

Nigeria's Priorities for Progress: Imperatives for Stability and Inclusive Growth

Speaker: Dr Doyin Okupe

Senior Special Assistant in Public Affairs to the President of Nigeria

Chair: Alex Vines

Research Director, Area Studies and International Law; Head, Africa Programme, Chatham House

24 July 2014

The views expressed in this document are the sole responsibility of the speaker(s) and participants do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions. The published text of speeches and presentations may differ from delivery.

Doyin Okupe

It was with great pleasure and profound humility that I accepted this invitation from Chatham House to discuss key areas of Nigeria's social, economic and political development strategy. I think that there is an essential need for a greater understanding of Nigeria as a country in these trying times. Nigeria is moving out of the pack of Third World economies and rapidly emerging as a leading global player, as the world's fourth largest democracy and Africa's largest economy. However, this progress is being threatened by the current security challenges brought about by insurgency and acts of terrorism. I will therefore start by addressing this security issue, which is currently the major priority for President Goodluck Jonathan's administration.

In this regard, therefore, our foremost priorities include the safe return of the kidnapped Chibok girls; defeating the wider Boko Haram menace; restoring normalcy in the north eastern part of Nigeria; and rebuilding the infrastructure, facilities and institutions affected by insurgency. It is a tragedy that our girls were kidnapped in the first place and that they have been abducted for so long. But was this tragedy preventable? Certainly - if the recommendation given by the federal government to relocate schools in high risk areas had taken place at state level, this sad incident would never have occurred. However, this is not the time for blame. Our focus and resolve remains on getting back our girls safely.

Before going into what detail I can give about our efforts without compromising the safety of the girls and our security forces, it is important to address some of the misconceptions about the current military actions in Nigeria and, in particular, the Chibok kidnap incident. Contrary to insinuations in some quarters that the Nigerian military is incapable of combatting this terror, our armed forces are well motivated and adequately equipped to win this war. Our military is combat ready and, together with other security agencies, it has carried out the war against the Boko Haram terrorists with professionalism and patriotism, achieving a number of successes. Several intelligence cells and operational bases have been smashed by our security agencies and many planned attacks have been foiled in different parts of the north. Unfortunately, however, the cowardly attacks have predominately taken place in remote locations, with the terrorists operating from their bases located in a densely forested area the size of Belgium, contiguous with the 3,000 kilometres of borders we share with Niger and Cameroon.

Nevertheless, we are making progress on a number of different fronts.

- We are improving our operational capabilities and efficiency by acquiring more advanced weapons and technologies for our military.
- We have drafted more military personnel to the region to strengthen the fighting power of our armed forces.
- We are taking advantage of the offers from our international military and intelligence allies to get a greater understanding of the landscape and identify key locations.
- We are working with our neighbours to secure the borders and limit the movements of Boko Haram fighters, building on the agreements reached at the recent summits in Paris and London.
- We are deploying more resources to maximize operational efficiency, acquire more advanced and relevant weaponry and boost the general morale of our combatants. This is why the government recently requested additional funding of 1 billion dollars.
- The last piece of the puzzle is targeting the domestic and international funding, and stopping the money flows. With the support of our allies, these steps will help fight against the threat of Boko Haram and move us closer to bringing the girls safely back.

We are also working with the international community, led by the UN Special Envoy for Global Education, Gordon Brown, as well as the Nigerian business community on an initiative to make Nigerian schools safer. I must also use this forum to dispel the notion that the government has failed to support economic inclusion in Northern Nigeria, fuelling the birth and sustenance of the Boko Haram insurgency. This has no basis in fact and indeed many of the key policies that the federal government has embarked upon over the past three years will have a disproportionate benefit on the north of the country.

Alongside targeting the security threat, we are also working hard to address underlying economic issues to ensure long-term stability and inclusive growth. When President Jonathan's administration commenced, as part of his transformation agenda to benefit all Nigerians he identified six key areas that had stifled growth and development and needed radical policy interventions. As well as security, these included:

- Greater diversification away from oil revenues
- Addressing unemployment and driving forward job creation
- Investment in key infrastructure, particularly in relation to transport and housing
- Power sector reforms to encourage private sector participation and secure reliable, long-term domestic energy supply
- Addressing food security issues and reinvigorating the agricultural sector.

Although we are blessed with a strong hydrocarbon sector, for several decades prior to the advent of this administration the Nigerian government had been overly reliant on revenues from oil and gas exports. In the past decade, the petroleum sector accounted for an estimated 80 per cent of total government revenues, and 95 per cent of total exports. The dependence on the oil and gas sectors has resulted in other structural imbalances in our economy. In 1956, when oil was first drilled in Oloibiri, our economy was well diversified with agriculture and manufacturing accounting for 64 per cent and 5 per cent of GDP respectively. However with increasing reliance on the oil sector, both the agricultural and manufacturing sectors have contracted. By 2010, agriculture had shrunk to about 40 per cent of GDP, while the manufacturing sector contracted further to about 4 per cent of GDP. However, consequent upon the faithful implementation of the transformation agenda, by the end of 2013 Nigeria's non-oil exports had increased ten fold over two years, from 276 million dollars in 2011 to almost 3 billion dollars. Nigeria is once again the world's largest producer of cassava, a major raw material in the European and Asian food markets, and Nigeria also accounted for 36 per cent of the total global cocoa exports in 2013. Thanks to various policies adopted by the federal government, exports in other key sectors, such as manufacturing and solid minerals, are also on the rise. At the same time, the government is also undertaking initiatives in the energy sector that will have domestic benefits, improve efficiency and secure long-term revenues. This includes greater participation by indigenous companies, increasing gas production, creating fertilizer products to support the agricultural sector and targeting higher-value petroleum products for export.

A survey carried out in 2011 by the National Bureau of Statistics showed that unemployment had almost doubled over five years, from 12.3 per cent in 2006 to 23.9 per cent. These figures revealed a severe job shortage and the extent of the challenge the administration faced in fulfilling its commitment to creating jobs and employment for the Nigerian population. To address this, we have implemented a number of programmes to stimulate job creation across various key sectors of the economy and foster a favourable environment by encouraging the development of small and medium scale enterprises. There is still a long way to go, but the effect of these programmes has already begun, as statistics released by the National Bureau of Statistics showed that about a million jobs were created in the country between the first and last quarter of 2013. The Local Content Bill introduced in the oil and gas sector has also created 250,000 new jobs for Nigerians and this is bound to increase in leaps and bounds in the coming years. The impact

of government programmes and policies are already being felt with respect to job creation and the provision of employment. As these policies develop in manufacturing, education, agriculture and other areas, the administration is confident of drastically reducing unemployment.

One of the other major challenges is supporting the provision of funding and access to capital for micro, small and medium scale enterprises (MSMEs), which remain the core drivers of the economy. A survey conducted in 2013 by the Small and Medium Enterprises Development Agency of Nigeria revealed that only 9.2 per cent of the 17 million MSMEs in Nigeria get their funding from the formal financial system and in 2012 only 0.14 per cent of the total loan portfolio of commercial banks was made available to MSMEs. To overcome this challenge, the administration recently established a committee to develop a regulatory framework to encourage and attract the provision of private equity and venture capital funds in Nigeria. This step taken by the administration through the Ministry of Industry, Trade and Investment is designed to boost investment, provide equity capital and provide business development support services for MSMEs in Nigeria.

Nigeria has been faced with an infrastructure deficit of enormous proportions across the country for several decades. Our power sector was producing 2,800 megawatts of electricity for a population of 165 million people; a vast percentage of our roads, especially the key arteries for our economy, were in various states of disrepair; our air transport infrastructure was out-dated; rail transport was virtually non-existent; and we suffered a severe housing deficit. This presented a major stumbling block to the administration's development plans, and led to the formulation of the National Integrated Infrastructure Master Plan (NIIMP). NIIMP is a 30-year plan to accelerate infrastructural development in the country, focusing on the core areas of energy, transport, housing and water, amongst others. NIIMP also contains a financing plan as well as sectoral and regional plans for improvements in infrastructure. Whilst focused on longer-term development, it has had immediate impacts.

In 2011, rail transport in Nigeria was in a virtually comatose state due to the lack of infrastructure and commitment from government. However, by the end of 2012, rail transport had already moved over 4.2 million passengers, and the figures have since grown exponentially as a direct result of the government's radical investment and policies for the development of the sector.

At the inception of this administration, the Nigerian aviation industry was fraught with a range of infrastructural and safety challenges. None of the 22 federally owned airports in Nigeria had been reformed in any manner for more than thirty years. Immediately upon resuming office, President Jonathan ordered the revision of the National Civil Aviation Policy for the first time in 12 years. The first recommendation that emanated from this review was the remodelling and rehabilitation of all federally owned airports in the country. Most of these works have almost been completed across the country. In addition, and as a reflection of its intention to combat the prevalent security challenges in the country, the administration also ordered the upgrade or replacement of security equipment at the airports. The administration also ensured the installation of cutting edge navigational aids and instrument landing systems to enhance air safety, including runway lights and total radar coverage. These investments have led to a much improved experience at Nigeria's local and international airports, as well as increased safety.

President Jonathan inherited a road transport network that was near total collapse. Critical economic roads such as the Lagos-Ibadan expressway, the Shagamu-Ore-Benin road, the Kano-Maiduguri expressway, the Abuja-Abaji-Lokoja expressway, the Enugu-Port Harcourt road and the East-West road were in a state of total, or near total, disrepair, resulting in countless accidents and needless loss of life, with the attendant extreme frustration of commuters who spent countless hours travelling across the

country. In 2011, almost half of Nigeria's total existing road network was in a bad state, but by the end of 2013 massive reconstruction and rehabilitation ensured that well over 60 per cent of Nigeria's total existing road network have been repaired or are undergoing rehabilitation. In 2013 alone, a total of 2000 kilometres of road were built or rehabilitated. This is the highest mileage of road network repairs ever carried out by a government in Nigeria since 1960.

A survey ordered by President Jonathan recently revealed that Nigeria currently suffers a housing deficit of 17 million homes and that it would cost Nigeria almost 350 billion dollars to bridge this deficit. To help address the challenge, the administration formulated and has commenced the implementation of the National Mortgage Refinancing Policy, with the incorporation of the National Mortgage Refinancing Corporation. This corporation is being funded by a 300 million dollar concessional non-interest loan from the World Bank to serve as the seed capital for the company. For the first time, ordinary Nigerians will have access to long-term mortgage facilities that match those on offer in Europe and elsewhere in the western world.

In 2010, shortly after the commencement of this administration, President Jonathan began the most sweeping power sector reforms the country has ever witnessed, with the launch of the Power Sector Reform Roadmap providing the framework to change the power sector from one where the federal government was solely responsible for policy formulation, regulation, operation and investment to a near wholly private sector driven enterprise. Within three years, most of the milestones in the power sector reforms road map have been accomplished. The Power Holding Company of Nigeria has been successfully unbundled and the privatisation of the power sector has been seamlessly concluded, with global commendation for the remarkable transparency of the process. The federal government is now only responsible for the transmission, which has also been concessioned to a world class management company. All 10 of the National Integrated Power Plants, which were abandoned and moribund at the inception of this administration, have been completed and are now contributing to the national grid. The only challenge that the government is currently tackling is the paralysis of most of these plants due to the shortage of gas supply resulting from the activities of vandals and economic saboteurs, in spite of huge investment in provision and alignment of gas pipeline infrastructure. At the inception of this administration, and in the preceding fifty years, all Nigeria was able to generate was a maximum of 2,800 megawatts of electricity. In three years however, the Jonathan administration has more than doubled this capacity, as we currently generate between 4,000 and 5,000 megawatts, with a capacity of over 7,000 megawatts. Nigeria cannot be said to be there yet in terms of power generation and distribution, but the average hours of power availability in 10 major cities in Nigeria has improved from less than 9 hours in 2011 to an average of 15 hours daily, and this is still on the rise.

Another major challenge that became clear at the outset of this administration was the lack of self-sufficiency in food production. The result of this was an inability to maximise agricultural production to meet local demand for food or export food crops, leading to a massive dependence on food imports and a corresponding high food import bill. In 2011 alone, Nigeria spent more than 6.8 billion dollars on food importation. Reform was all the more important because the agriculture industry is the largest employer in the country, and has the greatest potential to reduce poverty, increase quality of life and create employment. This formed the backdrop for the formulation and implementation of a number of policies designed to increase productivity, create jobs and generate food self-sufficiency. These include the Rice Revolution, the Sugar Master Plan and the Cassava Master Plan. The transformation agenda, which is seeking investments across the entire value chains for crops such as cassava, rice, oil palm and cocoa, is aiming to generate about 10 billion dollars in annual export revenues, and has a target of creating 3.5 million jobs in three years. The government's target for agribusiness ventures is over 8 billion dollars of private investment commitments.

Some of the results of the new government policies are:

- The reduction in the food import bill by almost 50 per cent between 2011 and 2012
- The addition of over 8 million metric tonnes of food to domestic food supply in 2012, approximately 70 per cent above policy projections
- The fact that Nigeria has become the largest producer of cassava in the world
- The exportation of 2.2 million metric tonnes of cassava chips in 2012, exceeding policy projections by over 100 per cent
- The securing of a 3.2 million metric tonnes of cassava chips export deal from China for use in its ethanol production activities
- The Rice Revolution policy has added over 1 million metric tonnes of rice to domestic production and supported 268, 000 farmers.

The effects of this policy have led to recognition and endorsements from a number of international agencies, and the agriculture minister was named the Forbes African Person of the Year in 2013 for his contributions towards placing Nigeria on the path to achieving self-sufficiency by 2015.

We are also addressing vital social factors to support the long-term development of the country. Fourteen tertiary health centres have been refurbished, re-equipped and upgraded to provide world-class health delivery services, and our national immunization coverage increased from 38 per cent in 2012 to 82 per cent in 2013. In addition, Nigeria's infant mortality and maternal mortality rates have both been reduced by more than 35 per cent. In order to reduce the number of out-of-school children in Nigeria, currently 10.5 million, a number of special intervention programmes were initiated by the federal government, leading to enrolment in basic schools increasing from 23 million in 2010 to 29 million in 2012. Twelve new federal universities have also been established in the last three years – nine in the north and three in the southern parts of the country.

Before I conclude, it would be negligent of me not to briefly touch on some of the broader issues relating to political stability in Nigeria, particularly as we approach next year's general elections. Political stability is a *sine qua non* for economic prosperity. Political stability derives from liberty, equity and justice in the political process. This is why, on assumption of office, President Jonathan implemented a series of reforms in the Nigerian electoral system to address the majority of issues that led to tensions and instability in the Nigerian political landscape in the past. Those reforms included granting real institutional autonomy to the Independent National Electoral Commission, leading to the compilation of a biometrics based voters register, which substantially eliminated multiple registration and 'ghost' voters. It also saw the adoption of a voting system that prevents voters from migrating to cast multiple votes during voting hours, a practice that had seriously impacted the electoral process over recent decades. Reports from local and international election observers have confirmed the remarkable improvements in elections held in Nigeria since 2011. Recent elections in Edo, Anambra, Ondo and Ekiti state, of which the president's political party only won one, provide evidence of the transparent process of the elections occasioned by our reforms in the electoral system. As Nigeria moves towards general elections, the president continues to give his commitment to maintaining the sanctity of the electoral process and ensuring that the vote of every eligible Nigerian counts in determining all elected offices across the country. The president is also committed to maintaining the neutrality of the electoral body, security agencies and the Nigerian judiciary, and was the first Nigerian leader to sign the Freedom of Information bill into law shortly after his inauguration in 2011. This has substantially improved transparency in governance and guaranteed greater confidence in our public institutions.

Ladies and gentleman, to briefly conclude I hope you have a much clearer understanding of the efforts being undertaken by President Jonathan's administration to not only address Nigeria's security challenges, but also to tackle the underlying economic issues in order to generate stability and inclusive growth. The policies that have been implemented have led to billions of dollars of investment and created millions of jobs, as well as driven forward structural reforms and infrastructural projects that will have positive impacts for generations to come. As one of the 'MINT' developing nations, we are moving firmly into the category of an emerging country. Our democracy is vibrant and stable. Our GDP growth rate is outstanding. Our economy is strong and sustainable. Civil liberty is guaranteed and rule of law is sacrosanct while our justice dispensation mechanism is unfettered. Distinguished ladies and gentlemen, I am proud to stand before you today and proclaim that in spite of the challenges we face, Nigeria remains a nation that offers great promises to Africa and to the wider world. As we say back home, Nigeria is a land of a good people in a great nation. On that note, I would like to thank you for your time and once again communicate my appreciation to Chatham House for the opportunity to speak here today.