

Policies and Institutional Options Underpinning Global Competitiveness

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Introduction

- I would like to express my appreciation to the organisers of Joint Planning Board and National Council on Development Planning for inviting me.
- This topic is germane and timely especially to the Transformative Agenda of Mr. President as well as the Vision 20:2020 for Nigeria.
- The role of the government strategic planning for transformation cannot be over emphasised and in ensuring Nigeria becomes globally competitive in the twelve (12) pillars of global competitiveness.
- Nigerian economy has the natural resources as well as human resources to achieve global competitiveness, if the current reforms, policies and programmes are well implemented.

Pertinent Questions to answer

- What is the Nigeria's status in the 2011-2012 Global Competitiveness Report?
- What are the challenges and constraints that undermine Nigeria's high ranking?
- What policies are in place to promote Nigeria's global competition? Are they well implemented? Is there any policy inconsistency?
- In terms of the institutions that are to implement policies, are they focused on their mandate?
- How can the Nigerian Governments (the three tiers of government) ensure that proper policies, programmes are put in place to enhance or facilitate Nigeria's global competitiveness?

GLOBAL COMPETITIVENESS REPORT

2011-2012

- Since 2005, the World Economic Forum has based its competitiveness analysis on the Global Competitiveness Index (GCI),
- This is a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness.
- The components are grouped into 12 pillars of competitiveness.

GLOBAL COMPETITIVENESS REPORT

12 PILLARS

These components are grouped into 12 pillars of competitiveness:

- First pillar: Institutions
- Second pillar: Infrastructure
- Third pillar: Macroeconomic environment
- Fourth pillar: Health and primary education
- Fifth pillar: Higher education and training
- Sixth pillar: Goods market efficiency
- Seventh pillar: Labour market efficiency
- Eighth pillar: Financial market development
- Ninth pillar: Technological readiness
- Tenth pillar: Market size
- Eleventh pillar: Business sophistication
- Twelfth pillar: Innovation

Current Policies and Reforms for Nigeria's Global Competitiveness

- **Types of Economic Policies include:** Fiscal, monetary, trade, exchange and sectoral policies for the different MDAs.

Reforms:

- Power sector reform
- Energy sector reform (oil and gas)
- Public sector reform – for the MDAs
- Budget reform etc.

Challenges to Global Competitiveness of Developing Countries

There are several factors that could inhibit a country's competitiveness and growth potentials. These include:

- **Labour market inefficient** : Poor union-employer relations, Shortage of skilled labour , etc
- **Inadequacy of infrastructure** such as electricity, water supply, good roads and low penetration Of ICT
- **Lack of security of lives and property.** This is not conducive for sustained productivity improvement and economic growth.
- **Weak macroeconomic environment** : Government budget deficits , High rates of inflation , High interest rates, High level of unemployment , High debt overhang , Lack of transparency and accountability of public institutions , Poor macroeconomic management , poor governance etc

Challenges to Global Competitiveness of Developing Countries...

- **Poor quality of education at all levels** leading to widening gap between the world of learning and the world of work.
- **Technological backwardness** which inhibits productivity.
- **Low penetration rate of information and communication technologies (ICTs).**
- **Weak and deteriorating (public and private) institutions**
 - Poor corporate ethics and governance
 - Poor auditing and accounting standards
 - Inefficiency of corporate boards
 - Poor attitude to work
 - Government inefficiency and unnecessary bureaucracy.

Challenges to Global Competitiveness of Developing Countries...

- **Communication gap between formulators of policy and implementers** or lack of understanding of the policies or lack of legal framework for implementation of economic policies. All these lead to poor implementation of the policies without adequate planning.
- **Inadequate statistical data** necessary for the formulation of economic policies or **Inadequate financial resources** , leading to policy inconsistencies (frequent policy shift).
- **Political instability** (unstable polity), lack of political will .

Policies and Institutions For Fostering Global Competitiveness

- **Education and human capital (Educational Policy)**
- **Macroeconomic Stability**
- **Governance and corruption -Fiscal discipline –**
- **Gender equity: The 35% Affirmative Action of Mr. President should be emulated by all levels of government in Nigeria**
- **Infrastructural Development: By employing PPP**
- **Markets Information and Investment incentives**

Policies and Institutions For Fostering Global Competitiveness

- **Strong government support for private R&D**
- **Government has to sponsor research institutes and promote private sector participation in research and development.**
- **Government should have a policy of subsidizing private sector R&D projects as a way of promoting the emergence of a technologically advanced ICT sector.**
- **Technology incubators, innovation and strong intellectual property protection.**

Policies and Institutions For Fostering Global Competitiveness

- **Encourage SMEs Participation in Global Markets (SMED Policy)- NEPC**
- **About 25% of manufacturing SMEs are now internationally competitive.**
- **Governments should provide financial and risk-management services**
- **Governments should provide information on foreign markets and export opportunities**
- **Reduce the regulatory burden on SMEs for entrepreneurship development**
- **Setting up “one-stop shops”.**
- **Enterprise clusters can also enhance SME performance and competitiveness.**

- **Comprehensive technology support for output quality management, improvement of productivity, and technical services for the SMEs.**

Policies and Institutions For Fostering Global Competitiveness

- **Trade Promotion**

A strong export strategy designed to push SMEs into the export markets.

- **Competition Policy as a Support for Global Competitiveness**

An adequate legislative and policy framework is required to protect consumers and industrial users from anti-competitive practices .

Policies and Institutions For Fostering Global Competitiveness.....

Institutional Reforms

- **What we need are strong institutions and not people. Institutions need to be transformed with transformed people**
- Restructure the MDAs for effectiveness and probity.
- Parastatals reform in terms of increasing professionalism of the workers, reorientation of the management towards service delivery.
- Elimination of payroll fraud and ghost worker syndrome through the use of IPPIS.
- Capacity building and training for the workforce in the institutions
- Proper adherence to public service rule and financial regulation (elimination of corruption). Fiscal responsibility act.
- Public expenditure management reform (fiscal discipline)
- War against corruption and indiscipline (EFCC, ICPC, and other anti-corruption agencies should be functional).
- Statistical system reform: NBS should be strengthened and well funded to enable it deliver its mandate very well.
- Enhancing project/policy/programme implementation.
- Effective participation of CSOs, NGOs and society in policy and project monitoring and evaluation.

Policies and Institutions For Fostering Global Competitiveness.....

- **Financial sector development and Access to Finance**

A strong and banking and finance strategy to provide the needed funds to drive competition and innovation and to address the dualism of informal and formal sectors and large subsistence economy in Nigeria.

- **Agricultural Transformation Policy and Diversification of the economy**

We need Agricultural Transformation in terms of access to finance by the farmers, inputs, extension services, land (land reform), R&D, market information and storage facilities.

Brazil, India and China, Singapore etc all use Electronic Wallet System for farm inputs for the farmers. Agric is now a business- Agric Business Mgt

Conclusion

- There is no gainsaying the fact that globalization has spurred competition among nations to enhance their trade and foster economic growth. Presently, Nigeria's level of global competitiveness is very low.
- Nigeria needs to transform from crude raw material production to a knowledge-based economy with emphasis on ICT and innovation
- No matter how good policies are, they are likely to fail, if they are not well coordinated and implemented.
- For effectiveness, policies must be embraced by all the stakeholders in the economy.
- Nigeria cannot continue with business as usual. The civil service and all the MDAs must be accountable and transparent in all their operations to ensure transformative development for Nigeria.

THANK YOU FOR YOUR ATTENTION