REPORT ON THE EIGHTH NIGERIAN ECONOMIC SUMMIT 2001
Report on the Eighth Nigerian Economic Summit

17 - 19 October, 2001
Abuja

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Introduction

The Nigerian Economic Summit was held in Abuja from October 17 – 19, 2001. It was the eighth since the inception of the Nigerian Economic Summit Group and the third since the return to democratic government under the leadership of Chief Olusegun Obasanjo, GCER, President of the Federal Republic of Nigeria.

The Summit was held in the aftermath of the September 11, 2001 terrorist attack on the World Trade Centre and the Pentagon in the United States, an event that led to the declaration of “War on Terrorism” by the United States in coalition with Britain and other allies. The war was recognised as a factor to be taken into account in planning for the future although the event itself was not allowed to mar the proceedings of the Summit, which was graced by several dignitaries and foreign guest speakers.

It is generally not in doubt that Nigeria has enormous potential to significantly raise the quality of life of its citizens and play a pivotal role in repositioning itself and Africa in the global system. A lot of effort has been made in the past five years to move the economy decisively forward in the direction of vigorous growth but the results of these efforts and their impact on the welfare of the generality of Nigerians have been far less than desired.

The problems confronting the economy have been intensively diagnosed and acknowledged, so much so that they are easily recited by heart where problems inhibiting Nigerian’s growth and development are discussed. Nigeria’s battered image has received quite some surgery by the re-enthronement of civilian democratic rule in the country but there still remains doubt in the minds of prospective investors about the law and order/security situation. Others are still scared about business scams popularly referred to as 419, and the infrastructure situation, which is yet to achieve a level that will significantly reduce the cost of doing business.

The privatisation programme of the government raised tremendous hopes when the GSM licences were issued, but because not much happened thereafter, the business community started raising doubt about commitment to the programme and its transparency.

Those wishing to visit the country still complain that not much has improved on the process for obtaining visas from Nigerian missions abroad. Despite these and other problems, not many people raise doubt about the great potential of the country and its ability to achieve breakthrough if the government continues to press on with reforms and pursue the right policies. Not least of the hurdles is the country’s preparedness to
meet the challenges of globalisation. Nigeria can be competitive as well as a leading African century, if not world economy, in the not too distant future. But, the policies must be right and the implementation of reforms must be persistent.

While it is acknowledged that noticeable progress has been made by the Obasanjo administration in the area of privatisation and deregulation, anti-corruption, improvement of infrastructure (roads, telecoms, power, education), improvement of the country’s dented image, etc, Nigeria is still far from entering the threshold that can enable it to jump-start its economy and make the kind of impact that will herald a dramatic change in its development prospects.

It is in view of these inhibiting factors, the continued concern about the future prospects of the economy and the disparity between goals, objectives, targets and achievements that the organisers of the 8th Summit chose the theme: Nigeria’s Economic Priorities: How Do We Deliver?

The focus of the Summit was on a clearer definition of objectives, goals and targets, the identification of priorities and the drawing up of an action agenda with milestones against which success or failure would be measured. It was a daunting challenge for a two – day conference and much, was indeed, expected. The Summit attempted to be highly selective of the areas of focus where immediate impact could be made and therefore limited the workgroups to 11 with a clear mandate to concentrate only on essential issues.

The objectives of the NES #8 were spelt out as follows:

- Sustain public/private sector dialogue and collaboration process in a democratic setting
- Define short to medium term economic priorities
- Generate a quantifiable sequence of action agenda with clearly defined milestone/success evaluation criteria including, in particular, what is to be done, by whom, how, when and where
- Obtain commitment of all stakeholders to the “low hanging fruits” actions required to deliver on defined priorities.

In order to meet the challenges, some innovations were introduced into the Summit process this time whereby elaborate pre-summit work was done to enable information/material to be put in place to facilitate the work of the work groups and the summit process generally. Not only were speakers introduced in the work groups discussions to help highlight the key issues on which discussion should be focused, a compendium of past summit recommendations was compiled for reference purposes so as to enhance a comparison of recommendation with implementation. These innovations enriched the process.
The Summit identified five growth-drivers that must be taken into account in fashioning out the prioritised action agenda for the future, namely:

- Job creation
- Security
- Social & Physical Infrastructure
- Sector Reforms/Privatisation
- Investment Climate

A recommended action plan must be able to demonstrate how it will impact on one or several of these drivers in order to be valid.

The Summit stressed the need to strengthen private/public sector partnership and suggested new institutional arrangements to enhance the process. The partnership requires that the roles of the two sectors be clearly delineated and performance properly monitored and highlighted to reflect the spirit of true partnership.

The following are highlights of the proceedings at the Summit.
Section 1

Eighth Nigerian Economic Summit

Wednesday, 17th October, 2001

Welcome Address to Participants

In his welcome address, Mr Bunmi Oni, the NESG President, observed that the 8th Nigerian Economic Summit opened at a very interesting period when the country was on the threshold of economic revitalisation. He noted that within the last one year, the economy had shown initial signs of a capacity to grow, but that the global recession and the re-ordering of international rules of the game had made the struggle for the attainment of the needed growth much more difficult.

He observed that the structure of the nation’s economy had made it vulnerable especially because it remained based mostly on the exploitation of natural resources, which are traded on highly competitive international markets. Thus, the nation had little control over its revenue stream. The low value added content, he said, also made the nation to be dependent on imports. Consequently, the nation was exposed to the prices determined by international manufacturers and suppliers. He, however, believed that a confident hold on our destiny would require a determined shift in the country’s previous path to energise the productive sector, while reconstructing its social infrastructure and developing its resources.

He attributed Nigerians’ misuse of public infrastructure and poor maintenance culture to the country’s past development model, which concentrated primarily on building things and not on building people. He stressed the need to bring Nigerians more into the centre of development because human capital determines the productivity of all other assets of the nation.

On contemporary world trends, he noted that unstoppable forces were shaping the world as exemplified by the domino effect when a major economy is threatened by recession. He advised that Nigeria must take advantage of the opportunities of surging world trade and investment by plugging into the high voltage arena of the global economy. In doing so, he said that Nigeria must also ensure that its internal operating systems respond to and are compatible with market characteristics. Safety nets would have to be provided as Nigeria enters the complete competitive global system. The 8th Summit, he said, would seek to provide the necessary support to steady the hands of the nation’s leaders in pursuing the path of deregulation.
He observed that following the economic slow down around the world, aggravated by the aftershocks of September 11, only those countries with attractive investment climate would continue to benefit from the increasingly integrated world economy. He said Nigeria must avoid the risk of slowing down the pace of its internal reforms. Such a slow down, he said, could reduce the inflow of foreign direct investment into the country. He believed that Nigeria’s growth prospects could be enhanced if it could attract the huge capital that now feels less safe in traditional safe havens.

He gave an assurance that the Economic Summit would continue to collaborate with President Obasanjo on ways to achieve the laudable objectives enunciated in his 1999 – 2003 Economic Policy document and the specific targets set by the government. While the economy had been struggling to grow, the government must, on its part, act fast to remove the constraints on investment and release the entrepreneurial energy that abounds in the country.

Unlike the previous years, he said the eighth summit would focus on those vital few issues that would be key to rapidly unlocking the economic potential of the country. That, he said, informed the narrowing down of the number of work groups to half the number in the previous years.

**Invitation to the President, Federal Republic of Nigeria, to Give His Address — by Dr. Magnus L. Kpakol, Chief Economic Adviser to the President**

The Chief Economic Adviser to the President (CEA) in the brief address to invite the President to deliver his keynote address expressed his delight at the full house and recalled the preparatory work that had been done to ensure the success of the Summit. He alluded to the tremendous support which the organisers received from the President and his Vice and assured that the Summit would live up to its bidding. The theme of the conference threw a challenge to which the public and private sector must respond. It was with delight that he invited the Vice President, Alhaji Atiku Abubakar standing in for the President Chief Olusegun Obasanjo, GCFR, to deliver the keynote address.

**Keynote Address – His Excellency, President Olusegun Obasanjo, GCFR**

In his opening address, the President, Chief Olusegun Obasanjo, who was represented by Vice President Atiku Abubakar, observed that a forum that had held annually for over eight years must be a commendable one. He expressed delight at the expansion of the planning committee for NES #8 to include other private sector organisations such as MAN, NECA, NASME and FAN.

He stressed that government had continued to address the problem imposed by poor infrastructure on the cost of doing business in Nigeria. He said that power supply was
improving steadily and that the GSM operators had rolled out their telecommunications services as planned. He told the participants that the federal network of roads was either being rehabilitated or new ones being added to it, pointing out that only recently the Ports Reforms Committee was set up under the chairmanship of a private sector person. The policy on privatisation, he said, had been pursued with vigour and that the administration’s commitment to the privatisation programme remained total and irrevocable.

He saw the theme of NES #8 – “Nigeria’s Economic Priorities: How Do we Deliver?” — as very appropriate as it underscored the critical challenge of propelling the economy forward so that it could reap the dividends of democracy on a sustained basis.

He was particularly pleased that there would be a shift in emphasis from “problem analysis” to suggesting an action plan that could be implemented. He recalled the recent 2001 Budget Implementation Joint Review Forum with the private sector, as an indication of the renewed determination for the public and private sectors to join hands in order to bring about economic prosperity for the country. The private sector, he said, should not only suggest to government “how to deliver”, it should also commit itself to specific actions on which it will deliver at the end of the Summit.

The President expressed concern about the impact of the unfortunate event of September 11 in the United States on Africa and the Nigerian economy. Given the effect that the event was bound to have on the global economy, it was his hope that the private sector would begin in earnest to adjust to its likely impact on their operations.

He expressed delight that Miguel Schloss of Transparency International; the Rt. Hon. The Baroness Chalker of Wallasey PC, as well as other foreign guest speakers were present to speak at the conference despite the horrific event of September 11, stressing that their presence demonstrated confidence and the improved investment environment, which Nigeria now offered. He welcomed all the guest speakers to Nigeria and wished the Summit every success.

National Presentation - Atedo Peterside/Mustapha Bello and Dayo Lawuyi

The National Presentation was made by Atedo Peterside, Dayo Lawuyi and Mustapha Bello. Ateod Peterside who first spoke enumerated the five broad areas covered by the National Presentation. They are: Why this Summit? Some Success Stories, The Growth Score Board, The 21st Century Game and The Way Forward.

On the 8th Summit the presenter said that the world economic game has changed. In the new economic order, the public sector sets the stage while the private sector plays
the game. The task of participants at the 8th Summit therefore would be to identify the changing economic game and set action oriented priorities for the country. This, he said, informed the theme of the Summit: “Nigeria’s Economic Priorities – How do we deliver?” The task of the presenters, he further said, was to design the context, while the work groups, would invent the content or design the actionable implementation plan.

He said that there were multiplicity of measures and actions that could be taken but that the following five growth drivers were very important and imperative for moving the nation forward and thus must influence the choice of measures to be taken. They are:

- Job creation
- Improving security
- Social and physical infrastructure
- Sector reform/privatisation
- Investment climate

He said that although the GDP growth rate for Nigeria in 2000 was 3.43% as against the world average GDP growth of 3% rate for the 20th century, there remained reasons for anxiety especially because the annual population growth rate for the country is close to 3%, which is too high. Also, two-thirds of Nigerians live below the poverty line. Therefore, Nigeria needs to target an accelerated growth of 10% per annum.

He then took time to dispel the myth that Nigeria is a rich country. According to him, Nigeria is not a rich country. He pointed out that at an oil price of $25 per barrel and a production of 2 million barrels per day, Nigeria makes a gross income of $50 million per day. But when the production costs and oil companies’ margins of about $20 million are deducted, it leaves a net revenue of $30 million per day for the country. This, in turn, translates to $10.95 billion net revenue for the nation per year. When this is divided by the country’s 120 million people, it translates to a mere $91.25 per Nigerian per annum. Given such meagre income, Nigeria cannot be considered to be rich. Therefore, there must be a judicious allocation of its resources.

He read out some of the success stories recorded since the return to democratic governance. Among them is the growing level of confidence as reflected by the growth of the stock market by about 125 per cent since May 29, 1999. That was a good indication of private sector faith in the country’s future. There had also been increased investment inflows into the deep off shore of the upstream oil industry; the GSM licences in the telecommunications sector and the spin-off investment activity following the roll out of GSM services by the three licensed companies; the progress being made in the privatisation of NITEL which will see the whole industry being
complete privatisation. He, however, maintained that with these success stories, government is sounding better. Rhetoric would no longer be sufficient, the government must move from saying the right things to both saying and doing the right things.

Dayo Lawuyi took over from Peterside and measured the country’s growth score board in recent times. He said the country dreamt big dreams not all of which had been fulfilled. Among the unfulfilled dreams are the achievement of double-digit growth of the GDP, single digit inflation and job creation. When big dreams remain unfulfilled, frustration usually creeps in. There was a need to re-examine the big picture, keep it in focus and reappraise the range of implementation actions. According to him, keeping the big picture in focus is a difficult task, more so because the world is changing all the time, the current global recession and the feeding frenzy that may accompany the run up to 2003 elections in the country.

He said that the new game should be entrepreneurship. To achieve this Nigerians must be dreamers and doers. Thus, there is need to clarify or modify the big picture or the big dreams, keep the revised big picture in focus and sharpen the saw in terms of options and actions that will enhance delivery.

While there is room for improvement in the growth of the country, he added that Nigerians must learn to persevere. He then reeled out a range of actions that are necessary to move the nation forward. Among the actions are identification and removal of the remaining impediments of how to ensure constant power supply, eradicate fuel scarcity, institutionalise macro-economic stability such as keeping inflation at single digit, maintaining a stable exchange rate regime, reduction in the differential between interest and inflation rates. Other actions include simplification of the foreign exchange regime, restructuring of every sector, in order to increase or maximise private sector investment inflows to the country. Others include redirecting government spending towards social and physical infrastructure-such as health-care, education, roads, etc.

The success story in the deep offshore and telecom sectors should be transferred to other sectors such as power, ports (air and sea), aviation, downstream petroleum, etc.

Thereafter, Engr. Mustapha Bello, the Minister of Commerce, took the baton from Dayo Lawuyi. He said that the 21st century challenge for the country is to become victors and not victims; to become survivors and not casualties. In defining the 21st century game, Engr. Bello observed that between 1900 and the 1950s, science was the mechanism for creating new wealth, natural resources were very important, while from the 1950s to the 1990s, he said, consumer marketing and innovations held high grounds, with natural resources playing lesser roles. Brand managers added most of the value. The 21st century is an age of human imagination. Therefore, Nigeria’s task is to quickly master the 21st century game.
As investors know the difference between gimmicks and reality, he stressed that rather than trying to change the scoreboard, Nigeria must work hard at the game, and while not forging solutions, we must search for genuine enduring solutions. The big story is that Nigeria must attain double-digit growth, full employment and become author of its destiny. He believed that Nigeria could create 500,000 entrepreneurs (or Nigerian companies) within a very short period. If, on the average, each of these companies employs 100 Nigerians, at least 50 million Nigerians would be fully employed. This, he said, could reverse the brain drain in the country.

Nigerians all over the world could be flocking home to take advantage of the growth at home, and accelerate the return of capital that had left the country. The 21st century game is entrepreneurship as opposed to stewardship. Therefore, the country must encourage entrepreneurship. But, in doing so, it must be remembered that globally, there is a 90 per cent mortality rate for new enterprises. So, Nigeria must nurture some of its old ventures, while spawning new ones.

Nigerians must remember that an enabling environment fosters entrepreneurship. So, every sector must be structured to attract massive private sector investment flows. Also, the risky return equation must be tilted by initiating countless measures and initiatives designed to increase the returns and reduce the risks for the investor.

He again listed the self reinforcing five-growth drivers of job creation, improving security, social and physical infrastructure, sector reforms/privatisation and investment climate and recommended that Nigeria must move away from incrementalism and pursue the quantum leap, using the power of vision.

He said that Nigerians must recognise and accept that the forces of deregulation globalisation, privatisation and new technology have changed the world, including our world as Nigerian stakeholders. The country must therefore, grow beyond exploiting chance occurrences to enhancing capability.

Among the tools necessary for giving tonic to our dreams are income/corporate tax reductions, tariff adjustments, elimination/reduction of property taxes, land use reform, improved trade support infrastructure (such as intellectual property, etc). He said that these tools should be used to accelerate the pace of investment activity and make our industries more competitive.

Atedo Peterside again took over from Engr. Mustapha Bello to give the way forward for the nation. He identified three major factors, which were holding the country back from going forward. These are: the power of our vision, the quality of our thinking and the extent of our commitment. He believed that since the 21st century game is
about entrepreneurship and not stewardship, the Nigerian stakeholders must seize the initiative to create things, do things, form enterprises, take over enterprises, collaborate or partner with outsiders and also compete with outsiders. In all these, he said multinational companies have a definite role to play but they are not responsible for our development. Therefore, our entrepreneurs must create and nurture business entities and, like the American Silicon Valley, we must produce 'acquisition fodder'.

In recapping the way forward, the presenter stressed that the 8th Summit was necessitated by the insatiable desire to create a nation of economic victors and not victims. He said that Nigerian stakeholders were gathered at the Summit because they were dreamers and doers. Also, the stakeholders were at the Summit to build consensus and stimulate collective action from both the public and private sectors. The Summit would analyse the range of actions required to attract massive private sector investment flows to the country. This, he said, will not only help the country to avoid the distractions of any feeding frenzy in the run up to 2003 but will keep it focused on achieving rapid growth rates in the light of the demands of the 21st century game.

The various workgroups were mandated to define priorities and specific action-steps consistent with the five-growth drivers. Each recommended action should also be credible, coherent, compelling, commercially viable and realisable.

**Combating Corruption for Development: From Words to Deeds — Miguel Schloss**

Mr Miguel Schloss, who is the Executive Director of Transparency International, started by defining corruption as the abuse of public office for private gain. Corruption, he said, was deep seated in several countries nurtured by policy distortions, institutional incentives and governance. In many developing countries the rule of law is fragile and can often be captured by corrupt interests. Corruption, he stressed, was as much a moral and development issue. He said that Transparency International also produces a Business Perception Index (BPI), which measures the level of corruption associated with businesses.

Mr Miguel Schloss, explained the relationship that exists between bribery and freedom using various countries as illustrations. He maintained that a high level of bribery is inevitable in a country that has a low level of civil liberty. Similarly, Schloss showed that a higher level of bribery occurs in countries where there is low civil service professionalism. With graphical illustrations, he demonstrated that while the OECD countries ranked highest in the perception of corruption, closely followed by East Asian countries, sub-Saharan African countries ranked lowest in the perception of
corruption. He stated that his organisation publishes a corruption perception index (CPI) which gives a world wide index of corruption in many countries. The results have been revealing.

He further demonstrated that some fairly robust statistical evidence reveals, that higher corruption is associated with:

- Higher and more costly public investment
- Lower government revenues
- Lower expenditure on apparatus and maintenance
- Low quality of public infrastructure

The tendency is that the cost of infrastructure expenditures crowded out the allocation to social services.

Schloss stressed the importance of understanding bribery and corruption from the angle of regulatory discretion by showing the direct relationship between corruption and regulatory discretion. Where there are numerous rules and regulations, which are administered with discretion, the more corrupt the system is. He cited the example of Russia as a nation with high regulatory discretion and a high level of corruption. Schloss then proposed a multi-pronged strategy for combating corruption. This includes the roles of civil societies, the state and the private sector building coalitions among the citizenry, the enterprises and the Government. He emphasised economic policy, sound financial controls, public oversight, good civil service and an independent judicial system as the most effective tools for effectively combating corruption.

He cited developments in nations at different stages of combating corruption and their socio-economic responses to their anti-corruption campaigns. He said that Chile was very corrupt, more corrupt than Nigeria but that the arrest, trial and imprisonment of several men in the top echelon of Chile’s power structure did a lot to send a strong message of government’s seriousness to deal with the problem. That, combined with civil society participation, went a long way to reduce corruption in Chile. He observed that Italy was once the most corrupt country in Europe until a revolutionary government dealt a blow on the disease.

The TI boss stressed that corruption occurs when opportunities for it prevail and political will to combat it is lacking.

He said that bribery encompasses pay-offs for a wide variety of illicit activities: (i) getting around licenses, permits and signatures; (ii) acquiring monopolistic power - entry barriers to competitors; (iii) access to public goods, including legal or uneconomic awards of public procurement contracts; (iv) access to the use of public physical
assets or their outright stripping and appropriation; (v) access to preferential financial assets - credit; (vi) illegal trade in goods banned for security and health considerations, such as drugs and nuclear materials; (vii) illicit financial transactions, such as money laundering and insider trading; (viii) influencing administrative or legislative actions; and (ix) influencing judicial decisions.

In order to fight corruption, he said that avenues for corruption must be blocked or minimised, for the less of them a country has the less corrupt the country will be.

He gave examples of responses that involved a more efficient and transparent pricing, entering into integrity pacts, and instituting public hearings as means of combating corruption.

He also mentioned action taken to deal with the supply side of corruption with the examples of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions under which offering or giving of any advantage either directly or through intermediaries is criminalized. He spoke about the UN General Assembly Declarations, Inter America Convention Council of Europe and GRECO monitoring programmes, as well as the Asia Pacific Draft Action Plan, as attempts to deal with the problem at inter-governmental levels. He also spoke about global business codes, professional codes and sectoral codes - all aimed at combating corruption.

In their determination to win the war against corruption, he advised countries characterised by weak governance and consequent high degree of corruption, such as Nigeria, to address the following:

- Official collection of revenues
- Budgetary discipline
- Public expenditure management
- Transparency and accountability
- Institutional strategy.

According to him, the effective collection of revenues with active civil society participation and surveillance “goes a long way in tracking bribery and corruption in any national system”. In conclusion, Mr Schloss emphasised five elements of the struggle against corruption, namely:

i. “Contestability” which emphasises the need for competition. The greater the level of competition, the lower the possibility of corruption and vice versa.

ii. Civil Society Action - the Civil Society, not just the technocrats, must be involved in fighting corruption.

iii. Competition in the private sector so that attempts to cut corners, bribe and to give
undue advantage of connections is exposed and challenged by competitions.
iv. Transparency, accountability and scrutiny, which are healthy elements of the crusade.
v. Plurality of activities, that is, the involvement of many actors. The Government, the Private Sector and Civil Society must join hands and work together to fight corruption by depoliticising it.

He concluded that a level playing field that supports and monitors reforms by encouraging mass participation, monitoring research and building coalition can effectively reduce the level of corruption that are currently plaguing many developing economies all over the world.

Vote of Thanks – Mr. Titus Adeboye

Mr Titus Adeboye, co-Chairman NES #8, Joint Planning Committee, gave the vote of thanks at the end of the session. He thanked the Vice President for granting audience to members of the Joint Planning Committee during the preparatory stage of the Summit and for personally sending out invitations to the ministers not only to attend the opening and closing ceremonies but to actually participate in the proceedings. He also commended the Vice President for making sure that all the budget allocations for the Summit from the government side were released before the start of the Summit. He noted that three of the group sessions were to be co-chaired by honourable ministers at the Summit.

He also thanked the corporate sponsors for their support, and sought permission to single out four sponsors who were responsible for bringing some of the distinguished foreign speakers to Abuja. These were Shell Petroleum Development Company that sponsored Miguel Schloss; Accenture that sponsored Vernon J. Ellis’ participation; the International Finance Corporation (IFC) that brought in Harold Rosen and Philips Consulting that sponsored Fred Thompson. He thanked them for their generous support.

Adeboye specifically thanked Miguel Schloss who gave a good analysis of the issues of corruption and the need for a multi-faceted attack on it for significant results to be achieved. He also thanked the three people who made the national presentation, namely: Dayo Lawuyi, Atedo Peterside and Alhaji Mustapha Bello. He thanked the Chief Economic Adviser to the President, Dr. Magnus Kpakol, for distinguishing himself creditably, although he joined the process rather late.

The Economic Summit Group was not left out of the vote of thanks. He recognised the effort of the Chairman, Mr Bunmi Oni, the Director General/CEO, Prof. Anya O. Anya and Chris E. Onyemenem for their input into the planning process. He also
thanked members of the Joint Planning Committee (JPC) for a job well done and the media for giving an informed coverage even of all pre-summit activities. He finally thanked the distinguished participants for answering the call of the organisers without whom, there wouldn't have been a Summit.

Special Summit Dinner

Welcome Remarks at the Special Summit Dinner - Bunmi Oni

Participants were treated to a special summit dinner at the end of activities on the first day. Mr Bunmi Oni, in his capacity as the guest of honour in place of the Senate President, who was unavoidably absent, gave the keynote address. He started by pointing out that Nigeria is destined to play a central and pivotal role in continental and world affairs by virtue of her geographical location, natural and human resource endowment and demographic realities with over 120 million people. He noted that there was high unemployment and only about one-third of the population was actually producing.

He said that no less than 30% active population was needed to rise up to the challenge of generating employment for some of the under-18 members of the populace that will be entering the labour market. This according to him, would require the creation of a favourable investment climate for foreign direct investment to flow into the country such that in collaboration with local investors, we could achieve sustainable economic growth.

He urged Nigeria to draw from the experience of the Asian Tigers in their efforts at achieving sustainable economic growth so that the country could emerge as the "African Lion". He acknowledged the pivotal role of the Nigerian Investment Promotion Commission (NIPC) in creating an enabling environment to facilitate investment flow into the country. He hoped that the commission would rise up to this challenge.

He thanked NIPC for hosting the dinner and wished everybody a good appetite to enjoy the dinner.

Remarks at the Summit Dinner — His Excellency, Vice President Atiku Abubakar

The Vice President in his dinner speech, delivered on his behalf by Malam Adamu Ciroma, Federal Minister of Finance, emphasised the administration’s commitment to improving the quality of life of Nigerians who had suffered many years of neglect under military rule. This informed the adoption of the National Poverty Eradication
Programme as well as other policies aimed at positively affecting the lives of the populace.

He said that in order to promote good governance, the government had restored rules and regulations in the bureaucracy, reinstated due process and adopted improved procedures in the conduct of public affairs. Measures had also been put in place to fight corruption as well as eliminate waste. The government, he said, had matched its words with action through re-orientation programmes designed to acquaint public functionaries on the administration's ethical standards. He gave an assurance that all necessary measures had been taken to underline the administration's resolve for a better Nigeria.

The Vice President stressed the government's determination to lay a solid foundation for economic growth by providing a level playing field for private investment to thrive. The government was also committed to the privatisation programme aimed at eliminating wasteful public investment and releasing resources for investment on the core functions and responsibilities of government.

The Vice President expressed the hope that in no distant time, the ray of hope and optimism in the country would translate into concrete achievements given the boundless opportunities that Nigeria provides. He expressed the hope that the Summit would come up with recommendations that would lay the foundation for the economic growth and development of the country.


Ambassador Howard Jetter, in his speech, remarked that he was standing in for Larry Ellison, the Chairman/CEO of Oracle Corporation, one of the wealthiest men in America.

He expressed his commitment and empathy for Nigeria, a country that he so much cherishes and believes in. Nigeria, he stressed, is vital to the future of African Diaspora, hence its success means a lot for the rest of the world and not just Nigeria alone.

He thanked Nigerians for the tremendous outpour of sympathy and support for the U.S over the infamy of September 11, the day the world witnessed the horrific attack by terrorists on the World Trade Centre in New York and the Pentagon in Washington in which very many lives were lost. He said that America was shocked and hurt but remained unbent and unbowed, and would emerge from the crisis stronger than before.
He expressed the hope that in choosing the theme: “How Do We Deliver?”, there must have been agreement on what “We Must Deliver”. Hence, his speech focused on a vision of the kind of future we should be delivering.

Nigeria to him was Africa’s “essential” nation with influence that reverberated far beyond its borders. As a result, the stability and the fortunes of nearby countries, as well as the rest of Africa depend substantially on what happens in Nigeria. Nigeria with its abundant wealth and growing social and economic infrastructure stood in a position to make a difference to the fortune of Africa. He however pointed to Nigeria as the only country that has the political weight to balance West Africa and enhance its stability. He however pointed to the “costly” and “thankless” role Nigeria must play to avoid hot conflicts such as was brewing in Zimbabwe.

He further observed the role that Nigeria had played in world economic affairs, noting that the U.S depended on Nigeria for 10 per cent of its oil import. The U.S dependence on Nigeria’s gas was expected to grow. He lauded Nigeria’s signing of the Stand-by Arrangement with the IMF as well as its moderating influence in OPEC, which had helped the world economy to stabilise. He expressed the hope that the country would become more active in the World Trade Organisation (WTO) in the coming years. He believed that there was no other way to achieve the prosperity that Nigeria’s citizens yearn for than to adopt policies that will enable Nigeria become a real player in the world economy. The sign post on the path of growth and prosperity and the stability and social justice that they create are marked by “markets and enterprise”.

He saw Nigeria moving from a painful past to a more promising future. After 16 years of military rule, Nigeria’s democratic impulse appeared irrepresible. Though he warned that there would be fits and starts, Nigeria must expect these and not relent. “As long as you keep an eye on the prize, as long as you remind yourselves that democracy is the act of compromise, you will move in the right direction”, he declared.

He remarked that Nigeria has been an economic under-achiever: with its stagnated agriculture, deteriorated infrastructure and industrial capacity under utilisation. He made a number of suggestions that could lead to resumed growth of the agriculture and manufacturing sectors, such as structuring a tax code that encourages economic activity, permitting and implementing macro-economic policies that reduce rent seeking and arbitrage, ensuring transparent application of the rules of the game and generally bringing down the cost of doing business in Nigeria. There must be continued improvement of infrastructure and significant investment in education and human resource development. Nigerians, he stressed, must demonstrate faith in their country by investing more in Nigeria, otherwise foreigners would not come running to invest there.

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In order to achieve this vision of a future Nigeria, there was need for Nigeria’s leaders to live by example, always placing the public interest above private gain. He stressed the need for tolerance and the development of mechanisms for conflict resolution. He believed that there must be a compact between the governing authorities and the governed for the right chord to be struck.

The government must focus its attention on education, basic health care, national defence and security in building the Nigeria of the future. The United States and other international agencies, he said, would cooperate with Nigeria in forging sound economic policies. He referred to the opportunities offered by the Africa Growth and Opportunity Act (AGOA), America’s bilateral assistance of over $100 million for sub-Saharan Africa, of which Nigeria is the biggest beneficiary, and the U.S/Nigeria Military Cooperation in specified areas, as examples of America’s collaboration with Nigeria.

He also affirmed U.S commitment to support Nigeria in achieving a more sustainable debt profile and encouraging the country in the pursuit of effective economic reform. He expressed the belief that Nigeria has the wherewithal to become a model of democracy in Africa, and to achieve double-digit economic growth rate.

He concluded by restating his vision of Nigeria as a country with bright opportunities and a strong will power to overcome short-term challenges.

Vote of Thanks – Prof. Anya O. Anya

Prof. Anya O. Anya, Director General, NESG, in his vote of thanks recalled that as he sat in the hall earlier in the day and listened and watched, and as he sat at the dinner listening to various contributions, first from the Vice President and then a very thoughtful presentation by His Excellency, Ambassador Jeter of the United States, a thought crossed his mind that it was just possible that Nigeria was on the threshold of momentous events. But then, he was reminded that momentous events do not always come with sound and fury but often creep in small, little bits that build up to a threshold from which things take off.

It was just possible that Nigeria was at that point in history and it was possible also that many years from now people might regard the 8th Economic Summit as the defining moment that Nigeria faced herself and recognised that the problems of Nigeria can only be solved by Nigerians.

He reminded the audience that a lot of planning went into the making of the Summit and that a lot of work was still to be done, observing that many would be leaving the
dinner not to go and sleep but to go and work in preparation for the next day. He thanked those involved for all the tremendous work they had done, and still to be done.

He thanked the President of the Federal Republic of Nigeria who was committed to a true partnership between the private and the public sectors, the Vice President, who had shown more than ordinary commitment and encouragement for the organisation of the summit and the process generally; the chairman of NESG and very many others who had shown dedication and had worked strenuously for the success of the Summit.

Thursday, 18th October, 2001

The “Indispensable Small and Medium Enterprises” SMEs - *Harold Rosen* (Guest Speaker)

Harold Rosen of the IFC set the pace for his speech by defining the characteristics of the “Indispensable Small and Medium Enterprise”. He stated that the SMEs constitute the private sector in most countries; contributing to equitable growth and the creation of democratic, market-based societies. SMEs also contribute to sustainable communities through the provision of goods, services and jobs. He maintained that certain structures need to be in place as prerequisites for the development of SMEs. He described these pillars of SMEs as a conducive business environment devoid of expensive and time-consuming regulatory requirements, labour market rigidities, tax structures and government procedures that are cumbersome. There is also the issue of poor infrastructure, as well as barriers to entry which discourage “would be” investors.

Access to capital and a wide range of business development services were also identified as crucial to SME development and growth. These include a wide range of non-financial services, business management advice; management training; business linkages through sub-contracting; franchising and business clusters. He emphasised the importance of having market intermediaries to back SME development.

He believed that an SME sector must have commercial rigour, competitive performance indicators and proper benchmarking to be sustainable. SMEs should be based on demand, not supply and they could be assisted by transparent and time bound subsidies, matching grants and vouchers, and mainstreaming best practices from around the world. Rosen suggested the strengthening of public / private sector partnership in the area of SME development by adopting best practices that would allow market empowerment and foster public trust in the sector.
Delivering Through Quality: “If The Asian Tigers Can, Why Can’t Nigeria?”
-Fred Thompson

Fred Thompson, in his presentation, expressed great pleasure at being at the Summit, pointing out that the Summit process would go a long way to promoting openness to ideas that would lead to the attainment of peace and prosperity. He saw great challenge in the summit theme of “How Do We Deliver”, a challenge that another country had faced 50 years ago. He charged policy makers to make the “delivering of quality” a national strategy that would take Nigeria to global height, leadership and prominence. He stressed that if Nigeria would really want to deliver, then it should commit to delivering with quality. He urgedarians to adopt quality as a philosophy that would empower Nigeria to lead by educating other developing nations on the importance of quality in socio-economic development. He urged Nigeria to do four things, namely:

i. Investigate quality as a strategy that empowers Nigeria to deliver
ii. Take the lead on educating others on what quality can do for Nigeria
iii. Apply the principles of quality to each responsibility, and
iv. Champion the effort to make Nigeria to become known for quality around the world.

He referred to Japan, once a poor, war ravaged country, now leading the world in engineering, delivering products with unprecedented levels of quality and customer satisfaction. He observed that the traditional emphasis on profit maximisation as the main motive for going into business has become archaic and was no longer tenable. The emphasis, as the Japanese example had proved, is to aim at delivering quality goods and services that will endear customers to you. Profits will consequently flow therefrom. He maintained that although quality has been a winning strategy for Japan, the other industrial powers had been slow at adopting quality as a strategy. He challenged Nigerian leaders to make quality the national agenda, as the Japanese did. As an immediate step to this, he said that Nigeria should address its reputation and resolve not to accept to be regarded as a “thug nation”, a reputation that can undermine the country’s best intentions and the brightest hopes for national prosperity. Rather, Nigeria should choose delivering quality and the world’s markets would flock to her. “Nigeria”, he said, “must set the standard, lead the field, order the world and hold a renowned position in the new world order”.

He referred to how the Asian tigers made their names from high quality. He believed that Nigeria even has more potential than the Asian tigers, but the problem is that of committing to high standards and efficient ways of doing things.
He emphasised the urgency of doing things efficiently and getting it right the “first time”. He maintained the supremacy of quality, which recognises the fact that an organisation does not exist only to make profit “but to serve the society where it operates”.

He referred to the “International Standard Organisation’s [ISO 9000-2000] Quality System’s Guidelines” as a globally accepted standard for benchmarking quality. He drew an analogy between the theme of this year’s Summit and the definition of the ISO standard. He maintained that what Nigeria simply needed is a strategy that “keeps the country focused no matter what changes in leadership and administration occurs”.

He urged leaders of the country to lead the campaign to educate people on the importance of quality, “as though their lives depended on it”. He stressed that meeting requirements and expectations are not enough, Nigeria must delight and excite the world. This he said required human resource development that focuses on education and training for global competitiveness. He suggested that with quality as a national strategy, regional and ethnic conflicts would be overtaken by teamwork. He expressed keenness to work with Nigeria to design systems that would raise standards to globally accepted levels.

**Group Discussions**

The participants dispersed to their various groups to discuss in detail the special areas selected by the Summit for special attention. These are: Infrastructure; Budget & Economic Coordination; Human Capital; Science & Technology; SMEs Informal Sector & Wealth creation; Agriculture & Food Security; Oil & Gas Sector; Banking & Finance; Privatisation & Deregulation; Competitive Industrialisation; Rebuilding Institutions; and Investment.

In selecting their priority programme and making their recommendations the groups were reminded of the need to relate them to the growth drivers of job creation, security, sector reforms, infrastructure and investment. The groups worked all day into the night before going for the Summit dinner.

**Summit Gala Dinner**

The day ended with a Summit dinner hosted by the Nigerian Investment Promotion Commission (NIPC).
Welcome Remarks – Dr. Magnus Kpakol

Dr. Magnus Kpakol, in his welcome remarks at the dinner, thanked Baroness Lynda Chalker, for honouring the invitation to be guest speaker at the Summit gala dinner. He described her as a friend of Africa and a great lover of Nigeria.

He recommended that the Summit theme of “How Do We Deliver” was a radical departure from previous ones, which focused on problem analysis. He said, this time the focus was on how to deliver on identified economic priorities which is a critical challenge Nigeria faced as a nation. He singled out job creation, as critical for fighting poverty and general insecurity in the country. He charged the Summit to come up with actionable agenda on “how to economically empower the people through sustainable jobs that will result in tangible output with multiplier effects on the economy”. He expressed the hope that the Summit recommendations would holistically lead to empowerment and promote the growth of a self-accountable and self-sustaining citizenry. He believed that was the sure way to achieving sustainable economic growth and development.

Dr. Kpakol observed that there are no quick “fixes” to Nigeria’s problems and reminded the audience of Martin Luther King’s statement that “progress does not roll-in on the wheel of inevitability, but through conscious, consistent and persistent hard work”. The admission of the reality that we have problems of unemployment, inflation, high interest rate, etc. constituted the first step to solving them. The next step is that “we must work on them, we must measure our progress, celebrate our achievements, compare and benchmark them against set targets in order to keep our progress in perspective”, he said.

He concluded by highlighting some of the achievements of the Obasanjo’s administration, which included significant improvement in power supply, regular fuel supply and the improvement in the telecommunications sector with the roll out by three GSM operators. He said that the country’s image had improved and that the economy was now better poised for take off. He urged the audience to patiently listen to the guest speaker, whose presentation would, no doubt, be very thoughtful.

Nigeria Matters – Baroness Lynda Chalker (Guest Speaker)

Baroness Lynda Chalker in her speech stated that Nigeria matters as a vital enabler and catalyst for growth in ECOWAS and in African affairs. If properly organised and positioned, the country could attract sizeable US and EU funds as the second largest producer of oil after Saudi Arabia. She pointed out that the Middle East faced investment difficulties following the September 11 terrorist attacks on the US, as a result, investment planners were bound to shift focus from the Middle East to China and Russia.
She believed that Nigeria stood at the threshold of major economic growth and can “deliver good governance” to the citizenry if the government rose to the challenges of implementing honest, corruption free processes coupled with careful budgeting based on realistic oil price, and disciplined government spending. “That would be the only way foreign investors could be attracted to invest in Nigeria”, she said.

She commended the peaceful transition from military rule to democracy in Nigeria and affirmed that friends of Nigeria were determined that the reality of May 29, 1999 must be sustained and built upon so that Nigeria could continue to play the pivotal economic and political role in Africa and in African affairs. She observed that although not much success had been achieved yet, the fact that the President was willing to lead Africa was a clear signal to the rest of the world that Nigeria is committed to achieving lasting peace across the African continent.

Lynda Chalker singled out the frequent ethnic and religious crisis in the country as well as insecurity of life and property as some of the major challenges the government must address and overcome in its march to nationhood. In her view, the present administration had managed the situation well considering its political nature, but urged that much more needed to be done in the area of security. More work also had to be done to achieve religious and ethnic balance in the country.

In order to achieve the desired economic success, Nigeria and Nigerians require brave and straightforward actions. She enjoined the new Chief Economic Adviser to the President, Dr. Magnus Kpakol, to show courage and great fortitude in addressing the economic problems facing the country. She challenged him to assist government to focus on public sector reforms, which she considered very vital for economic revival because the public sector still accounts for more than 50% of GDP and 67% of formal sector employment. With over 82% of regional GDP and 79% of West Africa’s population, Nigeria can work with South Africa to change the face of Africa in five years. That can only come about if the public sector is rapidly transformed and properly focused to give needed direction and enabling environment for private investment.

She commended the Obasanjo administration for the bold initiatives so far taken and the admirable success recorded so far, particularly in the following areas:

- Telecommunications sector with the roll out by two private GSM operators as well as the expected roll out of NITEL, which would soon be privatised.
- Planned unbundling of NEPA to smaller operating units prior to privatisation.
- The privatisation of the aluminium, steel and fertilizer companies.
- The establishment of the national anti-corruption commission and the planned creation of anti-corruption and transparency offices in every ministry.
In order for the government to build on the successes so far achieved and attract needed foreign direct investment (FDI), the government was urged to boldly address the following key challenges:

- Crime, security and law and order backed by a strong and independent judiciary, which is the most basic pre-requisite for attracting investment into Nigeria.
- Fighting and ridding the country of corruption, which requires the support of the private sector and people from all walks of life in the effort to rid the country of the endemic problem.
- Improving corporate governance, a key factor required in re-building the country’s reputation. This is a major challenge which the organised private sector must rise up to.

She concluded by reminding Nigeria of her pivotal role under the New Africa Initiative, a new determination to rebuild the African continent, to promote peace and stability, widen democracy, increase trade and investment and truly enthrone sustainable development. If Nigeria could increase its ability to attract investment, it would be a major influence on the pace of change for the West African region and the continent of Africa as a whole.

Vote of Thanks – Chief Kola Daisi

Chief Kola Daisi in his vote of thanks as chief host of the gala dinner expressed the appreciation of the Nigerian Investment Promotion Commission to all who had honoured the invitation to the dinner and those who had worked tirelessly to make the summit a success.

He specifically thanked Baroness Lynda Chalker for her untiring support and love for Nigeria, and Africa in general. Baroness Chalker, he disclosed, had only recently played a major role in the investment promotion conference held in London. Her presentation had been thought-provoking and Nigeria, indeed Africa, would continue to look up to her for support.

Chief Daisi also thanked President Obasanjo and Vice President Atiku Abubakar for their support for the Nigerian Economic Summit. He commended the Nigerian Economic Summit Group for the bridge building role they had been playing between the public and private sectors. He particularly thanked the founding promoters of the NESG vision, mentioning Chief Ernest Shonekan, and Messrs Dick Kramer, Pascal Dozie and Bunmi Oni, the Chairman of The NESG for their pioneering roles. He wished the conference success.
Friday, 19th October, 2001

Feedback From WorkGroups

The 11 workgroups presented their reports to the plenary during the morning session after which a guest speaker made a presentation. A summary of the discussions and recommendations from the various workgroups was thereafter presented to the President, Chief Olusegun Obasanjo, GCFR. The reports are in section 2 of the Report.

Presentation – Guest Speaker, Vernon J. Ellis

Mr Vernon Ellis began his speech by referring to the image problem facing Nigeria. He said that when he told friends that he was going to Nigeria, they quickly asked, “why go to Nigeria?” The concern had to do with the security situation, corruption and the scams associated with Nigeria. He noted that Nigerians were fond of accepting the existing situation as the reality of Nigeria. His message was that Nigerians should not accept “anything as good enough for Nigeria” and that the country must make life easier for those who want to visit the country. That “the visa process just takes too long”, is lamentable.

He noted that Accenture practice in Nigeria remained quite small compared to other countries. He believed that there are great prospects in Nigeria and that this had informed the expansion that took place between 1998 and 2001, noting that the organisation now had 120 employees in Nigeria out of a global total of 75,000 employees. There was definite room for increase but the problem was “how to deliver”. He was impressed by the theme of the Summit and the determination to set common values and deal with specifics as it had undertaken to do. He believed that the Summit provided hope for the future if the effort did not just end with “there is a problem — somebody else ought to fix it”. Others will be there to help Nigeria to deliver, but it should be Nigerians themselves who must start the process of delivering.

Ellis referred to the imperative of globalisation driven by technology, particularly ICT, and policy shift towards a standard liberal economic model, encompassing sound money, deregulation, privatisation and market orientation. These, he believed would continue. He however observed that: the anti-globalisation protest, the global recession; and the events of September 11 had combined to reveal the fragility of the world order. These developments, he said, could trigger a retreat to nationalism and prolonged recession. It could also lead to stand off between the Islamic nations and the rest of the world. The good side of the events was that the complacency, the triumphalism of standard capitalist model had of late been challenged and has brought about a world where local sensitivities were now enhanced. He believed that globalisation would largely
prevail but with a better understanding of the fragility of the system and the need to be sensitive about its unintended consequences.

Nigeria as a country was open but not integrated. He observed that outside oil and gas, the international business community remained hesitant about investing in Nigeria due to numerous non-regulatory obstacles. He listed these to include bureaucratic inefficiencies, high-risk rating, corruption, insecurity, high transaction costs and so on. While oil and gas had been a boom for the country, it could also be regarded as a curse as it has led to the neglect of structures and reforms needed to develop a more diversified economy.

The Nigerian economy remained dominated by public sector investment which accounts for 57 per cent of investments and two third of employment in the formal sector. These had contributed to several problems such as inadequate capital structure, inefficiency, protection of rent seeking interests and so on. Nigeria needs to make a choice on the way forward. He believed that the debate on globalisation versus protectionism would intensify. After examining alternatives to globalisation he concluded that openness held better prospects for Nigeria. He urged the country not to relent on its privatisation programme. Attracting foreign investment was crucial, but equally important was the need to encourage domestic investment. The momentum of privatisation, he stressed, must be intensified.

In order to improve the investment environment, the speaker called for:
- A stable macro-economic environment, which is a basic condition for development.
- The development of competitive markets
- Tackling corruption
- Establishment of a fair and effective taxation regime; and
- Transparent regulation, especially of the telecoms and utility sector to attract greater foreign investment.

He stressed the need for entrepreneurship development, management/leadership practices that stress the setting and observance of high standards of corporate governance, accountability and the development of human capital seen from the perspective of continuous training and a two-way flow of talents, rather than brain drain.

He pointed out that Information and Communication Technologies (ICT), a key enabler of development, constitutes the arteries of the global economy and that adequate investment on information and communications technologies especially through mobile telephoning provided opportunities to leapfrog.
He called for caution in citing success stories in other parts of the world. The success in India, for example, occurred only in areas where government stayed out of the way. Generally, he saw prospects in collaboration between the public and private sectors but not in government going it alone, citing the success of Ireland in this regard.

He believed that Accenture and, indeed, other multi-nationals would grow their businesses in Nigeria, not out of altruism but if Nigeria is able to produce a society that is healthier, wealthier, better educated, more secure, more empowered and with much less poverty than was prevailing.

He wished the country luck on that journey.

Presentation of Recommendations of NES #8 to His Excellency, President Olusegun Obasanjo, GCFR

Introduction

A summary of the discussions and recommendations of the various work groups at the NES #8 were articulated and presented to President Olusegun Obasanjo, GCFR, represented by Vice President Atiku Abubakar, GCON, by Foluso Phillips and Sam Oluabunwa. The presentation focused on the Summit theme of “Nigeria’s Economic Priorities: How Do We Deliver”. Phillips started the presentation by taking the participants back to the past Summits. He said that the past Summits had focused heavily on the big picture and the long-term direction for the nation. He said the past Summits’ Reports, the Vision 2010 Report and President Obasanjo’s Economic Direction 1999 – 2003 had helped to define the economic blueprint for the country. The goal was to make Nigeria the leading African economy, with an accelerated growth of 10 per cent per annum sustained for a decade and give the country a rising standard of living. The 8th Summit, he said, reassessed the strategy for the growth of the country. The current global recession and the September 11 terrorists attack in the US have brought, in their wake, a new world game. There is anxiety over the current high inflation rate and the high level of unemployment.

Phillips said Nigeria must speed up its reform process by literally moving from high-jumping to pole-vaulting. It must also focus on such key actions as achieving macro-economic stability, restructuring key sectors of the economy and redirecting government spending to other areas. In doing these, he said that the country must address five growth drivers in its efforts to move forward. They are: job creation, improvement of security, social and physical infrastructure, sector reform/privatisation and investment climate.
The Group’s Charge

The presenter informed the President that prior to the break-out session, the work groups were charged to examine how their recommendations can attract investment to fuel growth and create jobs in the country. A target of 50 million jobs was envisaged. Also, they were to come up with strategies that will sustain existing companies and creatively spawn off new ventures. Other deliverables include how to:

- Restructure every sector to attract private sector investment
- Increase Return on Investment [ROI]
- Reduce risk for investors
- Enhance the capabilities of the people

Each work group started by specifying its objectives and defining its parameters, after which it agreed on a focus to achieve a unity of purpose. He said that over the last 24 hours, each of the 11 work groups came out with their recommendations, which were presented to the plenary session. Thus, 11 views emerged on “how to deliver”. With their presentation to the plenary, he said that a clear focus had emerged on the way forward for the country as the work groups had provided the content of “how to deliver” within their given context.

He said that the interplay of the recommendations of the 11 work groups, particularly those on budget and economic coordination, infrastructure, human capital, privatisation and deregulation, rebuilding institutions, would impact on investment climate. The recommendations from the oil and gas and banking sectors on the one hand, and the real sector – agriculture and food security, competitive industrialisation and SMEs, which depend on a conducive investment climate will create more jobs, improve security and create a better social and physical infrastructure. Sector reforms/privatisation will further improve the investment climate and the growth circle that reinforces itself. It is essential for Nigeria to attain such mutually reinforcing system of economic growth. The growth drivers identified by the Summit are expected to play this role.

Work Group Recommendations

Sam Ohuabunwa then took over the presentation and went on to give highlights of the recommendations of each of the 11 work groups.

Budget and Economic Co-ordination

On budget and economic co-ordination, the fundamental objectives include the creation of sustainable economic growth and stability through a budget process that is
transparent, concise and cohesive. The key challenges are the setting of the right economic policies, goals and priorities and integrating National Planning Commission in both budget formulation and coordination processes. There should be a greater openness and transparency in the budgetary process, creating harmony in fiscal and monetary policies, enhancing consultation with the private sector and NGOs in budget formulation and undertaking project analysis before inclusion of projects into budget.

As a way forward, the work group recommended that government should enact a Fiscal Responsibility Pact [FRP], operate within the budget and release budgeted funds as and when due. It must also co-ordinate fiscal and monetary policies to achieve single digit inflation and stable foreign exchange rates. The role of the newly established Budget Office should be strengthened and all the activities of key players in the budgeting and national economic management should be well coordinated.

The benefits of these recommendations are that the country will achieve macro-economic stability, faster growth and create a more attractive investment climate. There should also be improved collaboration among the tiers of government, good governance and enhanced confidence in the country’s economy.

Infrastructure

The work group on infrastructure covered utilities and transportation. The utilities covered include Information, Communication and Technology [ICT]- telephone, Internet, computing and broadcasting; electric power supply and water supply – potable and irrigation. Transportation covered sea and inland ports, aviation, roads and railways.

The work group observed that in budget 2001 there was significant investment on utilities, while visible progress was made with regard to electricity supply and improvement on roads during the year. The focus now should be on capacity/penetration, quality of service and cost of service. In doing this, the group believed that NEPA, NITEL and the Ports should be privatised and the provision of infrastructure should be deregulated by adopting Build, Operate and Transfer [BOT]. The combination of investment in the sector and effective service delivery will boost job opportunities.

Human Capital

The work group on Human Capital and Technology identified the key issues in the sector as the building of a strong technical and entrepreneurial base to support economic development, leveraging on the potential of science and technology and dealing with critical health issues such as AIDS, malaria and population control. The urgent priorities
identified include full implementation of national IT policy, effective implementation of UBE scheme, deregulation of tertiary education. The focus should now be more on the exploitation of brain power and less on exploitation of natural resources, the setting up of IT villages and the adoption of massive campaign on the eradication of malaria and AIDS.

Privatisation and Deregulation

The work group on Privatisation and Deregulation noted the government’s determination to privatise/deregulate its key parastatals. It also noted that a lot of work had been completed in this direction. The focus now should be on NITEL, NEPA, Nigerian Airways, government-owned industries, especially those in automobiles, hotels, sugar, refineries and pipelines as well as Nigerdock and NICON. The way forward is to develop comprehensive competition policy, complete sectors reform and regulatory framework, strengthen capacity of BPE, increase the transparency of the privatisation process by announcing bidders and their shareholders’ winners after their successful bids, apply objective rules consistently, follow through post privatisation and set realistic targets for closing transactions.

The work group also recommended that all sectors [power, telecom, oil and gas, transport and aviation and solid minerals] should be deregulated. It believed that the investment flows into these sectors would create more jobs, increase wealth of the people and bring about rise in their quality of life.

Rebuilding Institutions

The objectives of the work group on Rebuilding Institutions are to make Nigeria a respected member of the international community, foster and inculcate basic values in every Nigerian, regardless of their social status. Such values include honesty and integrity, sense of community and nationhood, respect for the law, patriotism, decency and cleanliness.

The issues in rebuilding institutions include the creation of a new police service with a strength of about 300,000 by 2003, that is well educated, well trained, well motivated and well equipped. Other issues are the observance of due process of law, fairness and elimination of arbitrariness at all levels, reform of the judicial system and elimination of corruption holistically. The critical focuses in this area are civic processes, law enforcement and the criminal justice system. The end result is to direct foreign investment flow into our economy, resulting in more jobs and more wealth.
Investment

The work group on Investment believed that investment is the major driver of economic growth. Ordered society was seen as the major prerequisite for investment in any economy. This includes law and order, security of lives and property, sanctity of agreements, transparency and openness. The key sector reforms required for investment flows in the economy include a deregulated economy, stable and reliable infrastructure, stable macro-economy, free entry and free exit of capital. The incentives to ensure investment flows include low rates of taxation [5% for raw material imports, 10% personal tax, etc], tax holidays, Export Processing Zone [EPZ], free ports, efficient and low-cost ports services, etc.

However, the immediate investment attractions are in the areas of power [Independent Power Producers, NEPA privatisation, etc], telecom [second national carrier, PTO, accessories], agriculture [revitalisation of rubber, vegetable oil, cocoa], manufacturing [cement, agro-based, petroleum], tourism [hotels] and oil and gas [deregulated downstream].

Oil and Gas

The key issues in the oil and gas sector are that while the upstream remains internationally competitive, Nigeria would need to define its own comprehensive gas policy and maintain incentives for gas export scheme. The Federal Government would also need to institute primary charge for joint venture operations and sustain new production sharing arrangements. It must also ensure peace and security in all oil producing communities, while the Nigerian Content Committee would need to define appropriate strategy for ensuring local (Nigerian) content in the sector so enhanced. The immediate focus in the oil and gas sector include immediate deregulation of the down stream [importation, refining and distribution], privatisation of refineries in 2002, encouragement of domestic use of gas, defining the future role of NNPC and the privatisation of its assets. The huge investment flow into this sector is expected to improve efficiency, increase job opportunities for Nigerians and increase the country’s GDP.

Banking and Finance

The work group on Banking and Finance noted that the sector has been fairly fully deregulated and liberalised. However, the outstanding key issues and action pointed out in the sector include dearth of long-term stable funds, high and volatile interest rates. Action required in the sector include compulsory funding of pension schemes, reduction of taxes on tenured funds [e.g. withholding tax should be reduced to between
0 and 5%), enforcement by the Ministry of Finance and CBN of fiscal and monetary discipline in order to lower inflation, while treasury bills should be made part of cash reserves and the CBN Minimum Rediscounting Rate [MRR] and Cash Reserve Requirement [CRR] should be kept low.

On measures to encourage foreign exchange supply, the group recommended increase in the volume of the country’s exports by 100% per year. In doing this, it said that specific export sectors such as rubber, oil palm, etc should be developed and credible export guarantee schemes should be established. There should also be bilateral and local funding of export activities, while there should be full transferability of export proceeds.

The objectives in agriculture and food security is to ensure sufficient supply of food at affordable prices, the development of cash crops such as cotton, rubber, cocoa, oil seeds and horticulture and the upgrading of livestock production in the country. A growth target of at least, 10% per year was set for the country in this sector.

The group called for the spread of the Sasakawa Global 2000 methodology in crop production. It also called for the immediate implementation of the Nigeria — FAO agreement under the National Special Food Programme. Others include:

- urgent revamping of research, development and extension delivery services
- introduction of guarantee producer prices and grants for cash crops and provision of storage, preservation facilities and marketing services
- greater investment in preparing land, making input readily available and accessible
- reforms of the land tenure system to allow for large scale farming and increase the private sector success stories in agriculture.

All these will create more jobs for Nigerians, reduce poverty in the country and increase the wealth of the people.

Competitive Industrialisation

On Competitive Industrialisation, the key objectives include the improvement of the quality of "Made in Nigeria" products to make them globally competitive and give more value for money. Making locally produced products globally competitive in quality and prices requires national commitment such that manufacturing can contribute 20% of the country’s GDP in the medium term. Also, cost of input to manufacturing must be globally competitive. As such, imported raw materials should attract nominal duty, while duty on machinery and spare parts should not be more than 5%. Also, it was suggested that the duty on finished goods should be between 25 and 30%.
On funding, it was recommended that inflation should be reduced to single digit so that interest rate too can come down to as low as 15 to 20%. In creating educated and skilled work force, the focus should be on science, IT and management skills, the government should provide enabling environment, while NAFDAC and SON should ensure level playing ground for industries. There should also be respect for intellectual property. The loss of duty income to the government will be compensated by more compliance with the law on duty payment, increased turnover and VAT and increased corporate taxable income.

SMEs

The objectives in SMEs: Informal Sector and Wealth Creation, are that SMEs must become the driver of economic growth and social development. The SMEs must be encouraged to migrate from informal to the formal sector of the economy, while a frame work must be provided for the success of SMEs. The work group recommended that the focus now should be on Small and Medium Industries Development Agency. SMIDA should have no funding role, but should be a one-stop centre where entrepreneurs can obtain registration with the Corporate Affairs Commission and where they could get advisory services on technology, training, equipment and materials.

Focus should also be on management and technical capacity building through the private sector, NGOs and Development Finance Institutions. Also, joint ventures and franchising should be encouraged among entrepreneur owners of SMEs, while the regulation, taxation and the funding of SMEs should be simplified.

The work group on Sector Reform and Privatisation believed that the challenge is to get the government out of business and refocus on governance. It believed that while tremendous success had been achieved with the deregulation and privatisation in the telecom sector, the successes so far achieved could be replicated in many other sectors such as power, down stream petroleum and SMEs.

The key priorities here are that the government must support entrepreneurship and encourage competition. It must also have a very structured and transparent process of delivering such support to entrepreneurs. Action points called for by the work group include application of the telecom success story in other sectors, acceleration of the development of competition policy, fast tracking of the process of enacting enabling sector reform legislation, especially in telecom and power, formulation of policies and laws for oil and gas, mining, ports and railways sub-sectors. It also called for the hastening of the privatisation of NEPA and NNPC.
Infrastructure (Social and Physical)

On Social and Physical Infrastructure, the challenge is to make the country’s social and physical infrastructure world class. The key priorities are that social and physical infrastructure must benefit from on-going sector reforms and the development of globally competitive skills based on science, technology, IT and management. Other priorities include rebuilding of dilapidated education and health structures, focusing on UBE, especially on its long term needs, fostering basic social values and ensuring that infrastructure grows with needs in the country. The recommended action points include allocation of 50% of privatisation proceeds to rebuild education and health infrastructure, reintroduction of civics in school curriculum, focus on the sciences and IT in school curriculum and setting performance targets for access to all utilities and transportation. On security and the rule of law, the challenges are recreation of a society, which supports the enforcement of the rule of law and the provision of a safe and secure environment. The key priorities identified include increasing the speed of dispensation of justice through the courts, enactment of laws to protect the rights of investors, creation of laws to cope with increased deregulation, improvement of domestic security and enhancement of policing capabilities and capacity.

On the rule of law, the action plans include criminalisation of the possession of any unexplained wealth by Nigerians, fast tracking the process of law making for commercial and business matters, establishment of maximum time for court cases and the provision of better infrastructure for the judiciary. The action plans on domestic security include targeting policing ratio of 1:400 by 2003, focusing on crime prevention and the introduction of special constabulary for personal security. On investment climate, the challenge, however, remains the provision of a low cost, efficient, responsive and safe environment for business. The key priorities in the sector include spelling out the due process for dealing with government agencies, deregulating the economy to reduce corruption, seeking initiatives to encourage joint venture partnerships, sanctity of agreements and decisions and safety of life and property.

The action plans required to substantially improve investment climate in the country include investigation and decisive action on reported cases of corruption and fraud, engagement of consultants to design processes and system which enforce transparency in government agencies, identification by NIPC and championing the removal of laws that could inhibit investment, taking pro-active steps to check the incidence of armed robbery and religious/ethnic clashes as well as the elimination and avoidance of multiple and punitive taxes.

On job creation, the challenge is to encourage investments in areas, which create high value jobs and upgrade necessary skills. The key priorities in job creation are
that SMEs should become a major source of job creation; telecommunication sector has become a major job creator; the privatisation and deregulation programme will be a major opportunity for job creation; especially in the areas of downstream oil, power, transportation, etc, and that training and development are necessary for technology. The action plans necessary for job creation in the country include decisive implementation of SMEs, going full blast on privatisation and deregulation, going full blast on relevant skills acquisition, implementation of competitive industrialisation strategy and giving incentives and necessary support to agriculture.

Conclusion

Phillips again returned to summarise the Summit's recommendations. He said that the Summit believed that sector reforms, infrastructure, security, investment climate and job creation were all inter-related. On the one hand, sector reform, infrastructure and security would create stable investment climate, which will, in turn, bring in the much-desired inflows of investment and lead to job creation.

To foster entrepreneurship in the country, the Summit recommended a cut in the corporate tax to 20%, tax holiday for SMEs, maximum individual tax rate to 10%, reduction in tariff on raw materials and machinery to a maximum of 5% and reduction of tariff on finished goods to a maximum of 30%. It also believed that SMEs must be given maximum opportunity to thrive, as they are the key to industrial competitiveness, increased agricultural production and food security. On sector reforms, the Summit said particular attention should be paid to power, downstream oil sector and SMEs. On power, it recommended the privatisation of NEPA, deregulation of power distribution and the setting up of independent power plants. On downstream oil sector, the Summit recommended privatisation of NNPC, deregulation of down stream activities, while on SMEs, it recommended innovative private sector equity support. It also believed that deregulation will create new opportunities for SMEs. The Summit believed that in the area of infrastructure, the government should focus on power, energy, water and transportation. On skills and human capital, it said that government should focus on technical skills development. It should also liberalise higher education by licensing more private universities and allowing the establishment of open universities. It should also fully implement the national IT policy.

Concluding, the presenter said that positive actions to be embarked upon for Nigeria to move forward should include the following:

- Foster entrepreneurship
- Improve infrastructure
- Carry out sector reforms
- Ensure skills acquisition and human capital development
Positive actions by the government in these areas will impact positively on investment climate and bring inflows of investment, which will also result in more job creation in the country. The objective must be to grow a big Nigeria from what it is now. The Summit had identified the five growth drivers and the way forward. The message should be carried forward and together, the country will move forward.

The detailed presentation is in section 3 of this report.

Invitation to the President to Give His Closing Address – Dr. Magnus L. Kpakol

After the presentation of the 8th Summit recommendations to the president, who was represented by Vice President Atiku Abubakar, the Chief Economic Adviser to the President, Dr. Magnus Kpakol, invited the Vice-President to give his closing remarks. In inviting the vice president, Dr. Kpakol opined that the Summit had been a successful one. He believed that such a successful event should not end without the blessing of the country’s highest leaders. He reminded the participants of the value the Vice-President places on the Summit and his deep sense of commitment to a true public/private sector partnership, a fact which, he said, had made him to squeeze the Summit event into his busy schedule.

Closing Address – His Excellency, President Olusegun Obasanjo, GCFR

Before delivering the President’s closing address, Vice President Alhaji Atiku Abubakar GCON made three observations, apart from apologising for the unavoidable absence of the President at the closing session to personally receive the Summit Report. Firstly, he observed that quite often the efforts and achievements of the Obasanjo administration were not being appreciated and that the country had continued to be painted in bad colours by sections of the media. It was often more embarrassing when the foreign press quote Nigerian papers as the sources of their distasteful and often incorrect publications. The media and Nigerians in general, he said, should realise where the country was coming from and the strenuous efforts being made by the administration to put things right. He referred to the running battle which the President and himself had been having with some ministers and heads of parastatals who were opposed to the privatisation programme. But for the steadfastness of the Presidency the programme would have been completely stalled in several areas. He stressed that a lot had been achieved by the administration and that ought to be appreciated.

Secondly, he decried a statement credited to an elected member of the National Assembly who claimed that Nigeria was yet to practice democracy. He wondered how the representative got elected to his position, if not through the democratic process.

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Thirdly, he re-emphasised the need for effective partnership to be forged between the public and the private sectors and expressed the hope that the latter would effectively discharge its own role to complement that of the public sector. It would not be enough to enumerate what the government must do; what the private sector must do, also needs highlighting.

The President’s closing remarks stressed the administration’s seriousness in getting the private sector to drive the growth process. He commended the sector for the confidence it had shown in the economy observing that the growth of the stock market since May, 1999 was a testimony of renewed vigour and confidence and, indeed, a clear dividend of democracy. He stressed the need for the private sector to complement government’s effort aimed at attracting Foreign Direct Investment to the country and build a stable economy. He urged the private sector to play its role to bring inflation down to a single digit and mobilise investment to create jobs. He believed that ongoing efforts at rehabilitating the country’s infrastructure would soon put the private sector in a better position to perform and promote the growth of the economy.

He recalled his earlier call on the Summit not only to point to what the government should do to deliver on the identified economic priorities, but equally on what the private sector must sacrifice in the implementation of the prioritised action plan. He expressed the hope that both sectors would join hands in the implementation of the programme.

The President also expressed delight about the growth drivers identified by the Summit, particularly entrepreneurship, investment and job creation. These were vital for the invigoration of the economy. Nigeria, he observed, had to create a competitively favourable operating environment for entrepreneurs to drive the economy successfully. Government was committed to improving infrastructure, the investment climate, as well as improving the financing system for SMEs as part of the package to encourage private sector performance.

He admitted that the administration’s Economic Policy Direction had borrowed a lot from the past recommendations of the Economic Summit and, indeed, the Vision 2010 Report, which focused largely on the bigger picture and the longer-term perspective. He gave an assurance that efforts would continue to be made to pursue set goals and meet agreed targets.

The President expressed the hope that as participants returned to their various chores, all would leave with a commitment to jointly work toward enabling the country’s entrepreneurs and indeed all Nigerians to achieve greater success and prosperity in the years ahead.

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Section 2

Group Reports

This section contains the Reports by the eleven workgroups under which the Summit organised its work programme, namely:

Group 1: Infrastructure
Group 2: Budget & Economic Coordination
Group 3: Human Capital, Science & Technology
Group 4: SMEs Informal Sector & Wealth Creation
Group 5: Agriculture & Food Security
Group 6: Oil & Gas Sector
Group 7: Banking & Finance
Group 8: Privatisation & Deregulation
Group 9: Competitive Industrialisation
Group 10: Rebuilding Institutions
Group 11: Investment

Group 1: Infrastructure

Introduction

The Workgroup commenced its deliberation with an address by the speaker in which he emphasised the importance of infrastructure for the development of any country. According to him, no sustainable growth and reduction of poverty can be attained until Nigeria’s infrastructure is fixed. He noted that Nigeria’s infrastructure was in a very poor shape, and that it had a debilitating effect on the country’s economy, particularly considering that 90% of Nigerians depend and operate in the non-oil sector. For them, infrastructural needs are imperative. It was on account of poor infrastructure that the non-oil sector had consistently recorded poor growth over the years.

Nigeria’s infrastructure would require enormous capital to upgrade. It was observed that Nigeria’s infrastructure is managed and maintained by the public sector with public funds. However, competing demands on public funds make it practically impossible and unreasonable to continue with that practice. It was therefore imperative that there should be a public-private sector partnership to develop the country’s infrastructure using private funds. The challenge was how to broaden and deepen political support for the process.
Scope of Infrastructure

Following the speaker’s presentation, there was general discussion on the definition, scope and content of Nigeria’s infrastructural needs and it was agreed that the discussion should cover the following areas:

Utilities
- Telecommunication
- Electric Power Supply
- Water Supply (potable) and Sewage

Transportation
- Roads
- Railways
- Sea Ports and Inland Waterways
- Aviation

Postal Services

In consonance with the general theme of NES #8, it was agreed that discussions should focus on deliverables that would make greatest impact on the majority of Nigeria’s population in the near term. The maximum target date for achieving the objectives that were set in all instances was the Year 2006. Discussions would also focused on how the deliverables would be achieved and who would be responsible for doing what within the agreed time-frame. Participants were unanimous that the public/private sector partnership must be deepened for the purposes of achieving the Workgroup’s Action Plan. Parties to the partnership would primarily be the various Governments of the Federation, i.e. Federal Government of Nigeria (FGN), made up of the Presidency, relevant Ministries, agencies and departments, National Assembly (NASS); State Governments (SGs); Local Governments (LGs) and Politicians in the different cadres; the Private Sector, which includes Trade Associations and Labour (Unions); and Consumers, made up of Consumer Associations and Communities.

Recent Developments

Telecommunications

The Workgroup noted and was encouraged by the following recent positive developments in the Nigerian telecommunication sub-sector. These included:
- The publication of a revised National Telecommunication Policy.
• A new Telecommunication Bill had been drafted and presented to the National Assembly for consideration.
• Privatisation of Nigerian Telecommunications Limited (NITEL) was ongoing, and according to Bureau for Public Enterprises, would be completed by November 22, 2001.
• 3 GSM Operators had commenced commercial service
• NCC had commenced the process for licensing a Second National Operator.

Power Supply
Workgroup participants noted that only about 30% of Nigerians currently had access to electric power due to a variety of reasons, ranging mostly from low generating capacity to distribution bottlenecks and problems. Members observed that the National Electric Power Authority’s (NEPA) current installed capacity was 6,000 megawatts out of which 2,500 megawatts was available. The FGN however set a target of 4,000 megawatts that must be attained by NEPA as at December 31, 2001.

The Group also noted recent encouraging developments in the Power Sector which included the following:
• Since Year 2000, FGN had committed over US$2bn for strengthening power infrastructure
• A Power Policy had been published
• Electricity Power Sector Reform Bill had been prepared and is currently before the National Assembly
• FGN had secured US$100m World Bank loan for sector improvement
• NEPA had commenced 22-hour minimum supply to some industrial consumers, even though at premium rates
• Enron/AES IPP project had commenced operation

Water

The Workgroup did not have reliable data on national water supply but according to World Bank projections, less than 6% of Lagos population – arguably the industrial capital of Nigeria and the most densely populated city in the country – has access to potable water. With such an abysmal record for Lagos, members believed that the figures for the rest of the country would be quite depressing.

Postal Services

Workgroup members were pleased with Nigerian Postal Services (NIPOST) report to the session that postal services have improved considerably in recent years. The organisation’s representative pointed to President Olusegun Obasanjo’s reported launch
of NIPOST’s National mail route in the year 2000. However, members also acknowledged, based on statistics, that there is still considerable room for improvement in Nigeria’s postal delivery system. Such statistics include the fact that while ITU standards require a ratio of 6,000 persons to 1 post office, Nigeria’s projected 120 million persons have a total of 3,000 post offices, and even at that, only 1,000 of that figure are real post offices while the other 2,000 are agencies and shops. With regard to vehicles, NIPOST used to have up to 700 vehicles but that has been considerably depleted to about 300 functional vehicles right now. The agency now uses private haulage organisations.

Issues and Recommendations

Telecommunication

The Group recommended that Nigeria should aim at achieving 10 million fixed lines and 6 million mobile lines. With regard to access to telephone services, workgroup members noted that the nearest distance from a Nigerian village to a telephone facility was currently about 250 kilometres. It was agreed that access should be drastically improved and that, by 2006, the longest distance, for not less than 80% of Nigerians, to a telephone facility should not exceed 10 kilometres. Quality of service, it was agreed should also be improved and notched up to 3 on a scale of 1-5. Participants agreed that the cost of service be tied to target penetration. In other words, if penetration improves considerably consequent upon competition, cost of service would expectedly reduce commensurately.

Electric Power Supply

The Workgroup recommended that NEPA should, by the year 2006, increase its capacity by an additional 6,000 megawatts, thus bringing its total installed capacity to 10,000 megawatts. Workgroup members noted the promise of Independent Power Plants (IPPs) and expect that they, collectively, should add another 2,000 megawatts to the national grid by the year 2006, thus increasing the total national capacity to 12,000 megawatts.

With regard to access and distribution, the Group recommended that Nigeria must aim at moving in a scale of 1 to 5, from its current position at 1 to a minimum of 3, by the year 2006. Members believed that there should be 24-hour electricity supply for a minimum of 60% of Nigeria’s population by that year. The quality of service should also move, on the scale of 5, from its present position at 1 to a minimum of 3 by the said year.
Water
Participants believed that a reasonable target should be the increase of water supply capacity and access to a minimum of 60% of Nigeria’s population by the year 2006. With regard to quality of service, it was agreed that, on a scale of 5, the quality of water supply should move from its present position at 1 on the scale of 3 to 5 by the said target year.

Roads and Railways
In regard to road networks, the Workgroup placed emphasis on all-year round maintenance, improvement and expansion of existing road networks. Similar emphasis was made in regard to rail networks. Participants also believed that a minimum of 50% of spare parts required for maintaining and operating Nigeria’s railways network, wagons and coaches, should be produced locally by the year 2006. In addition, some strategic networks should be constructed, notably:

i. Ajaokuta-Otukpo and Ajaokuta-Baro rail lines
ii. East-West network
iii. Urban networks for Lagos, Abuja, Port Harcourt and Kano to ease urban roads congestion

Aviation
The Group was unanimous that safety and security are, globally, the concerns of the moment as far as aviation is concerned. The ICAO, it was noted, used to emphasise safety and security for international airports but, in the wake of the September 11, 2001 attacks, this has been expanded to cover all airports. Members noted that Nigeria has 21 local airports and that the safety and security consciousness in all of these airports need to be raised alongside the levels in Nigeria’s international airports. This would require the upgrading and maintenance of facilities, aids and services at all airports to ICAO standards.

Postal Services
The Group stressed the need for an urgent increase in capacity and speed of mail delivery. NIPOST should aim at 72 hours for 95% deliveries with 48 hours for 50% between now and the year 2006. The following specific steps were recommended namely:

- Rationalisation and completion of abandoned Post Office projects
- Tripling the number of postal outlets
- Automating and upgrading existing facilities
- Raising terrorism consciousness amongst postal workers and the general public; and
- Eliminating theft and mail dumping.

1 On the scale of 1 to 5 that is generally used in this Report, 1 represents Poor while 5 represents Excellent.
## Action Plan

### Telecommunication

<table>
<thead>
<tr>
<th>No.</th>
<th>What</th>
<th>How</th>
<th>When</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Increase telephone lines to 10 million</td>
<td>Privatize NITEL</td>
<td>Year End 2001</td>
<td>FGN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>License additional Carrier</td>
<td>1st Quarter 2002</td>
<td>NCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enforce network obligations</td>
<td>Now and continuous</td>
<td>NCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase (e.g. fiscal)</td>
<td>Ditto</td>
<td>FGN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>incentives</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enable access to transmission</td>
<td>Ditto</td>
<td>FGN &amp; NCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>networks of NEPA, NNPC &amp; Railways</td>
<td>Ditto</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Improve access to telephone</td>
<td>Establish Universal Access Fund</td>
<td>Ditto</td>
<td>FGN &amp; NCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Massively promote payphones</td>
<td>Ditto</td>
<td>NCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repair broken submarine optic fibre cable</td>
<td>Now</td>
<td>NITEL supported by FGN</td>
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<tr>
<td></td>
<td></td>
<td>Accelerate rural telephony</td>
<td>Now and continuous</td>
<td>FGN and Community</td>
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</table>

### Power

| 1.  | Increase capacity                                                    | Execute rehabilitation contracts | Year End 2002 | NEPA and Contractors |
|     |                                                                      | Reform market (unbundled and privatisNEPA) | 1st Quarter 2002 | FGN Executive and NASS |
|     |                                                                      | Improve (e.g. fiscal incentives) | 2nd Quarter 2002 | Ditto                |
|     |                                                                      | License IPPs                  | 1st Quarter 2002+ | Regulator            |
|     |                                                                      | Remove barriers to off-grid electrification and renewable schemes | Ditto       | FGN Executive and NASS |
| 2.  | Improve Quality of Service to Level 3                                | Accelerate Transmission and Distribution contracts | Now and continuous | FGN, States and LGs |
| 3.  | Improve cost of service                                              | Enforce regulations           | 1st Quarter 2002+ | Regulator            |
|     |                                                                      | Liberalise distribution       | 1st Quarter 2002+ | Ditto                |
|     |                                                                      | Enforce pricing regulations   | 1st Quarter 2002+ | Ditto                |

### Water

| 1.  | Increase Capacity                                                    | Complete ongoing rehabilitation and place new contracts | Now and continuous | FGN, States and LGs |
|     |                                                                      | Accelerate Water Sector Reform process | Ditto | Ditto |
|     |                                                                      | Improve (e.g. fiscal) incentives | 1st Quarter 2002+ | FGN Executive and NASS |
|     |                                                                      | Ensure technical feasibility and transparency in the implementation of borehole contracts | Now and continuous | FGN, States and LGs |
| 2.  | Improve quality of water supply                                      | Accelerate regional, rural and urban networks | Ditto | Ditto |
1. Increase Capacity

<table>
<thead>
<tr>
<th>Road and Rail</th>
<th>Complete ongoing road rehabilitation and maintenance projects employing optimal labour intensity</th>
<th>Now and Continuous</th>
<th>FGN, States and LGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Improve urban traffic management</td>
<td>Ditto</td>
<td>SGs, LGs and Unions</td>
</tr>
<tr>
<td></td>
<td>Ensure technical feasibility and transparency in the implementation of road and rail management and contracts</td>
<td>1st Quarter 2002+</td>
<td>FGN Executive and NASS</td>
</tr>
<tr>
<td></td>
<td>Liberalise road and rail management (BOO, BOT, ROT)</td>
<td>Now and continuous</td>
<td>FGN and States</td>
</tr>
<tr>
<td></td>
<td>Develop and launch radical (&quot;Marshal&quot;) plan for rail</td>
<td>1st Quarter 2002+</td>
<td>FGN supported by International Agencies and friendly countries</td>
</tr>
</tbody>
</table>

2. Aviation

<table>
<thead>
<tr>
<th>Safety and Security</th>
<th>Procure, install and provide facilities, aids and services, for all airports, to ICAO standards</th>
<th>1st Quarter 2002</th>
<th>FGN (Federal Airport Authority)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step up training in security and safety (including handling of dangerous substances)</td>
<td>Now and continuous</td>
<td>FGN (NCAS)</td>
</tr>
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</table>

Group 2: Budget & Economic Co-ordination

Introduction

The group discussed observed weaknesses in budget formulation, and articulation of budget implementation monitoring and impact assessment. The group pointed out that the budget process was appreciated, but more still has to be done to strengthen the process. It also observed that budget co-ordination had remained weak due to disagreement among the various agencies that play roles in budgeting. The lapses had affected the efficiency of public budgets as instruments of macro economic management.

Fundamental Objective

The group believed that the fundamental objective in budget and economic coordination is to achieve sustainable economic growth and stability through the budget process, which must be transparent and cohesive. The budget must also be concise and easily understood by all.
Current Challenges

The group drew attention to the need to
- Set clear economic policies and goals
- Nurture and make EPCC robust for budget and economic coordination
- Integrate the National Planning Commission into budget formulation and coordination
- Expand the scope and depth of consultation with the legislature early enough in the budget process
- For greater openness and transparency in the budgetary process
- Achieve greater harmony in fiscal and monetary policies
- Enhance consultation with the private sector and NGOs in budget formation.

It was observed that in the 2001 budget, for instance, no project analysis was undertaken before many capital projects were included in the budget. This, the group believed, seriously undermined the due process for capital budget formulation and, therefore, the effective implementation of the budget.

Recommendations

The Group made the following recommendations:

Role of Government

The budget should focus on the primary roles of government – health, education, law and order, water supply and sanitation. It should also create an environment conducive for the private sector to invest.

For Major Capital Project Initiation

- The Budget Monitoring and Price Intelligence unit in the presidency (BMPI) should be the body to certify proposals and feasibility studies, while the Federal Executive Council should certify the capital budget on the recommendation of the National Planning Commission.
- Contracts should be on open tender and certification of BMPI
- Government mechanism for procurement should be strengthened including value for money checks, and the decision making process needs to be more transparent.
  - The certification of completion of work should be done by BMPI
  - Emerging conflicts of interest should be resolved through formulation of appropriate policies and procedures at all levels.
Budgetary Co-ordination

Enact a Fiscal Responsibility Pact (FRP) which is defined as:
- Code of conduct that will be binding on various branches and tiers of government.
- A pact that provides for prudence, accountability, and transparency in the management of public funds by all tiers of government.

Main Features of FRP

- Collaboration among the following parties:

Intra-governmental
  - The three tiers of government
  - The three tiers of government and CBN
  - The three tiers of government and the public

Modality – the three tiers to agree on benchmarks such as:
- Rules
- Transparency
- Procedures
- Limits for budgeting that will be binding on all

Set clear rules for:
- Intra and inter government relations
- Credit operation
- Granting of guarantees and counter guarantees

Set limits for:
- Public debt/GDP ratio
- Primary deficit
- Debt services ratio
- Nominal interest
- Personnel expenditure

Legal Backing

Enacting the enabling law to commence process:
Action Agenda

<table>
<thead>
<tr>
<th>3 months</th>
<th>Draft the law by clearly defining: Fiscal objectives and targets specifying personnel expenditure and debts limits, credit operations, capital expenditures and financial asset management rules. Also set out the compensation/deviation correction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 01, 2001-</td>
<td></td>
</tr>
<tr>
<td>March 02, 2002</td>
<td>mechanism, transparency rules and the institutional sanctions and individual penalties.</td>
</tr>
<tr>
<td>3 months June 02, 2002</td>
<td>Organise into draft bill for fiscal responsibility law, subject to a review mechanism.</td>
</tr>
<tr>
<td>5 months Nov. 02, 2002</td>
<td>Submit bill to National Assembly Enact into law</td>
</tr>
</tbody>
</table>

Conclusion

The dividends of an effective budget includes the following:

- Macro economic stability and growth that helps to provide a more attractive investment climate.
- Improved collaboration among the tiers of government
- Good governance
- Enhanced confidence in the Nigerian economy

Group 3: Human Capital, Science And Technology

Background

The group stressed the need for Nigeria to invest adequately in Science and Information Technology as the surest way of harnessing and properly utilising its vast human capital. It was emphasised that the opportunities inherent in such investment are multifaceted and limitless.

Prioritised Action Plan

In this direction, the group identified major priorities as follows:

- Implement the National IT policy
- Implement IT supports to drive health, education, etc.
- Establish centres of research to support regional competencies
- Encourage postgraduate research for national development

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• Pursue increased IT industry contribution to GDP
• Focus Bank/SME Funds on IT and Telecom
• Include Science and IT education in curriculum at all levels
• Encourage private and public sector partnership in building IT – based institutions
• Reduce further duty on IT equipment and accessories to enhance National PC penetration (1 PC to 5 adults by 2003)

The following high priority areas under Human Capital were discussed:

- Job creation
- Security
- Social and Physical Infrastructure
- Investment Climate
- Sectoral reform/privatisation

**Job Creation**

It was observed that job creation, among other things, can be a catalyst for improving security in the country. The large army of unemployed graduates and other skilled Nigerians can be utilised for economic development through:

- Creating a National mentoring programme at three levels, the youth, the entrepreneur and the employed; the immediate goal of which will be to create 500,000 entrepreneurs (employing at least 10 people each initially) in five years covering 200 major institutions.

- Mandating local content through participation in key projects that will promote local skills and competence development (Learning through doing!).

- Government support for local production of software and software components (through incentives for entrepreneurs).

- Creation of an enabling environment for investment in the manufacturing industry.

- Creation of a national database by the National Manpower Board to identify skill gaps in the critical growth sectors and articulating plans for rapid development of critical areas.
Health and Security issues

The group concluded that the AIDS pandemic is real and its negative effects on human and economic development should not be under-estimated. For these reasons, there is an urgent need for pro-active, preventive and anticipatory action by all stakeholders. It was resolved that funding of health-care should be by both Government and the Private Sector.

On security, the group recommended the total re-orientation of the Nigeria Police in addition to the provision of up to date equipment, incentives, rewards, etc. It was recommended that Government should meet the national minimum target of 40,000 new policemen by the end of the year (2001) and grow further.

Other recommended actions include:
- Curtailing the provision of police personnel to serve government functionaries as guards in order to achieve wider coverage of the country
- Utilising the unemployed to address areas of critical need – security, traffic management and other logistics
- Job Creation
- National value re-orientation
- More and better paid judges
- Reform in the judiciary and improvement of infrastructure
- Rebuilding citizenship and civic responsibilities
- Review retrogressive policies and laws encumbering civic response to emergencies
- Initiate a framework where the private sector can collaborate and support the provision of essential services (e.g. private sector could contribute to an essential services development fund to support critical areas such as police and the judiciary).

Social and Physical Infrastructure

The recommendations for immediate action in these areas are that the:

- Private sector to complement government efforts for the establishment of public cyber cafés in rural areas
- NESG should use various vehicles to promote collaboration between professionals in and outside the country
- Public and private organisations should undertake inventory of ICT infrastructure and integrate to create the national backbone.

In addition, the group agreed that in order to make the required breakthrough in the acquisition of science and IT, there is the need to:
• Fit education curriculum to the industries of the future — petrochemicals, IT and agriculture (to ensure promotion of new national values and develop appropriate mindsets for wealth creation)
• Provide significant support for technical education
• Revitalise technical schools and encourage industrial attachment
• Immediately refocus polytechnic education to cater for middle level power
• Liberalise higher education (approve more private universities, grant more autonomy, start National Open University) 5% of GNP should henceforth go to education and 3% to technology, fund specific educational projects
• Emphasise capital (scholarships, infrastructure) rather than recurrent (salaries) expenditure
• Establish bursary/scholarship programme to encourage science-based education
• Establish Fund to support development of local producers of science equipment, tools and chemicals.

Sectoral Reforms and Privatisation

The group commended the current privatisation exercise and recommended that 50% of privatisation proceeds should be dedicated to infrastructure and human capital development. In order to enhance the reformation of the key sectors of the economy, it was recommended that:
• All tiers of government should establish well-equipped science laboratories in each local government
• Organised private sector and corporate Nigeria should support government in the prevention and management of the Aids scourge
• Professional bodies should sanction erring members.

Investment Climate

In order to create an enabling environment especially, for the inflow of Foreign Direct Investment it was recommended that:

• Nigeria Immigration Service should obtain regular feedback/relevant data from visitors/embassies abroad for NIPC to monitor and publish
• NESG and the private sector should recommit their efforts against corruption by understanding and adopting the convention on business integrity
• Government to design incentive/policies (e.g. tax breaks) to facilitate reverse Investment and encourage joint ventures.
Conclusion

The group reiterated that Human Capital, Science and Information Technology will, for long, remain the country’s engine of growth and concluded that it is not enough to have a large population like the case in Nigeria, but people that are empowered to effectively compete in the global economy, otherwise our population will remain a liability rather than an asset.

Group 4: SMEs Informal Sector & Wealth Creation

Introduction

The work group examined the role of Small and Medium Scale Enterprises (SMEs) in economic growth and development of countries. It observed that studies and experience across nations point to the importance of SMEs in the success of any drive towards economic growth and social development. It also observed that SMEs, when properly supported, foster entrepreneurship, which is a proven prerequisite for national economic success.

The work group believed that public and private policy support for Small and Medium Scale business is more effectively conceived and implemented when such business are located in a formal sector setting.

Objectives

Against this background, the group set objectives for SMEs. They are:
• Encourage migration of business from informal to formal sector; and
• Provide framework for success of SME — The SMIEIs initiative.

The group noted that government policies and programmes so far do not provide sufficient support to SMEs. They also have difficult access to finance while many entrepreneurs have no access to education and training in basic management and commercial skills.

Key Issues

The group then identified general key issues impacting on the success of SMEs. They are: the national economic framework conditions. These include physical infrastructure, the extent of government’s role in liberalisation and privatisation, efficiency of financial markets, openness to external trade, institutions and technical and management skills.
Businesses in the informal sector have the advantages of very low entry barrier, they are controlled by their owner/managers, and they are tax shielded, as they pay no taxes and are not registered as enterprises. On the other hand, business operators in the informal sector have limited access to formal sector based incentives and opportunities such as finance, management training and capacity building, exposure to technology and technical advice. They therefore have restricted opportunities for growth.

**Recommendations**

The group recommended that for enterprises to move from the informal to the formal sector, an agency should be created to provide a one stop shop where SMEs can register and gain access to advisory services and information on technological processes, equipment and materials. It was recommended that the agency should have no funding role, but it should have its offices in all states, and should assume responsibility for liaison with the Corporate Affairs Commission (CAC) to ensure that the details of the SMEs are reflected in the CAC’s records.

The group observed that there was no generally acceptable definition of SMEs. It was recommended that the Bankers’ Committee definition be accepted. This, in effect, means that SMEs include all enterprises with maximum asset base of N200 million (excluding land and working capital) and staff strength of between 10 and 300. This definition has however been broadened with a turnover criteria of N500 million.

However, the group congratulated the Federal Government and the banking sector for their SMIEIS scheme. SMIEIS is a voluntary initiative of the Bankers’ Committee requiring all banks in the country to set aside 10% of their profit before tax for equity investment and promotion of small and medium scale industries.

The range of activities covered by the fund includes enterprises in the productive sector of the economy with the exclusion of trading. Included in the range of preferred activities covered by the fund are agro-allied, IT & Telecom, manufacturing, educational establishments, services, tourism and leisure, solid minerals, construction and any other activities as determined by the Bankers’ Committee from time to time.

The work group also recommended the implementation of existing tax provisions to promote SMEs. The tax provisions include:

- 10% tax rate for firms not participating in SMIEIS programme
• 5 year tax holiday for companies participating in SMIEIS scheme
• Rationalisation of all local government and state taxes and/or levies

The group also recommended that the minimum personal allowance be raised from ₦30,000 to ₦500,000. This, the group said, will allow for the impact of currency devaluation. Other recommendations of the group as regards taxation measures to promote SMEs include:
• Tax breaks to encourage collaboration between large firms and SMEs
• Make funds provided by contributing banks tax deductible on disbursement
• Produce written guidelines on judgement based on tax relief

The work group also recommended some regulatory measures to promote the growth of SMEs. These include the creation of limited partnership structure and review of CAMA accordingly; appointment of registrar in Lagos state; review of existing legislation regulating banks to ensure consistency with the objectives of SMIEIS. Also bank executives or their agents should be allowed to hold board seats in SMEs benefiting from bank equity investment, while incentives available to banks involved in funding SMEs should be extended to non-bank financial institutions. The group, in promoting the growth of SMEs also recommended the encouragement of business friendly posture and decisions by regulatory agencies. For example, the group called for effective private sector representation on the board of regulatory agencies such as NAFDAC. Others include updating regulations to take cognisance of modern industrial practices such as contract manufacturing which require registration of production plants rather than marketing companies.

Other measures recommended by the group include designation of commercial and property courts in states and training of judges; improvement of product quality; government patronage of high quality locally produced goods and services and production of standard products for the export market.

Further recommendations of the group are management and technical capacity building through private sector, NGOs and Development Finance Institutions; provision of basic management education, advisory services and technical appreciation; encouragement of joint ventures, franchising and other arrangements with foreign firms by:
• Encouraging rule of law and respect of contracts
• Simplifying the process for securing quota for technical partners

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Group 5: Agriculture & Food Security

Introduction

The group believed that agriculture would remain one of the key routes to Nigeria’s prosperity in the new millennium if all stakeholders give the sector the attention it deserves. The work group observed that agriculture is undoubtedly the most important sector of the Nigerian economy. Most Nigerians depend on it for food and as a source of income. The sector also contributes about 40% of the nation’s GDP and employs up to 80% of the work force. In addition, it is a major source of raw materials for industry and provides the basis for the sustained economic development of Nigeria.

The group observed that the country spends up to $2 billion annually on the importation of such basic food items as rice, wheat, frozen fish, milk, tinned foods and packaged fruits, among others. It also observed the drastic reduction in the availability of food items in the country, thus accentuating the dependence on importation. The group noted the extremely low level of protein consumption, especially among the larger population in the rural areas and among the urban poor. Also, while livestock yield is low and product preservation is poor, post-harvest losses are abysmally high.

Objectives

The workgroup on agriculture began its work by defining what should be the country’s objectives in the agriculture sector. These they identified as the development of agriculture for sustained economic development, increased production of both cash and food crops, increased foreign exchange earnings from agricultural exports and food security for the nation. Apart from ensuring food security, agriculture provides employment opportunities for millions of Nigerians, thereby reducing the level of crime in the country.

Alternatives

The group observed that to achieve accelerated growth in food production, the country should consider such alternatives as adequate funding of agencies responsible for the implementation of agricultural policies, the spread of Sasakawa Global 2000 Methodology in Crop Production and urgent revamping of the R&D and extension delivery services of the country. The group also called for the creation of an enabling environment to encourage farmers to participate in cash
crop development through the provision of suitable incentives to large-scale farmers.

Success Stories

The group believed that accelerated agricultural growth is achievable within a short period. It would however require new technology, commitment, adequate funding and support by the three tiers of government. The group cited the example of the Sasakawa Global 2000 programme, which dramatically increased maize yield from a national average of between 1.1 and 2 tons per hectare to 4.5 tons per hectare. It also cited some successes in private sector initiatives in agriculture, which have proved that increased agricultural production could be achieved with adequate funding, availability of good seedlings and provision of effective extension services. For example, Africott increased cotton production in North Eastern Nigeria from 8,000 tons in 1986 to 40,000 tons in 2001.

Cotton yield in the region increased from 300kg to 900kg per hectare, while it provided job opportunities and guaranteed market for about 20,000 farmers involved in the cotton-growing programme. In addition, Sebore farm, which ventured into large-scale agriculture, now has 50,000 high yield mango trees and exports fruits to Europe. Michelin and Pamol have also achieved high rubber yields in their rubber estates and provided job opportunities for thousands of rubber farmers, while Okomu Oil palm has emerged as one of the largest and most successful oil palm ventures in the country.

On the government side, the group noted that the Cross River State Government has provided support to its pineapple growers, resulting in farmers earnings about ₦1 million from plots that previously provided incomes of mere ₦15,000, while the Kano State Government has provided support for its farmers with noticeable increase in earnings for cowpea and vegetable farmers. These examples, the group said, have demonstrated that the solution to accelerate food production for consumption and as raw materials for industries does not lie in massive food importation, but in encouraging local production through support to producers.

Prioritised Action Agenda

The group then proposed an agenda that could lead to the achievement of 10 – 15 percent growth in food production, creation of more employment, reduction in crime and provision of food security in the country as follows:
## Action Agenda

<table>
<thead>
<tr>
<th>Objectives Action Plan</th>
<th>Prioritised</th>
<th>By Whom</th>
<th>Time Frame to Deliver</th>
<th>What it will Take</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve 10 – 15% growth</td>
<td>Increase budgetary allocation to 5% for year 2002 budget</td>
<td>F.G/states/LGs</td>
<td>From 2002</td>
<td>Political will and commitment</td>
</tr>
<tr>
<td></td>
<td>Commit 1% of the Agric. budget to R&amp;D and extension services</td>
<td>All tiers of govt.</td>
<td>From 2002</td>
<td>Work with farmers and industries to identify market oriented research</td>
</tr>
<tr>
<td></td>
<td>Soft loans not more than 5% to agric.</td>
<td>F.G/DFIs, commercial banks</td>
<td>From 2002</td>
<td>Adequate and timely Funding of NACRDB &amp; SMEs</td>
</tr>
<tr>
<td>Revitalise cash Crops production and marketing</td>
<td>Put agriculture industry in the driver’s seat, build on &amp; replicate identified commercial successes of Afccot, Sebore, Michelin, Okomu &amp; Pamol, etc</td>
<td>All stakeholders, F.G, farmers associations, etc collaboration efforts</td>
<td>From 2002</td>
<td>Determination and by the public/private sectors</td>
</tr>
<tr>
<td></td>
<td>Use the successes as nucleus of expansion programmes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achieve national food security</td>
<td>Widespread adaptation of improved technology including post – harvest processing &amp; storage</td>
<td>All stakeholders</td>
<td>From Jan. 2002</td>
<td>Ready &amp; timely Access to all agric inputs</td>
</tr>
<tr>
<td>Increase yield per Unit holding</td>
<td>Improve rural Infrastructure</td>
<td>All tiers of govt./private Sector</td>
<td>From Jan. 2001</td>
<td>Commitment to improved funding, continued drive on privatisation</td>
</tr>
</tbody>
</table>

## Group 6: Oil & Gas Sector

### Upstream

### Introduction

Nigeria’s national objectives in the upstream sub-sector of the oil and gas sector are clearly stated in both Nigeria’s Vision 2010 document and the Federal Government’s blue print on Economic Priorities, 1999-2003 as well as previous Summit reports. These are to:

- Increase oil reserves to 30 billion barrels by 2003 and 40 billion barrels by 2010
- Increase daily oil production to 3 million and 4 million barrels by 2003 and 2010 respectively
- Commercialise the vast gas resources and stop routine flaring of associated gas by 2008
- Make oil producing communities real stakeholders in the successful running of oilfield operations
• Increase Nigerian content of oil and gas activities to 30% by 2003 and 50% by 2010.

The workgroup noted that both reserves and production targets are currently on course. However, in order to achieve the desired gas flare-out date, there is need to establish a mechanism for adequately funding the Joint Ventures, and maintaining an attractive fiscal regime for increased investment.

Priority Areas

Funding

For the national objectives to be achieved, the country must address the issue of adequate funding of the oil industry. Inadequate funding in the past has affected facilities integrity and capacity build-up. Although funding of the industry is now much improved under the present government, there is need to guard against complacency. The decision to go for Product Sharing Contracts (PSCs) for greenfield developments is already yielding results in deep-offshore fields like Bonga, Bonga SW, Aboh, Erha and Agbami. There is need also, to improve the bureaucracy around approval process to EIAs and granting of crude oil export licences and import exemption certificates.

Monetisation of Gas

Nigeria is blessed with huge gas resources of about 150 trillion cubic feet (Tcf). Some 2.5 billion (scf) of associated gas is produced daily in the course of oil production, and over half of this is currently flared due to inadequate commercial outlets for gas. A good start has been made in gas utilisation for export. Nigeria joined the elite group of Liquefied Natural Gas (LNG) exporters in October 1999, when Bonny LNG exported its first cargo. Currently, about 500 million scf/day of gas is liquefied and exported. This is expected to increase to 875 million scf/day by the end of 2002.

Only about 400 million scf/day of gas is sold locally in Nigeria presently, mostly for power generation. There is need to increase this to 1 billion scf/d by 2008. To achieve this, the following issues will need to be addressed:
• Need for a national gas grid system which will act as a spring board to other industries
• Need for a commercial pricing framework that will enable investment in gas production, transmission and distribution capacity to be increased. This will offer steady gas supply to consumers who now rely heavily on expensive and scarce liquid fuels, and free up more oil for export

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• Deregulation of the domestic electricity industry to encourage the establishment of more gas-fired power stations
• Encourage the use of LPG for domestic purposes in preference to firewood and kerosine
• Give incentives to marketing companies to encourage a more extensive distribution of LPG
• Encourage the use of CNG in vehicles by making available soft loans and tax holiday for CNG producers, distributors and retailers
• Promote the use of CNG in new mass transit vehicles in areas close to CNG facilities

The group observed that the industry is supportive of government’s desire to stop routine gas flaring by 2008. In this regard, gas export schemes (e.g. LNG) are already yielding substantial revenue to the nation. Existing incentives should therefore be sustained.

Local or Nigerian Content
Nigerian content could be defined as the percentage of value added in Nigeria. This could be by way of:
• Expenditure and value added in Naira, including
  – Nigerians employed
  – cash back into local society
  – local registered corporations and
  – knowledge and technology transfer
• Percentage of project expenditure on local community development
• Number of communities involved

The group observed that the industry is committed to government’s aspiration of achieving 40% local content by 2003 and 50% by 2010. The upstream oil and gas business is a global one that requires huge, long-term investments. It therefore called for policies and incentives to encourage entrepreneurs that want to invest for the long term. An industry initiative now in place whereby local contractors are financed through an IFC revolving loan is commendable and should be encouraged. The group said that emphasis must continue to be in creating an attractive business environment to encourage long term funding. The industry and the government need to agree on a phased approach to increased local content, with measurable yardsticks. This has been successfully done in Malaysia and should serve as a good example.

The group also recommended that Nigerian content should include manpower training and development. We should also evolve a strategy to develop local technology. It believed that free and voluntary technology transfer is a slow process, but it could still be achieved through:
- forming alliances between government, industry and universities to strengthen research and development capability and resources
- developing a National Network of Excellence in Universities (NNEU) similar to the original internet funded by the US Department of Defence or the US supercomputer network

Other areas to emphasise, according to the group, are the development of a strong and autonomous local operating company similar to Petronas, Petrobras, PDVSA, etc. It said that there should be improvement on the management and availability of data on oil fields. It believed the DPR should be adequately strengthened and granted greater autonomy to enable it perform its statutory role effectively.

**Peace and Security**

The group observed that the present democratic government has made commendable strides in trying to ensure peace and security in the oil producing communities. It also observed that as soon as the government came to power in 1999, it immediately set in motion and achieved the following:
- the implementation of the policy on 13% derivation
- the passing into law of an act establishing Niger Delta Development Commission (NDDC). The body has been inaugurated and is now receiving regular funding from the industry. It said that the new focus should now shift to the management of its portfolio and general performance of its functions.

The group also noted that security in the oil producing areas is still a concern as illegal bunkering by armed gangs is rife, while piracy and kidnapping still occur. It said that while state governments and oil producing communities are agitating for greater control of the resources, there is need to ensure that these oil producing states and communities feel that they are genuine stakeholders in the continued success of oil field operations.

**Sanctity of Agreements and Decisions**

The group observed that the oil and gas industry requires huge long-term capital. Hence, there is need for sanctity of agreements and respect for contracts by both the industry and government. It also observed that the 2000/2001 acreage bidding round has been acclaimed open and transparent. However, the process of awarding the blocks was not in consonance with the principle of fairness and transparency. There is need, therefore, for NNPC and the industry to come together and reach agreement on the issues involved.

It said that the terms of the MOU between government and its Joint Venture partners
have to be respected, including the PSC agreement. Introducing extra taxes outside of MOU, such as: Education Tax, NDDC levy, etc., tend to erode investor’s return. In consonance with the general clamour for the reduction in corporation tax, the tax burden on the upstream oil and gas industry need to be considered.

Alternatives/Action Plan

Funding JV

The group recommended that following action on the funding of government’s joint venture with private oil companies:

- Government should set aside 25% each of oil windfall for energy development and for the “jewels of tomorrow” and also for long term/venture capital cheap funds
- NNPC’s stake in the joint venture should be reduced from average 57% to 51%
- New players should have access to the capital market to fund their operations

Peace and Security

On the maintenance of peace and security in the oil producing communities and in the sector, the group recommended that:

- NDDC should provide a conducive environment for the oil and gas industry to operate
- Oil producing communities should be made stakeholders by establishing a community development trust and the Governors Forum should take charge of oil province security.

Gas Monetisation

On gas monetisation, the group recommended as follows:

- Establish a comprehensive gas policy that covers gas development, utilisation and fiscal matters
- Fully develop the national gas grid.

Increase Nigerian Content

As a way of increasing local (or Nigerian) content in the industry, the group recommended that:

- A Nigerian content committee should be established and charged with defining strategy and implementation.
Nigerian Petroleum Council

The group also recommended that:

- Nigeria Petroleum Council made up of proven, competent experts of integrity should be created. Members should serve for a 6-year term, with a chairman who should be of cabinet rank.

Downstream

Policy Initiatives

The group took note of the following recent initiatives:

- Direct importation of petroleum products with NNPC approval
- Introduction of jet A-1 fuel market related pricing on import parity basis
- Introduction of diesel fuel market related pricing for sale to upstream end-users, paid for in US$
- Intention to deregulate the downstream sector
- Initiating communications to explain downstream deregulation to key stakeholders
- Setting up a pricing regulatory committee to review issues and propose a way forward
- Establishing a programme on maintenance of all the existing refineries
- Upgrading the security of our pipelines and accelerating their repairs
- NNPC plans to enter the retail market.

Current Priorities

The current priorities identified by the group in the downstream sub-sector include the following:

- Adequate domestic supply of products
- Efficient distribution of domestic products throughout the country
- Removal of subsidies in the pricing for key petroleum products
- Agreement/enforcement of standards and specifications to avoid sale of adulterated products
- Improve security across all aspects of the downstream sub-sector.

Key Issues

Among the key issues identified in the sector by the group is that domestic product demand has grown beyond historical levels. In the past, the maintenance of the refineries was largely ignored with the dire consequences such that substantial funding
is now required to return the refineries to their normal operating capacity. As a result, the current domestic product demand cannot be met by normal refinery operations. Therefore some importation of finished products is required to supplement refinery production and product mix requirements. Also, exportation of some surplus products would be required from time to time.

It also observed that due to the disruptions and state of repair of the pipelines and the railway network, the bridging of products by truck will continue to be necessary in the medium term. To avert shortages, major investors are needed. However, regulated pricing of key petroleum products remains a disincentive. It also encourages fraud and smuggling, and adds to the supply shortage problems. More importantly, it does not support economic growth in the country.

Other key issues identified are security of pipelines, ports, depots and service stations whose standards and controls are not enforced. Also, product specifications and transportation standards must be addressed while key stakeholders, including the labour unions, must co-operate towards making the downstream sector beneficial to the whole nation.

Ideas and Alternatives

Product Supply and Demand

The group believed that the actual domestic product demand level should be determined. This would assist in optimising local refining production versus the product demand mix, and in the importation of required product grades to supplement the refining capacity as well as the exportation of surplus product grades. Also, there is the need to make budget provisions to complete refinery maintenance, implement the de-bottleneck programmes and initiate upgrade projects.

Product Distribution

The group said that provision should be made in the federal budget for the repair of the product pipelines, upgrade of depot/storage and handling facilities and to expand product importation capability. Also, there is need to address the truck bridging cost issue to maintain pan-Nigerian product coverage in the short/medium term. We should divorce the transportation differential from the transport rates to encourage logistics efficiency. Product allocation to marketers should as well be based on their investments and operational and environmental standards.

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Deregulation/Privatisation

The group believed that government should establish the legal and regulatory framework for the removal of subsidised pricing. This, it said, will create an enabling environment for market related pricing. A phased plan for the removal of product price subsidies, including a timetable that will result in import parity pricing, a fair return on investment to marketers and an incentive for investment, should be adopted. There is equally need to privatisate the government’s assets in the downstream sub-sector (refineries, pipelines, depots, service stations, etc.). At the same time, it said that government should address the social implications and continue the public enlightenment/communications campaign.

Security

There is need to enforce/address law and order and to expand security measures at all downstream and power generation facilities.

Standards and Specifications

The group said that Nigeria should plan for the introduction and use of “clean” fuels. Also, the current regulations on service station standards, including lubricant products and lubricant plant licensing, should be enforced.

Recommendations

To ensure a smooth and efficient operation of the downstream sub-sector, the group opined that the following should be addressed:

- Include all essential downstream expenditures in the 2002 budget proposal (3Q/4Q 2001)
- Complete the review by the government’s committee on pricing (3Q/4Q 2001).
- Initiate a committee comprising both industry and government on “Implementation of Deregulation of the Downstream Sector” (4Q 2001).
- Commence a gradual reduction in price subsidies for key petroleum products from January 2002
- Define an import parity pricing formula mechanism (4Q 2001)
- Target July, 2002 for market related pricing of petroleum products, and the implementation of the pricing formula mechanism
- Privatise government’s assets in the downstream sector (2003).
Government should consider creating a Nigerian Council for Petroleum charged with responsibility to formulate and supervise the implementation of policies affecting the Nigerian Oil & Gas industry. The Council should be made up of representatives from both the public and private sectors, drawn from experts in the Oil & Gas industry, with proven competence and integrity. The Chairman should be of cabinet rank to ensure access to the President.

**Group 7: Banking & Finance**

**Introduction**

Banking and Finance were identified by the lead speaker to include the need to address excess liquidity and its consequent effect on domestic prices and exchange rate stability; the need to improve the efficiency of the payments system and ensure the orderly behaviour of the financial sector; and improve the competitiveness and efficiency of the financial system, to achieve a reduction in the spread between deposit and lending rates.

The speakers explained that the growth drivers identified by the Summit included job creation, security, social and physical infrastructure, privatisation and sector reforms as well as the investment climate. The recent initiatives by the government to manage excess liquidity were mentioned as including the upward review of the Minimum Rediscount Rate (MRR) from 16.5 per cent to 18.5 per cent and recently to 20.5 per cent, and Reserve Ratio from 11 to 12.5 per cent as well as the introduction and issuance of competitively priced treasury certificates. Other measures introduced included requiring financial institutions to provide more information on their savings and lending rates, the requirement that credit to all tiers of government should attract 50 percent provision on performing credit and 100 per cent provision on classified credits.

One of the speakers explained that the objective of the workgroup was to reach a consensus on the priorities and to articulate strategies that would facilitate their attainment. She reminded the workgroup that their recommendations must be consistent with the identified priorities, and these must be, credible, coherent, compelling and commercially viable.

The growth imperatives/priorities were identified to include the achievement of macro-economic stability, the introduction of sources of long-term funding and the allocation of funds to support the growth of non-oil exports to boost the nation’s foreign exchange earnings. Others are the provision of easier and cheaper access to finance for small
and medium scale enterprises, improvement in the management of the national savings pool and the development of a framework to open access to consumer credits for the middle class in Nigeria.

The dearth of long-term stable funds, high and volatile interest rates, ineffective legal system, inadequate foreign exchange supply, wide differential in foreign exchange rates among the various markets, inadequate funding for SMEs and the real sector, inefficient payments system, high corporate tax regime and the distress syndrome were identified as the key issues that needed to be addressed.

**Key Issues**

The speakers raised the following key issues and made recommended actions as follows:

**Increase Level of National Savings**
In order to increase the flow of long-term funds, the group recommended the enlargement of the scope of pension schemes. Employers with a minimum turnover of N100 million or 20 employees or a turnover of N5 million per employee should compulsorily contribute to a funded pension scheme.

The government was called upon to enact laws requiring all arms of government and their agencies to compute, set aside and fund their pension/gratuity obligations. It was recommended that all pension fund schemes should have their financial statements and activities audited annually.

The group recommended that increased savings should be encouraged by providing incentives to savers, such as:
- Lower/nil taxes on longer tenured instruments. A 5% WHT on 3-year savings instruments and 0% WHT on 5-year instruments was recommended
- Reduction on CIT rate from 30% to 15%, PIT rate from a maximum of 25% to 10% and the increase in VAT from 5%
- That unit trust, Mutual Funds and other investment fund vehicles should be exempted from CIT.

**Reduce Real Inflation Rate to a Single Digit**
Here the group recommended that:
- the Federal Ministry of Finance and the Central Bank of Nigeria should ensure fiscal discipline and be able to regulate government expenditure.
- Treasury Bills should form part of cash reserve requirement or CBN should pay interest at the minimum of Treasury bills rate on cash reserve amounts. A minimum
of 2.5% floater over inflation rate and Treasury Bills was recommended
• Inter-bank insurable deposits should be removed from insurable deposits with
NDIC in the determination of amount payable as NDIC premium.

Increase Foreign Exchange Supply and Improve Exchange Rate
Management Process
In order to achieve this goal, the group recommended that non-oil export volumes
should increase by 100% per annum for the next 3 years and, thereafter, by 25% per
annum. It was observed that the target for non-oil export earnings by 2010 was US $5
billion. To achieve the targets, the government was called upon to mobilise the nation’s
financial resources towards developing specific export sectors in which the country
has a comparative advantage (e.g. Rubber and Oil Palm) in order to establish credible
exporters of rubber and oil palm related products. The Ministry of Finance should also
aggressively tap into sources of bilateral, multilateral and local export funding, such as
USEXIM, AGOA, ADB, NEXIM, NERFUND or the newly created DFIIs for funding
and technical assistance support.

Full transferability of export proceeds should be permitted with minimal documentation
requirement. In this regard, the group recommended the elimination of the current
restriction on utilisation of funds, specifically, export proceeds, which should be treated
in the same manner as ordinary domiciliary accounts. Consequently, the existing
documentation requirements specified by CBN for domiciliary account operations
should apply. Furthermore the Federal Government should obtain sovereign rating for
the country and mandate local banks to obtain credit rating in order to enhance investor
and public confidence.

The group also recommended that import duty be reduced to a maximum of 10% over
the next three (3) years and that import duty should be a trade and industrial matter,
not just a revenue issue as is currently the case.

Provide Access to Funding to SMEs
It was recommended that the private sector particularly the banking industry should
be involved in funding SMEs. Also, direct investment flows should be encouraged
while loans should be granted at concessionary rates. The government should also
provide tax incentives for lending to SMEs while the CBN/DFIIs should provide risk
guarantee/refinancing window for loans to SMEs.

Provide Infrastructural Facilities for SMEs
It was recommended that government and the private sector should provide funding
for the development of industrial parks. Laws to govern the establishment of these
parks should be enacted to guide their development. Also, efforts should be made to
establish an industrial park in each state over the next five (5) years.
Install supportive legal system
Here the government was urged to:
  • Create fast-track specialised commercial courts.
  • Employ/appoint judges with financial knowledge.
  • Update/enforce dud cheques and bankruptcy laws.
  • Amend the Land Use Act to:
    – eliminate requirement for Governor’s consent at the point of creating a mortgage. This requirement should only be mandatory only at the point of sale
    – unify the procedure for obtaining Governor’s consent and standardise attendant charges (consent fee).
    – enforce contracts and ensure fair play in “ex parte” injunction process.

Priorities and recommendations
Following the presentation by the speaker, the workgroups identified the priorities as follows:
  • Dearth of long-term stable funds
  • Inadequate supply of foreign exchange
  • Wide differential of exchange rates among the various markets
  • Inadequate funding for SMEs
  • The distress syndrome in the financial sector.

These areas of priority along with the strategies and recommendations are indicated below:

A. Dearth of Long Term Stable Funds

Pensions
1. Public and private sector employers should establish contributory fully funded pension schemes.

Eligibility criteria for participating firms:
   i. Turnovers should be a minimum of: ₦100 million
   ii. Number of Employees: 20
   iii. Turnover per employee: ₦5 million

2. Employees should have the freedom to choose their fund managers
3. Pension Fund management should come under the supervisory oversight of the Securities and Exchange Commission.
4. All pension funds should have their financial statements audited and published in the media annually.
5. All participating entities (private and public sector) should have a time frame (say five years) within which they will be required to compute, set aside and fully fund their existing pension and gratuity obligations.

**Savings**
1. Provide tax incentives for long tenured savings products (e.g. 5% WHT on ≥ 3 years savings and 0% WHT on ≥ 5 years).
2. Revive bond equity markets (that is, address issues of valuation and pricing, the availability of long term funds, attainment of macro-economic stability and the reduction of the cost of raising funds from the capital market)
3. Create tax incentives for banks to develop products that mobilise long-term funds and savings at the community level (grass roots), e.g. through life assurance policies tied to loans and offering endowment funds to micro-finance institutions.

**Non-Bank Finance Sector**
Here, two recommendations were made, namely:

**Insurance**
Encourage strategic alliances between banks and insurance companies and increase minimum capitalisation for insurance companies to ₦500 million by December 2001.

**Micro-Finance**
Encourage greater linkage between micro-finance institutions and the formal banking sector and provide tax incentives for bank’s extension of small-scale credit through micro-finance institutions.

**B. Inadequate Supply of Foreign Exchange**
This was considered as a major challenge for the economy to deal with it. The group recommended that:
- 50% of foreign reserves should be domiciled with Nigerian banks subject to deposit placement limits
- Non-oil export volumes should be increased by 100% per annum for the next 3 years, and by a commensurate percentage thereafter;
- Government should mobilise the nation’s financial resources towards developing specific export sectors in which the country has a comparative advantage (e.g. rubber, oil palm and coal);
- Put in place a credible export guarantee scheme to secure lenders who provide credit to exporters of rubber, oil palm and cocoa;

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Banks and other financial institutions (including micro-finance institutions and community banks) should aggressively tap into sources of bilateral, multilateral and local export funding such as USEXIM, AGOA, ADB, and NEXIM, newly created DFIs, development and donor agencies.

C. It was also recommended that:
   i. Full transferability of export proceeds should be permitted and documentation requirements should be minimised
   
   ii. the current restriction on utilization of funds, specifically; export proceeds should be treated in the same manner as ordinary domiciliary account and consequently, the existing documentation requirements specified by the CBN for domiciliary account operations should apply.
   
   iii. The government should obtain sovereign rating and local banks should be mandated to obtain credit ratings.
   
   iv. Import duty should be set at a maximum of 10% over the next three (3) years and import duty should be treated more as a trade and industrial issue, not a revenue issue.
   
   It was also recommended that the Personal Travel Allowance (PTA) and the Business Travel Allowance (BTA) should be made ineligible for CBN funding. They should be handled by Bureau de Changes.

D. Inadequate Funding for SMEs
   It was recommended that government should do the following:
   • Offer tax incentives to encourage financing of micro-finance institutions by the banking sector, possibly through an apex institution, as a means of channelling bank funds to micro and small scale enterprises.

Inefficient Payment Systems
   In order to raise the efficiency of the system, the group recommended:
   • Increased investment in electronic payment systems
   • The du d cheque laws should be enforced
   • Automated clearing systems should be accelerated
   • CBN should facilitate the movement of funds between CBN currency centres
   • The process of computerisation – particularly in the Big three (3) banks be accelerated
CBN should expand its currency sorting capacity, and reduce currency-sorting fees.

**E. Distress Syndrome**

The Group recommended that:

- The Central Bank’s capacity to regulate and supervise the industry should be strengthened. For example, the CBN could attract staff from the commercial banking sector, “poacher turned gamekeeper”
- Credit bureau should be established
- Greater collaboration between banks should be encouraged/strengthened. The benefits accruing therefrom would include cost savings and shared infrastructure.
- Build capacity within the banking industry (including community banks) to offer the necessary depth of management
- Problem banks should be identified timely and isolated
- The ethical committee of the Bankers’ Committee should be empowered to sanction erring banks/bankers.
- The lessons of experience drawn from the distress of the early 1990s should be made available to practitioners through seminars and workshops.

**Group 8: Privatisation & Deregulation**

The group discussion was preceded by presentations on Privatisation and Deregulation by the two speakers who made the following points:

**Privatisation**

The Phase 1 of the Privatisation programme had been completed and was relatively successful. Issues raised by the exercise include alleged “hidden” liabilities in one case, transparency of the process of final selection of the core investors, and the quality of some of the core investors.

The halting of the privatisation of the Nigeria Airways was considered a failed opportunity given the precarious situation of the global airline industry following the September 11, 2001 terrorist attack in the United States.

The major challenge of Phase 2 of the privatisation programme would be the privatisation of the Nigerian Telecommunication Limited (NITEL) and its mobile subsidiary, M-Tel, and the entities to be unbundled from the National Electric Power Authority (NEPA). The progress made with respect to the preparation of these entities for privatisation and the priority issues to be addressed were identified as follows:
NITEL / M-Tel Progress

It was observed that:
- sector policy formulation had been completed awaiting the enactment of the Telecommunication Sector Reform Bill pending before the National Assembly;
- due diligence had been prepared and completed and potential core investors had been identified.

Issues
The issues raised included whether there were credible buyers, whether the time was right to privatisé NITEL or whether the exercise should be delayed and whether the valuation was realistic.

NEPA's Progress
It was observed that:
- sector Reform Bill was pending before the National Assembly;
- Consultants had been selected to undertake the unbundling of NEPA preparatory to the privatisation of NEPA successor entities.

Issues
The following key issues were raised:
• How to resolve tariff increases
• How to reduce non-technical losses
• What the status of power purchase contracts is?
• What is the optimal way of restructuring NEPA?
• How do we attract foreign investors to the power sector?

Way Forward
Based on the above, two options were considered on the way forward, namely:

i. Delay privatisation to provide an opportunity for the strengthening of the management of the state-owned enterprises (SOEs), resolve operational issues and create better market conditions

ii. Get on with the programme but strengthen the system by addressing the issue of the pre-conditions for privatisation; e.g. sectoral deregulation.
• sector reform laws have to be put in place
• There should be management buy-in or the appointment of interim management. A comprehensive competition policy must be developed in order to prevent the emergence of private monopolies after privatisation.
• The Bureau of Public Enterprise (BPE) needed strengthening so also is the need to define and publish objective rules that must be applied consistently

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• The transparency of the process must be enhanced by announcing the bidders and the ultimate winner immediately action is concluded.

Deregulation
The speaker addressed three key points:
i. “Why deregulation?”
ii. “How to get there?” and
iii. Implementation Strategy.

On “why deregulation”, the speaker pointed out that deregulation is necessary in order to create the enabling environment for dynamic, competitive, market-driven and private sector-led economic development.

In order to achieve the goal of privatisation, he gave the following advice:
• Establish the enabling legal, regulatory and institutional framework
• Focus on the key economic sectors, namely; power, petroleum, banking and finance, telecommunications, transport and aviation and agriculture
• Define the role of Government, which should be infrastructure development (e.g. pipelines, power grid), improvement of economic conditions for market development (e.g. export incentives, tariff structures etc.) and institutional capacity building for medium and long-term development
• Generate widespread acceptance through dialogue with the key stakeholders and through public enlightenment.

Implementation Strategy
This was articulated as follows:
a. The need to stay focused, make consistent progress, even if slowly, harmonise inconsistent policies and legislation and enact anti-monopoly laws in order to avoid market distortions after privatisation were stressed.
b. The need to resolve inter-sectoral issues and linkages e.g. by defining the role of the financial sector in financing certain businesses and addressing host community problems and employee concerns were also considered crucial.

Finally, the following key issues were formulated for further consideration:
• Transparency e.g. for licensing, approvals and incentives
• Empowerment of the regulatory agencies through adequate funding and staffing by competent personnel.
• Consumer protection through enactment and enforcement of anti-trust laws and compliance with product/services quality, safety, health and environmental standards

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• Provision of social safety net. It was recognised that deregulation will in the long run lead to improvement in the quality of life. However, in the short term there could be negative fall-out which could be ameliorated by specific actions aimed at:
  – employment generation;
  – price support; and
  – increased investment in infrastructure and social services, health and education.

The following discussions ensued among the participants after the presentations:

Objectives
The group agreed on the following as the objectives of privatisation:
  – eliminating waste and improving efficiency
  – reducing corruption
  – spreading share ownership among Nigerian citizens and deepening the capital market
  – getting the government out of business and making it to re-focus on its core business of governance
  – accelerating the process of technology transfer
  – enhancing revenue generation and eliminating the drain on public finance
  – resolving the perennial problems of funding pension liabilities
  – promoting private entrepreneurship and innovation
  – integrating Nigeria into the global economy
  – encouraging competition, and
  – creating the enabling environment for sustainable economic development.

There was a consensus that maximisation of sales proceed should not be a privatisation objective.

Summary of key Issues

While the need for appropriate legal and regulatory framework was acknowledged, there was a general consensus that the privatisation programme should not be postponed until the legal/regulatory and institutional reform of the various sectors is completed. Privatisation and sector reforms should be pursued simultaneously. Participants were informed that the intending investors in the telecommunication sector had, so far, not expressed concern that the telecommunications sector reform-enabling law has not yet been passed. Rather, they were satisfied with the prospect of reform and the fact that the sector regulatory agency (Nigerian Communications Commission) was already in place. The group agreed that the privatisation exercise should proceed apace in order to stop further drain on public finance. It was observed that in the year 2000 alone, government expenditure on SOEs was about ₦400 billion. The revenues in
excess of N200 billion generated by the enterprises were yet to be turned over to the
government. Meanwhile, the health and education sectors remained under-funded.

Transparency and openness of the privatisation exercises was also debated. This
raised the question of the most appropriate method of selecting the successful core
investor for the SOEs.

The following three methods were proposed:
1. Pre-qualify final bidders and sell to the highest bidder; or
2. Combine the technical and financial scores of each bidder and sell to the bidder
   with the highest combined score; or
3. Follow the GSM phone licence auction example, pre-qualify the final bidders and
   adopt “open outcry” auction method until the highest bidder emerges.

After a long debate, the participants recommended the adoption of the third method.

The need for consistency and effective co-ordination between the various government
departments and public functionaries on privatisation matters was stressed. It was
observed that inconsistent statements on privatisation by public functionaries in the
press are capable of sending conflicting signals to intending investors.

The resolution of employee concerns over job security and unfunded pensions was
also raised. It was revealed that NITEL’s unfunded pension liability alone was N43
billion, while the parastatals owe between N200 billion and N600 billion.

The need to identify and engage all stakeholders in order to carry them along was
stressed. It was agreed that there was need to identify the concerns of those opposed
to privatisation rather than just dismiss them as attempt to stall the programme. The
following three categories of opponents were identified:
- Those who oppose privatisation because of what they will lose, e.g. employees;
- Those who believe that people in certain parts of the country cannot afford to buy
  privatisation shares
- Those who think that the SOEs would be sold to the elite.

The public must be made to understand that the short term hardship which the
privatisation and deregulation of utilities will potentially impose would only be short-
lived and will in no time give way to long term prosperity. It was acknowledged that it
would be unrealistic to expect that there would be a consensus on privatisation.

To address the fears of those who believe that people cannot afford to buy privatisation
shares, it was recommended that participation by the generality of Nigerians in the
privatisation programme could be enhanced through access to finance.

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Finally, it was recommended that the land tenure system based on the Certificate of Occupancy system should be replaced with a free hold tenure system.

Priorities

The group identified the following priorities for the privatisation programme:

• Early completion of a flagship transaction (NITEL) to give credibility to the privatisation programme
• Fast-track the enactment of the sector reform legislation for the power and telecommunication sectors
• Complete the on-going process of formulating policies and laws for:
  - Oil and gas and mining sector, and the
  - Ports and railway sub-sectors.
• Sell the benefits of privatisation to the public, identify and engage all stakeholders
• Conclude and sustain the share purchase loan scheme
• Establish the legal and regulatory framework for anti-monopoly regulation
• Resolve the pension liabilities question
• Initiate and implement entrepreneurship skills development programme for outgoing employees of privatised SOEs.
## Prioritised Action Agenda

<table>
<thead>
<tr>
<th>S/N</th>
<th>Recommendations</th>
<th>When</th>
<th>By Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete a flagship transaction</td>
<td>22/11/2001</td>
<td>Bureau of Public Enterprises (BPE), Nigerian Communications Commission (NCC), and the National Council on Privatisation (NCP)</td>
</tr>
<tr>
<td>2a</td>
<td>Enact the Power and Telecommunication Sector Reform Bills</td>
<td>31/12/2001</td>
<td>National Assembly</td>
</tr>
<tr>
<td>2b</td>
<td>Complete the new policy formulation and the regulatory reform of the oil and gas mining sectors and the ports and railways sub-sectors.</td>
<td>31/12/2001</td>
<td>NCP, Federal Executive Council (FEC), the Steering Committees for the specified sectors and sub-sectors and the National Assembly</td>
</tr>
<tr>
<td>3</td>
<td>Public and stakeholder engagement</td>
<td>Continuous</td>
<td>BPE, NCP and Presidency</td>
</tr>
<tr>
<td>4</td>
<td>Launch and implement the share purchase loan scheme</td>
<td>30/11/2001</td>
<td>BPE, NCP and Central Bank of Nigeria (CBN)</td>
</tr>
<tr>
<td>5</td>
<td>Enact the anti-monopoly law and regulations</td>
<td>31/03/2002</td>
<td>NCP, FEC and National Assembly</td>
</tr>
<tr>
<td>6</td>
<td>Resolve the pension liabilities questions</td>
<td>31/03/2002</td>
<td>Pension Reform Committee, BPE, NCP and the affected SOEs</td>
</tr>
<tr>
<td>7</td>
<td>Launch and implement the entrepreneurship skill development programme for the outgoing employees of SOEs.</td>
<td>From 30/11/2001 onwards</td>
<td>BPE, NCP, FEC and the affected SOEs</td>
</tr>
</tbody>
</table>

## Prioritised Action Agenda: Implementation Steps

<table>
<thead>
<tr>
<th>S/N</th>
<th>Recommendations</th>
<th>How?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete flagship transaction</td>
<td>- Define and publish criteria for evaluating technical and financial bids upfront; - Adopt sale by auction methods after pre-qualifying bidders; - Publish pre-qualification results; - Live televised coverage of bidding process</td>
</tr>
<tr>
<td>3</td>
<td>Share Ownership Loan Scheme</td>
<td>- Issue and give wide publicity to guidelines; - Distribute guidelines through channels that guarantee access to the grassroots/target beneficiaries.</td>
</tr>
<tr>
<td>4</td>
<td>Anti-monopoly regulation</td>
<td>- Ensure harmony between proposed policy and draft legislation</td>
</tr>
<tr>
<td>5</td>
<td>Pension Liabilities</td>
<td>SOEs with significant real estate: - transfer non-core assets to Pension Fund; - allocate shares of SOEs to Pension Fund Other SOEs: - follow recommendations of Pension Reform Committee; - engage consultants to advise Government based on international experience.</td>
</tr>
<tr>
<td>6</td>
<td>Implement entrepreneurship skill development programme</td>
<td>Conclude negotiation of multilateral funding and implement: - early retirement programme; - Conduct entrepreneurship training programmes for affected employees; - Provide micro-finance to support entrepreneurship by ex-employees; - Out-source support services to ex-employees within a cooperative framework</td>
</tr>
</tbody>
</table>
Group 9: Competitive Industrialisation

Introduction

Objective

The workgroup defined its objective as how to make Nigerian industry globally competitive. This means that locally manufactured products must be competitive globally both in quality and price (value for money).

Where We Are

- NEPA — improved supply
- Intention and effort towards privatisation
- Improved fuel distribution
- Some progress on tariff structure – lower tariff on some capital goods
- Progress on telecommunication
- Improved export incentives.

Priorities

The workgroup agreed on the following as priority issues that needed to be addressed in order to achieve the objective of global competitiveness; namely:
- National commitment
- Consistent monetary & fiscal policies
- Competitive infrastructure that works
- Educated and skilled work force
- Enabling regulatory environment
- Leverage on competitive advantage
- Effective export policy.

Action Plan

Following from the priorities listed above, the workgroup deliberated on the following action plan necessary for the achievement of global competitiveness.

National Commitment

There has to be national commitment. In this regard, government should pursue policies that:
• Raise the contribution of manufacturing value added to 20% of GDP within a period of 5 years
• Link investment incentives to targeted industries
• Make the country a major regional player
• Encourage quality through the adoption of ISO recognised standards.

Consistent Monetary and Fiscal Policies

High cost of funds was recognised as one of the reasons for the high cost of doing business and thereby limiting the global competitiveness of Nigerian industry. The group agreed that in order to achieve a lower cost of fund, the government must implement appropriate and consistent monetary and fiscal policies.

Globally Competitive Input Costs

In order to ensure that input costs are globally competitive, the group recommended that the:
• duty on raw materials, spare parts and machinery for industry should not exceed 5%.
• real local cost of conversion should be addressed through realistic duties on finished goods and downward review of excise duties.

Also, infrastructure cost should not disadvantage industry. Therefore, the government should:
• Accelerate remedial initiatives on infrastructure – NEPA, ports, roads, etc.
• Encourage export free zones, possibly through private management

Educated and Skilled WorkForce

The focus of improvement in the work force should be in the area of the sciences (including Information Technology) and management skills. Toward this end, the work group emphasised the need for:
• Industrial sector participation in specific training schemes, e.g. apprenticeship programme
• Programme sponsorships on specific core syllabus by industry.

Enabling Regulatory Environment

The group deliberated on the existing regulatory environment particularly those relating to industry. The priorities requiring urgent attention include:

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• Strengthening the capacity of regulatory agencies (NAFDAC and SON etc) to make them more effective. The private sector should also be involved in the process.
• Streamlining regulatory procedures in order to reduce bottlenecks and consequent delays
• Guarantee protection of trademark and intellectual property rights
• Put in place a simple taxation structure.

**Leverage Competitive Advantage**

The group observed that there exist products in which the country possesses actual and potential competitive advantage. These include products such as palm produce, cocoa, rubber, sugar, cement, cassava, solid minerals and petroleum by-products. It was agreed that the key products that offer the most competitive advantage should be identified and targeted. Incentives and every support should be given to the development of such industries.

The work group agreed that an industry blueprint for achieving global competitiveness should be put in place under the leadership of the Ministry of Industry, seeking specialist advice where necessary.

**Effective Export Policies**

The work group observed that a number of good export incentives exist in MIBS, EPZ, export subsidies, etc. However, the process of taking advantage of them had been bogged down with administrative bottlenecks that make some of these incentives only good on paper. In this regard, the work group recommended that the administrative procedure of “cashing out” on these schemes be streamlined, simplified and made effective.
**Action Agenda**

The work group agreed on the following action agenda and time frame.

<table>
<thead>
<tr>
<th>Action</th>
<th>Time Frame</th>
<th>Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationalise duties</td>
<td>2002/3</td>
<td>Government</td>
</tr>
<tr>
<td>Seek external assistance on exploiting advantage and benchmarking best practice</td>
<td>2002</td>
<td>Government/private sector</td>
</tr>
<tr>
<td>Enplace skill improvement sponsorship with tertiary institutions</td>
<td>2002</td>
<td>Government/private sector</td>
</tr>
<tr>
<td>Accelerate infrastructure renewal</td>
<td>On-going</td>
<td>Government/private sector</td>
</tr>
<tr>
<td>Put in place an industry blueprint</td>
<td>2002</td>
<td>Government/private sector</td>
</tr>
</tbody>
</table>

**Group 10: Rebuilding Institutions**

**Introduction**

Infrastructure improvements will lead to growth of the economy and the improvement of the quality of life of Nigerians. Although fairly "generous" investment incentives are put in place, the inflow of foreign direct investment remains insignificant. The deterioration of national institutions that govern civic processes has made and will continue to make Nigeria a difficult place to live, work and do business. Several factors have been blamed for this deterioration, including:

- Low level of honesty and integrity
- Lack of sense of community/nationhood
- Materialism
- Lack of respect for the law
- Basic indiscipline
- Lack of patriotism
- Indecency and uncleanness
- Excessive aggressiveness

The challenge is how to refocus and re-orientate national institutions to make Nigeria a respected member of the international community of nations; a more orderly and organised country in which to do business, work and live, and to foster/inculcate some basic values in every Nigerian regardless of social status.

**Current Priorities**

Previous NES Summits had identified the need to "re-build" institutions, as can be evidenced in previous recommendations on security, law and order. To this end, efforts
had been made to increase the strength of the Police force and to train and equip it better to discharge its functions. The judiciary is also being upgraded and strengthened.

However, there still exists the need to:
• Define laws and regulations clearly
• Define standard processes for obtaining services from Government agencies and parastatals
• Communicate defined processes clearly to ensure that the citizenry is well informed of both the law, the process and the consequences of violation
• Ensure compliance with laws and regulations – making the law a no respecter of persons
• Ensure that the judicial system functions adequately in interpreting and administering the law
• Reform the penal system
• Create effective public complaints and information systems to provide avenue for feedback by the citizenry.

Issues

Defining Laws and Regulations
It was observed that there are laws to govern but there is little awareness of the laws. There was lack of understanding of the role of the enforcement agencies and there was deliberate abuse of power. Some of our laws are outdated and need to be modernised. Our laws also need to be simplified to ensure that the citizenry understand them.

Defining Standard Processes
The following observations were made:
• Majority of the processes for obtaining services from the government are unclear, shrouded in mystery and, in some cases, inappropriate e.g. licensing, registrations, etc.
• Numerous bottlenecks have been created in the due process for obtaining services.
• “Process owners” deliberately confuse and frustrate the process through the abuse of power.

Judiciary
The process of dispensation of justice was considered too cumbersome and unwieldy. In Lagos State, for example (in the year 2000), the following data sheet was revealed:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases charged to court</td>
<td>108,000</td>
</tr>
<tr>
<td>Pending cases</td>
<td>23,000</td>
</tr>
<tr>
<td>Total number of judges/magistrates</td>
<td>119</td>
</tr>
</tbody>
</table>

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The following statistics were revealed in the case of prisons nation wide:

<table>
<thead>
<tr>
<th>Total number of prisons</th>
<th>-</th>
<th>135</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total capacity</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Total number of inmates</td>
<td>-</td>
<td>162,000</td>
</tr>
</tbody>
</table>

The general view was that many Nigerians live above the law (sacred cows), and so deliberately flout the law.

**Recommendations**

In order to enhance civil processes in law enforcement and the judicial system, the group recommended that attention be focused on:

- National Orientation – with specific objectives – to emphasise our desired values
- Increased funding for education to the globally prescribed level of 25% of annual budget
- Build capacity in the education system for the future – infrastructure, teachers, curriculum etc.
- Reverse the primary role of government from ownership and direct production to policy formulation and implementation monitoring. The Convention of National Education Summit to deliberate on issues concerning the education sector including national orientation.

**Civic Processes**

The focus should be to:

- Educate the citizenry to know their rights and know the law, reintroduce and emphasise civics in the school curriculum and publish/communicate laws, rights and privileges in the most effective manner.
- Encourage all government agencies to formulate their individual charters and ensure their adoption, implementation and monitoring.
- Empower supervisory bodies (i.e. government parastatals) to enforce compliance
- Promote better use of technology to track interactions with government agencies

An effective public complaints/information system should be instituted to ensure clear interface between the Public Complaints Commission (PCC) and the citizenry. The PCC should also be empowered to investigate complaints, take actions and communicate the outcome to complainants and the public. The PCC should be independent of, but aligned to the judiciary, while the Public Complaints Commissioner should have stability of tenure. The PCC should also publish a scoreboard that assesses
its performance on a periodic basis and encourage the use of the Internet to make anonymous complaints.

Law Enforcement
It was recommended that the Police should be granted self-accounting status whereby the Inspector General (IG) will be truly responsible and accountable for the performance and effectiveness of the Police force. Consequently, the need to devolve more powers to the IG was recommended, while the Ministry of Police Affairs should be scrapped and the Police Service Commission should become the supervisory body for the police.

Other Recommendations Include:
• Bring policing closer to the people e.g. through policemen on the beat, decentralising the police force. Police posts should be more widespread in large population centres as done in Brazil and Argentina. Portakabins and converted containers can house such police posts.
• Invest money in policemen – police college, training, skills, attitudes, ethics, motivation. Also invest money for the upgrading and modernising of the infrastructure required for their day-to-day effectiveness.
• Recruit more policemen and deploy the force into more important/value adding areas.
• Scrap police barracks – the police should live among the people they protect
• Prosecute erring policemen who act against the law in criminal courts
• Implement national identity card so that the state has a record of every individual
• Introduce CCTVs in strategic public places such as airports, seaports, borders, police stations and so on.

The Criminal Justice System
A complete overhaul of the criminal justice system was recommended along the following lines:
• Provide better infrastructure for the judiciary and upgrade its information system
• Publish and enforce standards for judiciary performance – e.g. writ of summons, prosecutions
• Improve the conditions of service for the judiciary to make it more attractive — to attract competent quality lawyers to the bench
• Increase skills of lawyers by providing better training and knowledge sources
• Re-vitalise customary and area courts to better deal with lesser offences that congest the justice system
• Build more prisons and improve facilities at existing prisons
• Emphasise the reform of inmates in prison to ensure they can be better integrated into society after serving their sentence
• Introduce suspended sentences to decongest prisons. This should be tied to the national identity card scheme.

Finally the Group recommended that
• A merit system be enthroned
• Rewards for exemplary conduct be strengthened
• The use of 'state of origin' in all aspects of our aspects of our lives should be de-emphasised to promote the spirit of oneness and national unity.

Group 11: Investment

Introduction

The group observed that despite recent gains, a conducive environment is yet to be created for the stimulation of investment in the country. Security, law and order remain weak, the flow of long term funds is still paltry while the bureaucracy is yet to be investor-friendly. The cost of doing business remains high due to poor infrastructure, multiple taxation, port congestion and so on.

The Group paid attention to the five growth drivers, which they considered very germane to the subject of investment:
• Job creation
• Improving security
• Social and physical infrastructure
• Sector reforms and privatisation
• Investment climate

Having identified the various constraints, the group focused on the specific aspects, namely, security, infrastructure, sector reforms and privatisation.

Recommendations

Improving Security
The group re-emphasised the need to beef up the strength of the police force. But these would not be without its problem. It was considered imperative to solve the force management problem by recruiting and training between 50 and 100,000 policemen per year for the next 5 years. In doing so, it would be necessary to:
• Build/refurbish police training schools, barracks and facilities
• Increase foreign support for training and capacity development

Economic Summit 83
• Provide adequate funding for the police force
  - budgetary allocation to the force should reflect the priority that security
    deserves at this point in time.
  - decentralise police operations and further encourage state governments and
    other stakeholders to assist with funding the organisation,
  - create of a national trust fund for security to be explored.

Infrastructure – Social and Physical
In order to upgrade and maintain the level of infrastructure required to support
investment the country needs to:
• Allocate the equivalent of 10% of GDP per annum to infrastructure development
  (currently about $3 billion).
• Resuscitate industrial estates (to be done by state governments and private
  entrepreneurs) and where necessary provide incentives.
• Streamline administrative procedures that affect investment flows, including visas,
  land transfers, port management.
• State governments to simplify approval and consent processes such that response
  periods are no more than 30 days
• In the long term amend constitution to abrogate the land use law.

Sector Reforms and Privatisation
• NIPC to lead codification of laws affecting investment and champion the removal
  of all obnoxious clauses by the end of 2002
• Find effective alternative to 100% inspection at ports. Accelerate the privatisation
  of port operations
• Harmonise taxation – by three tiers of government
• Involve civil society in fighting corruption — set up “watchdogs”
• Encourage non-litigation solutions to commercial dispute resolution. Support
  arbitration, mediation and conciliation institutions – by bench, bar, chambers of
  commerce and other trade organisations/associations
• Disseminate best practices in reforming the judiciary. For example, Lagos State is
  introducing specialisation, adequate remuneration, IT, capacity building, work
  environment
• Federal and state governments to strengthen judiciary from the protection of
  intellectual property rights. Apply time frames to adjudication
• Harmonise macro-economic policy management across tiers of government. This
  should be coordinated at the level of the National Council of States
• State and local governments and NGOs to encourage bottom-up planning and
  execution of community-based activities through cooperative movements
• Reform pensions and social security system. Set up privately funded social security fund for the mobilisation of domestic investible capital. National Assembly to introduce legislation in this regard by 2001.

Comments, Questions And Answers

At the final plenary session, questions were raised and comments made by the participants. Many of the questions could not be answered due to time constraint. Below are some of the questions to which answers were proffered and the comments made during the session.

Comment: The diskettes of NES #8 should be distributed to all Summit participants within two weeks of the conclusion of the Summit. These diskettes should also be distributed to absent policy makers in the private and public sector. There should also be collaborative follow up and feedback on the progress achieved on the issues agreed upon at this Summit. Quarterly publications should be issued and widely distributed to members of the Economic Summit Group in the public and private sectors. This should also be widely carried by the press.

Comment: The NESG should commission studies to enable it have comprehensive picture of some of the issues discussed at this Summit. This should take a period between one and the other Summit year. For example, the group on banking and finance suggested focusing on about two export items, which should be given national support. This type of suggestion ought to flow from study carried out conscientiously by experts using the database at the disposal of agencies including the Nigerian Export Promotion Council. In short, NESG can identify specific issues for focused study so that recommendations to the government would be based on the outcome of research studies.

Comment: The government should reserve 50% of the privatisation proceeds for building human capital. It should think of institutions that prevent crime rather than those that put away criminals. It should also recruit young graduates into the police. The business society should take active part in crime prevention. Nigeria can seek assistance from South Africa on this aspect of crime prevention.

Comment: The government should encourage a savings culture. It should encourage Nigerians abroad to repatriate money home the same way Indians abroad do to build capital at home. Also, local content in Oil and Gas should be redefined to mean Nigerian content.

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A successful SME sector will result in greater entrepreneurship, investment, jobs, wealth creation and greater social harmony

**Sector Reform and Privatisation**

The key challenges in the area of deregulation and privatisation is to get government out of business and get it refocused on governance

The Summit observed that:
- Tremendous success had been achieved with telecomm and more were expected to come
- There is a huge opportunity to replicate our successes particularly in Power, downstream petroleum and SMEs

The privatisation/deregulation programme:
- Must support entrepreneurship and encourage competition
- Must have a very structured and transparent process
- There must be a high ‘knock-on’ effect in the economy
- Must touch the lives of a significant portion of the population

**Action Points**

- Apply Telecomm success story to other sectors
- Accelerate development of competition policy
- Fast track enactment of enabling sector reform legislation – Power & Telecomm
- Formulate policies and laws for Oil & Gas and Mining, Ports and Railways sub sectors
- Hasten privatisation of NEPA and NNPC

**Social & Physical Infrastructure**

There is a lot to be desired in this sector. Social and physical infrastructure need substantial upgrading to meet the imperatives of global competitiveness.

**The Challenge**

- Make Nigeria’s physical and social infrastructure world class
• Immediate spread of Sasakawa Global 2000 methodology in crop production
• Immediate implementation of the pilot phase of the Nigeria-FAO Agreement under the national special food security programme
• Urgent revamping of R&D and extension delivery services
• Guarantee producer prices and grants for cash crops
• Help with storage, preservation and marketing
• Greater investment in preparing land and making inputs available and accessible
• Land tenure reforms
• Increasing private sector successes
• Jobs for large part of our people
• Wealth creation and poverty reduction
• High contribution to GDP (up to 40%)

**SMEs, Informal Sector and Wealth Creation**

**Objective**
The Summit believes that the sector is fundamental and must become the driver of economic growth and social development.

• SMEs must be encouraged to migrate from informal to formal sector
• Government must provide framework for the success of SMEs

**Action Points**
The role of SMIDA should be well defined such that it:

• Plays no funding role
• Acts as one stop centre to obtain
• undertakes registration with CAC
• offers advisory services on technology, training, equipment, materials
• undertakes management and Technical capacity building
  – Through private sector, NGOs and development finance institutions

**Priorities**

• Encourage joint ventures and franchising
  – SMIEI's scheme to take off immediately
  – Access to venture capital
  – Regulation should be enhanced

• Simplification of all procedures/processes regarding:
  – Taxation
  – Funding
  – Registration
A successful SME sector will result in greater entrepreneurship, investment, jobs, wealth creation and greater social harmony

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**Social & Physical Infrastructure**

There is a lot to be desired in this sector. Social and physical infrastructure need substantial upgrading to meet the imperatives of global competitiveness.

**The Challenge**

- Make Nigeria’s physical and social infrastructure world class
Key Priorities

- The sector must benefit from sector reforms
- Develop globally competitive skills based on science, Information technology, (IT) and management
- Rebuild dilapidated education and health structures
- Focus UBE on long term needs
- Foster basic social values
- Ensure infrastructure grows with needs

Action Points

- 50% of privatisation proceeds to rebuild education & health infrastructure
- Re-introduce civics in school curriculum
- Focus on the sciences and IT in school curriculum
- Set performance targets for access to all utilities and transportation

Security and the Rule of Law

The Challenge

- To re-create a society which supports the enforcement of the rule of law
- To Provide a safe and secure environment

Key Priorities

- Speed up dispensation of justice through the courts
- Enactment of laws to protect the rights of investors
- Creation of laws to cope with increased deregulation
- Domestic security
- Enhancing policing capabilities and capacity

Action Plans - Rule of Law

- Criminalise the possession of unexplainable wealth
- Put the process of law making on a fast track for commercial and business matters
- Establish maximum time for court cases
- Provide better infrastructure for the judiciary

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Domestic Security
- Target policing ratio of 1:400 by 2003
- Focus on crime prevention
- Introduce special constabulary for personal security

Investment Climate

The Challenge

To provide a low cost, stable, efficient, responsive and safe environment, for business

Key Priorities

- Spell out due process for dealing with government agencies
- Deregulate the economy to reduce corruption
- Seek initiatives to encourage joint venture partnerships
- Sanctity of agreements and decisions
- Safety of life and property

Action Plans

- Investigate and act decisively on reported cases of corruption and fraud.
- Engage consultants to design processes and systems which enforce transparency in government agencies.
- NIPC to identify and champion the removal of laws that could inhibit investment
- Take proactive steps to check the incidence of armed robbery and religious/ethnic clashes
- Eliminate or avoid multiple and punitive taxes

Job Creation

The Challenge

- To encourage investments in areas which create high value jobs and upgrade necessary skills.

Key Priorities

- SMEs should become a major source of job creation
- Telecommunications sector has become a major job creator
- The privatisation and deregulation programme will be a major opportunity for job creation especially in the downstream oil sector, power, transportation etc
- Training and development in the necessary technology
social infrastructure and developing our human resources.

One of the changes in the direction required will be to re-examine our development model. Over the years, our development appears to have been premised solely on physical infrastructure. It is no wonder that such structures are destroyed in a very short time. People, including leaders, have often wondered if there is something wrong with Nigerians, because they misuse public infrastructure. Thus, we often say that Nigerians have a poor maintenance culture. That is true, but it is because we have in our development model in the past, concentrated primarily on building things and not on building people. We need to bring the Nigerian people more into the centre of development strategy because human capital determines the productivity of all other assets of the nation.

Contemporary World Trends

Turning to contemporary world trends, there are two clear messages:

Forces that have become unstoppable are shaping our world, and there is perhaps no greater evidence than the domino effect we see when one major economy is threatened by a recession. In spite of the threats of recession, we have seen markets rebound, and signs of growth restored. Taking advantage of the opportunities of surging world trade and investment requires that we plug into this high-voltage arena of the global economy. In doing so, we must put on the appropriate shield, and ensure that our internal operating systems respond to and are compatible with market characteristics. This is the only way to avoid the shock of the high voltage world of globalisation, and yet take advantage of it. It is only after we plug into the global economy that we can leverage our competitive advantage. We seek at this Summit to provide the necessary support to steady the hands of our leaders in pursuing the path of deregulation and to navigate the terrain as best as we can. This process will also entail creating the safety net to provide succour to those who will inevitably be adversely affected by the deregulation process.

The second message from world trends is from the aftershocks of September 11. The tendency for increased protectionism by governments on both sides of the terror war could create a strong move in the advanced economics to focus on pressing internal issues, especially following the economic slow-down around the world. Only those countries with strong investment climate will continue to benefit from the increasingly integrated world economy. We must therefore avoid the risk of slowing down the pace of our internal reforms, as the down side impact cannot be contemplated. A slow down in reform could get us into a vicious cycle where FDIs thin out, and yet investment is key to our ambitions on the economic front. Our growth prospects are
such that can enable us attract the huge capital that now feels less safe in traditional safe havens for investors. Nigeria can become the safe and high potential destination for investment as well as offer the growth that the developed economies cannot experience for another several years.

Summit Priorities

These prospects have led us to adopt a theme for this Summit that carries an undertone of urgency. President Obasanjo issued the 1999 - 2003 Economic Policy document, which recognises fourteen heads of objectives and specific targets to be pursued. This document captures his own vision for our country, and his commitment to the electorate. Our primary concern has been to partner with government to decipher the HOW of achieving those laudable objectives. We recognise that steps and actions are being taken, but when you have an economy that is struggling to grow, we must act fast to remove restraints on investment and release the entrepreneurial energy that abounds here. Over the next two days we will engage in serious dialogue about those critical actions we must take quickly before our competitors recover. We will also agree not to allow our friends to remember the actions or inactions of the past that drove them away from investing here.

The Summit this year is different in a small but fundamental way. We find it imperative to focus on the vital few issues that will be the key to rapidly unlocking the economic potential of our country. This led us to limit the number of workgroups to half the number in previous years. This is not to suggest that areas of the economy not specifically addressed are any less important. I think it was Chief Mbadiwe who said that when two trees fall on each other, the swiftest solution is to remove the top tree first. This is what we are doing this year in the work groups. As a result, there will be a brief presentation at the start of each group discussion by an appointed speaker who will help to focus the attention of the group on essentials. The output from the group discussions will be the summarised three key issues pertaining to the subject matter discussed.

I am pleased that the commitment of the government is at its highest ever to see our country through the transition. We have received encouraging support from the highest level in the land, and I would like to acknowledge and thank President Obasanjo, and Vice President Atiku Abubakar for their unflinching support in the planning of this Summit. Such is the commitment demonstrated that Vice President Atiku will be participating for some time in at least one of the group discussions.

We like to acknowledge our partners and sponsors and all those who have worked tirelessly to put this Summit programme together.
I am excited about the prospects for the country of my birth, and I now most heartily welcome you all to the 8th Nigerian Economic Summit.

Opening Address by His Excellency, Chief Olusegun Obasanjo, GCFR, President of The Federal Republic of Nigeria at The 8th Nigerian Economic Summit on Wednesday, October 17, 2001, Abuja, Nigeria

Protocols

Distinguished ladies and gentlemen, it is my pleasure to welcome you all to the 8th Nigerian Economic Summit. A forum that has held annually for over eight years is indeed a commendable one. It is noteworthy that this administration has helped to sustain the annual Nigerian Economic Summit through the office of the Chief Economic Adviser to the President. I am told that the Vice President Atiku Abubakar has agreed to participate in some of the workgroups at this year’s summit. This is a confirmation of our commitment to consultation and dialogue. It further confirms our desire to make the private sector the engine of growth in Nigeria.

Furthermore, I am reliably informed that this year, the planning committee was expanded to include other private sector organisations like MAN, NECA, NASME and FAN while on the government side the National Assembly and NIPC were more involved. This is commendable and particularly so because we are at a crucial stage in our economic history as a nation. Government’s determination to address the concerns of the private sector is unwavering.

We have continued to address squarely the incremental cost of doing business as a result of poor infrastructure. NEPA is improving power supply steadily, the GSM operators in spite of the odds have rolled out as planned, the federal network of roads are either being rehabilitated or new ones constructed and only recently the Ports Reform Committee was set up under the chairmanship of a private sector person. The policy on privatisation has been pursued with vigour and the commitment I have is total and irrevocable.

This is why I see the theme of this year’s Summit - “Nigeria’s Economic Priorities: How do we deliver?”, as very appropriate. It underscores the critical challenge of propelling the economy forward, if we must reap the dividends of democracy on a sustained basis.

Let me say that I am particularly pleased that there will be a shift in emphasis from “problem analysis” to suggesting an action plan that can be implemented by the government. This is no mean task but I can see the commitment. The recent 2001 budget Implementation Joint Review Forum with the private sector tells me there is
indeed a renewed determination to join hands in achieving for our country the desired economic prosperity. I must advise that the private sector should not only suggest to the government “how to deliver”, they should also commit to specific actions on which I expect to see “how they will deliver” at the end of the Summit.

Perhaps a few points can be made at this point before I formally declare this Summit open. First, it is worrisome to note that the concept of saving for a rainy day is not quite acceptable to all of us. Only recently, the price of crude oil rose above US$22.0. This was before September 11. What is it today? Unless we learn from our economic history, we will make the same mistakes again hence the need to sterilise any excess windfall from crude oil sales so that we can maintain a stable budgetary profile if oil prices become unfavourable.

As I said during my anniversary speech, the economy has not quite responded to the fundamental actions we have taken to revitalise it. This is to be expected. The state of major infrastructure is gradually getting back to normal and very soon we will begin to see the benefits in practical terms. You may not agree with me but this is the truth. Let me assure you that we will continue to pursue macro economic stability and improve the investment environment for private enterprise to thrive.

Secondly, I am particularly concerned about the impact of the unfortunate events of September 11 in the United States on Africa and the Nigeria’s economy. Given the effect on the global economy, it is my hope that the private sector will begin in earnest to adjust to likely impact on our economy. My administration is observing with keen interest developments since September 11 and would take necessary remedial policy steps to address any negative effect on our economy and, indeed, the society at large.

Finally, in response to the recent findings, the Government has adopted the policy of 100% destination inspection to check the unwholesome illegalities at the ports. It is the private sector operators who were involved in these false and wrongful declarations. I expect a change of attitude.

I must thank the organisers for bringing my friend Miguel Schloss of Transparency International and the Rt. Hon. The Baroness Chalker of Wallasey PC and others to share their views with us at this year’s summit. They have in their own little, though significant way, demonstrated the improved investment environment in Nigeria by their presence here. Indeed, Baroness Chalker was involved in co-hosting the recent Nigerian Investment Summit in London, which I must say was a huge success. Let me assure them that they are most welcome to Nigeria.

Ladies and gentlemen, it is now my privilege to formally declare this Summit open and thank you for listening.
An Address by His Excellency, Vice President Atiku Abubakar at the Pre-
Summit Dinner of The 8th Nigerian Economic Summit on October 17, 2001,
at the Nicon Hilton Hotel, Abuja

Protocols

It is my great honour and pleasure to address this august gathering at this 8th Nigerian Economic Summit Dinner.

We are aware that, in his inaugural address, President Obasanjo had made a pledge on improving the quality of life of our people who had suffered years of neglect and deprivation and to enable sustainable development. Our commitment to this promise reflected the establishment of the National Poverty Eradication Programme as well as other policy programmes, which will duly affect the lives of our vast populace.

Our commitment to good governance is also demonstrated by our desire to re-invent the art of governance. We have restored rules and regulations in the bureaucracy, re-instituted due process and correct procedures in the conduct of public affairs, and taken credible measures to fight corruption as well as eliminate waste. We have also taken practical steps to match our words with action. In this regard, re-orientation programmes have been conducted for top government functionaries to acquaint and imbibe in them our administration's ethical standards. We have taken all necessary measures to underline our resolve for a better Nigeria.

The ultimate objective of our policies is to lay a solid foundation for economic growth. The role of government in this regard will be to provide a level playing field and protect the legitimate interest of investors while the private sector will be encouraged and supported to be the driving force for economic growth and development.

Distinguished ladies and gentlemen, it is now generally accepted that the best framework for an effective and credible restructuring of the Nigerian economy lies in the privatisation of the state-controlled and inefficient agencies and enterprises. By so doing, government concentrates its resources on the core social functions and responsibilities. Accordingly, I wish to reiterate the commitment of our administration to privatisation. The successful implementation of the programme will surely impact positively on the lives of our people.

Despite our efforts and commitments at re-invigorating our economy, we appreciate that the challenges are not only daunting but enormous. We are, however, guided by the fact that in no distant time, the resurgence of hope and optimism in the future of our economy will translate in concrete achievements, given the boundless opportunities
in our great country. Nevertheless, we still count on the private sector to take advantage of the enormous investment opportunities, to realise tangible benefits for the generality of our people.

While wishing you *bon appetit*, I hope that at the end of proceedings tomorrow, you will come up with solid suggestions for laying a solid foundation for the economic growth and development of our dear country.
Thank you for your kind attention.

**Keynote Address by Ambassador Howard F. Jeter United States of America Ambassador to Nigeria, at the Pre-Summit Dinner of The Eighth Nigerian Economic Summit, October 17, 2001, at the Nicon Hilton Hotel, Abuja**

Your Excellency, Mr. Vice President, distinguished ministers, generals of commerce and industry, esteemed guests, ladies and gentlemen.

I am honoured to speak with you tonight about one of my most favourite topics: The Future of Nigeria. This topic excites me not just because I represent my country here, but because in my heart I feel a vibrant spirit about Nigeria that had been present for as long as I have worked in Africa. The subject of this Summit is “How Do We Deliver?” I leave the particulars to you. But I would like to offer my vision about what kind of future we should be delivering to.

A question I am often asked is what kind of future do I see for Nigeria? In truth, I see Nigeria as Africa’s “essential” country, with influence that extends far beyond its borders. The stability and fortunes of nearby countries hinge substantially on what happens here. For West Africa, in particular, Nigeria can be the economic engine for development and growth. We all recognize that one out of every four Sub-Saharan Africans is a Nigerian, and the economy is second in size only to South Africa. We observe Nigeria’s vast natural resources, its oil and gas reserves, fertile land for agriculture, and untapped mineral wealth. The country possesses an extensive infrastructure base whose maintenance I see improving under this administration. Extensive capital and financial markets exist to spawn investment. And key economic institutions, such as the Central Bank of Nigeria, the Nigerian Stock Exchange, and the Nigerian Economic Summit Group, the host of this important event, enjoy well-deserved respectability even beyond the country’s frontiers.

Only Nigeria has the political weight to enhance stability in West Africa. Under the umbrella of ECOWAS, Nigeria has already sacrificed significant national treasure to help bring peace and reconciliation to Liberia and Sierra Leone. This role will not only continue but is being strengthened in an unprecedented programme to train and equip
West African forces for peace enforcement duties. Despite its own internal security challenges, Nigeria is active in preventing tense situations in other countries from degenerating into conflict and this government stands ready to work internationally on mitigating distress, for example, Nigeria’s efforts to provide mediation for Zimbabwe. The HIV/AIDS pandemic threatens the economic and social well being of not only Nigeria but many African countries. Fortunately, the Government of Nigeria is raising the profile of this issue, and I believe it is committed to fighting this scourge, extending the AIDS prevention message deeper into society. Through its emergence from 16 years of debilitating military rule, Nigeria proves that democracy here can be tilled, even though for all too long the tillers in charge of Nigeria had neglected to keep the soil healthy. The soil itself remains fertile and hungry for attention.

In the last two years, Nigeria has demonstrated significant re-engagement in world economic affairs. For the United States, Nigeria is the largest trading partner in Africa. This will continue particularly as the U.S. depends on Nigeria for about 10 percent of our oil imports. I note that Nigeria had already been a moderating influence in OPEC, opposed to the more aggressive cartel strategies of other members. Even now, I see Nigeria becoming more active at the World Trade Organization with a potentially keen role to play along with other African states in upcoming meetings. The August 2000 signing of the Stand-by Arrangement with the IMF verified that Nigeria was welcome back into the fold of the international financial institutions. The United States strongly desires that Nigeria continue to work closely with the Fund, the World Bank, and all donor governments with the goal of building a more stable and strong economic future.

Why do I have high hopes for Nigeria? As I noted, Nigeria is blessed with abundant natural and human resources. I also see in Nigeria a country that appears determined at all strata of society to transit from a tarnished political and economic past to a more promising future. The process of democracy building is taking place from the federal, all the way down to the community level. Although not perfect, the progress seen to date over a relatively short time horizon is impressive and a model worthy of emulation in parts of Africa. We are witnessing increased respect for human rights and the restraint demonstrated by the police and military, particularly during stressful events, is certainly commendable. I expect this pattern of behaviour to continue to improve. The nation seems determined to root out corruption, although we all recognize that corruption is a hydra-headed monster that cannot be easily slaved. And old fashion precepts of state-dominated economic policies are gradually being rejected in favour of those that favour private sector-led economic growth. I urge Nigeria not to become side-tracked on the path of economic reform.

All of us can agree that Nigeria has for decades been an economic under-achiever. It permitted its export-oriented agricultural sector to stagnate, its industrial utilized capacity
to collapse, its commercial and service sectors to wither or flee to the informal economy, and its basic infrastructure to fall apart. In one sense Nigeria has nowhere to go but up. But I see promise that the malaise in agriculture can be reversed, particularly with economic policies that encourage private sector rural credit, eliminate ill-conceived distortions that misguide farmers, provide agricultural extension services, improve rural infrastructure, and reduce barriers to essential inputs. In manufacturing and commerce, Nigeria can and must lessen the costs that throttle doing business. It must reduce the country’s notorious bureaucratic hurdles; assure the transparent application of the rules of the game; apply a tax system that inspires rather than represses economic activity, improve basic infrastructure and education, permit essential inputs and products to enter the country smoothly and with fair tariff rates; and implement macro-economic policies that reduce rent seeking and arbitrage opportunities. In essence, I perceive a re-awakening taking place in Nigeria that will have extensive and, I expect, positive economic and social ramifications for its citizenry.

How can this vision be achieved? In short, Nigeria’s leaders must lead by example; employing principles of good governance at all levels, federal, state, and local. This process is clearly occurring as Nigeria’s political leadership now recognize they must answer to their citizens or risk being turned from office in the next election, a risk that, of course, did not apply to military rulers. Today’s leaders are learning that they are the servants of all people, and not just those who supported them in the last election cycle.

The public interest is increasingly being placed above the personal. Decision-making is becoming more open and subject to public feedback. Although the process of good governance is far from smooth and is often inconsistent, it nonetheless is moving in the right direction.

Despite unrest and ethnic problems, perhaps inevitable in a country so diverse and following decades of misrule, Nigeria is also beginning to demonstrate increased and broad-based tolerance and respect for its many communities and peoples. Yet, I fear this part of the equation will continue to dog Nigeria for a long time to come. The securing of freedom is not only a right to be mandated by rule of law; it must be earned every day through diligence and perseverance. Barriers resulting from religious intolerance, ethnic conflict, sex discrimination, and even differing political beliefs are still too common. Common courtesy, once a part of the fabric of Nigerian society, has unfortunately been replaced publicly by aggression, belligerence and impatience. Corruption is all too often accepted placidly as just the way things are, rather than being opposed at every turn. This is sad; but it is not irreversible.

To derive legitimacy from the people, functioning democracies require a compact between the governing authorities and the governed, between those who lead and
those who follow. Specifically, leaders agree to sustain the basic human needs and provide the fundamental human rights for the people. Moreover, this compact is observed without fear of persecution, without enmity among those of differing political beliefs. I observe the formation of such a compact here in Nigeria. Among the nation’s priority needs, which the government must provide its citizenry, I can identify educational opportunities, indispensable healthcare, basic infrastructure, and public security. To these key areas, as well as to the security and integrity of the nation, government should direct its primary attentions. I believe President Obasanjo, Vice President Abubakar, and the senior officials of this government recognize this paradigm within the context of alleviating poverty, and thus the priority needs I elaborated are theirs as well.

However, throwing money at Nigeria’s various social challenges, by any level of government, will not fix these problems unless the money is spent most wisely and prudently. And as to the subject of this Summit, unless sound economic policies are also delivered, directing additional resources into social programmes, infrastructure, and security will fail to produce a commensurate or equitable reduction in Nigeria’s poverty. On the other hand, spending on development of human resources with care and accountability will, over time, pay tremendous dividends.

We, the United States, and other donor governments and international agencies are working in tandem with Nigeria to assure that sound economic policies are being applied. In 2000 the U.S. launched the Africa Growth & Opportunity Act, extending most favourable trading terms to beneficiary countries such as Nigeria, and we are working extensively to explain and promote AGOA to potential Nigerian exporters. The United States provides Nigeria with the largest level of bilateral assistance to any African country, surpassing $100 million — a level which is high and dramatically over that of the dark days of the not so distant past. This assistance will not only continue but may expand, for example, as we introduce a possible Peace Corps Volunteer programme. The U.S. and Nigerian military co-operation is particularly noteworthy as both countries are engaged in Operation Focus Relief activities, a programme to help provide institutional reform assistance for the Ministry of Defence, and a bevy of security assistance programmes such as the refurbishment of Nigeria’s C-130 fleet - a critical aircraft for peacekeeping mobility. U.S. assistance to Nigeria is coordinated by the U.S. Agency for International Development which manages programmes in such areas as democracy building (more examples from AID). Numerous agencies of the U.S. government, including the Departments of Agriculture, Commerce, Energy, Transportation, and Labour, U.S. Exim-bank, the Overseas Private Investment Corporation, and the Trade and Development Agency, are intensely engaged in collaboration with Nigerian counterpart institutions. Law enforcement agencies of both nations also work together to address drug and human trafficking, money laundering, and 419 fraud.
The United States also strongly supports Nigeria multilaterally with other donor countries and organisations such as the World Bank, the International Monetary Fund, etcetera, and we also sincerely appreciate the strong backing of Nigeria for our country at the United Nations in the global fight against terrorism. We remain committed to providing Nigeria a more sustainable debt profile through negotiations at the Paris Club. Creditor governments, I would venture to say, unanimously encourage an effective economic reform effort by Nigeria. And I believe Paris Club governments like the United States would advocate attractive terms to back such reform efforts.

I believe Nigeria CAN achieve both equitable economic growth and expanded public participation in the years ahead. Nigeria has the wherewithal to become a model of democracy-building for Africa. Nigeria can reach heights of double-digit economic growth. After years of military rule, Nigeria’s leadership have begun employing principles of good governance. As is necessary in all democratic countries, Nigeria’s free press serves as a watchdog over behaviour of public figures. The human talent base is available. And so too, I hope, is the will. Thank you.

Combating Corruption For Development: From Words To Deeds. By Miguel Schloss, Executive Director, Transparency International.

The Issue

“Power corrupts. Absolute power corrupts absolutely.” (Lord Acton)

Corruption is a complex phenomenon and in many cases the consequence of more deep-seated problems of policy distortion, institutional incentives, and governance. Therefore, it cannot be addressed by simple legal acts proscribing corruption. In fact, in virtually all countries, local laws forbid corrupt behaviour. Yet, in more cases than is readily admitted, effective efforts to combat corruption have been limited. The reason is that, by definition, in many developing and transition economies, the judiciary, legal enforcement institutions, police, and other legal bodies are unreliable because the rule of law is often fragile and therefore can be captured by corrupt interests.

But corruption is not limited to these economies. In developed countries, tax incentives, standards of conduct, and general attitudes often lend themselves to providing the resources for corruption. Indeed, “the abuse of public office for private gain”, as corruption is generally defined, takes place in rich and poor countries and must be tackled as much in the places where payments originate as where they are received.
Implications

"There is no such thing as a free lunch" (Milton Friedman)
"Money doesn't talk, it swears" (Bob Dylan)

In the final analysis, corruption is as much a moral as a development issue. It can distort entire decision-making processes on investment projects and other commercial transactions and the very social fabric of societies. Some fairly robust statistical evidence shows that higher corruption is associated with: (i) higher (and more costly) public investment; (ii) lower government revenues; (iii) lower expenditures on operations and maintenance; and (iv) ensuing lower quality of public infrastructure. The evidence also shows that corruption increases public investment by making it more expensive while reducing its productivity - not to mention the loss of resources to the countries resulting from uneconomic investments.

By the same token, not only the size, but the composition and associated quality of public investment programmes are affected by levels of corruption. By and large, corrupt administrations tend to spend less on education and other social expenditures because expensive infrastructure outlays crowd-out spending on education and other investments in people. This suggests that corruption tends to mortgage future generations, since economic growth over the long haul is directly related to educational attainment. The secondary effects of policy distortions can be equally staggering, since they produce multiplying effects throughout the economy, as discussed later on in this paper. This is particularly serious when generation of savings and surpluses are already far short of the investment requirements in that continent.

In all, these are the vehicles through which corruption lowers economic growth. Thus, the advice is that economists should be more restrained in their praise of high public sector investment and stress the importance of placing much greater attention on corruption as well as on the quality and composition of public expenditures. The issue of corruption, and its attendant effects of efficient and effective resource use, needs accordingly a much higher place in the policy debate and action in the region.

By the late 1980s and early 1990s, most countries in Latin America adopted structural adjustment, economic liberalization, and "modernization" policies, aimed at coping with and preventing economic crises by developing building blocks to improve the agility and effectiveness of public sector management. A mixed reform record has brought about recognition that the problems were more fundamental than they were thought of originally and that a "second generation" of reform is needed. In the light of a growing recognition of the complexities of the reform processes, an increasing number of countries are beginning to tackle broader and deeper institutional issues, such as decentralization/sub-national government reform, judicial reform, and anti-
corruption efforts. Some countries are going beyond these issues and are tackling issues such as "voice"/participation; "exit"/competition; restructuring of enforcement mechanisms of internal rules and regulations. Work in these new areas requires stronger, broader and deeper commitment for sustainable implementation and, with it, increasing demands on TI Chapters (such as is occurring in Colombia, Argentina, Chile, Paraguay).

The Roots of Corruption & Corrective Action  
(The Demand Side):

“One of the reasons why governmental corruption has grown to be pervasive... is primarily because much effort has been spent to remedy the problem rather than understand it.” (Olowu 1992)

Clearly, a more comprehensive approach is needed than the popular road of issuing declarations, policy statements or even legislation. More importantly, to assure better results, a greater focus is needed on the underlying causes of corruption and on mutually supporting mechanisms between governments, business practices in the private sector, and civil society.

To assist governments, the business community and other interested parties debate on the issue, Transparency International (TI) has been publishing an increasingly comprehensive Corruption Perceptions Index (CPI). This index is a "poll of polls" drawn from numerous distinct surveys of expert and general public views on the extent of corruption in countries around the world. Recent data show that the bulk of countries, including those in the Latin America region, have poor scores, — ratings of less than 50% — thereby strongly suggesting that corruption is a serious issue, deserving much higher attention in the policy agenda of this region.

"Corruption occurs when opportunities for it prevail and political will to combat it is lacking."

In this regard, it should be understood that bribery encompasses payoffs for a wide variety of illicit activities: (i) getting around licenses, permits and signatures; (ii) acquiring monopolistic power — entry barriers to competitors; (iii) access to public goods, including legal or uneconomic awards of public procurement contracts; (iv) access to the use of public physical assets or their outright stripping and appropriation; (v) access to preferential financial assets - credit; (vi) illegal trade in goods banned for security and health considerations, such as drugs and nuclear materials; (vii) illicit financial transactions, such as money laundering and insider trading; (viii) influencing administrative or legislative actions; and (ix) influencing judicial decisions.
In order to fight corruption, such avenues must be blocked or minimised, for the less of them a country has the less corrupt it will be.

In all these cases, corruption occurs when economic opportunities for it prevail and political will to combat it is lacking. In a way, corruption is a symptom of fundamental economic and political problems. Addressing them effectively therefore requires dealing with the underlying economic, political, and institutional causes.

At the root of many of the problems, one can often find excessive discretionary powers. Conversely, it stands to reason that the higher the professional levels in civil service, the lower are the perceived levels of corruption.

Reducing opportunities for discretion is an important element for prevention.

Quite apart of the wastefulness of corruption expenditures and associated misallocation of resources, valuable management time gets siphoned off through time spent with public officials.
Reducing opportunities for discretion is an important element for prevention. These typically include liberalisation policies such as reductions of trade restrictions, subsidies, price controls, and directed credit, that have been undertaken in a growing number of countries in Latin America.

Similarly, on the enforcement side, weak institutions often require the help of independent oversight commissions with powers to investigate and, at times, prosecute or adjudicate, as has been instituted in Chile, Hong Kong, Singapore, and Botswana. More generally, and not surprisingly, as corruption perceptions tend to be higher, the weaker the rule of law in the countries concerned.
Finally, proper interface needs to be formed between civil society, the private sector, and governments to help assess the issues and develop support for combating corruption and to develop more effective ways of doing business. More than in any other field, corruption is not an area that lends itself to technocratic solutions developed by a few and executed by many; long-term and sustainable development requires a real stake of all concerned and often needs home-grown and tailor-made solutions.

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Most civil societies are new and weak. The former have decision-making procedures and clear lines of communications; civil society has none of these. Governments and private companies have authorities to please and schedules to be followed; civil societies have nothing of the sort - and yet must respond organically to people's concerns. For the most part, there is a mismatch between civil society's capacity to perform its role and those of Government and the private sector. That being said, a number of regions have already started to undertake positive strides ahead in a number of key areas. In the United States, the United Kingdom, and many of the western democracies, there is a long record of and experience built on transparency in decision-making and involvement of civil society. More generally, though, the more pluralistic the societies, the lower the levels of corruption.

Controlling Bribery and Civil Liberties

In developed countries, tax incentives, standard of conducts and general attitudes often lend themselves to providing resources for corruption.

Also in a growing number of countries such as in Latin America, aside from the structural reforms under way, there is a growing civil society, including some twenty TI Chapters in various stages of formation, which are engaged in a growing number of strategic activities.

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The Roots of Corruption & Corrective Action (The Supply Side):

"To lead people, walk behind them." (Lao Tzu)

The Bribe Payers Index (BPI) ranks the leading exporting countries in terms of the degree to which their companies are perceived to be paying bribes abroad. The BPI indicates that corruption is widely seen as playing a significant role in international commerce. The data provides a disturbing picture of the degree to which leading exporting countries are perceived to be using corrupt practices.

Business executives and professionals in leading emerging market countries see international bribe paying to be greatest in the public works and construction sectors, followed by the arms industry.

![Bribery in Business Sectors](image)

Particularly disturbing is the high corruption associated with resource-based industries – the economic bedrock for many developing countries. Take the case, for instance of petroleum, where countries like Nigeria, Indonesia, Algeria, Mexico export anywhere between US $2 to 35 billion, depending on oil output volumes and prices - and yet their performance in terms of GDP growth is significantly lower than countries in the same income per capita levels. Where has that money gone that there is so little to show for?
It is thus not surprising that petroleum-producing countries tend to fall in the lower percentile categories of governance ratings, where corruption figures are high.

A wave of global, sectoral and professional codes has emerged to respond to these concerns. They are listed below:

**Global Business Codes**

- International Chamber of Commerce (ICC) Rules of Conduct to Combat Extortion and Bribery 1996
- Pacific Basin Economic Council (PBEC) Charter
- Draft TI/SAI Business Principles for Countering Bribery
- MNC Corporate Codes

**Sectoral codes**

- Wolfsberg Global Anti-Money- Laundering Guidelines For Private Banking
- Voluntary Anti-Bribery Code for the Mining Sector

**Professional Codes**

- FIDC code (consulting engineers)
- IBA code (lawyers)
- IFAC code (accountants)
A "best practices" study undertaken by Transparency International USA in 1996 of anti-corruption programmes used by major American companies stressed that whether a code of conduct is only a piece of paper or it controls corporate behaviour, depends on the compliance programme the company uses. Unequivocal commitment by top management is essential. Among the key elements of such codes, the study highlighted:

- A clear policy statement that the company prohibits employees and third parties representing the company from offering anything of value, directly or indirectly, to a government official to influence or reward an action.

- Detailed guidelines regarding gifts and entertainment, travel expenses and strict compliance with applicable laws and regulations regarding corporate political contributions and their disclosure.

- The existence of a system of internal controls and record keeping that ensures that company books accurately reflect its transactions, overseen by an audit committee, composed of outside directors and associated internal reporting.

The key in evaluating the role of corporate anti-bribery codes of conduct is their interplay with government programs. The effectiveness of corporate codes is enhanced by governmental measures. Similarly, corporate codes reinforce the effectiveness of government anti-bribery programmes. The main elements to build such synergy are as follows:

- The threat of penalties through criminal law is a potent influence. Managers tend to be concerned about their personal exposure to large fines and prison terms, and such provisions have been found useful in turning off extortion by local or foreign officials, by making refusals to pay credible. The synergy between government enforcement and corporate compliance programs is further enhanced by U.S. Justice Department’s sentencing guidelines. These provide more lenient treatment for companies that conduct proper compliance programmes. The sentencing guidelines provide a strong incentive for companies to establish compliance programmes and usually include auditing and monitoring arrangements, enforcement of disciplinary mechanisms, and appropriate response and due diligence after detection. This approach exists in the United States, and several European countries. Australia, and Canada have or are in the process of adopting similar legislation.

- The tax treatment of bribes can also make a major difference in corporate behaviour. When the tax laws treat bribes as tax-deductible, the message is that foreign bribes are considered a legitimate business expense - if not a subsidized
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activity by government. Denying tax deductibility for bribes requires corporations to distinguish between proper and improper business expenses. This means that relevant corporate managers will be carefully scrutinized, as they can be exposed to liability for tax fraud.

Civil Society: A growing number of structures, institutions, and associations [outside state apparatus and profit-making businesses] are evolving for the joint and proactive pursuit of shared interests. Chambers of commerce, professional and religious associations and various forms of non-governmental organizations are becoming players, shaping opinions, building coalitions, providing testimonies and monitoring government and enterprises.

What legitimises civil society organizations is a concern about issues that are not adequately represented in the normal political process and a focus on problems that often go beyond the limited reach or capabilities of the nation-state, where market forces are unlikely to result in desired results. Moreover, their rules do not arise out of self-interest or profit-orientation, but from people or organizations that are committed to the public interest in a specific area, such as corruption.

In the end, though, civil societies are the stakeholders and the ultimately affected parties of corruption, and thus must be engaged constructively to get the support and buy-in for the necessary reforms. Only in this way can the necessary policy and institutional changes become viable and sustainable. Countries that have been hospitable and supportive of civil society bodies — through hearing arrangements in their regulatory and legislative procedures and involving them in oversight institutions — have in fact enhanced the organic and internally driven evolution of policies and institutions.

As the argument goes, if civil society gets involved as a partner and its efforts at monitoring the state are encouraged, this would contribute to the eventual elimination of corruption. However, the issue of partnership is a complex one. Governments’ multilateral development institutions and private sector institutions are for the most part established and strong.
Moving to Action

"Everything is in the execution" (Napoleon)

A growing number of countries have started to take actions that one way or the other, address some of the issues referred to before, namely, institutional and civil service reforms in the form of privatisation and salary reforms. Disclosure of assets has been introduced in countries ranging from Bolivia and Ecuador to Georgia and others. Economic policies are being revamped through deregulation, de-licensing, tax administration reforms, changes in customs administration in Latvia, Ecuador, Albania and many others. Financial controls and changes in public procurement arrangements have been introduced in Georgia, Ecuador and Bolivia, to mention a few. Public and civil society oversight arrangements are enhanced through ombudsman offices, private sector monitoring arrangements, diagnostic surveys with civil society involvement in Ecuador, Albania and others. So are legal and judicial reforms, including changes in Supreme Court organization, changes in judicial procedures, new competency and selection arrangements of judges, introduction of mediation and arbitration procedures in Bolivia, Chile, Albania and others.7

In the end, these reforms are not so much about laws and top-down changes, but more about empowerment, transparency, scrutiny, changes in incentives. More broadly, a combination of actions on prevention, enforcement, and support of the local community could help in overcoming the problems. Many of the corrective actions are associated with deregulation and depolitization of economic activities; generation of information and data for greater transparency and associated accountability; build-up of appropriate legal institutions or setting-up of parallel ones or self-regulating bodies where this is not possible, and the development of coalitions to promote coherent actions among different players in a society.

In the end, though, any effort has to be underpinned by some form of diagnosis of the specific problem, an ensuing prioritisation and sequencing of interventions and monitoring of impact. Whatever course is taken, experience suggests that focus has to be on minimum, critical mass of interventions, at times a few initial examples, to get some early gains for later replication.
Anatomy of Anti-corruption Programmes

Below is a wide (but not exhaustive) list of steps that might be part of an anti-corruption programme. Not all steps are appropriate in every setting, and not all are steps that can or should be taken. It is essential to diagnose an individual setting and consider proposed solutions carefully, and to work closely with allies in the government and with other partners to coordinate strategies and identify individual activities that complement each other.

A. Prevention

Economic reform (to tailor the role of the state and the design of economic policies to institutional capability)
- Liberalization and deregulation where possible (to move toward a smaller more efficient government)
- privatization of parastatals in competitive sectors
- a new look at tax and regulatory policy (to match policies to enforcement capabilities to the extent possible)
- opening of trade regimes to create "competition" and pressure for reform

Administrative Reform
- preparation of an inventory of proper "checks and balances" in the public sector
- establishment of "competing bureaucracies" (either horizontally — within one level of government, or vertically — among different levels of government) to deliver similar services where possible.
- assignment of responsibilities (including devolution to sub-national governments) with institutional capacity in mind
- identification and support of "pockets of excellence"

Civil Service Reform
- move toward merit-based processes in civil service recruitment, performance-evaluation, promotion and termination

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establishment of reasonable salary levels and gradation

Budget Reform and Financial Management

- review/audit of government procurement practices
- service delivery surveys (as an audit device for budget execution)
- bypassing of government agencies: direct donor funding of community-level service delivery projects or private infrastructure projects
- accounting, disclosure and auditing standards for public and private sector institutions
- prudential regulations, bankruptcy arrangements and other oversight mechanisms for financial intermediation

Reform in Tax and Customs Organization

- functional organization of departments (across types of taxes)
- establishment of benchmarks for performance
- increasing data availability and transparency
- strengthening of taxpayer appeals mechanisms (both internal and external to the revenue departments)

B. Enforcement

Procurement

- Inclusion of "no-bribery-pledge" in bidding documents (not an end in itself; will make a difference only if there is political support for underlying reforms)
- Encouraging alternative legal institutions (to conventional public rule of law institutions) for settlement of disputes, mediation, etc.
- Opening information and processes for contestation, and e-procurement arrangements
Legal and Judicial Reform

- review of anti-corruption and conflict-of-interest legislation to ensure adequacy.
- steps towards heightened independence of the judiciary
- strengthening incentives and building skills of public prosecutors
- review of administrative law (to strengthen transparency and public input to regulatory rule-making)
- set-up of a special anti-corruption agency
- disclosure of higher-level civil servants' and/or politicians' income or tax return

C. Interfacing

Societal Support Action

- awareness raising and collaborative problem-identification through workshops
- generating and disseminating information and data
- review of libel legislation (to strengthen the watchdog role of the press)
- journalistic training and support
- identification and support of press liberalization “local champions” (including NGOs)
- collective action by international and domestic institutions, involving political leadership, business communities, financial institutions and NGOs

Political Process

- review of campaign finance laws
- support for political party formation and voice
- support for constitutional reform (to strengthen civil liberties)

Self-Regulating Arrangements

- issuance of codes of conduct for enterprises
- establishment of review boards or oversight committee
* sentencing guidelines reflecting enterprises self-corrective behaviour

**Levelling the Playing Field:**
The Role of Transparency International

"Sunlight is the best disinfectant" (Latin American aphorism)

Where such interface is poor, there is a tendency to "crowd out" the economy into the informal sector and with it the levels of corruption. For this reason, Transparency International (TI) has been set-up to facilitate the intervention between different groups, particularly civil society with governments and the private sector.

As effective action can only be sustained through the presence of institutions that can catalyse the various interest groups in a non-partisan manner, TI has been established as a not-for-profit and non-governmental organization to counter corruption in international business transactions. Over the years, it has fostered National Chapters to build alliances, enhance awareness, create support for actions to combat corruption, help overcome resistance of those with a stake in the status quo, and mobilize people and expertise behind meaningful action. And finally, to improve the interface between governments, businesses, and civil society for effective governance.

If experience elsewhere is to serve as a guide for effective anti-corruption efforts, then a purely technocratic approach to the subject will not be feasible or sustainable. Thus, the process of reaching correction actions will be as important as their content. Indeed, in this field, more than anywhere else, the wide ramifications of change can only take place as a result of the dialogue that is internally driven - in each country, in each situation. Only home-grown strategies developed in full partnership with civil society have any chance of success. The means, and, of course, the technical assistance and other efforts usually provided by the donor community have to move from introducing standard "best practice" to "good fit", tailor-
made solutions - better designed to meet local institutional and cultural concerns. In the end, it is for each society to find answers to its own challenges. Others can assist to present a menu of options and practices, and inform the process, from which local anti-corruption coalitions - the primary actors - must find and force their own solutions and associated strategies for reform.

To this end, TI’s mission is to:

- Curb corruption through international and national coalitions, encouraging governments to establish and implement effective laws, policies, and anti-corruption programmes.

- Strengthen public support and understanding for anti-corruption programmes and enhance public transparency and accountability in international business transactions and in the administration of public procurement.

- Encourage all parties to international business transactions to operate at the highest levels of integrity, guided in particular by TI’s Standards of Conduct.

TI’s strategy is to do this by:

- Establishing coalitions of like-minded organizations and individuals to work with governments, wherever possible, to assist in developing and implementing national anti-corruption programmes.

- Initiating an information centre and conducting practically-oriented research into aspects of containing corruption; participating in public fora; and broadening public awareness of the damage caused by corruption, the need to counter it, and the means to reduce it.

- Building national chapters of TI that foster anti-corruption programmes in their own countries in accordance with TI’s approaches and core values and to help secure support for TI’s international programme of action.
Over the years, TI has become well-known as a focus for efforts to reduce international corruption. It is evolving as a catalyst for governments looking for assistance in areas directly relating to this subject, from investigation to book-keeping and from law drafting to law enforcement.

Besides the support for monitoring international agreements, TI has been supporting the execution of studies and research in this area and the provision of specialist advice to governments and other interested parties. Much of its current efforts are focused on the setting up of "Special Integrity Programmes", which generally start with holding workshops aimed at diagnosing sources of corruption and identifying corrective plans of actions, to be followed by the implementation and monitoring of such plans.

Over the last few years TI Chapters the world over, have developed and tested tool kits aimed at creating mechanisms for scrutiny and social control to demand and promote action for accountable and responsive public administration. The tool kits cover a wide ranging gamut of activities, in areas ranging from reform of the judiciary to corruption control in public procurement. They are listed in the annex of this paper and concise summaries of each experience are available in more detailed publications.

Conclusions

"Ahead of us are Darwinian shake-outs in every market place with no consolation prize for losing companies and nations" (John W. Welsh)

In sorting out the issues and their solutions, it is difficult not to sound a bit trite. That being said, there are five broad observations to be made:

First: Corruption is a highly sensitive issue. There is nothing right about it. It is wrong in principle, wrong in practice, and wrong wherever and whenever it occurs. But, as we are all painfully aware, we are a long way from a transparent level playing field. Different organizations and different countries draw
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different lines in the sand in different places. But the deeper truth is that legitimate investment and corruption do not mix. Corruption destroys billions of scarce dollars every year. It is the dry rot undermining aid. It distorts development, it frightens away genuine foreign investors, and it perverts societies.

Second:
Living in an age of vanishing political borders, rapidly coalescing trans-national global culture, and growing economic integration, an isolated existence is no longer a viable option - at least not without a prohibitive cost in economic development. International standards, such as those being adopted by major enterprises, international conventions such as those adopted by the OECD and the Americas, and guidelines adopted by international lending institutions are becoming an integral part of the global scene of increased transparency and growing concern on corruption. No country is immune to these global threats. It is thus incumbent upon all countries and institutions to deal with these issues - world economic development will bypass those who prefer to remain on the old course. Technology changes, growing information flows, and the attendant increases in competition are increasingly forcing businesses to provide superior goods and services at competitive prices. Bribes may “sell” obsolete and high-priced goods - but at the cost of losing competitive edge. In the end, success will only come to those able to thrive through their ability to develop knowledge in every field of their business, to innovate for superior performance.

Third:
Corruption is a problem that all countries have to confront. Solutions, however, can only be home-grown. Fighting corruption is thus the business of everyone: governments, private sector, and civil society. An alliance between all of them is a true test of a country’s commitment to the elimination of corruption.

Fourth:
As to the private sector, corruption also impacts corporate performance. It corrodes the reputation of multinational companies. It adds to shareholder risks. Worst of all, it can ultimately lead to serious social unrest. Legitimacy of
enterprises and their long-term viability rest on how they deal with this issue. Accordingly, no business that wants to be truly successful can ever be passive in the face of change. Passivity is the route to competitive failure. In this regard, modern business is a dynamic force, one that has always offered new choice and new approaches in response to the evolving needs of societies. It is increasingly unlikely that any business that wants to be successful can ignore the views of its customers, its shareholders, and the society at large. As companies improve corporate governance, adopt codes of conduct and respond to emerging legislation, they should not stop at compliance. The aim increasingly is to encourage openness and learning in the company. Progressive and successful enterprises welcome public scrutiny. The key for them is transparency and accountability – and their success is rooted on being better, not just being good.

Fifth:
The same applies to governments, which have found to their dismay in recent years that secretive decision-making by small elites can no longer be sustained. Contrary to the claims often made by central banks, government officials, and even some in international organizations, that decision making on technical or complex subjects is best left to experts, without informed participation by all those affected, policy decisions will fail to take into account important information and interests, and will lack legitimacy that only public voice can bring. Transparency plays many beneficial roles in both market and governance. All indications are that it increases the efficiency with which markets operate and may reduce the likelihood of financial crises. On governance, transparency is logically necessary for accountability; such accountability is the political equivalent of the efficiency generated between firms. Since political authorities are monopolies, "competition" occurs between ideas and use of resources, rather than organizations. But a culture of transparency will not come solely as the result of hectoring - or even conditionality as applied by the international financial institutions. It requires thinking beyond disclosure standards that are being so widely discussed to question the incentives facing public sector activities.
Notes


(7) Transparency International, "The Corruption Fighters’ Tool Kits" (October 2001); “Herramientas para Control Ciudadano de la Corrupción” (Octubre 2001)
TRANSPARENCY INTERNATIONAL
New CD
The Corruption Fighters’ Tool Kit
Civil Society experiences and emerging strategies

- Awareness Raising - Education
  1. A Citizen's Charter, Mauritius (English and French)
  2. National Anti-Corruption Day, Morocco (English and French)
  3. Teaching Values, Paraguay (English and Spanish)
  4. Comics Workshop, Morocco (English and French)

- Corruption Control in Procurement
  1. Integrity Pact, Colombia (English and Spanish)
  2. Integrity Pact at Municipal Level, Nepal
  3. Monitoring the Privatisation of the Telecommunications Company, Bulgaria
  4. The Monitoring of Procurement Process for Waste Collection Service, Argentina (English and Spanish)
  5. Prices and Purchases in Public Institutions, Colombia (English and Spanish)
  6. Public Hearings, Panama (English and Spanish)

- Judiciary
  1. Selection of Judges for the Supreme Court of Justice, Dominican Republic (English and Spanish)

- Knowledge Management
  1. News Scan Database, Bangladesh

- Monitoring of Public Institutions
  1. Analysis of Draft Legislation, Bulgaria
  2. Citizen Ombudsman, Japan
  3. Committees of Concerned Citizens, Bangladesh
  4. Harambee: A Study of a Kenyan Institution, Kenya
  5. Integrity Pact at Municipal Level, Nepal
  6. Rating the Attitudes of Russian Political Parties toward Corruption, Russia
  7. Report Cards as an Aid to Public Accountability, India
  8. Report Card Survey, Bangladesh
  9. Survey of Access to Information, Latvia

- National Integrity System
  1. National Integrity Systems Assessment, Australia
  2. National Integrity Workshop, Tanzania

- Surveys on Corruption
  1. Surveys, Brazil (English, Portuguese and Spanish)

- Transparency in Election Processes
  1. Monitoring of General Elections, Zimbabwe
  2. Programme for the Transparent Financing of Election Campaigns, Argentina (English and Spanish)
  3. Visible Candidates, Ecuador (English and Spanish)

Tool: ICE CD Coming Soon to the Web
www.transparency.org www .org

TRANSPARENCY INTERNATIONAL
Nuevo CD
Herramientas para el Control Ciudadano de la Corrupción
Estrategias innovadoras desde la sociedad civil

- Conscientizacion - Educacion
  1. Aules en Fronteras, Argentina
  2. La Copia y la Coma, Argentina
  3. Educacion on Veces, Paraguay
  4. Foma de una Cultura Política Ciudadana antes de las Elecciones, Guatemala
  5. Foros de interes Ciudadaro, Argentina
  6. Foros de Interes Ciudadaro, Ecuador
  7. Parlamento Joven, Paraguay

- Control de Corrupcion en Compras Publicas
  1. Audencias Publicas, Argentina
  2. Audencias Publicas, Panama
  3. Audencias Publicas, Paraguay
  4. Monitoreo de Licitacion y Concesion, Argentina
  5. Pactos de Integridad, Colombia
  6. Pactos de Integridad, Panama
  7. Precios Comparados en instituciones Publicas, Colombia
  8. Base de Datos Comparative de Precios, Panama

- Encuestas sobre la Corruption
  1. Corruptometro, Panama
  2. Encuestas, Brasil (Espanol y Portugues)

- Medios de Comunicacion
  1. Libre Acceso a la informacion, Argentina
  2. Periodismo Publico, Colombia

- Mejores Practice en el Sector Publico
  1. Taler para Fundonarios Publicos, Chig

- Monitoreo de Instituciones Publicas
  1. Banco de Datos sobre Senado, Argentina
  2. Congreso Visible, Colombia
  3. Congreso Visible, Guatemala
  4. Contralores Civicos, Colombia

- Reformas de la Justicia
  1. Banco de Datos sobre Jueces, Argentina
  2. Seleccion de Jueces, Republica Dominicana

- Sistemas Nacionales de Integridad
  1. Adaptaclon del Source Book, Brasil

- Transparencia en Procesos Electorales
  1. Banco de Datos sobre Politicos, Argentina
  2. Candidatos Visibles, Colombia
  3. Candidatos Visibles, Ecuador
  4. Candidatos Visibles, Panama
  5. Monitoreo de Financiacion de Canpamenes Electorates, Argentina
  6. Pactos de Etica, Republica Dominicana

Tool: ICE CD Coming Soon to the Web
www.transparency.org www .org

Economic Summit 139
Presentation by Harold Rosen, Director SME Department, IFC

Small and Medium Enterprise:
The Indispensable Small & Medium Enterprises

- SMEs are the private sector in most countries
- Strong SMEs contribute to equitable growth & creation of democratic, market-based societies
- SMEs contribute to sustainable communities through the provision of goods, services and jobs

Pillars, Intermediaries and Principles

- Pillars: Putting in place the pre-requisites for the development of the SMEs sector
- Intermediaries: Building the institutional infrastructure that small enterprises need.
- Operating Principles: Achieving sustainable market development.

Business Environment

- Expensive and time consuming regulatory requirements (land registration, licenses, zoning regulations);
- Legal framework and dispute resolution;
- Labour market rigidities, tax structures, government procurement;
- Infrastructure constraints;
- Barriers to entry.

Access to Capital

- Reducing risks associated with lending to small businesses – methods and technologies (e.g. credit scoring, credit bureaus, specialised lending technologies)
- Innovative financial instruments – venture capital, leasing, factoring;
- Reducing barriers to entry – capital adequacy requirements for institutions serving smaller clients.
Business Development Services

A wide range of non-financial services:

- Business planning advice (financial, legal)
- Management training, market and information services, technology development;
- Business linkages through sub-contracting, franchising, business clusters

Market Intermediaries And Mechanisms

- Financial Intermediaries
- BDS Providers
- Business, Professional and Trade Associations
- Government Agencies and Departments [national and sub-national]

Principles of Sustainability

- Commercial Rigour
- Subsidies – transparent and time-bound
- Demand not Supply-Led
- Performance Indicators and Benchmarking

Strengthening the Public-Private Partnership

Fostering Public Trust and Market Empowerment:

- Matching Grants and Vouchers
- Investment Climate and Administrative Cost Surveys
- Mainstreaming Best Practices from around the World
Delivering Through Quality: If The Asian Tigers Can — Why Can’t Nigeria?
By Fred Thompson (Thompson Quality Management, USA)

Protocols

To the honourable President of the Federal Republic of Nigeria, Chief Olusegun Obasanjo, members of his cabinet, governors, other country and area representatives, the entire brothers and sisters of Nigerian, it gives me great pleasure to be with you today. I am especially honoured to play a role in the Nigerian Summit # 8—200 I. As one who thinks of himself as a citizen of the world, I want you to know how much I appreciate what this annual Summit does to promote openness to ideas that promote national peace and prosperity. I salute you and very much admire what you are doing.

Your theme — “How Do We Deliver?” — is challenging but can also be quite simple. Fortunately, the same question was pondered and answered over 50 years ago by another nation that was looking for a way to deliver.

I stand before you today, not as an expert on what it will take for Nigeria to fulfil its great destiny. Instead, I am here just to provide you with something to think about, as you make plans for the adventure that Nigeria has ahead. So, I appreciate this opportunity to share my thoughts.

Indeed, “How to Deliver” must come after “what” has been determined to be delivered. Fortunately, this year’s Summit has given us focus in the form of five “Growth Drivers.” I share your spirit and your sense of searching for how to deliver, all the more so because I am confident that I have something of value to offer. Something that will help Nigeria deliver, deliver well and on a global scale too. Recognizing that my time is limited, let me get straight to the point.

Simply stated, I propose that Nigeria makes DELIVERING QUALITY a national strategy that will build the country and take Nigeria to global leadership and prominence. I therefore stand before you to encourage you... to persuade you ... to challenge you ... to dare you and to insist that you let Quality put Nigeria on the top.

I put it to Nigerians: if you really want to deliver, then do it with quality, deliver with quality and adopt systems to manage a quality philosophy as your approach when you break-out to dialogue on the five “Growth Drivers.”

What is Quality? And why am I so convinced it can work for Nigeria? I’m anxious to tell you why. If I am successful in my explanation here today, the leaders of Nigeria will stand convinced that this great country has nothing to lose but everything to gain, by embracing quality, as a strategy, a philosophy, a process, and a system for delivering
success. I plan to convince you, at the very least, to do four things:

1. Investigate Quality as a strategy that empowers Nigeria to DELIVER.
2. Take the lead on educating others on what QUALITY can do for Nigeria.
3. Apply the principles of QUALITY to each of your areas of responsibility, and
4. Champion the effort to make Nigeria known around the world for quality

Now, I’d like to state my case for Quality. Years ago, a small nation of destitute people who were reeling from the devastation of World War II, heard what an American proposed as a revitalization strategy to transform their country. Today, that country, Japan, leads the world in engineering and in delivering products that set unprecedented levels of quality and customer satisfaction record. What was the winning strategy for Japan? What was the proposal? It was exactly what I am proposing to you today — Quality!

Brought to its knees by the war and eager to recover, Japan decided to embrace quality methodologies that are well known and studied today in Germany, Europe and in the US, to name a few. However, even these world industrial powers have yet to capitalize fully on the powers of quality as a strategy. But why Japan, and not other industrial leaders?

The reason is because there is a difference, a great difference; in being interested in, or fascinated by quality and adopting it as a national agenda, as the Japanese did because of their dire predicament. Thus do I challenge the leaders of Nigeria today that if they proclaim they really do want to Deliver, Quality should be made a national agenda for Nigeria to begin to “fly instead of crawl”.

With your permission, I would like to digress to make an observation on what I view as a critical issue for Nigerian economic success. Miguel of Transparency International very eloquently addressed the issue yesterday. I believe very sincerely that if Nigeria is to be totally accepted in the new world order, then Nigeria’s leaders must address immediately this country’s reputation as a “thug nation”. It is a reputation that, I believe, will undermine your best intentions and brightest hopes for national growth and prosperity. Whether the reputation is true or false, the reputation persists. It must be addressed.

Around the globe, businessmen and businesswomen believe that in order to do business in Nigeria, they must have a budget line item for payoffs, kickbacks and add-ons tacked onto the true cost of doing business here. With all due respect, I am personally aware that doing business here is different. Much time is spent dealing with the basic infrastructure challenges that don’t exist while doing business in other nations.
Thus, as a business person, a friend of the state, and a champion of Quality, I appeal to you to let Nigerian business practices here be driven by a genuine desire to serve, coupled with the profound understanding that being effective and efficient are not only highly desirable but very possible.

Effectiveness speaks on doing the right things as they relate to the needs of a country’s people. Efficiency means doing those right things at the right time, thereby reducing waste. Call it the environmental aspect of doing business, it also and most definitely includes identifying and eliminating costs associated with “padding pockets” and payoffs.

Now, let me share more with you about the awesome powers of Quality. Quality embraces a philosophy, which holds that an organization exists not to make a profit, but to serve the society where it operates. The rewards, or profits, result from having served well. The trick is to understand the formula, do the right things well, make your products or services affordable, and the people (customers) will reward you with patronage. And “profits will lurk in the background.” This formula breaks with traditional capitalism and its focus on monetary gain.

We all understand that a company has to make money to survive. Profits supply the oxygen for a company to exist, just as we have to breath to live. However, analogically we don’t live to breathe. If this were the case, we would live for eternity because there are machines now that can breath for us. Life is about much more! Let me offer you something that illustrates these opposing views.

Some years ago, the CEO of Chrysler Corporation and the CEO of Nissan were asked respectively “why does your company exist?” The head of Chrysler was quick to respond with an authority that bordered on arrogance. “Chrysler”, he said, “is in business to make the largest return possible for the stockholder”. His response is certainly in line with traditional management schools. You will probably find this being taught at most Business Schools and Universities in Nigeria.

The CEO from Nissan had a different answer, however. “Nissan”, he replied, “is in business to build the most reliable form of transportation possible for the human race”. He had adopted a different philosophy: build the most reliable form of transportation possible, and profits would follow. This CEO sends a clear message to the people for focus and direction.

Here’s the moral of my story. Nigeria, with its wealth of resources both in human capital and natural resources, has only to set a national agenda for quality. Choose delivering quality and the world’s markets will flock to Nigeria’s door-steps. Everybody, I urge you, should make the commitment to quality. Let’s deliver through quality and
with quality by setting the standard and leading the field. By so doing we will reorder the world and hold a renowned position in that new world order by developing a reputation for focusing on those things that benefit the human race.

Let Nigeria adopt the philosophy of Quality and become a global leader in education, health-care, production of agricultural equipment, communication, transportation, and electrification, whatever you want.

You might ask, “who is this guy? How did he get included in this Summit on Nigeria’s future? As I travel across Africa trying to position quality, I am often asked, “don’t you have enough challenges in the US?” My answer is yes I do. However, my main reason for being here is to share our mistakes so that Nigeria does not make the same mistakes.

However, I also caution you indigently that I know who bought me in America over 350 years ago, and I am really travelling in Africa to find out who sold me. Was it some of your ancestors who sold mine? A lot of you out there resemble my relatives back in the states. I make no apology for looking like you and being keenly interested in Nigeria’s and Africa’s plight. Nigeria’s and Africa’s success will accrue to its people around the world.

On a more serious note! I am seriously committed to helping any African nation, and specifically Nigeria, apply quality as a national strategy. It is not far-fetched. All we have to do is make quality a national agenda. That is how to deliver whatever it is that the country wants to deliver.

My personal interest and compelling philosophy is that I can’t be who I ought to be until you are who you ought to be. Intuitively and empirically, I know that I am linked to Africa in ways that I have yet to understand. Personally, the last 10 years of my life and my works in Africa have been the most rewarding. I have won some, lost some, and am still working on some. Being here now, sharing this quality concept could be the single most important thing I do during my life. I just hope and pray that my message makes a difference. I know it can.

Only you however can determine whether it will. So where do we start? One simple and globally accepted approach for Nigeria can be through studying and adopting the requirements and recommendations of the International Standard Organization’s 9000-2000 Quality Systems’ Guidelines. These series describe the basic requirements of a system to manage for quality.

If you carefully analyse the ISO standard, you might be surprised at how it fits the theme of this year’s Summit, “How Does Nigeria Deliver?” It would have been just as appropriate for the past Summits’ themes of “Rebuilding The Nigerian Economy
and Enhancing Productivity,” and “Breakthrough Economic Growth: An Action Plan.”

So, if you are intrigued by this notion of adopting quality as a national strategy, you are already well positioned. Delivering with quality does not mean starting over. Nigeria simply needs a strategy that keeps the country focused and on target, no matter what changes in leadership and administrations occur.

Let me explain more about what drives a Quality Strategy and Philosophy. First and foremost, leadership is the key. Leadership is the most critical aspect of a strategy for quality because quality begins at the top. Committed leadership is the first step of a country’s total transformation - which entails educating and training its people to understand, believe in, and go about their business, implementing quality as though their lives depended on it.

In many ways it does. Here’s how. Quality sets in motion a continuous chain reaction. Improve quality and cost goes down. When cost goes down, customers are more satisfied. When customers are more satisfied, they buy more. When customers buy more, their spending creates more jobs. With more jobs, there is less crime. With less crime, there is more money to spend on education and other projects, and so it goes.

Everything is set in motion when leaders are resolute in their commitment to quality. Here’s another principle of quality. Quality focuses on the Customer, always. Several years ago I had the opportunity to work with a start-up team when my hometown recruited Brother Manufacturing of Japan to set up a manufacturing plant. While working with the Japanese, I learned a definition of quality that enlightened me on customer focus. It was called 3DQ, short for Three-dimensional quality.

A Japanese who had come to the USA to work with the start-up team shared with me something that I found quite interesting. The Japanese people, he told me, saw no reason to worry about the US’s competitiveness. I thought he was just being arrogant, until he explained to me why they felt the way they did. One reason, he said, was that the US had never suffered war defeat, and had never had to overcome the reputation of “making junk.” But, perhaps the most obvious reason had to do with the US’s limited view of the customer and quality.

He pointed out that the West has a one-dimensional view of quality and the customer. According to him, the US focus is on meeting standards, specifications, written requirements or expressed desires. Considering that these expressed and expected wants represent minimum standards the opportunities are almost unlimited. Merely satisfying customers does not guarantee repeat business. This limited view caused U.S. companies, he said, not to focus on what is expected. Their short-sighted goal is
to do only what was specified while missing out on customer expectations.

As an analogy, imagine the husband who only adheres to what he promised during his vows, or what his wife asks for, only the specifics. It would interest you to know that after 25 years of marriage I have learned that there are things that my wife expects that we didn’t talk about 25 years ago. And even when I do those specified and expected things, I don’t get any credit. Why? Because they are EXPECTED.

Customers are like that. When I say customers I am referring to internal and external customers: Our co-workers, the next department, or another division of government, represent internal customers. The constituencies that you represent or serve are in many ways customers, only external. Internal customer awareness connotes the need for teamwork in delivering quality. It is virtually impossible to serve the external customer if there isn’t teamwork in an organization. With quality as Nigeria’s national strategy, many of the regional and ethnic conflicts will take a back seat to the teamwork that is needed for a better Nigeria.

Meeting requirements and expectations are not enough. The third dimension says that we must move beyond meeting requirements and expectations to the state of delighting and exciting customers. Here lies the continuous improvement aspect of quality. The job we do today won’t be sufficient tomorrow. Today’s successes guarantee us no position in the future. We should focus on leaving a better world for the next generation.

Speaking of the third dimension as it relates to the institution of marriage, let me tell you that whenever I travel I make sure that my wife receives flowers to keep me in her mind. Being gone as much as I do, I had better understand the magic of exciting and delighting her or run the risk of being forgotten and we know what that could bring.

The third dimension is more of a mindset. Often, it does not require spending more money. Rather, it takes into account the consideration that is given to understanding and making each customer feel that he or she is unique. “One size fits all”, will not suffice with the goal to excite and delight.

My point is that to deliver quality and become a global leader, Nigeria must move beyond standards, specifications, and expectations, to understand and pursue delighting and exciting customers with her products and services. Do this and Nigeria will become a global leader when it comes to what is produced in the country. Doing so will guarantee Nigerians a higher quality of life.

Let me assure you that if Nigeria becomes known for the quality of its products and services, the world won’t care who makes it or where it comes from. The dark continent can become the shining star, in a short period of time.
Now that we have quality in the big-picture context, I’d like to convince you to make quality your national strategy to deliver by pointing out just a few of the things that make quality so special.

One thing that makes quality special is that it is customer focused. Earlier, I discussed the power and dynamics of the customer-focus being three-dimensional quality [3DQ]. Employed as part of a national strategy, imagine what that could mean for Nigeria. Imagine what might happen if all Nigerians buy this powerful idea. Imagine, for example, international visitors and business people helping you spread the word about the transformation in Nigeria resulting from your focus on quality.

What if Nigeria’s harbours had the fastest turn-around time of any harbour? No ocean going cargo would be lost or damaged as a result of the port’s quality focus. Or, what if obtaining your bags and getting through customs at Nigeria’s Airports was a breeze. What if “trunks” available at NITEL and NEPA power sources were never interrupted? I could go on and on with opportunities that could change Nigeria’s image.

I hope you can see the power of just one of quality’s special qualities. I pause now to ask Nigerian leaders: Are you beginning to develop a vision of how much a national strategy of quality can mean for Nigeria? I hope so; because leadership makes the difference, only leaders are in the high-visibility positions to set direction, make policy and demonstrate actions that all can see. What is your vision for Nigeria? What industries can you identify that would allow quality strategies to make a difference, short-term and long-term?

Commitment is the greatest challenge for leaders. I am sure that you have heard about the commitment of contributors to an egg and meat breakfast. The egg, donated by the chicken demonstrates involvement or participation. On the other hand, providers of the meat (beef or pork) require commitment. These animals must give their lives whilst the chicken lives another day.

Sometimes, commitment, especially at the early stage, requires a leap of faith. However, I am sure you will agree that the faith required is not without proof or precedent as Japan’s growth example has shown. “If Japan or the Asian Tigers can achieve quality, why can’t Nigeria?” A word of caution to leaders is that you cannot do it alone, but not if you’re committed to quality.

With quality, the involvement of people in nation-building is a must! That’s another special attribution of quality — people empowerment and involvement. After the 2nd World War, practically all that Japan had left was its people. The leadership therefore
invested in human resource development. With Nigeria’s five (5) growth drivers already identified, next should be an all out communication, education and training strategy.

Delivering quality requires human resource development that focuses on applied training and education as compared to the traditional academic approach that focuses on credentialing. Skills mastering, competency development and applied know-how are required to be globally competitive. Nigeria should concentrate on revamping its education and training to ones of competency and skills-based, dictated by the five growth drivers.

I emphasize competency and skills building because of the West’s experience. It has dawned on the USA that its workforce in many instances lacks the basic applied skills for many of its industries to be competitive globally. In fact, many people in the US have gone back to square-one to ensure basic skills development that focus on applied skills as compared to traditional academics (Investigate Memphis, Tennessee-USA 2005 Model for Economic Development Strategy Workforce Development Strategy).

When the US studied its competition globally, it discovered fewer PhDs, MBAs and other advanced degrees per capita. What the competition did have in abundance were artisans, craftsmen, technicians who could demonstrate competencies. In other words, they had people who could do things. Here, I hope that Nigeria can learn from others’ mistakes.

Quality requires leading not managing people who have skills and have been empowered to act in the best interest of the customers. Nigeria needs a high-performance and highly skilled workforce to attract investors and to be competitive.

With your indulgence, I would like to mention just more of the many special attributes of quality. Here is one I think you will appreciate. Delivering quality is a process, not a programme. One of the biggest pitfalls is mistaking delivering quality for a programme. Quality is delivered through systems and processes and their improvements thereof. Thus, thinking that it is a programme will disillusion some practitioners, as they will be anticipating a “programme’s end” that will never in theory arrive. However, here lies Nigeria’s possible competitive advantage.

Many western organizations are said to have gone through a “Quality Programme.” Consequently, they have moved on to the next fad or flavour of the month in search of quick fixes. Their abandonment of Quality as a strategy is where Nigeria stands to emerge and overtake the field.

Finally, I want to emphasize one of Quality’s most endearing attributes: Continual
Improvement. It is a fundamental, simple, yet powerful concept — we should always seek to get better. The continual improvement of Nigeria’s products and services, through identifying the processes that produce them, is what must be achieved. It does not matter where Nigeria is in relation to its present state of quality. Japan once had a worldwide reputation for making junk and we all know where they are today. Continual improvement is where the 3rd dimension of quality is delivered.

So what now, Nigeria? Is the problem still your rallying cry and question of “How to Deliver”? My response is, “why not deliver through quality as your approach?” Bearing in mind that Nigeria’s possibilities and opportunities are almost infinite, the scope of what can be achieved is exciting. So, by all means, let’s make quality Nigeria’s how and what to deliver!

I encourage you to deliver quality as a national strategy that honours service to humankind; that puts customers first and that seeks to excite and delight them. Deliver with a national strategy that challenges leaders to make long-term commitments, to involve people, to adopt a systematic process for continuous improvement. I therefore join you in your rallying question of “How Does Nigeria Deliver” as I propose quality as the answer and remedy!

Deliver with a “quality strategy, and every other thing will follow!

Thank you for this opportunity, and may God Bless Nigeria.
Speech by the Chief Economic Adviser to the President, Dr. Magnus Kpakol at The Summit Gala Dinner NICON Hilton Hotel, Abuja, Thursday, 18th October, 2001

Protocols

We heard the great presentation by Miguel Schloss yesterday, again hitting at some of the key issues and evaluating some of the challenges that face us as a country and as a people. That was wonderful. We also had the splendid dinner last night that was hosted by Econet. It was no less wonderful! There was plenty of food, plenty of merriment and we left quite overjoyed. Today, I have had the pleasure of walking around in the various workgroups and I was certainly pleased with the discussions that took place basically in every workgroup that I visited and I trust that was your observation also.

This evening and tonight’s dinner is hosted by NIPC and the Chairman of NIPC, Chief Kola Daisi, will be speaking to us later on. As you know, we also have Baroness Linda Chalker tonight and we will get to hear her address. She has always been supportive of Nigeria. She has been with us in all of our considerations and activities. So, we are delighted that she was able to join us for the Summit and be a part of this evening’s proceedings.

The theme of this year, as you all know, is “Nigeria’s Economic Priorities: How do we deliver?” I believe it is quite appropriate. Over the years we have been analysing. Indeed if I may borrow from Professor Anya, we have gone through “analysis paralysis”. Now, we have got into – how do we deliver? How do we come up with solutions that can be implemented? I think that is very apt because if you think of how to deliver, then you begin to say, “what is it that we want to deliver?” I think it is actually straightforward.

As far as I am concerned, the challenging issue for this country is the creation of jobs. We have to create jobs, especially when we are talking about fighting poverty. Earlier, I was having a press briefing with members of the executive of the NESG and the question came up: “What do we do about poverty alleviation?” I believe that you will agree with me that what we should do is to give the people economic empowerment. The people have to be able to seize the initiative and take care of themselves. It is not about throwing money at the problem, but creating sustaining, viable jobs; jobs that create output, the kind of output that brings about employment; that’s the kind of thing that we want to do. So, when we think of alleviating poverty, we should all bear in mind that we are looking at a holistic picture where we look at everything all at once. We must use all our leverages and all that we have. We must consider the issue from
all dimensions, but at the end of it, we want every Nigerian to be able to account for himself or herself. But, what we want to try to do at this Summit is to come up with ideas from all the different eleven work groups on how to bring about sustainable economic growth in the country.

I did say yesterday that we are hoping for an economic growth rate this year that is higher than what we achieved last year, which was the highest we have achieved since 1991. But, that is not enough. We have to be able to get growth rates that are up to 10%; which are virtually growth rates that are higher than 5% for a lot of years, probably 10 years or for ever. But, if we don’t do that, there is no magic wand. It is going to come through persistent and consistent hard work. I often quote Martin Luther King who said, “human progress does not roll on the wheels of inevitability, but we should recognise that human progress is never inevitable, it comes through our tireless efforts.” We have to work it ourselves. We have the power in our own hands to free ourselves, to raise ourselves and to pick ourselves up by our bootstraps. I also have to remark that we need to do it now, we don’t have to wait. We know that people fall into the illusion that, like any other country, Nigeria will get better or that time will take care of it. But, time is neutral; it can be used negatively or positively and we have to recognise that. Suppose that we sit down here and say, we will be in Lagos tomorrow, and we don’t buy a ticket, we don’t get into a car, but we just sit down, we will never be in Lagos. So, we have to do something about the situation. And, again, we can’t be arrogant about the problems that face us, we have to be honest and realistic about them.

I told a joke to the pressmen about a man who was arrogant about his situation and never believed anything. So, one day, he went to the blacksmith’s shop, and you know, in a blacksmith shop you have to be careful about picking up iron, because it might be hot. So, the blacksmith brought the horseshoe out of the furnace and put it down but it had just cooled a bit and our friend didn’t realise it. He picked it up and quickly, but quietly dropped it. Then the blacksmith told him that the horseshoe was too hot for him. He replied that it didn’t take him long to look at a horseshoe. Actually, he didn’t want to admit it was hot. But let’s not deceive ourselves, we have to admit the problems that face us. We have challenges and we have to recognise where we are and we have to place ourselves in the context of global equation. We have to realise that other people are working hard also. It is like soccer. When you play, you are strategizing and the other team is also strategizing, trying to beat you as well. We have to recognise that this is the game. So, as we move on we have to recognise that even when we make progress, it has to be a major leap. It has to be put in the context of other people’s progress, otherwise, it will not be sufficient progress.

I was having a conversation with the folks at the FOS and we were talking about the
various ways we can measure unemployment. If we work as much as one hour a week, we are not unemployed (for example, if you hawk a newspaper one hour a week, you are fully employed). The reason why I am saying this is because we have to find a way of saying what unemployment is in Nigeria? Do we measure it by how much money they have? Or by how much of output? Do we look at the time they put into their work? No matter how we measure it, it is significantly noteworthy to recognise that there is a substantial amount of unemployment in this country today, and we have to soak it up. There is also right now, an inflation problem that we have to be mindful of and we have to defeat it. Inflation is bad and we have to defeat it and I believe that we will. We have a high interest rate situation. I am not being arrogant or dogmatic; I am not being presumptuous. I recognise that we have these problems, but at the same time, we need to have confidence and agree on areas where we have achievements.

It is important to know areas where we have made strides and accept that we made strides and then build on them. Sometimes, we get into a lot of negativity. We look at the problems of the past and, if I may use the expression, we get mesmerised, perplexed and then, we say, we are always having this, we are always having that, then we give up. But we can’t do that, we have to see the progress made in the last two years. As I said yesterday, we have in this country very competent leadership, and that is known the world over. As I said before one way of knowing if something is good is to compare it with other alternatives. For example, how do you know the cost of your being here tonight? Will you compare the cost of your being here tonight to a golf game you could have played in San Diego, Chile, this evening? No, because that is not a possible alternative. But, it could well be something that you could have done tonight or something that will happen in Lagos, or a trip you could have made.

Thus, when we look at leadership in this country and we compare it with other alternatives, we know that it is good. If you have a white sheet of paper, the reason why you know that it is white is because you laid it against a background. So, we have to recognise that we do have good leadership, the basis of moving forward. There has also been substantial improvement in other forms of infrastructure over the last years. There has been improvement in electricity supply and we should recognise that and play on it. We should accept our challenges when we have weaknesses and acknowledge areas where we have made strides, build on them and draw our comparison.

I also want to talk about commitment. We have to be very committed. As you know, we have people who have worked well for this country. There was once a young boy that went to church. He was at the front of the church and was looking at the plaques there with all kinds of names on them. The pastor came and asked him: “Son, what
are you looking at?” The boy said: “Well I’m looking at this plaque.” Actually, what were on the plaque were names and there were flags on each side of the names. Then, the little boy asked the pastor: “Pastor, what is all these about?” And the pastor said: “Well, son, these are the names of our young men and women who died in the service.” After some moments, the boy mustered enough courage and asked: “Pastor, these people that died, did they die in the morning service or in the evening service?” For us, the important thing is that we have to be prepared to die in the service of this country.

Nigeria Matters by Baroness Lynda Chalker, Africa Matters Ltd, London

Protocols

Your invitation to speak at the end of the second day of this Economic Summit is a real challenge. Had I been speaking before you had any of your meals, I would have concluded with the old German proverb that it was “time to finish, because a hungry stomach has no ears”. As you have eaten a little, I hope you will hear me patiently for a while.

I accepted the invitation because Nigeria matters. It matters to you, it matters to me, and above all it matters for growth and stability at home in Nigeria and across Africa.

So permit me to speak about delivering good governance, anti-corruption and respect for the rule of law. These are absolute imperatives, for every country seeking economic recovery.

The World Outside Nigeria

On September 11, 2001, the world changed dramatically, particularly the world of global investment. Saudi Arabia and the Middle East faced serious investment difficulties. You will see investment planners in the US and Europe focus far more on China and Russia. Japan is feared to be facing a year at least of zero growth. For Nigeria, there is a real challenge. As the sixth largest oil producer among OPEC countries, Nigeria could not be better poised, if properly organised, to attract sizable US and EU funds. But it is a big IF... This next year, starting right now, is about the most important and propitious time for Nigeria in my lifetime. The government and the nation must seize this time, and implement honest, corruption-free processes for investors. These could give Nigeria a head start for the decade ahead. But careful budgeting, based on a realistic oil price, and controlled government spending is the only way forward.
Paramount Strategic Importance of Nigeria

The stability of Africa depends on the success of Nigeria, as the best-endowed and most populous country in the continent. Nigeria’s friends are determined to ensure that May 29, 1999 really was a truly historic turning point for the people of Nigeria. That you have achieved this largely peaceful transition to democracy is very remarkable, although the peace of the nation is currently being severely tested. Nigeria must learn from its past, and part of that learning process will be in making giant strides in poverty reduction, and substantial improvements in education and capacity building. Achievements in each of these areas are inextricably linked to Nigeria’s political stability and economic growth.

Political Importance

Under the leadership of the President, Olusegun Obasanjo, Nigeria is playing a major role in finding ways to establish peace in Africa. Abuja is fast becoming a pivotal point for negotiations for conflict resolution, recently for the Democratic Republic of Congo and for Zimbabwe. Not surprisingly these initiatives have so far met with limited success, but the fact that the President of Nigeria is willing to lead Africa, is a clear signal to the world that Nigeria is firmly committed to reaching lasting peace across the African continent.

Peace is also a major issue within Nigeria, where over 6000 people have died in communal violence since 1998. Nigeria’s rich social and cultural diversity does pose a major challenge. With over 250 ethnic groups, two major faiths, and many indigenous beliefs, the current administration is succeeding where too many have failed in the past. Power sharing at ministerial level between the three major ethnic groups is no easy challenge, but there are some signs of success.

If the new Nigeria can build on the foundations of successful ethnic and religious coexistence, this will have a major influence not only regionally, but internationally as well. The recent tragic world events have underlined the importance of meeting this great challenge.

Strategic Importance of a Successful Nigerian Economy

Economic success in Nigeria requires brave but straightforward action. We wish the new Chief Economic Adviser, Dr Magnus Kpakol, courage and great fortitude. He knows better than most of us that public sector reform is vital for economic revival, since the public sector accounts for over 50% GDP and currently 213 of formal sector employment. With 82% of regional GDP and 79% of the West African population, Nigeria has a major responsibility. We can never forget that more than 213 of the
people here have incomes below the basic poverty level.

With South Africa and Nigeria acting successfully together, you could change the face of Africa in five years. West Africa’s most dominant economy has a central role to play in the economic integration of ECOWAS. Working together, President Obasanjo and our friend, Ghanaian President Kufuor are firmly committed to those political actions which will deliver economic success and governmental reform.

Successes

Tonight is a time to remind you of some of the successes of Nigeria’s new economic policy. During his recent visit to Nigeria, Peter Woicke, the IFC’s Executive Vice President, was quick to point out the need to recognise Nigeria’s achievements made to date.

The successful auction of the GSM licences won wide praise for being well organised and fair. Yes, there is a huge debate about the pricing structures introduced by MTN and Econet. And yes, the telecommunications regulatory framework certainly needs modernising, but Nigeria need not feel isolated. Across the world, communications regulations remain a major issue and throughout Europe the debate on bandwidths and charges continues. But solutions are being found and these can be shared.

Privatisation

Privatisation has started whether in the oil marketing sector, cement production or banking. Future success in NITEL and NEPA privatisations, as well as in steel, aluminium and fertilizers are urgently needed. The President is well aware that the processes need speeding up. But as Peter Woicke rightly says, if anyone had suggested a year and half ago that NEPA would be well on the way to being unbundled, no one would have believed it.

Then bring home Nigerian earnings made overseas; it would stimulate privatisation and boost investment. It would also encourage both domestic and Foreign Direct Investment, which are so critical for growth. It is not only the much-needed injection of capital, but above all a major technology and skills transfer, and one of managerial and marketing know-how too.

Good Governance

But neither FDI nor domestic investment works as the stimulus to growth, unless it is used effectively. That means having “good governance”. Back in 1990, I was probably
the first donor minister to discuss good governance requirements with Britain’s development partners. Without sound government management, money is not a solution to Africa’s problems. The billions of dollars once poured into development projects neither produced the changes sought, nor gave the benefits planned.

African leaders have insisted on making good governance a core element of the New African Initiative because they recognise that it is essential for attracting private investment and for the efficient use of public resources.

Countries that adopt good governance policies in the management of their economies achieve significantly higher levels of per capita GDP. These countries have higher growth rates for exports and imports, and are more successful in integrating with the world economy.

Under the umbrella of good governance, I want to mention two very important challenges for Nigeria.

Crime/Security and Law & Order

The first challenge is the issue of the high crime rate we face here and the overall security concerns, whether they are just a perception or a reality. Nigeria will only attract FDI especially for the Small and Medium Enterprises, as Peter Mounsey said so well this morning, if foreign companies are able to send their people to Nigeria without the fear of them becoming the victims of violent crimes. As Magnus Kpakol said “it is the SMEs that are vital for poverty alleviation. In the UK, in a ten-year period from 1985, SMEs produced 85% of the new jobs created.

The government is developing its strategy for safety, security and access to justice. The British Government through the Department for International Development is firmly committed to supporting the Nigerian Government to build capacity in the police, prisons and courts. I am delighted to learn that the private sector is building courtrooms for lease back to government. This is far better than using scarce public funds. I hope Nigeria will also use the private sector to provide the 100,000 classrooms that are needed for Nigeria’s new 3 million children going to school in 2006 for the first time.

Thus, safety and security and the rule of law are the most basic prerequisites for attracting investment to Nigeria. A predictable legal environment is fundamental to attracting the financial resources needed for economic growth. Above all this requires a strong, independent judiciary, not interfered with by politics. We have only to look at Harare to see the sense of this.
Corruption

Miguel Schloss said all that needed saying on corruption yesterday. I agree with his every word. The level of corruption evident across Africa, and particularly in Nigeria, is a major inhibitor to growth. Business and academic research shows that bribery and corruption continues to affect Nigeria’s ability to attract FDI. The government’s National Anti-Corruption Commission must now gain the support of Nigerians, from all walks of life, to support it in ridding this country of its endemic problem of corruption.

Preventing bribery requires a combination of sound and well-understood law and its full enactment with real penalties for those who bribe, take bribes and for those who assist others in corruption. The law should be as simple and unequivocal as possible, then it would be more readily obeyed. I am pleased that at last there is to be an anti-corruption and transparency office in every ministry. It is even more welcome that these offices will be independent of ministers and report directly to the Commission.

Corporate Governance

Let me take the opportunity, with so many people from the corporate world gathered here, to underline that clear corporate governance in all businesses is of key assistance in building a country’s reputation. Only where business and commerce first put their own houses in order, in respect of corporate governance, do they influence governments to take on the major task of improving overall governance. Once governance of corporate bodies withstands scrutiny, business can share their skills in helping to draw up the systems needed for government.

It is time to conclude that “tired minds listen no longer” and finish. In the New Africa Initiative, there is a new determination to rebuild this continent; a determination to promote peace and stability, wider democracy, increased trade and investment and truly sustainable development. Nigeria has a pivotal role to play in this initiative. By increasing its ability to attract investment, Nigeria will have a major influence on the pace of change for this region and for the continent of Africa.
Speech By Vernon Ellis, International Chairman, Accenture

Your Excellencies and other distinguished guests; I am honoured to be here. Several of you have expressed some surprise that I actually turned up here. Well, first of all I believe that one should keep to one’s commitments. However, it is certainly true that the reaction of some of my colleagues when they learned I was coming here was “Nigeria? Why?”. Of course, this relates to the image issue that has so much been discussed here — security, corruption and the scams.

However, your surprise does indicate that you have grown used to this as a reality. You should not put up with this, instead, be proud of your country. If I have one message for you today it is this: don’t accept anything as “good enough for Nigeria”.

By the way though, I think you also ought to make it easier for people to visit Nigeria. Inefficiency of visa processing was mentioned this morning. I could not visit Nigeria without having two passports, travelling as much as I do. The visa process just takes too long.

But the surprise of my colleagues regarding my visit perhaps also relates to the fact that we only have 120 employees in Nigeria, all good ones, but a small number in relation to a total of 75,000 worldwide. Our fees here are marginal in relation to our worldwide fees of $11.5b. Surely there are other operational priorities? Yes, there are certainly other operating priorities now but my job is to look at the future, and the potentialities.

In December 1998, we took a hard look at our Nigerian practice. At that time we were a little under 50 people and had been that way for some time. The country had been a mess for some time and the jury was out to determine whether a new democracy and the new reforms would work. Despite the challenges, we backed our future in Nigeria and created a bold strategic intent. We have grown to over 120 employees. It is not a coincidence that this has happened at a time when there have been real advances in democracy and economic reform. Around the world our revenues per capita are roughly proportional to GDP per capita.

As I thought about this yesterday, if we have 120 employees in Nigeria, that is one employee per million inhabitants. In the US or UK, we have around 100 Accenture employees per million inhabitants. Therefore, I told Dotun we ought to have around 12,000 people in our practice here. But overnight, it occurred to me that in Norway, another oil state, we have around 200 employees per million inhabitants. I, therefore, had to revise my target for Dotun — we now should be aiming to have 24,000 employees here.
And that is just Nigeria! We only have two practices in Africa – South Africa and Nigeria. If these two countries, slowly and sometimes painfully, are to evolve into successful role models for sub-Saharan Africa, just think of the potential it would have for us in Africa.

Thus, if you can deliver (an excellent word for your conference), there is great potential for us, longer term. And it is in our interest to do all we can to help you deliver.

In the end, it is up to you to deliver. It is difficult in this kind of conference not to move beyond “there is a problem — somebody else ought to fix it”.

Thus, I have actually been very impressed by the specifics, which have been summarized as action items this morning, and by the emphasis on values. Any strategic intent or purpose, whether it is set by a company or a country, needs to be founded on shared values – shared so much that disapproval is expressed to those who do not live out those values.

Now, let me stand back and look at Nigeria in the context of the world and globalisation. I will then move on to where Nigeria stands in this context and where it wants to go, particularly considering what is needs to do to get there.

**Globalisation**

The world is continuing to globalise. We see integrated manufacturing and supply chains, we see a search for scale, convergence of products and markets, global capital flows and an increasingly international labour market.

**This is driven by two factors:**

- Technology, particularly ICT. This allows the coordination of manufacturing and facilitates the sharing of information, knowledge and experience.
- Policy: we have definitely moved towards a standard liberal economic model encompassing sound money, de-regulation, privatisation, and market orientation.

There is no question in my mind that this has benefited the world. Economic growth and technology have combined to produce real improvements in living standards for the poor (see the recent UNDP Human Development Report). It has produced more wealth creation and more choice and empowerment.

But there are problems:

- There are widening gaps between the rich and the poor, both within countries and between countries.
• There is opacity: people do not understand the way institutions, governments and companies inter-relate.
• They are suspicious (wrongly but understandably) of giant conspiracies.
• There are unwanted and harmful effects on the environment.
• There is erosion of traditional cultures and ways of life.
• There are valid complaints of inequities in world trade, for example rich countries’ protection of agriculture.

This has led to a crescendo of anti-globalisation protests. I do believe that we are now at a possible inflection point in the world due to the unique combination of:
• The anti-globalisation protests
• The global recession
• The tragic events of September 11.

This combination of factors has revealed the fragility of the world. Our world has become very tightly strung, and shocks to the system such as this will have deleterious effects. The danger is that this could all lead to a retreat to nationalism, prolonged recession and a standoff between the Islamic world and the rest. It is a delicate balance. However, I am basically an optimist and I do not believe that sustainable alternatives to the current ruling orthodoxies are available.

But I do believe that the unfortunate combination referred to above does have some good side effects:
• It has challenged the complacency of late
• It has challenged the triumphalism of a standard capitalist model
• It has made for a world where local sensitivities are enhanced

The ruling orthodoxies, technological and economic, will, I believe, prevail, but with a better understanding of both the fragility of the system and the need to be sensitive to the unintended consequences of globalisation.

Nigeria

Against that background, where is Nigeria now? Somewhat between and betwixt, I am sure. It is open, but not fully integrated. It has few tax or industry barriers to foreign investment. There is a minimum degree of openness for trade.

But, on the other hand, major non-regulatory obstacles to attracting foreign investment remain:
• With the notable exception of the oil and gas sector, the international business community remains hesitant about investment and business opportunities in Nigeria.

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Main problems in attracting more foreign investment are:

- High transaction costs (bring your own infrastructure)
- Skills bottlenecks – many foreign companies have difficulties getting expatriates to work in Nigeria and there are not enough returning Nigerians.
- Bureaucratic inefficiencies (e.g. at the ports)
- Concerns about corruption and security.
- Nigeria is seen as a relatively high-risk country for investment.

There are abundant natural resources but high levels of poverty.

Speaking as an outsider, one might say that Nigeria’s oil wealth has been simultaneously a boom and a curse, tremendous opportunity for growth, but, in the past, it may have put off the necessary structural reform to bring about a more diversified economy.

There are many large enterprises but they are mainly in the state sector. We need large enterprises for scale as well as a vibrant SME sector. Nigeria certainly has a dynamic private sector, especially in the banking sector.

Yet, the overall ownership structure remains very heavily biased towards the public sector.

- Nigeria has over 1000 state-owned enterprises, many of which are monopolies.
- Public enterprise accounts for an estimated 57 per cent of investments and two thirds of formal sector employment.
- This has contributed to problems of:
  - Bureaucratic control/intervention
  - Inadequate capital structures
  - Inappropriate technology
  - Protection of vested interests
  - Inefficiency

So, What are the Choices for Nigeria?

On the face of it, globalisation may not appear to have brought massive benefits to Nigeria. Some may even suggest that the answer is for Nigeria to retreat from globalisation, carve its own economic future independently of the global economy.

We have seen some signs of this in a recent anti-import drive e.g. some domestic pressures to pursue an import substitution policy and some dissatisfaction with the WTO process. There are concerns that market liberalization is often a one-way process on rich country terms. There is some truth in this. I mentioned agriculture before, but I think the key point here is not to reject the principles of free trade and
the benefits of greater openness, but to make the system work better by, for example, ensuring a stronger voice for developing countries in trade negotiations.

Much as I’m the first to admit that global capitalism is not perfect, it certainly has some very rough edges. Most of us surely recognize that all other experiments in economic organization have failed, e.g.

- Experience of central planning in former Communist bloc countries
- The legacy of import-substitution industrialization (ISI) policies pursued in countries such as Brazil and Madagascar in 1960s and 1970s.

The outcome of these experiments has been an inefficient use of resources, slow growth and expensive goods. You need to look no further than Delhi and see the number of Ambassador cars on the streets (a model designed in the late 1940s) to understand the long-term effect of import substitution industrialization. I believe the same goes for “labour intensive industrialization”. This can and often does lead to technological dead-ends.

The choice confronting Nigeria is really between a return to old-style protectionism with all the distortions and inefficiencies that it entails, or one of turning globalisation into a positive force that helps Nigeria achieve its aims and aspirations.

**Where does Nigeria want to be and how can it get there?**

I am confident that the Nigerian government has recognized these challenges. It has set itself the goal of transforming Nigeria from a resource-based economy to a knowledge-driven one.

Attracting greater foreign direct investment is clearly a crucial aspect of this process. But in the longer term, the aim should also be to encourage greater domestic investment and development of entrepreneurial capacity at the local level. Both are crucial for the development of a more vibrant private sector. I welcome the government’s privatisation programme. The challenge now is to maintain the momentum with later phases of the programme, especially when it comes to the utilities.

Accenture has been involved in many projects aimed at strengthening commercial capacity.

- National Electric Power Authority (NEPA) – “learning to be commercial” project with emphasis on customer service, performance management, human capital, IT and team building.
- Federal Airports Authority
- Many projects aimed at building capacity in the financial services sector, (First Bank, National Bank, etc.)

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There are certainly no easy solutions but it seems from our experience there are a number of key factors to get right. I will address these under the headings of Policy, Entrepreneurship, Management/Leadership, Human Capital and ICT.

Policy

Five points are particularly important:

1. Stable macro-economic environment – simply a basic condition for development.

2. More competitive markets:
   • Nigeria’s privatisation programme is an important step towards a pro-enterprise economy, but needs to be complemented by sound regulation and pro-competitive policies generally.

   The key point here is not to be afraid of competition; let the markets sort out the strong and the weak. Sometimes the weak will go to the wall. This is often painful but necessary.

3. Tackling corruption:
   • Frequently cited as a major deterrent to foreign investment.
   • Important steps have been taken by the government in this area e.g. establishment of the Anti-Corruption Commission.

   But it may need a few high profile examples to prove that this problem is being tackled. In Italy we could not do any work in the state sector for many years because to do so required participating in corrupt practices. Italy only got on top of its corruption problem when it put some high profile people in jail. Regarding the presentation earlier this morning, I am personally not in favour of putting masses of petty criminals in jail, but I do believe the space could be reserved to make an example of a few fat cats.

4. Fair and effective taxation regime.

5. Transparent regulation.
   • Especially important if the telecoms and utility sectors are to attract foreign investors.

Entrepreneurship

We have recently done a study on entrepreneurship and one of the things that this has underlined is the need to establish an entrepreneurial team culture as companies get
bigger. Often start-ups are made by very entrepreneurial individuals who have a bright idea and have the drive to get something going. Often, however, these same people do not have the qualities to manage through growth to scale. The task of a leader of a larger company is that of conducting an orchestra of entrepreneurs, not being an individual entrepreneur himself. I am told that Nigerians are very good entrepreneurs but they may not be so good at making this transition.

Management/Leadership

This is especially important given the transfer of state enterprises to the private sector. A different type of leadership is required.
• It is not a style where the CEO is an absolute monarch or a more collegiate style of business leader
• It is a shift in focus from managing capital assets to “softer issues” such as people management, knowledge management; and
• Setting and observing high standards of corporate governance – a fundamental requirement which Baroness Chalker mentioned yesterday.

A vital concept here is:

Accountability - does your job depend on delivery?

As a side point, if you really want delivery out of this conference then someone has to be accountable for each action. I am told that one difficulty in Nigeria is that you are very nice and forgiving people which is why individuals get away with not being accountable. This leads to an averaging down of performance. This applies equally to the quality issue mentioned yesterday. Quality has to be uncompromising.

Human Capital

Many factors can make a difference here, not only the formal educational system, but also the activities of the corporate sector in terms of training and lifelong learning.

In this, as in so many other areas, it is a question of going beyond “what is good enough for Nigeria”. I know that our own people are very good. I know too that the whole operating environment and the standards we aspire to achieve have been stretched considerably in recent years, in order to make them conform with the highest international standards. We do recruit some of the best people from universities but I very much doubt whether other organizations do not have access to raw material of at least equal potential. The key is to keep stretching, keep being dissatisfied with where we have got to.
There is much talk nowadays of the “war for talent” – increasing competition for key skills. To some, it may seem that the skills of many Nigerians are often lost to businesses located in other countries. But equally there will be a tremendous opportunity for many expatriates to come back and build future businesses in Nigeria, if the business environment is right.

ICT – a key enabler of development

Traditionally, there has been an emphasis on physical infrastructure – roads, ports, railways – as an important requirement for development. But increasingly it is Information and Communication Technologies (ICT) that are seen as the “arteries” of the global economy.

There are real challenges here, both on the demand and the supply side, but there are real opportunities to “leapfrog”, particularly through the impact of mobile telephony – which has the ability to reach out into the deepest rural areas.

But a big lesson here from the G8 DotForce is that to do this requires a combination of enterprise and collaboration:

1. Enterprise
   o Just to get things going
   o To generate wealth on the ground sufficient to pay for state interventions in areas such as health and education.

2. Collaboration between business, government and NGOs.
   Government is a vital enabler in terms of policies, procurement and as an example of use of ICT through government (In South Africa there have been considerable advances in using technology to reach-out and communicate with the people, e.g. in the election system, which we helped build, and in the kiosks used as multipurpose connection points in remote villages). But government is an enabler - not an owner. Do not look to government to do much. For example at yesterday’s discussion on human capital and technology, some called for government initiatives to emulate what India has done to create its successful offshore software business. But two points must be clarified:
   - India has the global brand here – there could be a regional role for Nigeria but probably not global.
   - More fundamentally, India’s success was because government kept out of the way.
The whole history of India over the last 10 years has been that where government has kept out of the way, there has been growth, where government has stayed involved there has been stagnation.

The government certainly has lately helped the off-shore software industry through tax subsidies but has generally stayed out of the way. But collaboration is important. Also the success of Ireland with co-ordinated initiatives to attract investment in ICT industries has been another great example.

In yesterday’s workshop discussion, I saw big gaps in the understanding between the two camps - industry and government. Certainly, you have taken a big step forward from the situation 10 years ago but we still have some way to go.

I want also to recognise an important role for business, and especially multinationals:

- We are seeing a gradual change in relationship between multinationals and developing countries.
  - (old) developing countries seen in terms of comparative advantage of labour and resources
  - (then) multinationals “putting something back”
  - (now) more sophisticated approach based on mutual self interest: Corporate Citizenship/Corporate Social Responsibility.

The key here is to recognize that it is in our interest that the Nigerian economy advances so that we can move towards 12,000 professionals here one day. So it would not be altruism to help this process. But I can also guarantee that if we do move a long way down this path it will only have happened if you have produced a society that is healthier, wealthier, better educated, more secure, more empowered and with much less poverty than is the case now.

I wish you luck on that journey.
Vote of Thanks at the Pre-Summit Dinner – Prof. Anya O. Anya, Director General, Nigerian Economic Summit Group

Protocols

As I sat in this hall earlier in the day and listened and watched and as I sat this evening listening to the various contributions, first from the Vice President and then a very thoughtful presentation by His Excellency, Mr Jeter, a thought crossed my mind: that it is just possible that we are at the threshold of momentous events. But then I was reminded that momentous events do not always come with sound and fury but often creep in small bits that build up to a threshold and then things would take off.

Somehow, it's just possible that Nigeria is at that point in its history and it is possible also that many years from now people may regard the 8th Economic Summit as the defining moment: the time that Nigeria faced herself and recognised that the problems of Nigeria can only be solved by Nigerians.

We did not look for fantastic theories, we did not look for great moments of history but we did the little things that any common-sensical group of people must do to shore up their chances for a great future and to plan for the next day.

But we did not arrive here with predetermined positions; a lot of planning went into this and a lot of work is still going to be done. Indeed, I am reminded that some of you will be leaving here not to go and sleep but to go and work in preparation for tomorrow. Therefore, it is my job to thank you for that tremendous work you have done, and for the tremendous work, you are still to do.

Maybe, I should have started my thanks from the beginning; to thank the President of the Federal Republic of Nigeria who made it known quite clearly that this year there must be a true partnership between the private sector and the public sector. To the Vice President, who has shown more than ordinary commitment and encouragement and has demonstrated that true leadership is not determined by what you say but what you do. To the Board and membership of NESG for their unique support and continued encouragement. To the men and women - the Group Leaders who have worked tirelessly over this period to package this event. To the Joint Planning Committee and the Organising Committee which showed so much commitment. The Chairmen of both Committees demonstrated by their attention to detail that we were fortunate this year in our choice of leadership. To the staff of NESG, you have shown that Nigerians are capable of working at the same pace and intensity as can guarantee results in accordance with international best practices. To our friends of the media and of the NICON family, your partnership with us has added quality and value.

Thank you all so much and good night. May God bless us all and our country, Nigeria.

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Appendix C

National Presentation
Appendix C

National Presentation

8th Nigerian Economic Summit

The presentation covered the following five broad areas:

- Why This Summit?
- Some Success Stories
- The Growth Score Board
- The 21st Century Game
- The Way Forward

Why This Summit?

- World Economic Game has changed
- Public Sector sets the Stage
- Private Sector plays the Game

Our Task

Therefore, the task is to identify the changing economic game and set action-oriented priorities. Hence, the theme of the 8th Summit is “Nigeria’s Economic Priorities – How do we Deliver?” The Presenters at the 8th Summit will Design the Context, while the Work Groups will invent the content (i.e. Actionable Implementation Plan)

There are Multiplicities of Measures and Actions But There are 5 (Five) Growth Drivers

They are:

- Track 1 – Job Creation
- Track 2 – Improving Security
- Track 3 – Social and Physical Infrastructure
- Track 4 – Sector Reform/Privatisation
- Track 5 – Investment Climate

Group work will also identify and eliminate all remaining impediments.

- Nigeria: 2000 GDP Growth Rate was 3.43%
- World Average GDP Growth for 20th Century was approximately 3.00%
To Achieve Growth You Need Investment

For Nigeria, there are reasons for anxiety about its growth:

Its Annual Population growth rate is close to 3%, while two-thirds of Nigerians live below poverty line. Therefore, Nigeria needs to target accelerated growth of 10% per annum.

Time to Dispel a Myth: Nigeria Is Not a Rich Country

- $25 per barrel of crude oil x 2 million barrels (exported) = $50 million a day. (Gross)
  Less ($20m) – Productions costs + Oil company margins
  $30 million per day net revenue
- $30m x 365 days = $10.95 billion
- $10.95 billion/120 million people = $91.25 per Nigerian per annum
- Judicious allocation of resources necessary but not sufficient

Some Success Stories

Even with the above problems, there are some success stories in Nigeria, among them are the:
- high level of confidence from the Nigerian private sector. Also, the Stock market has been up by as much as 125% since May 1999. These are, no doubt, good indications of the private sector’s faith in the country’s future.

Private Sector Investment Activity

Telecommunications

In the upstream oil industry, there has been investment inflows into the deep offshore. Also in the telecom sector, the GSM licences were auctioned, giving rise to spin-off investment activity. There is also progress on NITEL privatisation. Therefore, there are hopes that the telecom industry will soon be completely privatised.

The Investor Mindset

According to Steve Jurvetson, the investor mindset is like this: “I never invest in people who say they are going to do something. I invest in people who say they are already doing something and just want the funding to drive it forward...”
The government is sounding better but rhetoric is no longer sufficient. The government must move from saying the right things to both saying and doing the right things.

And so what does the growth scoreboard look like?

The Growth Scoreboard:

- Nigerians dream big dreams for Nigeria, all of which have not been fulfilled.
- Major dreams yet to be fulfilled include:
  - Double Digit Growth
  - Single Digit Inflation
  - Job Creation

When big dreams remain unfulfilled, frustration creeps in. Therefore, there is need to:

- Re-examine the big picture, keep in focus and reappraise the range of implementable actions.

Keeping the big picture in focus is a difficult task because:

- The world is changing. On the external front, it is made worse by the global recession occasioned by the September 11, terrorist attacks in U.S.A. Internally, with the 2003 elections coming, Nigerians expect a “feeding back frenzy”.

Even then it is good to remember that:
- Growth is the Score Board
- It is not the Game
- The game is the range of actions undertaken to boost/stimulate investment activity which will in turn lead to growth
- The new game is Entrepreneurship

Range of Actions

- The range of actions needed by Nigeria to achieve growth include:
  - Identify and remove remaining impediments/bottlenecks e.g. Actions to ensure constant power supply/eradicate fuel scarcity.
- Institutionalise macro-economic stability:
  - Control inflation – single digit
  - Achieve stable exchange rate
  - Reduce differential between interest and inflation rates
• Simplify our foreign exchange regime
• Restructure every sector
  - Increase/maximize probability of attracting large private sector investment inflows
• Redirect Government spending
  - Towards Social and Physical infrastructure e.g. health-care, education, roads etc

The priority, however, is to restructure sectors of the economy. It is therefore imperative to encourage private capital inflows to the economy. Others include reallocation of freed-up government resources to other critical sectors of the economy (e.g. improvement of social and physical infrastructure). Example of a needy sector of the economy is Health. The current level of spending on health-care is approximately 1% of GDP or $3 annual per capita health spending. This is not sufficient to fight malaria alone.

The 21st Century Challenge
The 21st century challenge is
• To become Victors not Victims [VV]
• To become Survivors not Causalities

So, to be Dreamers and Doers, we must constantly give food to our dreams.

Defining the Game

1900s to 1950s
- Science was the mechanism for creating new wealth
- Natural resources were very important

1950s to 1990s
- Consumer marketing was innovations’ high grounds
- Natural resources were less important
- Brand Managers added the most value

2001/21st Century
- Entered the age of human imagination

We must reach a consensus on the following:
• Don’t change the score board. Instead, let’s work hard at the game
• Let’s not forge solutions. Instead search for genuine enduring solution.
The reasons is that investors know the difference between gimmicks and reality. So, what is the big story that cuts across all these little facts?

To attain:
- Double Digit Growth
- Full employment
- And to become
  - The authors of our destiny
  - Let’s imagine...

Imagine!
- If we could create 500,000 entrepreneurs /Nigerian companies x
  100 Nigerians employed directly or indirectly (on average)
  = 50 million fully employed Nigerians

- Reverse Brain Drain
  - Nigerians all over the world could be flocking home
  - It could accelerate the return of flight capital

The 21st Century Game is entrepreneurship as opposed to stewardship.

Remember the 5 Growth Drivers

- Track 1 – Job Creation
- Track 2 – Improving Security
- Track 3 – Social Physical Infrastructure
- Track 4 – Sector Reform/Privatisation
- Track 5 – Investment Climate

N.B. In so doing, we will also identify and eliminate all remaining impediments.

These five growth drivers are self-reinforcing. We must also recognise and accept that the forces of deregulation, globalisation, privatisation and new technology have changed the world, including our world as Nigerian stakeholders. We must therefore grow beyond exploiting chance occurrence and, instead, pursue capability.

Tools for giving food to our Dreams:

- Income/Corporate tax reductions
- Tariff adjustments
- Eliminate/reduce property taxes
- Land use reform
- Improved energy supply
- Improved trade support infrastructure e.g. intellectual property, etc.

These and several others are tools for giving food to our dreams. They can and should be used to ‘accelerate the pace’ of investment activity. The challenge is for our industries to become more competitive. So, what is the way forward?

Three things hold us back:
- The power of our vision;
- The quality of our thinking; and
- The extent of our commitment

Remember

The 21st century game is about entrepreneurship and not stewardship. Nigerian stakeholders must seize the initiative to create things, do things, form things, take-over enterprises, collaborate or partner with outsiders and compete against outsiders etc. Multi-nationals too have a definite role to play but are not responsible for our development.

Remember the five Growth Drivers:

Job creation, improving security, social and physical infrastructure, social reform, privatisation and development climate.

Four tests for implementable actions:
- Credible
- Coherent
- Compelling
- Commercial

To Recap

Why This Summit?
- Our insatiable desire to create a nation of economic Victors and not Victims [VV]
- We are here because we are Dreamers and Doers [DD]
- We are here to build consensus and stimulate collective action from both the public and private sectors. Our major purpose is to analyse the range of actions required to attract massive private sector investment flows.
• This will help us avoid the distractions of any **Feeding Frenzy** in the run up to 2003 [FF]
• This will keep us focused on achieving rapid growth rates in the light of the demand of the 21st Century Game

... Recap
• Workgroups worked to define priorities and specific action steps consistent with the five growth drivers
• Each recommended action should pass the test of the 4Cs
  - Credible
  - Coherent
  - Compelling
  - Commercial
• We need to be fleet-footed and agile in responding to new threats and opportunities
  - In this process, we must **Sharpen the Saw** [SS]

• We also know that in this game, **Perseverance Pays** [PP]

• **Only 3 things hold us back:**
  - The power of our Vision;
  - The quality of our thinking; and
  - The extent of our commitment.

**Remember the Five Growth Drivers.**

**Key Issues**

• **New Police Service**
  - Well educated, well trained, well motivated and well equipped.
  - 300,000 by 2003

  • Observance of due process of law, fairness and elimination of arbitrariness at all level.
  • Reform the judicial system
  • Eliminate and fight corruption holistically
Appendix D

Vote of Thanks At The Opening Ceremony – Titus Adeboye, Commissioner, National Planning Commission

Protocols

My task is the easiest one — that of just saying thank you to all those who have contributed to the success of our Eighth Summit. Let us start by thanking God Almighty for sparing our lives to see this day and for his protection on all who have travelled from far and near to attend this Summit. We all know that nothing is possible unless God allows it.

We must thank Mr. President who, in spite of not being personally present to open this summit gave every support to the organizers both financially and morally. He granted audience to members of the Joint Planning Committee and always had a listening ear.

Our hearty thanks go to the Vice President, who has acted as our patron and granted patient audience to the Joint Planning Committee twice. The Vice President personally sent out invitations to the Honourable Ministers to attend the Summit proceedings both at the opening and closing ceremonies. He even assured us that he would endeavour to be present for some of the group sessions if his other responsibilities permit. He also made sure that all the budget allocations for the Summit from the Government side were released. For the first time we have all the funds for government participation before the start of the Summit. Let us give our Vice President a round of applause for all this support.

We must recognize the personal sacrifice of the Honourable Ministers who in spite of their very crowded schedules have turned out en masse for this opening ceremony. We enjoin you to sustain this participation by being present for the group sessions. It is note-worthy that three of the group sessions will be co-chaired by honourable ministers this year. Let us give our honourable ministers a round of applause for this.

We thank all of our corporate sponsors for their usual support. This year we have over fifty corporate sponsors, forty-six of whom are listed in our programme. We will take too much of your time if we try to mention all of them. But permit to single out the four sponsors responsible for bringing some of our distinguished foreign speakers to Abuja.

We thank Shell Petroleum Development Company Ltd for bringing the distinguished speaker for this afternoon, Mr. Miguel Schloss. We are also grateful to Accenture for
bringing Vernon J Ellis. We thank IFC for inviting Harold Rosen and for bringing Fred Thompson.

We must thank our guest speaker for this afternoon for a most revealing and analytical x-ray of the monster of corruption. For once we are shown that corruption has serious economic consequences apart from its corrosive moral influence. Our speaker went beyond emotions to show us comparative data on corruption and the need for a multifaceted attack on it for significant results to be achieved. I am sure that all of us have learnt something about this monster today.

We thank all the three people who made the national presentation—Dayo Lawuyi, Atedo Peterside, and Alhaji Mustapha Bello. The real wonder man of the presentation was the Honourable Minister who got only a few days notice for his part which he has played so creditably. Let us give all of them a round of applause. Permit me to thank the Chief Economic Adviser to the President who in spite of joining the process late has given it his best and distinguished himself so creditably. We must thank the Economic Summit Group starting with the Chairman, Mr. Bunmi Oni; the Director-General/CEO, Prof. Anya and my good friend Chris Onyemenam for their incredible energy in getting things done. Prof. Anya acted all through the planning work as the repository of knowledge for our work.

I must not fail to thank members of the Joint Planning Committee for a job well done. We thank the media for giving very informed coverage to all our activities even before the Summit started.

Finally, I thank all of you distinguished participants for answering our call. If you had refused to come we would have had no Summit.
Appendix E

Presentation to the President, Federal Republic of Nigeria, by Sam Ohuabunwa and Folusho Phillips

How Do We Deliver?
Past Summits

- Focused heavily on-
  - Big picture
  - Long term direction

- Defined economic blueprint
  - Summit Reports
  - Vision 2010

Past Summits

- Forged broad agreement on the end result
  - Africa’s #1 economy
  - Accelerated growth – 10%
  - Rising standards of living

This Summit

- Reassessed Strategy
  - Global recession + Sept. 11 = new world game
  - Anxiety about high inflation and slow growth
- 10% growth rate
- Single digit inflation
  - Investment
  - Job creation
- Entrepreneurship
- 50 million jobs

The Summit

- How to deliver
  - Speed up its reform process
- From high jump to pole vault
- Focus on key actions
- Debottlenecking
- Macro-economic stability
- Restructure key sectors
- Redirect Government spending

The 5 Growth Drivers

- How to attract investment to fuel growth and job creation
- A scoreboard target of 50 million jobs
- Strategies to sustain our existing companies
- Creative spawning of new ventures
- Restructure every priority sector to attract private sector investment inflows
- Increase ROI potential and reduce risk for investors

The Group Work

We started by presenting a work strategy for the groups:

- Specified our objectives
- Defined our parameters
- Agreed on a focus
- Achieved a unity of purpose
- A lot of work has been done:
  - A clear focus on the way forward
  - 11 Groups - content
  - 11 presentations
  - 11 views on ‘How to Deliver’

Budget and Economic Co-ordination

- Sustainable economic growth and stability through a budget process that is
  
  Transparent, Concise, Cohesive

Budget and Economic Co-ordination: The key challenge include:

- Setting economic policies and goals and integrating National Planning Commission in budget formulation and co-ordination
- Creating openness and transparency in budgetary process
• Creating harmony in fiscal and monetary policies
• Enhancing consultation with the private sector and NGO’s in budget formulation
• Undertaking project analysis before inclusion in budget.

The Way Forward

• Enact a Fiscal Responsibility Pact (FRP)
• Operate within Budget — a must.
• Release budgeted funds on timely basis
• Coordinate fiscal and monetary policy to achieve single digit inflation and stable FX rates

Benefits

• Macro-economic stability and faster growth
  - More attractive investment climate
• Improved collaboration among the tiers of government
• Good governance
• Enhanced confidence in the Nigerian economy
• More investment, more jobs

Infrastructure – Key Issues/Action Points

• Utilities

  Included in the utilities are:

  - Information Communication Technology (ICT) (Telephone, Internet, Computing, Broadcasting)
  - Electric power supply
  - Water supply (portable and irrigation)

• Transportation
  - Sea and Inland ports
  - Aviation
  - Roads/Railways
Human Capital and Technology: The 21st Century Game

Key issues

• Build a strong technical and entrepreneurial base to support economic development
• Leverage on the potential of science and technology
• Deal with critical health issues — AIDS, malaria, population control

Urgent Priorities

• Full implementation of national IT policy
• Effective implementation of UBE Scheme
• Deregulation of tertiary education
• Skewed curriculum in favour of
  - Sciences
  - IT
  - Management
• Focus on exploitation of brain power
  - Less focus on natural resources
  - Set up IT villages
• Adopt massive campaign on eradication of malaria and AIDS

Privatisation and Deregulation

• Government's determination impressive
• A lot of work completed
  Focus now on:
  • NITEL
  • NEPA
  • Nigeria Airway
  • Government owned industries
    - Automobile,
    - Hotels –
    - NICON
    - Sugar
    - Niger-dock
    - Refineries and Pipeline
Privatisation and Deregulation

Way forward is

- Develop comprehensive competition policy
- Complete sector reform and regulatory framework
- Strengthen capacity at BPE
- Increase transparency of process.
  - Announce bidders and their shareholders
  - Announce winners immediately
  - Apply objective rules consistently
  - Follow through post privatisation
- Set realistic targets for closing transactions.

Deregulate all Sectors:
- Power
- Telecom
- Oil and Gas
- Transportation and Aviation
- Solid Minerals

Deliverable benefits include:
Investment - more jobs
More wealth – rise in quality of life

Rebuilding Institutions

Objectives

- To make Nigeria a respected member of the international community
- To foster/inculcate basic values in every Nigerian regardless of social status:
  - Honesty and integrity
  - Sense of community and nationhood
  - Respect for the law
  - Patriotism
  - Decency and cleanliness

Key issues

- New Police Service
  - Well educated, well trained, well motivated and well equipped
  - 300,000 by 2003
• Observance of due process of law, fairness and elimination of arbitrariness at all levels.
• Reform the judicial system
• Eliminate and fight corruption holistically

Critical Focus

• Civic processes
• Law enforcement
• Criminal justice system

End Result — Direct foreign investment – more jobs – more wealth

Investment: Benefits

• Major drive of economic growth
  - Prerequisites
  
  • Ordered society
    - Law and order (due process)
    - Security of lives and property
    - Sanctity of agreements
    - Transparency and openness

Investment

Also required are:

• Sector Reforms
  - Deregulation of economy
  - Stable infrastructure
  - Stable macro economy
  - Free entry, fee exit of capital

Incentives

• Low tax requirement / tax holidays
• EPZ, free ports, etc.
Investment

Investment
Immediate attractions
- Power – IPP, NEPA, Privatisation
- Telecoms – 2nd National Carrier, PTO, Accessories
- Agric – Rubber, Vegetable oil, Cocoa
- Manufacturing – Cement, agro-based, petrochem
- Tourism – Hotels
- Oil and Gas – Deregulated downstream.

Banking and Finance

Fairly fully deregulated and liberalized.
Outstanding key issues/action points
- Dearth of long-term stable funds
  - Compulsory funded pension schemes
  - Reduce taxes on tenured funds (0-5% WHT)
  - High and volatile interest rates
  - Ministry of Finance and CBN to enforce fiscal and monetary discipline in order to lower inflation
  - Treasury bills to be part of cash reserve
  - MRR and CRR to be kept low

Objectives
- Encourage foreign exchange (FX) supply
- Grow more export volumes by 100% p.a.
- Develop specific export sectors – rubber, oil palm, etc.
- Establish credible export guarantee scheme
- BOFIs to seek bilateral and local export funding such as USEXIM, AGOA, ADB, NEXIM
- Full transferability of export proceeds

Agriculture and Food Security

Objective
- Sufficient supply at affordable prices
- Development of cash crops such as cotton, rubber, cocoa, oil seeds and horticulture
- Growth target of at least 10%
- Urgent upgrading of livestock production

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What is Required

- Immediate spread of Sasakawa Global 2000 methodology in crop production
- Immediate implementation of the pilot phase of the Nigeria-FAO agreement under the National Special Food Security programme
- Urgent revamping of R&D and extension delivery services
- Guarantee producer prices and grants for cash crops
- Help with storage, preservation and marketing

- Greater investment in preparing land and making inputs available and accessible
- Land tenure reforms
- Increasing Private Sector Successes
- Jobs for large part of our people
- Wealth creation and poverty reduction
- High contribution to GDP (up to 40%)

SME: Informal Sector and Wealth Creation

Objective

- Must become the driver of economic growth and social development
- Encourage SMEs to migrate from Informal to Formal Sector
- Provide framework for success of SMEs

Focus Now

- SMIDA
  - No funding role
  - One stop centre to obtain
- Registration with CAC
- Advisory services on technology, training, equipment, materials
- Management and Technical capacity building
- Through private sector, NGOs and development finance institutions

SME: Informal Sector and Wealth Creation

Focus Now

- Encourage joint ventures and franchising
  - SMIEIs scheme to take off immediately
  - Access to venture capital
• Simplify
  - Regulation
  - Taxation
  - Funding

  Result = Entrepreneurship, investment, jobs, wealth creation, social harmony

Sector Reform and Privatisation

The Challenge
• To get government out of business and refocus on governance

Key Focus
• Tremendous success has been achieved with telecom – more to come
• There is a huge opportunity to replicate our successes particularly in Power, downstream Petroleum and SMEs

Key Priorities
• Must support entrepreneurship and encourage competition
• Must have a very structured and transparent process
• There must be a high ‘knock-on’ effect in the economy
• Must touch the lives of a significant portion of the population

Action Points
• Apply Telecom success story to other sectors
• Accelerate development of competition policy
• Fast track enactment of enabling sector reform legislation – Power & Telecom
• Formulate policies and laws for Oil & Gas and Mining, Ports and Railways sub-sectors
• Hasten privatisation of NEPA and NNPC

Social & Physical Infrastructure

The Challenge
• Make Nigeria’s physical and social infrastructure world class

Key Priorities
• To benefit from sector reform
• Develop globally competitive skills based on science, technology, IT and management
• Rebuild dilapidated education and health structures
• Focus UBE on long term needs
• Foster basic social values
• Ensure infrastructure grows with needs

Action Points
• 50% of privatisation proceeds to rebuild education & health infrastructure
• Re-introduce civics in school curriculum
• Focus on the sciences and IT in school curriculum
• Set performance targets for access to all utilities and transportation

Security and the Rule of Law

The Challenge
• To re-create a society which supports the enforcement of the rule of law
• To Provide a safe and secure environment

Key Priorities
• Speed of dispensation through the courts
• Enactment of laws to protect the rights of investors
• Creation of laws to cope with increased deregulation
• Domestic security
• Enhancing policing capabilities and capacity

Action Plans — Rule of Law
• Criminalize the possession of unexplainable wealth
• Put the process of law making on a fast track for commercial and business matters
• Establish maximum time for court cases
• Provide better infrastructure for the judiciary

Action Plans — Domestic Security
• Target policing ratio of 1:400 by 2003
• Focus on crime prevention
• Introduce special constabulary for personal security

Investment Climate

The Challenge
• To provide a low cost, stable, efficient, responsive and safe environment, for business
Key Priorities
- Spell out due process for dealing with government agencies
- Deregulate the economy to reduce corruption
- Seek initiatives to encourage joint venture partnerships
- Sanctity of agreements and decisions
- Safety of life and property

Action Plans
- Investigate and act decisively on reported cases of corruption and fraud.
- Engage consultants to design processes and systems, which enforce transparency in government agencies.
- NIPC to identify and champion the removal of laws that could inhibit investment
- Take pro-active steps to check the incidence of armed robbery and religious/ethnic clashes
- Eliminate or avoid multiple and punitive taxes

Job Creation

The Challenge
- To encourage investments in areas which create high value jobs and upgrade necessary skills

Key Priorities
- SMEs should become a major source of job creation
- Telecommunications sector has become a major job creator
- The privatisation and deregulation programme will be a major opportunity for job creation
  - downstream oil sector, power, transportation etc
- Training and development in the necessary technology

Action Points:
- Implement SMIE decisively
- Go full blast on privatisation and deregulation
- Go full blast on relevant skills acquisition
- Implement competitive industrialisation strategy
- Incentives and support agriculture

Our Remit?
Our Strategy for Growth

Economic Summit
Fostering Entrepreneurship
- Reduce Corp. Tax to 20%
- Tax Holiday for SMEs
- Maximum Individual Tax rate to 10%
- Tariff on raw materials & M/C max 5%
- Tariff on finished goods max 30%

Sector Reform
- Power
  - Privatisation of NEPA
  - Deregulation of power distribution
  - Independent Power Plants
- Downstream Oil Sector
  - Privatisation of NNPC
  - Deregulation of downstream activities
  - SMEs
  - Innovative private sector equity support
  - Deregulation creating new opportunities

Infrastructure
- Power
  - NEPA
- Energy
  - NNPC
- Water
  - State Water Corporations
- Transportation
  - Roads
  - Aviation
- Nigerian Railways

Skills & Human Capital
- Focus on technical skills development
- Liberalize higher education
  - Private universities
  - Open university
- Full implementation of National IT Policy
Appendix F

Vote of Thanks by Chief Kola Daisi, Chairman, Nigerian Investment Promotions Commission.

Protocols

I occupy the unique position of having fed you at this dinner and having to thank you as well. But it is customary to say thanks on an occasion like this, whether or not the thanks are earned or deserved.

Take the case of Lynda, The Baroness Chalker of Wallacy and her spontaneous acceptance of the special invitation that I extended to her on behalf of the Nigerian Economic Summit, to participate at the historic event. Beyond that, she had spent most of last September preparing for and directing the affairs of the Nigeria Investment Summit in London, 24th and 25th September. She is here in Abuja again in October, collaborating in our continuing efforts for the Restoration and Reconstruction of the battered Nigerian Economy. A distinguished member of the Hon. Presidential Advisory Council on Investment in Nigeria, she also shares with His Excellency, Chief Olusegun Obasanjo, the distinguished membership of Transparency International and is always happy to help Nigeria. The name of the company she runs in her retirement after over 30 years in public life as a member of the British Parliament where she was minister for over 10 years, which happens to be “Africa Matters Ltd”, speaks volumes of her interest in African Development. On the other hand, because of her obvious bias for Nigeria, perhaps her next company should be called “Nigeria Needs Support Ltd.” Above all, she has made another rousing speech tonight about what Nigeria needs, to overcome her developmental problems. For that we are all grateful to her.

If I had committed a breach of protocol in thanking Baroness Chalker before our own President and Commander in Chief of the Armed Forces, it is because Mr. President and the country are the hosts of Lynda and therefore can concede to her the privileges. Our President deserves many more thanks than we can give in the cause of one speech. Without his encouragement the Summit could not score these great successes. He was most ably represented by His Excellency the Vice President and it was for his sake that we are honoured by the presence of almost all the ministries in this government. A special thank must also be reserved for the Chief Economic Adviser to the President, my good friend, Dr. Magnus Kpakol, who had set the tone of these proceedings.

I salute all the resource persons, including the rapporteurs consisting of really outstanding professional men and women for an excellent performance. But of all the
performances, the trophy must go to the intellectual and literary relay team of Mr. Atedo Peterside, Mr. Dayo Lawuyi and Eng. Mustapha Bello, the energetic Hon. Minister for Commerce, for their innovative style in the introduction to the Theme of the 8th Summit.

The presence and participation of most Embassies and High Commissions in Nigeria is worthy of note; but perhaps, out of the whole lot, the American Embassy had been the most visible. I thank them all. We enjoyed the uncommon cooperation and support of the National Assembly and feel deeply grateful to the members. Many State Governors were also here but the presence of Aremo Osoba of Ogun State was far more conspicuous. There were generous contributions from various sponsors that made the difference to the profile of the Summit success. I cannot mention them all in this speech, but I can use the NIPC as an illustration and I would like to thank the Commission on behalf of the 8th Summit.

I have deliberately left to this latter part of my toast, the biggest toast of them all – that of the Nigerian Economic Summit and its leadership personified by the President, Mr. Bummi Oni and his galaxy of accomplished and patriotic membership. They have created and sustained the crucial bridge between the public and private sectors of the Nigerian economy. I recall that at a certain stage in recent past, the Summit and especially this dinner used to be described as Nigeria Incorporated, in reference to its national scope.

This inevitably makes me to recall with appreciation and respect, the founders and patrons of the summit, both present here and those absent. We remember His Excellency Chief Ernest Shonekan, Mr. Dick Kramer, Mr. F. El-Khalil, Mr. Dotun Sulaiman, Mr. Pascal Dozie, Alh. Fola Adeola, Mr. Atedo Peterside et all. There initial stride led to landmarks like Vision 2010, the report of which even if not daily applied, remains perhaps the greatest landmark in our economic horizon.

The Hilton Hotel, its famous kitchen and efficient steward including the band that played tonight have made great contributions to the success of this Summit. So have all the participants and all others who have had the privilege of being associated one way or another with this years Summit.

I thank all of you and wish you God’s blessings.
Appendix G

Closing Remarks By His Excellency, President Olusegun Obasanjo, GCFR

Protocols

It is with a deep sense of responsibility and expectation, as the President of the Federal Republic of Nigeria, that I have come to receive the report of your three days of deliberations at this closing session of the eighth Nigerian Economic Summit.

As you well know, the Vice President represented me because I was unavoidably absent. I want to assure you that all is well. I am serious about getting the private sector to drive growth in this economy.

I must say that I am impressed by the efforts of the Organizing Committee this year. The stage is looking different, there are electronic gadgets everywhere, and there is a visible high level of computerisation and information technology in all of these. This is certainly an improved version of the annual "Nigerian Economic Summit”.

But much more than that, I noticed the design of the templates you have used in your presentations. The sectors captured in these animations capture the economic priorities of my administration. That means we are agreed on the issues we need to deliver on. The first hurdle has therefore been crossed successfully. By repeating it on each slide, you kept the thrust of the Summit in focus. This is a very brilliant way of sending across a message.

The Vice President gave me a very good report of what transpired at the opening ceremony. He explained to me that you acknowledged the achievements of my Administration in the opening presentation. I am pleased to hear all the commendations.

Let me also commend the private sector for the confidence you have shown in the economy. As you acknowledged yourselves in your opening presentations the stock market has grown since May 1999. This underscores the relevance of our new democratic dispensation. Your faith in the future of our economy is very important.

It goes a long way in complementing my efforts at attracting foreign investors to come and invest in our country. Let me however add that you need to do more, much more than you have done in the past two and a half years. You have a big role to play in helping us achieve single digit inflation and in creating more jobs. I believe that ongoing efforts at rehabilitating our infrastructure will no doubt put the private sector in a good stead to seize the initiative to grow this economy and thereby create more jobs.

If you recall, two days ago, when I declared this Summit open, I gave the private
sector a challenge: that you should not only meticulously detail what government should do to deliver on the identified economic priorities, but you should also copiously detail what the private sector will commit to the programme as a result of this three day discourse so as to ensure that we are really partners-in-progress in terms of goals setting and implementation. I am happy that you have not disappointed me.

I am particularly impressed by the way you have captured the growth drivers and I cannot but agree with you that in this new world economic order, the rules of the game is now entrepreneurship.

Ladies and gentlemen, my greatest concern (after the infrastructure, insecurity and the high interest, inflation and exchange rates) has been how to deliver a cheaper and competitively favourable operating environment for our entrepreneurs to drive this economy. I’m concerned about how to transform the private sector in Nigeria through a bold measure that will see our Small and Medium Scale Enterprises (SMEs) grow to become the nouveaux conglomérates of Africa and provide the much needed employment opportunities for our teeming population. It’s not for you to make huge profits but for you to be able to plough back more of your profits to create more jobs and directly affect the lives of the citizenry.

This is why we have reorganised the SMEs financing system. I am particularly pleased that the Summit not only focused on this issue but also made acceptable recommendations, which I intend to follow up expeditiously. So be rest assured that as you continue to pursue the SSI private sector initiative under the auspices of the Central Bank, we on our part will ensure that we complement your efforts by delivering on our own commitment.

As Sam Ohuabunwa and Foluso Phillips were making the presentation, I pondered over the targets set by my administration in the Economic Policy 1999 – 2003 document and the efforts we have made so far to realise those targets. I cannot but agree with you that the past Summits have focused on the big picture and long-term direction. By your own admission my administration’s Economic Policy Document has borrowed a lot from the past recommendations of the Summit and indeed the Vision 2010 Report.

Your recommendations are well received and let me assure you that I will insist that they are taken into consideration in the process of finalising the 2002 Budget.

As you prepare to go back to your respective businesses, let me remind you of the commitments we have made here together to jointly work towards enabling our entrepreneurs to achieve the much-needed growth.

Ladies and gentlemen, it is now my honour to bring this Summit to a close.

Thank you.
Appendix H

List of Group Participants

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Abuja.

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Inlaks Computers Ltd.

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Lame Mohammed .S
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Lagos.

Oyeyemi Segun
Global Partners & Co Ltd.
Lagos.

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Sogunle Kehinde
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<td>Mansur Ahmed</td>
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<td>Alhaji Aliyu Kitabu</td>
<td>National Planning</td>
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<td>Mike Ojiakor</td>
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<td>African Alliance Ins. Co. Ltd</td>
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<td>17)</td>
<td>Dr. S. O. Adeoye</td>
<td>54B Itafaji Road, Dolphin</td>
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<td>18)</td>
<td>M. F. Mmakwe</td>
<td>Economic Affairs Office</td>
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<td>19)</td>
<td>E. I. Ogbehi</td>
<td>National Planning Commission</td>
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<td>20)</td>
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<td>Nig. Inst. of Advanced Legal Studies</td>
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<td>21)</td>
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<td>Banwo &amp; Ighodalo (Solicitors)</td>
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<td>Government House, Lokoja</td>
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<td>23)</td>
<td>Mounir Gwarzo</td>
<td>S.E.C., Abuja</td>
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<td>24)</td>
<td>Mai Mohammed Jir</td>
<td>SGF Office, Presidency</td>
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<td>25)</td>
<td>Kafayat Lambo</td>
<td>Udo Udoma &amp; Bello Osagie</td>
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<td>26)</td>
<td>Edward Ajia</td>
<td>Nigerian Shippers Council</td>
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<td>27)</td>
<td>Joseph Inokotong</td>
<td>Financial Standard, Lagos</td>
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<td>28)</td>
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<td>Wema Bank Plc.</td>
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<td>John Odogwu</td>
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<td>30)</td>
<td>Ralph Friedlander</td>
<td>Embassy of Switzerland</td>
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<td>31)</td>
<td>Mohammed B. Aliyu</td>
<td>CEA to the President’s Office</td>
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<td>32)</td>
<td>Uche Ihejirika</td>
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<td>34)</td>
<td>Ngozi U. Iloabachie</td>
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<td>36)</td>
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37) Abdulkarim Buba
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55) Lanre Rotimi
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58) Moses Akpobasah
59) Eddy Ogbehi

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Ogun State House, Abuja
Gateway Bank Plc.
Nigerian Defence Academy
Blk.8 Abeokuta St., Garki, Abuja.
Citibank
Fed. Min. of Power & Steel
N.I.P.C., Abuja
Magnum Trust Bank Plc.
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Kakawa Discount House
MCS Management Consulting
University of Lagos
Capital Bancorp, Lagos
University of Lagos
Netherlands Embassy, Abuja.
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AR & Associates Ltd., Lagos
Money Market Association
Citibank Nigeria
ICL, Lagos
NPC, Lagos.
Appendix 1

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We received contributions from the following companies towards the successful organisation of the Summit.

Accenture
Andersen
Cadbury Nigeria Plc
Chartered Bank
Chevron Nigeria Limited
Citibank Nigeria
Diamond Bank Limited
Dangote Group
Econet Wireless Nigeria
Emzor Pharmaceuticals Limited
Exxon Mobil
First Bank of Nigeria
First City Monument Bank Limited
FSB International Bank Plc
Honeywell Group Limited
Investment Banking & Trust Company Limited
MBC International Banking Plc
Nal Merchant Bank Plc
Nigerian Bottling Company Plc
Oceanic Bank International Nigeria Limited
Seven Up Plc
Shell Petroleum Development Company Limited
Wema Bank Plc
West Africa Milk Company Plc
West African Portland Cement Plc
Zenith International Bank Limited

In addition, other organisations provided facilities, material, equipment, seconded staff and also offered preferential discount rates for services rendered. These organisations included:

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Bellview Airlines Limited
Briscoe Helicopters Limited
Bolingo Hotel Limited
Chachangi Airlines Limited
Chelsea Hotel Limited
Citibank Nigeria
Crystal Palace Hotel Limited
Diamond Bank Limited
EAS Airlines Limited
FSB International Bank Plc
Nicon Hilton Hotel
Nigeria Airways Limited
Office of the Chief Economic Adviser to the President
Printserve Limited
Parkview Hotel Limited
Rockview Hotel Limited
Seven Up Plc
Shell Petroleum Development Company Limited
Sheraton Hotel and Towers Limited
Sosoliso Airlines Limited
Strategic Research and Investment Limited
United Parcel Services (UPS) Ltd.
Xerox H.S. Nigeria Limited

We acknowledge their support and hereby express our gratitude to all of them for their contribution towards the success of NES #8.
Appendix J

Summit Organisations

Private Sector

Dayo Lawuyi
Sam Oluabunwa
Henry Okolo
Okey Enelamah
Asue Ighodalo
Funko Osibodu
Udimo Itsueli
Udeme Ufot
Moses Akpobasah
Ateo Peterside
Faysal El-Khalil
Mohammed Hayatu-Deen
Anya O. Anya
Murtala Nyako
Chris ‘E Onyemenam
H. J. Jemerigbe
Mary I. Agboli
M. A. Makinde
Obi Iwuagwu
A. I. Adegboroye

Dunlop Nigeria Plc
Neimeath International Pharm. Plc
UTC Plc
Capital Alliance Nigeria Limited
Banwo & Ighodalo
MBC International Bank Ltd
Dubril Oil Co. Limited
S. O & U
ICL (International) Ltd.
Investment Banking and Trust Company Limited
Seven Up Nig. Plc
FSB International Bank Plc
Nigerian Economic Summit Group Ltd/Gte.
Farmers Association of Nigerian
Nigeria Economic Summit Group Ltd/Gte.
Nigeria Employers Consultative Association
Nigeria Economic Summit Group Ltd/Gte.
Nigeria Association of Small and Medium Ent. (NASME)
Nigeria Economic Summit Group Ltd/Gte.
Manufacturers Association of Nigeria (MAN)

Public Sector

T. Adeboye
Tokunbo Adeola
Adamu Maina Waziri
Lekain Balogun
Mohammed Zailani
H. I. Isu

Hon. Commissioner (PLS) National Planning Commission
Special Asst. to the Vice President
Senior Special Asst. to the President
(Sponsors/Organised Private Sector)
Senate Committee on National Planning
Chairman House Committee on National Planning
The Special Adviser On Econ. Matters to the Vice President
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I. O. Adegun
M. C. Eka
Norbert Esenwah
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J. J. Bala
Mohammed B. Aliyu
Benjamin B. Ekwoaba
B. O. Akpanyung
Joe Idada
James Atusue
Steve O. Ayinmode
O. Oshodin

Deputy Director (Projects) National Planning Commission
Deputy Director (Macro) National Planning Commission
President, Cooperative & Thrift Societies (NASSI)
Director (Corporate Affairs) Nigerian Inv. Promotion Com.
Nigerian Institute of Social & Economic Research (NISER)
Director (Inv. Promotions) Nigerian Inv. Promotion Com.
Special Asst. to the Chief Econ. Adviser to the President
P. A to the Chief Economic Adviser to the President
ACPO (R&S) National Planning Commission
Administrative Officer, National Planning Commission
Information Officer, National Planning Commission
P.A. to the Hon. Com. (PLS) Nigerian Planning Commission
Press Secretary to the Chief Econ. Adviser to the President

Logistics and Support Team
Bassey Ita
Davies Bioye
Mike Garba
Augusta Ojugbana
Esse Kughegbe
Chris E. Onyemenam
Ezekiel Uvoh
etc...

Editorial Committee
Moses Akpobasah
Dayo Onibile
Yomi Adesimi
Augusta Ojugbana
Esse Kughegbe
etc...
The Report on the Eighth Nigerian Economic Summit with the theme: “Nigeria’s Economic Priorities: How Do We Deliver”, is an incisive and thorough articulation of an implementation action plan through which democracy dividends can be delivered.

The Eighth Summit, unlike previous Summits which focused on the “big picture and long-term direction issues”, focuses on crafting an action agenda to deliver on economic priorities defined in terms of identified growth drivers namely, job creation, security, infrastructure, sector reforms and investment climate; as well as the required critical and specific actions (to be undertaken by whom, when and how) over the short-to-medium term period, that would generate quantum multiplier effect on the economy and thus stimulate sustainable economic growth and development — an imperative for Nigeria’s nascent democracy to thrive.

It also identifies and emphasizes the fundamental role of Entrepreneurship and the need to follow through on-going reforms if the Nigerian Economy is to present investors with a “preferred investment destination status”, in a highly globalised knowledge economy driven by information technology.