

**LECTURE AT THE UNITED
STATES INSTITUTE OF PEACE,
WASHINGTON DC**

ON

**PRESIDENT GOODLUCK JONATHAN'S
ECONOMIC POLICIES: DEALING WITH
THE CHALLENGES OF DEVELOPMENT**

BY

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Protocol

Thank you very much Dr. David Smock (Moderator).

Chairman,

Board Members and Officials of the United States Institute of Peace (USIP);

Excellencies;

Members of the Diplomatic Corps;

Officials of the United States Government;

Members of the private sector,

Academic institutions and Think Tanks;

Fellow Nigerians;

Friends of Nigeria;

Ladies and Gentlemen.

Good morning.

Let me begin by thanking the Board, Management and officials of the United States Institute of Peace (USIP) for hosting me at USIP's prestigious and befitting new office. I consider myself privileged to be the first Nigerian official and Foreign Minister to be hosted by USIP since it moved to this facility less than a year ago. As you may already be aware, I was invited from retirement as a career diplomat by President Goodluck Jonathan to lead the Ministry of Foreign Affairs and this is my first visit to the United States of America in that capacity. I am therefore honoured to address this prestigious gathering on the direction of the Jonathan Administration in refocusing and repositioning Nigeria to optimally utilize its potentials and discharge its responsibilities as a world major player. Packaging this event in cooperation with USIP goes to further underscore the importance that Nigeria and USIP accord to the relevance of the symbiotic relationship between peace and development. Let me use this opportunity to once again commend USIP for its collaboration with the Nigerian Government and Civil Society Organizations to promote peace in Nigeria and around the world over the years.

Distinguished ladies and gentlemen, I also wish to convey to you warm regards and best wishes of my President, Dr. Goodluck Ebele Jonathan, whose commitment to repositioning Nigeria to fully serve the yearnings of its citizens and discharge its responsibilities to humanity is unequalled. In choosing to speak on the subject of *President Jonathan's Economic Policies: Dealing with the Challenges of Development*, my intention is simply, to acquaint you with the transformation agenda of the Jonathan Administration, the direction this is moving, prospects, efforts at overcoming major barriers to the realization of Nigeria's developmental goals, and opportunities for participation in the process. I believe that this is both necessary and appropriate, a year after Nigeria signed a Bi-National Commission agreement with the USA. So far, the agreement has provided a good framework within which our bilateral relations have been strengthened and our partnership in pursuit of shared goals and values elevated. So successful has the Bi-National Commission process been that two G-8 countries have sought to establish Bi-National Commission Agreement with Nigeria along the lines of the one with the United States. Let me take this opportunity to thank President Obama and Secretary Clinton for establishing this Agreement with us and pursuing its implementation with utmost vigour.

Following the conduct of the April 2011 elections in Nigeria, which were internationally adjudged credible and transparent, President Goodluck Jonathan embarked on a mission to restore Nigeria's waning glory by initiating programmes of transformation to deliver dividends of democracy to citizens and prepare the country for the challenges of the future. Today, I am glad to share with you the optimism and self-belief across Nigeria in the Government's commitment to recreate Nigeria on the principles of democracy, good governance, rule of law, accountability and sustainable development.

When President Goodluck Jonathan was received in audience by President Obama in June this year, after the successful conduct of the parliamentary, gubernatorial and presidential elections, the Nigerian leader promised his host that key sectors of the Nigerian economy on which transformation agenda would be anchored will be headed by well-established and reputed technocrats with long periods of meritorious service. That promise had been largely fulfilled. Our key economic-related Ministries of Finance, Power, Trade and Investment and

Agriculture are headed by Nigerians formerly based in the Diaspora but who have established professional reputation of quality performance. These individuals along with our award winning Central Bank Governor constitute the core of our economic management team which is charged with setting the country on a path to sustainable and irreversible economic development. The positive effects of these well-considered appointments are already beginning to trickle in. Reactions to our economic strategy have been very positive. Our Embassies receive daily enquiries for opportunities to invest in Nigeria.

The decision of President Jonathan to positively turn around Nigeria's economy has necessitated the formulation and implementation of economic policies through a holistic agenda that will build on past successes and avoid errors previously committed. The aim is to transform the economy of the country with a strategy that gives cognizance to **Continuity, Consistency and Commitment** (the 3Cs). The main focus of these policies which include creating jobs, improving the business environment, pursuing a robust foreign policy, and creating enduring happiness for Nigerians, has struck the right chord. The economic indices show bright prospects for Nigeria. Our foreign reserves have been rising. We have reduced inflation to single digit and our oil production has been expanding.

It is no longer news that Nigeria is one of the top three investment destinations in Africa. To sustain this position, the need has become even more urgent to further enhance the environment for investment and economic development. This fact comes with additional challenges to Nigeria, given its size, population and the needs of the people. Nevertheless, the commitment with which the Jonathan Administration is facing the task of transforming the Nigerian economy gives optimism that things are moving in the right direction. It is in this regard that President Jonathan launched the Transformation Agenda and inaugurated the National Economic Management Team (NEMT) as part of the re-engineering process for Nigeria.

The Transformation Agenda 2011-2015

The transformation agenda prioritizes the growth of the economy by improving on past positive efforts, correcting past mistakes and laying the foundation for accelerated development. It encapsulates key priority policies,

programmes and projects to launch Nigeria into an enduring path of socio-economic and political renaissance. Anchored on driving Nigeria through the perspectives of Continuity, Consistency and Commitment (3Cs), the agenda provides the overarching nexus for the transformation of the potentially strong economy and fulfillment of the people's welfare needs. Among the key sectors being focused under the transformation agenda are security, infrastructure, agriculture, manufacturing, housing and construction, entertainment industry, tourism, education and health. The NEMT is doing a good job of coordinating activities in these areas.

The point of departure for the NEMT, which is chaired by President Jonathan and coordinated by a former Managing Director of the World Bank, Dr. Ngozi Okonjo-Iweala, is the creation of jobs. This is being facilitated through a short-to-medium-term agenda aimed at holistically reinvigorating the Nigerian economy. Pursuant to the goal of **job creation**, policies are being pursued to reinvigorate several sectors of the economy and enhance their employment-generating potential. To this end, a youth employment safety net support programme is being implemented. It includes conditional cash transfer and vocational training; development of industrial clusters; review of university curricular to align learning with industry job requirements; promotion of apprenticeship/work experience programmes and joint ventures; enforcement of mandatory sub-contracting and partnering with locals by foreign construction companies, and implementation of mandatory skills transfer to Nigerians by foreign construction companies. The import of this strategy lies in the fact that the biggest challenge is creating jobs for the youth, 25% of who are outside the labour force and serve as easy prey to recruitment for acts of destabilization.

Mr. Chairman, because of the constraint of time I will proceed to deal only with some sectors of the economy that are of importance to the transformation process. The main driver of the transformation process is the agriculture sector, which has been growing at 7-8% but requires more action for the nation to achieve food security, develop value-chain for exports, and create employment. Pursuant to this goal, an Agriculture Transformation Action Plan (ATAP) is being implemented through which 3.5million jobs are to be created by 2015 through massive focus on rice, cassava, sorghum, cocoa and cotton production. The ATAP

programme is expected to inject about \$2 billion additional income into the hands of Nigerian farmers and \$2.2 billion into the economy through rice sufficiency.

With the benefit of hindsight, Government is removing the barriers that had in the past hindered growth in the agriculture sector. In this regard, it is disengaging from the sale of fertilizers and removing subsidies on the product so that it could be accessed by at least 95% of farmers, as against the current 11%. The agriculture sector is also to be diversified to achieve food security through increased production of staples - **Rice** - from the current 3.4 million metric tons to 7.4 million metric tons by 2015, with one million additional jobs in the sector; **Cassava** - from current 34 million metric tons to 51 million metric tons, with 1.2 million additional jobs by 2015; **Sorghum** - from 9.3 million metric tons to 11.3 million metric tons with 150,000 jobs created; **Cocoa** beans - from 250, 000 metric tons to 500,000 metric tons with a job target of 360,000 by 2015; **Cotton** lint subsector - from 20,000 metric tons to 140,000 metric tons and a job projection level of 125, 000. Production is being complemented by marketing reforms, innovative financing and developing commodity exchange, research and development, competitive exchange rates, and establishment of storage facilities.

To further facilitate the transformation process, four key principles are being utilized in executing the programmes to grow the agriculture sector. First is **“subsidiarity”** by which every part of the country’s cultural value chain would be identified, using a bottom-up approach. Second approach is to work **“within a framework of partnerships”** through collaboration with the private sector, civil society and particularly farmers. Third principle is to **treat agricultural endeavour as an investment** which must generate return as every other viable business. The fourth principle is **accountability**. Let me use this opportunity to inform this audience that in recognition of the importance of the need to attract direct foreign investment especially from the private sector to our agriculture industry, our Embassy in Washington DC is organizing an Investment Forum on Agriculture in the first quarter of next year. The purpose of the Forum is to bring the private sector in Nigeria and the US to collaborate and invest in key sectors of our agriculture process in order to commercialise and mechanise our agriculture and above all, improve the total quantity of food production. The Forum is being

planned in collaboration with Corporate Council on Africa and the Constituency for Africa.

Infrastructure Development

Addressing the infrastructure deficit in key development areas such as power, transportation, housing, Information and Communication Technology (ICT), Federal Capital Territory and the Niger Delta is important for the successful growth of the agriculture sector. The transformation agenda identifies the development of infrastructure as necessary for sustained growth and development. This has become more urgent following decades of near collapse of core social amenities. In this regard, the **Infrastructure Concession Regulatory Commission** is leading efforts to produce a roadmap for investment in the provision of critical infrastructure. Our Embassy in Washington DC will in due course inform the private sector in the US on the modality for investing in our infrastructural programme.

The Power Sector

Lack of adequate power supply has been at the heart of Nigeria's underdevelopment and is being tackled through the transformation agenda. In a bid to frontally confront this problem, there is massive investment in power generation, transmission, distribution and alternative energy in order to increase capacity and provide adequate and sustainable electricity supply, which is fundamental to economic growth. To this end, a deregulated and competitive electric power sector has been created to further attract private sector investors. A viable commercial framework for the electric power sector, including a tariff regime that promotes transparency, guarantees security of investments and a reasonable rate of return on investments has also been established. In addition, necessary structure has been put in place to ensure transmission capacity and provide redundancies in the transmission system to assure a fully integrated network that minimizes transmission losses while strengthening grid security. Furthermore, the Nigerian Bulk Electricity Trading Plc has been established to enhance and stabilize power supply by facilitating smooth operations between various independent power producers and distribution companies. It is also mandated to buy up power generated by all the new and old generating companies

to assure investor stability in the sector. A 15,000 megawatt target by 2014 is expected to be achieved through cumulative production.

Manufacturing

Increased capacity utilization in manufacturing is to be achieved through enhanced availability of power. This will in turn generate jobs and increase the purchasing power of the people which will translate to boosting the economy. The economy will gain the needed impetus through the development of manufacturing clusters by 2015 in diverse fields including leather, textiles and fashion. Under manufacturing, private sector investment is being promoted through the creation of an enabling environment that allows for substantial improvement in efficiency, productivity and profitability.

Transport

Effective transportation system is critical to the successful growth of the agriculture sector. To this end, there are massive reforms in the transport sector to boost capacity in rail, road, water and aviation subsectors. The railway revitalization programme is at advanced stage of completion. The revitalization programme is to be succeeded by the modernization phase which will be open to the private sector to provide the standard gauge system for the entire country, with linkages to all the seaports and major airports in the country.

Land transportation is also receiving increased attention with the rehabilitation of major roads and construction of new ones through public private partnership, particularly under concessioning agreements. There exists a huge opportunity for investment in this subsector as many roads are economically very viable.

Similarly, Nigeria's vast waterways are being developed to provide an alternative means of transportation. Rivers are being dredged and inland ports being constructed. Opportunities also exist in this subsector for the provision of watercrafts, construction and maintenance of jetties as well as provision of marine services. This subsector also has the potential to boost employment opportunities and contribute to the diversification of the economy.

Labour and Productivity

The focus of the Jonathan Administration in the labour sector has been on the implementation of the National Action Plan on Employment Creation (NAPEC), under which five million new jobs are to be created annually within the next three years, skills acquisition centers are to be established, and local content policy will be promoted in all sectors.

Structural Reforms

Major attention has been given to creating the necessary investment environment to boost inflow of investors and accelerate job creation. Among others, there is a new visa regime under which tourist visas to Nigeria will be for one year and multiple entries, while business visas will be for two to five years multiple. Large-scale investment climate reforms are also underway to move Nigeria in the doing business ranking from 137/183 up 10 places by 2015 in the business environment. The business regulatory environment is also being strengthened to provide predictability and stability in matters such as business registration, property registration and the payment of taxes.

Various intervention programmes are being initiated in the key productive sectors of the economy in all the States of the federation based on their comparative advantage to provide incentives for the flow of capital to the real sectors, increase productivity and achieve widespread employment generation, especially for rural and urban youths. This is aimed at creating about 1.5 million income-generating employment in the labour intensive sector of the economy, namely agriculture, manufacturing, building and construction.

Oil and Gas

The focus in the oil and gas sector is on the promotion of private sector investment in upstream and downstream activities. Government is deregulating the industry and promoting environmental friendly oil and gas exploration and exploitation methods. There is also a plan to strengthen capacity building programmes in the core technical area and provide funding mechanisms for pre-bidding geo-sciences and surveys of deepwater offshore. In addition, gas flaring is to be ended while supply for domestic use, power generation, and local content development is to be increased.

Macroeconomic Framework and Economic Direction

A baseline GDP growth rate of 11.7% per annum for the period 2011 to 2015 has been projected and it is expected to translate to real and nominal GDP of about N428.6billion and N73.2trillion respectively at the end of the period. A total investment of N40.75 trillion in nominal terms is also projected for the period from the public and private sectors. Key policies being pursued in this regard include:

- Ensuring greater harmony between fiscal and monetary policies.
- Pursuit of sound macro-economic policies, including fiscal prudence and appropriate monetary policy to contain inflation at single digit
- Review of the budget process for greater clarity of roles between the executive and legislature, to ensure that the appropriation bill is enacted into law within the first month of the year
- Review of existing revenue allocation formula to achieve a more balanced fiscal federalism and pave way for more effective programme implementation at the sub-national level
- Institutionalizing the culture of development planning at all levels of government

Public Expenditure Management

The sub-optimality of the expenditure profile of the Federal Government since 1999, which has seen recurrent spending outgrowing capital expenditure is a major concern that the Jonathan Administration intends to reverse. Consequently, a culture of accountability is being entrenched under the transformation agenda whereby officers that breach established financial management rules and regulations will be sanctioned and prosecuted and the monetization policy strictly enforced. Already, an Expenditure Review Committee has commenced reform of the budgeting system to avoid crowding out the critical capital investments required to achieve development goals amid rising recurrent expenditure.

Efforts are also being intensified to block revenue leakages. The pre-shipment inspection for crude oil and gas is being strengthened, all revenue

generating agencies are being thoroughly audited, and reforms of the operations of the Federal Inland Revenue Service and the Nigerian Customs Service are being speedily implemented.

Good Governance

A major tool identified for tackling the developmental challenges of poverty, unemployment, security and poor state of infrastructure is good governance. Under the transformation agenda, policies and programmes to address governance challenges focus on the public service, security, law and order, the legislature, anticorruption measures and institutions, the judiciary, economic coordination, and support for private sector investment. A major thrust is to maximize the benefits of the citizenry from governance through more effective and efficient use of public resources, proper financial management and fiscal prudence. Bad governance has been a major challenge to the Nigerian state since independence and President Jonathan has vowed to chart a new course of good governance.

President Jonathan is convinced that the success of the transformation process largely depends on **good governance** and effectively combating corruption. Consequently, efforts are geared towards consolidating mechanisms to combat corruption. Among these, there is a target to improve Nigeria's Transparency International (TI) ranking by 10 points by 2015. In addition, the Extractive Industries Transparency Initiative (EITI) is to be more effectively used in government business. There is also zero tolerance for **corruption** by the Jonathan Administration. This is evidenced in the number of persons that have been charged to court by the EFCC and ICPC, agencies which are also being repositioned to better undertake the task of ridding the system of corrupt persons.

Peace and Security

Peace and security are pivotal to the realization of any reform agenda and their relevance to a nation's development programme cannot be over-emphasized. The Nigerian Government is conscious of this fact and has therefore incorporated a reform of the security system in the transformation agenda. The need for security sector reform has even gained more urgency because of the recurring incidents of communal conflicts on the Jos Plateau, the need to consolidate the peace that has

been attained in the Niger Delta, and above all, to combat the emerging threat of terrorism by the group, Boko Haram.

The recurring incidents on the Jos Plateau have been a festering sore that has cast Nigeria in very bad light. Lessons have been learned from past efforts to arrest the situation and Government has commenced a new approach to finding a lasting solution to this problem. Early in September 2011, President Jonathan instructed the Chief of Defence Staff to take over the management of the crises on the Jos Plateau. A committee is also working on implementing all past recommendations from inquiries into the crises. At the same time, security agencies are being empowered and better coordinated to more effectively handle the crises. It is expected that with the multifaceted approach to managing the crises, peace would be restored on the Jos Plateau so that the transformation agenda would be effectively implemented in that part of the country.

The conflict in the Niger Delta has remained a success story following the amnesty and DDR (Disarmament, Demobilization, and Reintegration) programme. Oil production has since remained stable and violence in the region reduced to the barest minimum. However, despite the newly achieved peace in that region, the Government is conscious of the need to consolidate on the gains and ensure its sustainability. In this regard, the root causes of the conflict in the Niger Delta are being comprehensively addressed through the provision of infrastructure, creation of jobs and a review of the revenue allocation formula. Post conflict peace building activities are being undertaken and a culture of peace is being promoted. The Niger Delta is vital to the successful implementation of the transformation agenda and therefore the people of the region remain fully engaged.

Terrorism is the newest threat to security in Nigeria as witnessed by recent bombing incidents. Conscious of the wholesome damage that terrorist acts can cause on the people and economy of a target nation, Government is taking up this challenge, to nip the threat in the bud. To this end, Nigerian security agencies are working in partnership with security agencies of Nigeria's allies. Furthermore, measures have been taken to encourage community policing and enhanced security consciousness among Nigerians to combat the terror threat. The capacity of

security agencies is also being consolidated for more effective intelligence gathering and policing.

The seriousness with which President Jonathan has taken the threat of terrorism in Nigeria was underscored in his statement at the UN General Assembly on September 21, 2011 when he lamented that “the increasing use of terror in various regions of the world as a form of political action poses serious threat to international peace and security. We must win the war against terrorism because it infringes on the fundamental rights of all peoples to life and to live in safety from fear”. Equally, he asserted his resolve to tackle the challenge by stating that “for us in Nigeria, terrorist acts, rather than intimidate, will only help to strengthen our resolve to develop appropriate national strategies and collaborate even more closely with the international community in the fight against this menace”. As part of Nigeria’s efforts to fight terrorism, the President signed into law the Terrorism (Prevention) Bill 2011 and the Anti-Money Laundering (Prohibition) Amendment Act on the 3rd of June this year. The new laws not only outline measures for the prevention and combating of acts of terrorism, but also prohibit the financing of terrorism and laundering of the proceeds of crime. Nigeria resolves to continue working with the UN and other partners in this global fight. To this end, Nigeria is working closely with the United Nations Counter Terrorism Implementation Task Force (CTITF), the Counter Terrorism Executive Directorate (CTED), as well as relevant international bodies and friendly countries to sharpen its response mechanisms.

I should add that the UN Counter Terrorism Implementation Task Force will be launching its first project in Abuja in November 2011. It aims at conflict prevention and countering the appeal of terrorism to youth through education and dialogue. In addition, Nigeria is a member of the new global body, the Global Counter-Terrorism Forum (GCTF), initiated to galvanize and pull efforts together to combat the scourge in all ramifications. Furthermore, Nigeria has proposed the establishment of a Conflict Mediation Commission under the UN Secretary General’s Office to, among others, collate information on conflict situations, identify the actors and develop appropriate strategies for initiating resolution of such conflicts.

Justice and Judiciary

In order to fully implement the rule of law, curtail impunity and combat corruption, the policy thrust of the Jonathan Administration aims at achieving greater independence for the judiciary in terms of funding, improving capacity and efficiency in judicial service delivery, eliminating corruption in the administration of justice and enhancing the capacity of the Ministry of Justice to superintend prosecution and improve professionalism in legal practice for better service delivery. Believing in the value of increased access to justice, President Jonathan has assented to several bills including the Human rights Amendment Act, 2011; Legal Aid Amendment Act, 2011; The Evidence Act, which has simplified the process of collating evidence in the legal system. He has also ensured compliance with court judgments. These efforts will contribute to the promotion of a peaceful environment, which is required for development.

Foreign Policy and Economic Diplomacy

The transformation agenda has as a major plank effective focusing and funding of Nigerian foreign missions to meet the country's foreign policy goals, which have been reviewed to reflect current realities. There is a focus on strengthening economic relations with the international community as a foundation for stability and growth of Nigeria. Nigeria's foreign policy is now investment-driven, with a focus on the economic wellbeing of the citizens, enhanced security, massive foreign investment inflow and reciprocity.

CONCLUSION

Nigeria is on course for major economic transformation, which will lay the foundation for the optimal utilization of its potentials. As indicated above, we have major challenges that are being confronted but could be more effectively tackled with assistance and cooperation from friends of Nigeria. We are optimistic that come 2015, the country would experience major transformation, to the benefit of not only its citizens but also the rest of the world.

In the transformation agenda, there are numerous opportunities for investors, with guaranteed security of investment and one of the highest returns on investment. Nigeria remains a major investment destination. We invite our friends

to team up with us to overcome existing bottlenecks while simultaneously benefiting from existing opportunities.

Thank you for your attention. I will be glad to answer some questions that you may have regarding Nigeria's reform agenda.