
CASE STUDY 5 – NIGERIA

A Case Study of the Nigerian Economic Summit

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Background

The Nigerian economy in the late 80's and early 90's was characterized by gross mismanagement of public enterprises, dwindling and weak infrastructure, inefficient service delivery, declining economic fortunes, inadequate health care and educational facilities, non-allegiance to the rule of law, poor investment climate and civil and political unrest.

In 1992/93, a group of leading private sector executives who were concerned with the country's economic direction sought to engage Government in a dialogue intended to find solutions to the economic decline. A member of the group, Chief E.A. Shonekan, was invited to head the interim national government in January 1993, and convened the first Nigerian Economic Summit (NES).

The first summit was a success, with appreciation of the advantages of public/private sector collaboration in the pursuance of national development goals progressively widening support for the summit process. Except for 1994 and 2004, the NES has been held each year since then. The summit has retained its focus of providing a forum for public-private sector dialogue and a platform for contributing to the development and progress of Nigeria, especially in the area of economic policies and management.

The Nigerian Economic Summit Group (NESG)

After the success of the first two summits, which were organised by individual champions of public-private partnerships, it was thought that a more formalized structure should be established to anchor the summit process. The Nigerian Economic Summit Group (NESG) was established in 1996 as a platform for the private sector to interface with the public sector.

The NESG, a company limited by guarantee, is an independent, non-partisan organization which aims to foster open and continuous dialogue on Nigeria's economic development. The NESG's vision is "to become Nigeria's leading private sector think-tank committed to the development of a modern globally competitive economy". Its mission is to be "dedicated to achieving sustainable economic development, in the national interest, through responsible private sector initiative."

The distinguishing ethos of the NESG is its focus on the national interest and emphasis on the private sector, with the personal commitment of chief executives and their organisations to an ethical and professional code and the virtue of *'paying to serve'*.

The Three-Day Annual Summit

The National Economic Summit is usually organized for three days, although the summit process transcends the three days of intensive dialogue. The three-day summit comprises plenary sessions, break-out workshops and a session for networking and sharing experiences.

- *Plenary Sessions*: participants share information and perspectives on cross-cutting economic issues.
- *Breakout Workshops*: participants dialogue and debate on sector-specific policies and programmes.
- *Networking/Sharing Experiences Session*: This session facilitates more face-to-face interaction between the public and private sector participants.

The summit is almost always officially opened by the president, with other participants including senior public sector policy makers, chief executives of private enterprises and other stakeholders.

At the end of the summit, conclusions of the various working groups, plenary and other sessions are pulled together into a coherent set of policy recommendations and submitted to the highest level of government for adoption and implementation. Subsequently, the NESG follows up through seven newly-formed Policy Commissions to monitor the implementation and impact of the summit's recommendations.

The Policy Commissions

In the early stages of the NES, one drawback was the lack of a framework for sustained follow-up and monitoring of policy implementation in between the annual summits. To address this need, the NESG introduced in 2003 the idea of Policy Commissions (PCs). There are seven PCs, made up of the core group of participants of the various NES break-out workshops.

The PCs' areas of focus are:

1. **Infrastructure**: energy (gas and power); water; transportation (aviation, rail, inland waterways, ports and roads).
2. **Agriculture**: agricultural production, processing, storage, marketing and finance.
3. **Investment Climate & Competitiveness**: macroeconomic framework; investment; trade policy and competitive industrialisation; privatisation and deregulation; budget and economic coordination.
4. **Human Development**: primary and vocational education; youth development; health.
5. **Non-Oil/Non-Agric Sectors**: SMEs; solid minerals; NEPAD; tourism; banking, finance and insurance.
6. **Governance**: rebuilding institutions; corporate governance.
7. **Science & Technology**: biotechnology; ICT; R&D.

The objective of the PCs is to facilitate the adoption of NES recommendations. They work throughout the year with the active involvement of the Policy Analysis Unit of the National Planning Commission to follow through the implementation of the various reforms recommended by the NES.

The PCs provide an ongoing platform for top-level public-private dialogue on specific sector issues. They identify priority issues, which will be reviewed every two years, and seek to establish consensus on policy options, implementation strategies and performance evaluation, within the framework of a long-term vision.

Achievements

Over the twelve years since the NES began, and especially since the NESG's incorporation in 1996, the NES process has sustained a vigorous and consistent effort to help create an enabling environment which is conducive to good governance, responsible private sector investment and sustainable economic growth and development.

This means improving economic and business management, increasing incentives for the private sector, encouraging participation from stakeholders – including legislators, the judiciary, academia, labour and civil society organisations – and fostering broad support for economic reforms. Some examples:

- **Deregulation:** Summit advocacy led to deregulation in sectors including aviation, finance, communication, primary and secondary education, power, oil and gas.
- **Improving the Investment Climate:** The NES has consistently expressed its concern over the country's poor international image and has repeatedly recommended ways to improve the investment climate so that Nigerians and foreigners alike will be more prepared to invest. These efforts led to:
 - The repeal of the Nigerian Enterprises Promotion Decree (the Indigenization Law), which restricted foreign investments in Nigeria.
 - The enactment of the Nigerian Enterprise Promotion Act 1995, which removed the restriction on foreign investment and provided a general framework for facilitating and promoting investment in Nigeria.
 - The repeal of the Exchange Control Act 1962 and its replacement with the Foreign Exchange Act 1995, which liberalized foreign exchange controls in Nigeria.
 - Efforts are being made to implement other recommendations including a comprehensive and credible privatization programme, consistency in policies to promote macro-economic stability, and the repeal of anti-investment laws. There has been some policy stability in the past four years, the rate of inflation is reducing, and the establishment of the Nigerian Investment Promotion Council has contributed towards reducing the hurdles that prospective investors used to encounter. However, a lot more needs to be done to improve Nigeria's investment climate.
- **Public Sector Reforms:** The summit has persistently advocated for public sector reforms, notably the need to reduce corruption and promote transparency and good governance, monetizing fringe benefits and paying improved wages for public servants. The government has responded positively to these recommendations, although much remains to be done.
- **Private-Public Partnership:** Perhaps the most enduring contribution of the summit has been to reduce mutual suspicion and mistrust between the public and private sectors.
- **Vision 2010:** A long-term economic blueprint for the country, Vision 2010 was adopted as a result of the 1995 and 1996 summits. Although the document was jettisoned by the present government, most of its recommendations have nonetheless been implemented.

While others have also been advocating for the same things, there can be little doubt that the NES process has been the most significant driver of the reform initiatives that the federal government has been gradually implementing over the years. Unfortunately, implementation – especially planning and coordination - has often fallen short of expectation and so the impact on the economy has been less than what was hoped.

Challenges

- **Sustainability:** NESG as a Membership Based Organization gets most of its funding from membership fees and more often than not, membership fees are often inadequate and inconsistent. Challenges faced by the group with respect to this include:
 - **Funding:** Narrow and unstable financial base given the fact that the group must keep abreast of emerging economic policy issues and mobilize resources for research.
 - **Inadequate research infrastructure/capacity:** The group cannot effectively deliver its services without an adequate research and infrastructure capacity.
 - **Focus and value proposition:** As a non-partisan organization, NESG is faced with the challenge, on one hand, of pursuing a value-free and independent mandate, and on the other hand, of keeping its membership base by ensuring their continuous support especially in the areas of funding and participation.
 - **Data/Information:** In-availability of up-to-date and reliable economic data. Engaging in analysis without current and up-to-date data is difficult.
- **Networking:** The mandate of the NESG cannot be effectively and successfully achieved in isolation, and therefore the need for networking. The NESG needs to broaden its partnership and collaborations with other institutions (both local and international) for it to effectively and successfully influence development policies.

Lessons Learned

- Due to the fact that policy implementation and impact have often fallen short of expectation, the average Nigerian has not experience the full benefit of the dialogue process and therefore often tend to see the Summit as some 'talk-shops'.
- While there is hardly any major reform policy that the government has implemented over the past ten years or is currently in the course of implementing which cannot be traced to one summit recommendation or the other, the result of advocacy is difficult to exclusively arrogate to any one organization or individual, since other organizations and individuals have also urged the same or similar policy initiatives.
- Policy makers often fail to acknowledge the significance of advocacy organizations in policy implementation.

Conclusion

The NESG believe the prescription for sustaining reforms and unlocking Nigeria's potential is clear: free markets, allegiance to the rule of law, and investment in public health care and education. A framework for well structured PPD helps non-state actors to maintain pressure for sustaining reform and improving the business environment and economic performance.

Although the achievements of NESG are now well recognized, as noted in the World Bank's Regional Program for Enterprise Development (RPED) Survey of 2002, there is need to sustain and indeed strengthen its human and institutional capacity, especially in the areas of research and advocacy, to enable it to continue to engage government and other stakeholders effectively on issues of private sector development. To do this, NESG needs to broaden its source of funding and build collaborative linkages with similar institutions both at home and abroad.

Author:

Mansur Ahmed, Director General and Chief Executive of the Nigerian Economic Summit Group

Mansur Ahmed is currently the Director General and Chief Executive of the Nigerian Economic Summit Group, a position he assumed in January 2004 following his retirement from the Nigerian National Petroleum Corporation. He had been involved in the activities of the NESG as one of its public sector collaborators since the inception of the Nigerian Economic Summit in 1993.

Engineer Ahmed has a first degree in Mechanical Engineering from Nottingham University (1972) and a Masters degree in Industrial Engineering and Administration from Cranfield Institute of Technology (now Cranfield University 1975) both in the UK. He also has a postgraduate certificate in Investment Appraisal and Management from the Harvard Institute of International Development among other qualifications.

Mansur began his working life in 1972 as a Research Assistant with the Epsom Research Laboratories, UK. He returned to Nigeria in February 1973 and joined the Ahmadu Bello University as an Assistant Lecturer in the Department of Mechanical Engineering. Three years later he left the university to commence a career in industry and commerce. Between 1973 and 1984 he worked in various manufacturing industries including Dunlop Nigeria Industries Limited, Bagauda Textiles Limited and Kaduna Textiles Limited.

In 1984, he joined the New Nigerian Development Company Limited (NNDC), a development finance company with subsidiaries in various sectors in manufacturing, commerce and banking. He was Executive Director in charge of the Construction and Building Products Division, which oversaw the company's investments in cement manufacturing, steel and aluminum fabrication and other building materials.

In 1988 he transferred his services to the Nigerian National Petroleum Corporation (NNPC). He served the Corporation from 1988 to 2003 in various capacities including Managing Director and Chief Executive at Kaduna Refining and Petrochemical Company (1988–91) and Managing Director and Chief Executive at Port Harcourt Refining Company (1992 –99). In July 1999 he was appointed Group Executive Director in charge of the Corporation's Refining and Petrochemical Directorate. He retired from the corporation in August 2003.

Ahmed is a fellow of the Nigerian Society of Engineers and the Nigerian Institute of Management. He is a non-executive member of the board of directors of Dunlop Nigeria Plc and serves on many national committees including the following:

- The Nigerian Vision 2010 Committee;
- The Oil and Gas Sub-Committee of the National Privatization Council;
- The National Working Group for the conduct of the African Peer Review Mechanism in Nigeria;
- The Committee on the Assessment and Monitoring of the Millennium Development Goals; and
- The National Council on Reforms.