

Business Environment and Competitiveness in Nigeria – Considerations for Nigeria’s Vision 2020

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Abstract

Business environment and competitiveness constitute what is generally regarded as ‘functioning’, which facilitates production and service delivery. Business potentials and possibilities are numerous in Nigeria, but the business environment is widely considered costly and risky, with difficulties in starting businesses, dealing with licenses, and enforcing contracts. Equally the turnabout time for registration of property and obtaining approvals/certifications are considerably long. Improving the business environment calls for holistic planning, policy consistency, deepening of the financial sector, and decentralization of certifications, licensing, and approvals. The paper is divided into four parts. The first part discusses the enablers and de-enablers of business competitiveness. The second part, attempts a brief description of Nigeria’s business environment, and the third identifies key learning points from the experiences of highly competitive economies. The concluding part identifies key imperatives for Nigeria’s business environment to meet the overall expectations of Vision 20: 2020.

Keywords: competitiveness, doing business

1. Introduction

Business environment are the set of norms and values, legal and regulatory frameworks, trade and investment rules, governance and institutions, and the overall policy milieu that set rules for conduct of business, and influence (positively or negatively) the performance of markets, flow of investment, factor productivity, and the cost of doing business. Put together, business environment and competitiveness constitute what is generally regarded as ‘functioning’, which facilitates production and service delivery. Business environment is synonymous with investment climate, business climate, or enabling conditions and an economy’s competitiveness determines returns to investment in the country or, relative to the others. Together, business environment and competitiveness determine the ‘absorptive capacity’ of an economy.

Generally, the set of ‘enablers’ include easy and simplified documentation and fewer procedures for licensing and certifications, strong capacity for enforcing contracts, clear definition of property rights, healthy business norms (truth telling, reciprocity, and collective conscience, and so on), while the set of ‘de-enablers’ include corruption and rent seeking, poor and inadequate infrastructures particularly for energy, ICT and transportation, insecurity of lives and property, and general institutional failures. Lessons from the experiences of fast growing economies like Dubai (United Arab Emirate), Hong Kong (China), and Singapore show strong positive links of

competitiveness to growth in tourism and financial facilitation, and negative links with gender imbalances and restrictions to the freedom of women and children.¹

Global investments and finance tend to settle faster around well maintained and managed enterprise clusters, technological and financial parks, and free trade zones. In effect, conventional neoclassical economics' bases for comparative advantage, such as factor endowment and abundance of human/mineral resources have increasingly become less important.

2. Competitiveness Enablers and the Emerging Global Trends

The key enablers of competitiveness are easy and simplified documentation, fewer procedures for licensing and certifications, strong capacity for enforcing contracts, clear definition of property rights, social capital (truth-telling, reciprocity, and collective conscience), while the key de-enablers are corruption and rent seeking, poor and inadequate physical infrastructures and social amenities, insecurity of lives and property, and general institutional failures. The emerging trend in global competitiveness are strong positive links with growth in tourism, fewer restrictions on dressing codes for women and children, religious freedom, and seamless financial facilitation. Global investments and funding tend to settle faster around well maintained and managed enterprise clusters, technology and financial parks, and free trade zones. Factor endowment and abundance of human/mineral resources have increasingly become less important.

Business competitiveness enables a country (or business) to provide goods and services effectively (that is, producing the right things) and efficiently (using the appropriate technologies), relative to its rivals. Business environment defines the scope for competitiveness, while competitiveness puts pressure on the business environment to innovate further. Two levels of competitiveness, namely; enterprise level and national-level are delineable. Enterprise-level efficiency affects profitability and performance of enterprises directly, while national level efficiency is for the entire economy. National-level efficiency is not necessarily a simple sum of enterprise-level efficiency because the national economy can be composed of a few large, efficient, and successful firms that operate as enclave economies, having insignificant linkages with other sectors and unable to promote growth. National-level efficiency is necessary for attaining enterprise level efficiency because it provides the global setting that firms need to take for granted. Achieving national-level efficiency calls for a number of critical enabling infrastructures, such as; energy/power supply, ICT, security, skilled workforce, favourable external trading conditions, research and development, macroeconomic stability, as well as a supportive socio-cultural milieu that more efficient to provide nationally.

National-level competitiveness is necessary for the overall efficiency of the economy, but does not guarantee a business environment that is preferred by local and foreign investors. In other words, national-level competitiveness is necessary but by no means sufficient for enthroning enterprise-level competitiveness. Enterprises across industries and locations require specialized 'conditioning' factors to render businesses competitive and attractive. National goals may sometimes conflict with the profit-maximizing motive of private enterprises. Rich countries may not have much need for foreign direct investment (FDI), and so prefer to protect local producers at the expense of foreign investors. In such countries, the choice of enterprise-level enablers would be different from those of poorer countries that consider foreign capital inflow as the critical factor. Accordingly, the type, structure, and content of support and incentives required depend on the overall aspiration of an economy, the constraining factors, and the development ideology adopted. For many poor countries (like Nigeria) enterprise level competitiveness calls for measures to ease entry of foreign investment and reduce the cost of doing business. Such measures would include removal of obstacles to liberal trade, ensuring accessibility and affordability of credit, and other incentives considered necessary for promoting private participation and investment.

¹ Doing Business Report (2009) is a publication of the Doing Business (World Bank) Group.

Both levels of competitiveness are better served by commitment to modernization of infrastructures for transportation, trade, energy/power, education, research and development, business and technological databases, and direct financial support to local investors. The key drivers of national-level competitiveness include maintaining a stable and pro-growth regulatory and fiscal environment, substantial investment in policy research, and investment in critical infrastructures, particularly education and technical skills acquisition, energy/power and ICT. Strong commitment to participatory planning, monitoring and evaluation, public enlightenment, and political mobilization are equally essential.

2.1. Competitiveness and the Role of Government

A strong government that has capability for intervening directly in the real sector without compromising its core regulatory functions is necessary for promoting and sustaining overall competitiveness. The trend since the 1990s is strong government existing side by side with public-private-partnership (PPP), instead of wholesale privatization/commercialization of the SAP era (1980-1990). It is quite obvious that there is no substitute for a corruption free government that is committed to sound planning and development.

China offers a classic example of how government institutions can facilitate national-level and enterprise level competitiveness simultaneously. About 70 percent of manufactures from China are produced by its Armed Forces. So in addition to being an effective security institution, the defense sector in China is equally the prime manufacturing growth driver. This contrasts the situation in Nigeria and several other poor countries where the defense sector drains away substantial resources. The situation is more worrisome when it is understood that the armed forces usually recruits and maintains the best trained and disciplined workforce. Ensuring the identification and optimal utilization of all resources, and showing more sensitivity to the challenges and concerns of private operators in an increasing global marketplace is the minimum required of government for creating and sustaining enabling conditions for local and foreign investors. Policy consistency and continuity strengthen investors' confidence in the business environment and allow for effective growth planning.

2.2. Business Environment and Competitiveness in Nigeria

Nigeria's business environment is generally considered to be costly, uncertain and inhospitable. There is broad acceptance that the vast potentials in Nigeria can offer high returns, but doing business in Nigeria is difficult and risky. Ajayi (2008) puts it simply this way, 'Doing business in Nigeria can be tough and risky...one could grow gray hairs prematurely, or become highly hypertensive. But when one gets it right the returns are usually well above world average'. The major challenges are a weak Naira, which compounds the difficulties associated with high import dependence, high cost of funds, unstable power supply, unfair competition from some foreign goods, advanced fee fraud, high duties and multiple taxes, cable and facility vandalism, and relatively low purchasing power. Ajayi (2008) was specifically concerned with the ICT sector, but his views can apply to other sectors in Nigeria.²

Equally Simon Kolawole³ reports that in September 2008, the IMF identified Nigeria as a frontier emerging market, implying that the country is expected to be an attractive destination for foreign investment. This expectation was based on the impressive oil boom induced growth rates, growing private sector performance and a robust financial market, which pointed towards strong business optimism and competitiveness. But actual outcomes have fallen short of the expectations due largely to poor leadership by the government and the public service. Lack of political will and poor service delivery are among the key de-enablers; the immediate outcomes are inadequate commitment to plan preparation and implementation, and weak capacity for monitoring and evaluation (M &E),

² Ajaji Lanre 'ICT Business in Nigeria: Challenges and Opportunities' *lanre"pinet.com.ng*.

³ Kolawole, Simon 'Defining Nigeria's Competitiveness through Emerging Leadership' – Keynote address at the Nigerian Development and Finance Forum(2009) Conference May 1, 2009: The Guomen Hotel London, UK. Simon Kolawole is Editor of Thisday Newspaper, A Nigerian Daily Newspaper.

which cripples regulatory and service delivery institutions and leads to frequent policy reversals and insensitivity to the needs of private businesses. These undesirable outcomes promote and intensify sundry corrupt practices and severely constrain competitiveness; the ultimate outcome is an inhospitable business environment.

Doing Business in Nigeria Report (2008) observes that there were difficulties in starting businesses, weak capacity for dealing with licenses, long turnabout time for registration of property, and weak capacity for enforcing contracts. Nigeria was ranked 118th out of 181 by Doing Business Report (2009). Similarly, the 2008/2009 Global Competitiveness Index (GCI) of the World Economic Forum ranked Nigeria 94th out of 134 economies of the world, in terms of Business Competitiveness. The GCI identifies inadequate infrastructures, access to financing, corruption, policy instability, inflation, crime and theft, and poor work ethics, as key de-enablers. The GCI defines 12 factors as critical to global competitiveness; these are referred to as the 12 pillars of competitiveness (as shown below). The 12 pillars are grouped into basic requirements, efficiency enhancers, and innovation and sophistication factors. The 3 levels of business competitiveness correspond to three types of economies, namely; factor driven, efficiency-driven, and technological sophisticated economies. Nigeria is in the factor driven stage, where development is tied to significant improvements in basic infrastructures.

2.3. Past Failures and Recent Optimism

Successive Federal, State, and Local Governments have, since the mid-1980s, implemented a wide range of reforms aimed at removing obstacles to investment growth. Such reform efforts include privatization/commercialization of public enterprises, establishment of a plethora of financing institutions and initiatives, abolishment of several laws that were considered inhibitive to growth in private investment, and establishment of the National Investment Promotion Commission (NIPC), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) among several other agencies and institutions. These are yet to achieve their mandates due largely to poor funding, policy inconsistencies, conflict of functions, and lack of political will by Government.

In the 1960s Nigeria was a big food exporter, but now depends on food imports for its subsistence. Notwithstanding, about 60 percent of Nigerians still have jobs in agriculture. Nigeria is home to smaller manufacturing facilities for vehicle assembling, t-shirts and processed food. Textile and leather industries are found in Nigerian cities of Abeokuta, Kano, Lagos, and Onitsha. The major non-oil exports are handicraft, home textiles, and basic furniture. Nigeria's mining industry offers opportunities for trade and investment, but despite the huge mineral deposits the mining industry is still poorly developed. Nigeria's major export, crude petroleum, is a primary produce whose market conditions are volatile and vulnerable to external shocks. The petroleum sector provides over 20 percent of GDP, but is neither capable of generating employment (due to its high capital intensity), nor able to create remarkable forward and backward linkages to other sectors (due to its high import dependence). Since the 2005 activities of militants in the Niger Delta region, and illegal bunkering have reduced significantly Nigeria's crude oil exports, and dampened the prospects for further investments. Oil production has consistently remained below the officially certified capacity due largely to these factors. The Amnesty Programmes initiated by the Late President Yar'Adua was able to reduce activities of militants significantly, but bunkering has grown unabated. A significant proportion of the stolen crude oil is used by the so called illegal refiners to for producing AGO (or diesel) whose importation was deregulated, while the other proportion is exported.

The preconditions for diversifying Nigeria's economy include re-writing several federal laws that put economic resources, especially mineral resources in the hands of the Federal Government, and other laws that confer monopoly on government agencies in the power and transport sectors (especially railways and waterways). There is equally need to maintain the optimal mix between the search for more FDI and growing the domestic capacity to produce, since a country's capacity for absorb gains from FDI inflow is largely dependent on the extent that its people adapt and adopt new technologies.

Nigeria is highly deficient in financial and managerial capital, and foreign investment is required to grow the economy and strengthen its absorptive capacity. Poverty is widespread and domestic savings is low and inadequate. The World Bank estimates that about 80 percent of the earnings from oil exports go to Government; 16 percent covers operational costs, and only 4 percent goes to investors. Out of that 80 percent that is received and shared to the 3 tiers of Government only 20 percent is used for the business of governance, the remaining 80 percent is either lost to corruption or misused through poor planning!

In 2006, government took significant steps toward market reforms, such as privatization of NITEL and 8 oil service companies. Privatization continued in 2007, and a bank consolidation plan was implemented. But the publicly owned transport infrastructures remain a major impediment to growth. Electricity supply remained erratic, and non-functioning refineries deprive the country of reliable petroleum products supply. Nigeria's implementation of non-tariff barriers has been arbitrary and uneven. Indeed inadequate institutional support, security concerns, and poor infrastructure have deterred foreign investors. Nigeria imported \$128.6 million in telecommunications equipments (up by 71.4 %); an increasing number now use Internet services. This offers enormous opportunities for gainful investment in ICT user products, technologies, accessories, and equipments. Equally, energy/power demands in the country far exceed the production capacity of the national supplier, and provide opportunities for viable investments in the energy sector. There are also emerging opportunities for viable investments in transportation, health, and education, among others. But resolving the Niger Delta and Boko Haram crises, diversifying the economy from petroleum oil, attracting investment into petroleum refining and petrochemicals, modernizing agriculture, and growing the mining sector are among the key requirements for stimulating the competitiveness of Nigeria's poor performing economy. Government needs to strengthen its capacity to invest directly alongside creating and sustaining a durable framework for public private partnership.

2.4. Current Plans and Programmes of Nigeria

During the period 2003-2007, Nigeria attempted to implement an economic reform programme called NEEDS. NEEDS sought to raise living standards through a variety of reforms for achieving macroeconomic stabilization, deregulation, liberalization/privatization, transparency and accountability. The counterpart initiatives at the State and LGCs levels were SEEDS and LEEDS, A longer-term economic development program is the UN sponsored Millennium Development Goals (MDGs), which covers 2000-2015. The efforts of Government at anti corruption are yielding some good results, as Nigeria's ranking by Transparency international 2007 (108 out of 180) was an improvement over the 2001 ranking (147 out of 180) (Wikipedia, 2008).

Since 2007, the Government has taken steps to consolidate the success of 2003-2007. The reform programme is being invigorated with updated plan documents, the 7 Point Development Agenda, Nigeria Vision 20: 2020, National Medium Term Expenditure Framework (MTEF), and the most recent one being the Transformation Agenda. Nigeria Vision 20:2020 document outlines the comprehensive roadmap for leapfrogging Nigeria from poverty to prosperity by 2020. Implementation of NV 20: 2020 should have commenced in 2010, but there are fears already that the late take off of the Vision may make its intended outcomes unrealisable. The sudden death of Late President Yar'Adua delayed work on the Vision document, showing clearly that the generally incapacity for continuity and policy consistency. Equally, the NEEDS agenda was jettisoned by the President Jonathan's Government whose current focus is on the transformation agenda. The reluctance of the current Government to implement fully the plans and programmes of the previous administration, even when the current President was Vice President during the Yar'Adua administration leaves much to be desired.

Corruption is still endemic, and funds allocated for projects are often misused or diverted with impunity. There are also challenge posed by the stiff competition that the local firms face in global markets and how often they are edged out by more efficient and aggressive firms who are often subsidized by their home governments. Equally, rapid changes in technologies make it very difficult

for newcomers, like Nigerian firms, to cope. Achieving and sustaining success call for continuity and steadfastness in implementation of the NV 20: 2020 plan. But there are fears that NV 20: 2020 may be abandoned midstream like Vision 2010 of Late Head of State, Sani Abacha. There is need to institutionalize continuity and policy consistency and reduce the frequent resort to ad-hocism. This calls for a leadership that is willing to sacrifice the excesses of the political class for the common good of the citizens.

3. Indices of Global Competitiveness

The most popular global indices for comparative benchmarking of competitiveness, currently, are the OECD Indicators of Product Market Regulation, the IMD's World Competitiveness Index, Global Competitive Index, and the Doing Business functions. The IMD is the first and most well known reference for analyzing and ranking competitiveness of nations. The World Competitiveness Year Book (WCY) of the IMD ranks and analyzes the ability of nations to maintain an environment in which enterprises can compete. The national (business) environment is divided into four main factors, namely economic performance, government efficiency, business efficiency, and infrastructure. Each of these factors is further sub-divided at various levels. Ultimately, the sub-factors are more than 300 criteria. 57 countries were covered by WCY 2009, with USA, Hong Kong (China), and Singapore as 1st, 2nd, and 3rd best successively. Nigeria was not listed for benchmarking (see IMD World Competitiveness Yearbook 2009 www.imd.ch/wcy09). In any case, it is proven that ranking across the 4 sets of global benchmarking indices are highly correlated (Doing Business, 2009).

The OECD indicators of Product Market Regulation (PMR) focuses on how government regulation and administrative guidelines can affect enterprise level efficiency. The PMR measures the degree that policies promote or inhibit competitiveness in areas of product market where competition is viable. The indicators are in 3 levels that cover, state control of business enterprises, legal and administrative barriers to entrepreneurship, and barriers to international trade. The Integrated PMR Indicator for 2008 covers 30 economies. Nigeria was not listed for benchmarking. (More details on the construction of these indicators can be found in Wolfl, A., Wanner, T. Kozluk, G. Nicoletti (2009), Product Market Regulation in OECD Countries 1998-2008, forthcoming as OECD Economics Department Working Paper, OECD, Paris).

The Global Competitive Index (GCI) of the World Economic Forum focuses on efficiency of the national economy, and lays out the requirements for an economy to grow from one trajectory of efficiency to another until the capacity for innovativeness is attained and sustained. The GCI ranks countries on the basis of 12 pillars of competitiveness, namely; institutions, infrastructure, macroeconomic stability, basic health and primary education, higher education and training; goods market efficiency, labour market efficiency, financial market sophistication, technological readiness, market size, business sophistication, and innovation. The Global Competitiveness Report (2008-2009) ranked the United States 1st, Switzerland 2nd, and Singapore 5th. Nigeria was ranked 94th out of 134 countries (World Economic Forum, 2009).

Doing Business functions focus on factors that increase ease of doing business by enterprises. Specifically, it provides a quantitative measure of regulations for starting a business, dealing with constructive permits, employing workers, registering property rights, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business. However, Doing Business functions do not measure security, macroeconomic stability, corruption, labour skill of the population, strength of institutions, infrastructural constraints, and regulations specific to foreign investment. Doing Business in Nigeria (2008) is the first sub national report on business environment and enterprise-level competitiveness in Sub-Saharan Africa. Doing Business in Nigeria (2008) provides local content for benchmarking the business environment and competitiveness within Nigeria. It covered 10 states and Abuja, comparing them with each other and with 178 economies around the world. The program was linked to NEEDS and the Country Partnership Strategy between Nigeria and the UK Department for International Development, and the World Bank Doing Business Group. Apart

from Lagos and Abuja, other States covered were Cross River, Sokoto, Bauchi, Kano, Abia, Enugu, Anambra, and Ogun. Kaduna State came out best, while Ogun was rated the most difficult. However, even the best Nigerian States were not internationally competitive for some indicators. Among 178 economies compared, Nigeria – represented by Lagos ranked – was ranked 108th. African countries placed ahead of Nigeria included Botswana, Ethiopia, Ghana, Kenya, and South Africa. Worldwide, doing business was easiest in Singapore, followed by New Zealand, United States, and Hong Kong (China). Mauritius, ranked 27th, was the only African country in the top 30.

Notwithstanding its overall low rating, doing business in Nigeria became much easier in 2006/07 due to computerization of company registry, and reduction in turnaround time for obtaining building permits in Lagos to 30 days. But Nigeria's overall ranking did not improve substantially because other countries were reforming vigorously. For instance, in 2006/07 alone, 98 economies introduced about 200 reforms, and African countries like Burkina Faso, Ghana, Kenya, Madagascar and Mozambique were leading.

3.1. Selected Benchmarking Comparators

Singapore and Mauritius were adopted the benchmark comparators or control economies against which the Nigerian case was evaluated and learning points drawn. Singapore was 1st out of 181 countries benchmarked globally, while Mauritius was 1st out of 46 Sub-Saharan African countries in 2009. A summary of the relative ranking and scores for Nigeria, Singapore, and Mauritius are provided below.

Singapore

Singapore has a highly developed private sector, with minimal government intervention. However government maintains an institution, Sovereign Wealth Fund (SWF) for providing financial facilitation to enterprises and support for strategic government owned corporation. Public finance management is transparent and corruption free. Prices are generally stable, per capita income is high (\$52,000), and export is dominated by high-tech goods. Singapore engages seriously in entrepot trade. Government spends a substantial part of its budget on education and knowledge. Domestic savings occasioned by the mandatory retirement payment scheme (similar to Nigeria's Pension Fund) is invested prudently. The Singapore Economic Development Board (EDB) (similar to Nigeria's NIPC) continues to attract investments on a large scale for the country. Electricity production is 41,137.7 MW, while consumption is 37,420.3 MW. Singapore has a history of long years of policy consistency, and commitment to planning is total.⁴ Success with NV20: 2020 calls for a durable framework for investment of Pension Fund, and the need to strengthen the NIPC for aggressive investment promotion.

Mauritius

Since independence in 1968, Mauritius has developed from a low income, agriculturally based economy to a middle-income diversified economy with growing industrial, financial, and tourism sectors. GDP per capita is \$12,800 (2005 est.). GDP by sectors shows that agriculture contributes only 5.9%, industry 28.8%, services 38.3%, and tourism 54.6% (2008 est.). Inflation rate (CPI) is 5%, while the main industries are food processing (largely sugar milling), clothing, textiles, chemicals, metal products, transport equipments, non-electrical machinery, and tourism. Exports goods are mainly clothing and textiles, sugar, cut flowers, and molasses. The key development drivers are; expanding local financial institutions, and a fast growing telecommunication industry. There is also the Board of Investment, an agency of the government of Mauritius whose aim is to promote and facilitate investment. Electricity production is 18,360 MWH while consumption is 17, 070 MWH.⁵ Nigeria can draw lessons from how Mauritius has emerged as among fast growing economy through the transformation of its agricultural sector. There are equally lessons to be learnt from the success with public sector investment as coordinated by the Board of Investment.

⁴ Economy of Singapore, Wikipedia

⁵ Economy of Mauritius, Wikipedia

Table 1 shows comparative benchmark ranking from the four global competitive indices, namely; IMD's World Competitive Yearbook, OECD indicators of Product Market Regulations, Global Competitive Index, and the Doing Business Functions. Singapore was ranked 2nd in the IMD index (Nigeria and Mauritius were not listed). OECD indicators did not list the three countries. The GCI index and Doing Business functions listed the three countries: Nigeria was 94th on the GCI and 118th by Doing Business; Singapore was 5th on the GCI and 1st on Doing Business; and Mauritius was 57th on the GCI and 24th on Doing Business.

Table 2 provides compares the performance of Nigeria, Mauritius, and Singapore based on the Doing Business Report for 2009: Singapore was the overall best performer; Mauritius was 27th and Sub Saharan Africa's best performer; and while Nigeria was 118th.

Table 1: Overall Ranking by Global Competitiveness Indices

Global Competitive Indices	Nigeria	Singapore	Mauritius
IMD's World Competitive Yearbook (2008)	Not Listed	2/57	Not Listed
OECD indicators of Product Market Regulations	Not Listed	Not Listed	Not listed
Global Competitive Index (2008-2009)	94/134	5/134	57/134
Doing Business Functions (2009)	118/181	1/181	24/181

Table 2: Comparative Benchmarking Analysis (Doing Business 2009)

S/n	Benchmark Control Countries	Basis for Selection	Overall Ranking (2009) Ease of Doing Business	Starting business	Construction permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing Businesses
1	Singapore (Global best performer	1/181	10	2	1	15	5	2	5	1	14	2
2	Nigeria)		(118/181)	91	151	27	178	84	53	120	144	90	91
	Mauritius	SSA Best Performer	1/46	1	3	8	20	7	2	1	1	10	7
	(Nigeria)		(12/46)	10	34	2	46	7	6	25	23	16	13

4. Key Learning Points/Imperatives and Opportunities

Efficient Public Service Delivery

Public service delivery is poor in Nigeria relative to what obtains in Singapore and Mauritius. Unclear definition of mandates and roles, and conflict of functions make it difficult to monitor and evaluate performance, and locate failure/success to specific offices and officials. Unnecessary duplication of functions that leads to the unintended neglect of certain activities and projects is very common. There is also preference for stop-gap, partial interventionism, rather than holistic planning. Preferences for partial interventionism and ad hocism make it much easier for heads of government establishments to build political capital by initiating fresh self-styled projects, instead of continuing with past programmes. Lack of continuity promotes corruption as it allows little or no reference to past spending records. This stop-gap, taskforce, approach neither allows for coordinated implementation of government programmes/projects nor effective monitoring and evaluation. Partial interventionism at the Federal level is replicated in the States, and the Local Government Councils; the ultimate outcomes being policy failures, unsatisfactory public service delivery, rent seeking, and sundry corrupt practices.

Many analysts identify corruption as Nigeria's main development problem, without giving consideration to the obvious planning and monitoring and evaluation incapacities that dominate the business of governance since independence. Clear specification of roles through holistic implementation planning and value for money M & E will enthrone and institutionalize the holistic and logical planning framework.

Tenure Elongation

Lessons from the history of the benchmark comparators, and other fast developing economies, show a strong link between longevity of governments and policy continuity/consistency. The political economy and sustainability of Nigeria's 4 year term for elected public officers and legislators at the Federal and State Government levels need to be re-examined critically. Nigeria is a large country and conducting elections usually cost billion of scarce funds that could be used elsewhere. Besides, since independence incumbency have dictated the trend of elections, and all elections have been marked by severe political and economic disruptions. There are several instances where the outcomes of elections are determined without regards to actual voting, making such elections sheer waste of resources. It may be more expedient now to replace the current arrangement with an 8-year single term. The 8-year single term will eliminate financial waste and social disruptions associated with rigged and poorly managed elections, and allow a particular government more time to initiate and implement medium term plans and programmes. Lessons from the experiences of Singapore particularly show with longevity of mature leadership, a country can development much faster, regardless of whether the government is democratic or totalitarian.

The 4-year renewable term currently practiced in Nigeria is destabilizing. After an election, the eventual winner is returned as duly elected and sworn in. But it does not end there; other contestants often resort to the courts to contest the outcomes and the legal process may subsist for years, keeping the incumbent generally unsettled and unable to perform optimally throughout the 4-year term. Assume that an elected officer wins the court cases in the 2nd year of the first term; it is most likely that he/she would desire a second term, and often preparations for re-election commences in the second or third year of the tenure – another major distraction. Naturally elected officers do everything to remain in office, with several cost implications. So a typical Governor or President is quite often embroiled in settling election petitions in the 1st 2 years, and preparing for re-election in the last 2 years!

The immediate and remote causes of poor conduct of elections and lengthy waiting time for election cases needs to be identified and addressed expeditiously. But it may be in the national interest to allow a single term of 7 to 8 years for elected office holders at Federal and State levels, as chances that the incumbent gets re-elected are very high. The 7 to 8 year term gives elected officers adequate time to implement their plans successfully. Tenure elongation was considered by the National Assembly in 2006 as part of issues listed for constitutional amendment, but the entire process of was aborted. It would be needful to re-consider the issue of tenure elongation in the national interest.

Decentralization of State Authority

Overall competitiveness is constrained by excessive centralization of power and fiscal authority at the national level. To ease the process of certification and obtaining approvals, and in the spirit of federalism, there is need to devolve power to the States and the Local Governments as the different cases apply. The current roles of national institutions like National Universities Commission, Joint Admissions and Matriculations Board (JAMB), Corporate Affairs Commission (CAC), Nigeria Police, Immigration Service, etc, need to be redefined. There is need to reflect on all national level institutions with a view to restructuring them to meet the expectations of federalism and remove lengthy procedures that may have lost their usefulness over time. For instance, in today's digital world, company registration and the filing of tax returns may not require an agency as large and expensive as the Corporate Affairs Commission (CAC). Such transactions can be executed on-line in much the same manner as opening e-mail addresses or managing websites. A situation where name search operation take days, and people need to travel to Abuja to hasten the process can be eliminated completely through a fully digital company registry and the technology for doing this is readily available.

Economic Governance Education for Politicians

Economic governance, as measured by the capacity to formulate and implement plans, and manage public institutions effectively and efficiently, is weak in Nigeria relative to what obtains in Singapore

and Mauritius. In both Singapore and Mauritius State run enterprises are operated profitably. When poor leadership and weak governance are discussed in Nigeria, corruption is often identified as the root cause, and it is taken for granted that people in government know what they are doing, when indeed many of them had no previous training and experience in economic governance. The immediate result is a set of leaders; Presidents, Governors, Local Governments Chairmen, and Legislators who learn, while in Office, to fit into their official roles and responsibilities. The ultimate outcome is poor leadership, incompetence, and poor public service delivery. Currently, there no institutionalized training programmes for potential political leaders in Nigeria. This is largely why politics in Nigeria is an all comers affair, as any person can become a politician and aspire to hold public office. The Athenian idea of ‘philosopher kings’ upon which modern democracy bore its root lacks a place in Nigeria’s political space.

Sound economic governance is highly skill oriented, core competence driven, and holistic and even university graduates require further training to enhance their practical relevance and professional competence. In addition to training programmes/workshops/seminars for political office holders, there is need to establish a command type institute for political and citizenship education to certify prospective candidates for elections. Courses on such areas as protocol, political philosophy, self-defense, driving, financial management, negotiations, and social mobilization, among others should be packaged for politicians nominated from political parties and a variety of citizens based groups.

Deepening the Financial Sector

The history of central banking show that the central banks of today’s advanced economies provided direct financial, investment facilitation, and market making supports to private (domestic) enterprises of their economies during the early periods of their development. The so-called financial bailout initiatives and stimulus packages for bankrupt private enterprises show how far the advanced capitalist economies can go with providing direct financial support to private enterprises. It is fallacious to expect local investors to achieve serious growth within Nigeria’s difficult operational environment without significant government support. There is an urgent need to create and sustain national and state level agencies for financial and investment facilitations, international linkages, and market making.

It may be useful to deconstruct the Central Bank of Nigeria by creating out of it three national institutions to perform the core functions of monetary regulation, development finance facilitation, and market-making. The regulatory institution should ensure that all bank and non-bank financial institutions operate within required rules and standards as are informed through relevant macroeconomic researches. The development finance facilitation center will coordinate all investment finance matters, and serve as one-stop shop for investment facilitation to local and foreign investors, bankers’ bank, and banker of government. The market-making institution would gather information on existing local and foreign markets, and where necessary provide buyer of last resort services for innovations, discoveries, and other products that have long term uses, but are unable to face the open market. Creating the three financial institutions out of the present Central Bank of Nigeria would deepen the financial sector, and promote financial sophistication.

5. Key Learning Points/Imperatives and Opportunities

Institutionalize holistic planning	Enhance service delivery, reduce duplications and avoidable waste, ensure continuity, and check corruption
Tenure Elongation	Stabilize the polity and allow for completion of long-term development programmes
Decentralize certifications and approvals	Enhances efficiency by creating room for competition across the states, and reduce
Political and citizenship education for politicians	Strengthen capacity for economic governance.
Deepen the financial sector	Enhance efficiency and sophistication of the financial Sector.

6. Implementation Imperatives

The implementation period covers 11 years (January 2010 –December 2020). Commencing full implementation of the Vision calls for completion of the following pre-implementation activities before January 2010:

- **Stakeholders Identification** – The relevant stakeholders need to be identified and their relative relevance to the achieving the goals determined and measured. This will allow for assignment of work tasks and initiatives to stakeholders. Clearly, the stakeholders would include Federal and State MDAs that are linked to investment promotion, trade and commerce, regulatory/certification agencies, the judiciary and legislature, related NGO/business groups, etc.
- **Stakeholders Analysis** – To sensitise the stakeholders on their respective roles/expected outputs, required inputs, channels of delivery, and linkages with other stakeholders within the thematic area.
- **Formation of Business Environment and Competitiveness Clusters** – this should be made up of the key stakeholders.
- **Cluster Logframe Workshop** – prepare a detailed implementation strategy document, streamline procedures and approaches, and agree on the framework for participatory monitoring and evaluation.

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