded staff and also offered preferential discount rates for services rendered. These organisations include:

Accenture	NICON Hilton Hotel
ADC Airlines	Office of the Econ. Adviser to the President
Banwo & Ighodalo	Printserve Limited
Chachangi Airlines Limited	Protea Hotels Limited
Crystal Palace Hotels Limited	Restral Consulting Limited
Diamond Bank Limited	Strategic Research & Investment Ltd
FSB International Bank	Xerox H.S. Nigeria Ltd
Honeywell Group	

We acknowledge their support and hereby express our gratitude to all of them for their contribution towards the success of NES #10

Appendix O

Summit Organisation

Private Sector

1. Asue Ighodalo – Co-Chairman
2. Omobola Johnson – Vice-Chairman
3. Ayo Akadiri
4. Wole Obayomi
5. Udeme Ufot
6. Moses Akpobasah
7. Bola Olayinka
8. Mary Agboli
9. Foluso Philips
10. Joyce Wigwe
11. Frank Aigbogun
12. Bolaji Balogun
13. Robert Clarke
14. Sam Ohuabunwa
15. Ola Sobande
16. Maria Eka
17. Nasir El-Rufai
18. Paul Usoro
19. Omoigui Ifueko
20. Toki Mabogunje
21. Stephen Amase
22. Tony Onwu
23. Gbenga Oyebode (Alt. Bunmi Fayokun)
24. Adrian Wood (Alt. Atim Amana)
25. Ola Soremekun
26. Olaoluwa Doherty
27. Alan Parke
28. Anya O. Anya
29. Chris Onyemenam
30. Felix Ogbera
31. Mayowa Obilade
32. Chizobam Kalu-Ogba

Public Sector

1. Mustafa Alkali – Co-Chairman
2. Mike Kwanashie
3. Tokunbo Adeola (Alt. M. S. Obaba)
4. Ahmed Abdulkadir
5. Udoma Udo Udoma
6. Alaba Ojomo
7. I. Adamu
8. 'Boye Ilori
9. M.O. Olowu
10. Omoye P. Omoruyi
11. Adesoji Adesugba
12. J.O. Adeyemi
13. Lai Yahaya
14. J.O. Omotosho
15. Esther A. Avbuere
16. Friday Ohuche
17. D.T. Adeosun
18. Joe Idada
19. A. O. Adekanye
20. O. Oshodin

Editorial Team

Moses Akpobasah

Dayo Onibile

Dr. Rose Akoh

Fehintola Odunlami

Seun Ajiboye

The *Report on the Tenth Nigerian Economic Summit* with the theme, "Nigeria: Partnering for Growth and Transformation" is a clear demonstration of the latent force which partnership can unleash in the effort to refocus strategy for growth and development of the economy.

Drawing inspiration from home and global experiences, the tenth summit seeks to focus attention on those things that must be done right to achieve sustained economic growth. The summit draws attention to aspects of national economic management, which the government's National Economic Empowerment Development Strategy must take into account as it unfolds.

Celebrating its tenth anniversary, NES #10 acknowledges the outcome of the NES process and indeed its achievements so far. It also highlights actions that must be taken given the fact that the administration has till May 2007 to lay the foundation for a credible reform process.



Spectrum Books Limited

ISBN 978-029-513-5



9 789780 295134