The Challenges Of Realizing Vision 20:2020

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Abstract

Vision 2020 is Nigeria's latest development framework. It encapsulates Nigeria's dream of joining the league of 20 most developed economies of the world. Vision 2020 is faced by a myriad of daunting challenges which must be addressed before the dream of economic transformation can be realized. Apart from daunting challenges like poor infrastructure, corruption, etc., Nigeria's attempt to realize Vision 2020 is constrained by grossly inadequate financial resources. The economy equally faces the enervating challenge of lack of global competitiveness. As its objective, the paper analyzes these challenges with a view to unraveling their implications for the realization of vision 2020. The methodology adopted for data generation is descriptive research survey while the theoretical framework for analyzing the paper is development theory.

Key words: Vision 2020, Challenge, Funding, Global Competitiveness, Nigerian Economy, Realization

Introduction

The crises of development facing Nigeria places on her the compelling need to make strategic visioning an imperative, if she is to overcome the challenges of development. Despite her natural and human endowments, Nigeria has failed on almost all development indices. Nations that failed to plan are planning to fail. With globalization and the concomitant competitiveness which it has unleashed on nation-states, the need for strategic visioning and planning becomes even more imperative. A vision is a plan of action that maps out attainable goals to be achieved. In other words, it is a national compass for driving the nation's growth and development. According to Odusola (2012), planning is a developmental compass that guides the trajectory of human, physical and institutional transformation and development in nations that have planned strategically. Planning (fixed, strategic or indicative) has been a major prerequisite for result-oriented development.

The literature is replete with the fact that development planning in Third world countries can be achieved or enhanced through state intervention (Hope, 2010). The belief is that with the neoliberal orthodoxy which developing nations adopted at the dawn of political independence, and which underpins their development, the need for planning does not arise. Thus, policy makers in developing countries have imbibed the erroneous belief that the state should not play active role in economic management. This implies that planning should be relegated to the background since it is regarded as being at variance with market forces. However, the recent Global Economic Crises which shook the whole world and affected economies point to the need for effective national economic planning to cushion the effect of such crises. Were it not for the economic reforms, especially the banking reforms, initiated by Professor Soludo (former CBN governor) and the dexterity of the Economic Management Team in managing the Nigerian economy under the Obasanjo Presidency, the Nigerian economy, which is perpetually vulnerable to global economic crises, would have been plunged into deeper crises.

The need for planning cannot be over-emphasized. The economic miracles that took place in South-Asian nations (China, India, Malaysia,); Singapore and South Korea, which have transited to industrial nations and First World respectively, provide ample justification for strategic visioning and planning. Vision 20:2020 is an embodiment of the developmental ideals of poverty reduction, employment generation and wealth creation. As lofty as Vision 20:2020 is, its realization is faced by a constellation of internal and external obstacles: internally, the economy faces a number of contradictions while externally, Nigeria faces a hostile and highly competitive global environment, characterized by advanced market economies, scientific and technological superiority. For instance, mobilizing the absolute quantum of financial resources and ensuring their mandatory investment where they are needed, as well as ensuring the efficiency of resource use, constitute formidable challenges facing the realization of Vision 20:2020. Apart from funding constraints, how globally competitive is the Nigerian economy in the face of emerging economic blocks, whose production capacities pose a threat to Nigeria's emergence as a strong and developed economy?

Theoretical Framework

The theoretical framework for analyzing this paper is the development theory. As the name implies, the theory is primarily concerned about change in societies. Among others, it is a combination of the modernization theory, structuralism, and modernization theory. Put differently, development theory is a conglomeration or a collective vision of theories of development. Assumptions which form the nucleus (tenets) of the theory are: Emphasis is placed on economic growth which can only be achieved by industrialization; Massive injection of capital into the economy, coupled with intervention of the public sector, which would ultimately lead to industrialization and economic development; and a country needs to follow some rules of development in order to take off industrially. These rules include: (a) increasing the investment rate of a country to at least 10% of its GDP (b) one or two manufacturing sectors with a high rate of growth need to be established; and (c) an institutional, political, and social framework should be created in order to promote the expansion of those sectors (Rostow, 1960). The theory proposes that growth can be restricted by local institutions and social attitudes, especially if those aspects influence the savings rate and investments. Thus, the constraints impeding economic growth are considered by this model to be internal to society. The theory stresses the need for investment in infrastructure and planning, which is necessary for the stimulation of industrialization. This is because the private sector alone cannot provide all the resources.

Underlying this assumption is the fact that heavy investment in infrastructure is considered necessary in economic modernization.

Another important aspect of the development theory which is very critical to the economic transformation of economies, as envisaged by vision 2020, is structuralism. Emphasis is placed on the structural aspects of economies, which impede the economic growth of developing countries. The aim is to achieve the transformation of a country's economy from mainly, subsistence agriculture to a modern, urbanized manufacturing and service economy (Prebisch, 2014). Structuralist policy prescriptions advocate major government intervention in the economy to fuel the industrial sector. The pursuit of the structural transformation of economies will lead to the creation of an economy that is self-sustaining.This can only be realized by ending the reliance of the underdeveloped countries on exports of primary goods (agricultural and mining products), and pursuing inward-oriented development by shielding the domestic economy from that of the developed economies. Trade with advanced economies should be minimized through the erection of all kinds of trade barriers. The logic of the strategy rests on the Infant industry argument, which states that young industries initially do not have the economies of scale and experience to be able to compete with foreign competitors and thus need to be protected until they are able to compete in the free market.

Vision 20:2020 as a framework for development: conceptual explication

Nigeria is not new to development planning. Since colonial times, development plans were used as frameworks for achieving economic and social progress, particularly in the area of infrastructure development, industrialization and economic growth. With the inception of democratic rule in1999, the Obasanjo administration introduced reform measuresto tackle long-standing economic challenges. The Nigerian economy began to experience improved GDP growth rates, as against the low growth rates in the 1990s, which heightened the prospects of Nigeria assuming a key position as a global economic power and a catalyst for development in Africa. Nigeria and ten other countries identified by Goldman Sachs were considered to have the potential for attaining global competitiveness, based on her economic and demographic characteristics, and the fact that the foundation for reforms was already laid (Odusola, 2012). Thus, Vision 20:2020 is an articulation of the long term intent of the Federal Government to launch Nigeria into a path of sustained social and economic progress and accelerate the emergence of a truly prosperous and united Nigeria. Recognizing the enormous human and natural endowments of the nation, the blueprint is an expression of Nigeria's intent to improve the living standards of her citizens and place the country among the top 20 economies of the world, with a minimum GDP of $900 billion and a per capita income of no less than $4000 per annum (NPC, 2011).

It is envisaged that by the year 2020, Nigeria will have a large, strong, diversified, sustainable and competitive economy that effectively harnesses the talents and energies of its people, and responsibly exploit its natural endowments to guarantee a high standard of living and quality of life to its citizens. The Federal Government has identified some key parameters for attaining the vision in line with its targets for the various sectors of the economy:

(a)Polity - By 2020, Nigeria will be peaceful, harmonious and a stable democracy;

(b)Macroeconomic stability- It is envisaged that Nigeria should have a sound, stable and globally-competitive economy, with a GDP of not less than $900 billion and a per capita income of not less than $4000 per annum;

(c)Infrastructure - Provision of adequate infrastructure. The aim is to create a conducive environment for the private sector to thrive with a view to positioning the sector as an engine of growth;
(d)Education - A modern and vibrant educational system which provides for every Nigerian the opportunity and facility to achieve his or her potential, and provides Nigeria with adequate and competent manpower to catalyze her developmental process. Vision 20:2020 envisages that Nigeria should have an educational system that is accessible and meets international standard;
(e)Health - A health sector that supports and sustains a life expectancy of not less than70 years, and reduces to the barest minimum the burden of avoidable diseases, such as malaria, HIV AIDS, and other debilitating diseases;
(f) Agriculture - A modern, technologically-enabled agricultural sector that fully exploits the vast agricultural resources of Nigeria, ensures national food security and contributes significantly to foreign exchange earnings; and
(g) Manufacturing - A vibrant and globally competitive manufacturing sector that contributes significantly to GDP, with a manufacturing value added of not less than 25% (NPC, 2009).

The philosophical foundation of Vision 20:2020 is anchored on three key pillars: (1) Guaranteeing the productivity and wellbeing of the people; (2) Optimizing the key sources of economic growth; (3) and Fostering sustainable social and economic development. Economic growth is considered a necessity to the realization of vision 20:2020. The fundamental objectives of economic growth are aimed at achieving economic diversification away from a mono-product, oil-dependent economy; transformation of the structure of exports from primary commodities to processed and manufactured goods; and attainment of high levels of efficiency and productivity, in order to be globally competitive.

The challenge of funding vision 20:2020 and the growth of the Nigerian economy.

Adequate funding of vision 2020 to achieve the required economic growth and diversify Nigeria's economy away from dependence on oil constitutes formidable obstacle to the realization of the vision. Amidst the myriad of development challenges facing Nigeria; perhaps, mobilizing the required quantum of financial resources, and achieving their mandatory investment in key sectors of the economy, constitutes the most formidable obstacle to the realization of the vision, because of the paucity of funds. The situation is compounded by the competing demands for attention from other sectors of the economy. The reality, of course, is that government finances are never enough to fund every sector. According to the Director General of the Nigerian Economic Summit Group, Mr Frank Nweke, Nigeria must close a funding gap of $730 billion dollars in order to become the 20th largest economy by year 2020. This is based on the projected difference between the GDP of the 20th largest economy in 2020, which is believed to be Saudi Arabia, and Nigeria's current GDP in 2012 estimated by the IMF as 450 billion dollars in Purchasing Power Parity (PPP) (Nweke, 2012). If this funding gap is not closed, Nigeria could become the 20th largest economy by 2035 as against 2020. Based on the IMF and World Economic Outlook Database, Nigeria's aspirations cannot be realized earlier than 2035 unless the pace of the country's economic growth exceeds the current annual average of 7.76% by 2020. According to the former Minister of National Planning, Dr Usman Shamshudden, for vision 20:2020 to become a reality, the Federal Government needs N32 trillion to implement the first phase of Vision 2020 (Fodeke, 2010). Mobilizing this quantum of money in a corruption-endemic economy, buffeted by oil price shocks, decrepit infrastructure, oil theft and poor governance, is an uphill task. Nigeria's economy is vulnerable to oil price shocks which make planning difficult, because of fluctuations in oil price revenue. Apart from oil shocks emanating from the global economy, Nigeria is blighted by increasing wave of oil theft. Theft of Nigeria's crude oil estimated at 400,000 to 600,000 barrels a day amounts to a loss of between $1.2 billion and $1.8 billion monthly (Onyekpere, 2013).

The combined threat of externally-driven oil shocks and oil theft resulted in fiscal deficits which are responsible for Nigeria's staggering debt profile. Debt overhang portends grave danger to the realization of vision 2020. According to the Central Bank of Nigeria, the nation's combined fiscal operations resulted in an overall national deficit of N1.1 trillion or 2.9% of the Gross Domestic Product in 2012. Thus, revenue earned in 2013 by Nigeria may have been short of budget estimates by as much as $12 billion naira, due to the persistence of crude oil theft and oil disruptions in the oil-rich Niger Delta (The CBN, 2013). The government projects that crude oil production will drop from the current 2.526 million barrels per day to 2.388 million barrels in 2014. According to the CBN, the country's vulnerability to shocks is heightened because of lower government revenue from oil. The great challenge now is that the fiscal buffers are not as strong as they would be because of the revenue shortfall. Provisional data on state government finances indicated an overall deficit of N272.4 billion naira or 0.7% of the GDP. Similarly, data on local governments' finances reflected a deficit of N2.4 billion naira or 0.01% of the GDP.Fiscal deficits and poor governance system have combined to plunge Nigeria into a staggering debt overhang, which is antithetical to economic growth.

Since the inception of President Jonathan's administration, a reoccurring decimal in the nation's financial management structure is the prevalence of fiscal deficits, which have cumulated into huge debt overhang. Consequently, the consolidated Federal Government debt stock, as at December 2012, was N7.5 trillion naira or 18.7% of the GDP, compared with N6.5 trillion or 17.4% of the GDP in 2011. External debt outstanding grew by 15.2% to $6.5 billion naira (N1trillion naira) reflecting additional multilateral loans and borrowing from non-Paris bilateral/ commercial creditors, while the domestic component increased by 16.3% from its level in 2011 to N6.5 trillion naira (Abioye, 2013).The Federal Government borrowed more than N10 trillion in 2013 to fund projects. As at the end of 2013, Nigeria's debt stood at N10 trillion, indicating an increase of 33.03%. The Debt Management Office (DMO) attributed the increase to massive borrowing from the domestic market and institutional agencies (Aleke, 2014). The reality is that the debt overhang stifles the provision of infrastructure needed to boost economic growth. Besides, the huge debt overhang leads to reduced investment in human capital which ultimately leads to slower rate of increase in physical capital and growth. Financing debt service through government budget not only crowds out public investment, it crowds out social investment spending. When this happens, reduced spending on education, health, etc, hampers human capital development, which consequentially affects the growth of the economy, since human capital formation is a major determinant of economic growth.

Investmentin the form of capital expenditure, as against recurrent expenditure, is what drives a country's development, as it catalyzes development and unleashes a multiplier effect on the economy. A major weakness of the nation's budget, which is an impediment to the realization of vision 2020,is its emphasis on consumption as against investment, as evidenced by the high recurrent expenditure. An analysis of the budget shows that the share of recurrent expenditure as a percentage of the total budget was 74.43% in 2011, but dropped to 71.47% and 67.49% in 2012 and 2013 respectively. It, however, rose to 74% in the 2014 budget (CBN, 2014).

Vision 2020 projects an average annual growth rate of 13.5% over ten years. Currently, the economy is growing at an average of 6-7% annually and ranks 42% according to World Bank, 2011. Furthermore, the National Implementation Plans, Medium Term Expenditure Strategies and Fiscal Strategy Papers (FSPs) focus on the right priority sectors and link budgets to these priorities, while a Sovereign Wealth Fund was created by the government with an initial capital of $1 billion. Although the Nigerian economy is growing, growth is not leading to development. The economy's growth rate is paradoxical, given the fact that while the economy appears to be growing, growth has not led to wealth and employment generation. The paradox is a pointer to the failure of the trickle-down growth theory of classical economics, which posits that economic growth trickles down to the poor.

In spite of the increased growth which has characterized Nigeria's economy since 2003, the attainment of MDG targets, especially on poverty reduction, remains a mirage. Poverty and inequality is deep and pervasive. The latest poverty profile released by the National Bureau of Statistics shows that incidence of poverty has been rising: from 54% in 2004 to 69% in 2010, with the absolute number of poor people growing from 69 million to 112.47 million people. Similarly, the Gini coefficient increased from 0.429 to 0.447 over the period, 2004 to 2010, showing and exacerbating inequality (NBS, 2012) Thus, the growth was not robust, all-inclusive and pro-poor. This means that growth did not lead to the transformation and wellbeing of lives, such that it results in improved standard of living, skills acquisition and development. The preponderance of poor people in any economy undermines its prospects for growth. The reality is that the neo-classical economic theory which provides the ideological platform for economic management in Nigeria has failed to create employment to match the nation's rising population. Nigeria's unemployment rate is a contemporary major concern, and constitutes an impediment to economic growth. According to the National Bureau of Statistics (2011), the rate of unemployment rose from 21.1% in 2010 to 23.9% in 2011. The NBS estimates that Nigeria's population grew by 3.2% in 2011, from 159.3 million people in 2010 to 164.4 million in 2011, reflecting rapid population growth. In 2011, Nigeria's unemployment rose to 23.9% compared with 21.1% in 2010. The statistics shows that the labour force swelled by 2.1million to 67,256,090 people, with just 51,224,115 persons employed leaving 16,074,205 people without work. The lack of sufficient jobs resulted in additional 2.1 million unemployed persons in 2011, up from 1.5 million unemployed people produced in 2010 (NBS, 2013).High population growth rates, without a corresponding increase in economic growth, circumscribe social and economic development. A high population growth rate would also require a higher growth of GDP per capita to realize an increase in human welfare in the country. Nnadozie (2012) provides ample elucidation on the nexus between economic growth and employment. The linkage creates a virtuous circle in which economic growth leads to an increase in employment with rising productivity, resulting in a higher income of the poor and higher expenditure on health, education and skill development, which, in turn, leads to an increased productive capacity and ultimately to more growth.

Without adequate investment in human capital, the nation's Human Development Index (HDI) cannot improve. Nigeria's capability to realize vision 2020 is also stymied by its poor level of human development. The statistics on Nigeria's Human

Development Index (HDI) are appalling. The 2010 report shows that Nigeria ranked 142 out of 169 countries surveyed. Life expectancy at birth is estimated at 51 years, 2.7 years under the average for Africa, excluding North Africa. Nigeria also has one of the highest HIV prevalence (3.6%) in West and Central Africa. Also, adult literacy stands at 61%, 1percentage points lower than the average for sub-Saharan Africa. Apart from the foregoing challenges enumerated above, Nigeria still faces some fundamental challenges that remain either unaddressed or inadequately addressed. Insecurity constitutes another formidable threat to the realization of vision 2020. In addition, the 2008 report of the African Peer Review Mechanism identifies the following overarching challenges: managing diversity and promoting nation building within the framework of the federation; dependence on oil/gas and lack of economic diversification, the scourge of corruption; ineffective policy and programme implementation and poor delivery of services; excessively large informal sector; slow gender progress and limited advancement of women; land reform policy; the role of the traditional rulership in governance; diaspora and remittances; and social discipline, disorder and value re-orientation.

Vision 2020 and the competitiveness of the Nigerian economy

By competitiveness, we refer to the set of institutions, policies, and factors that drive productivity and therefore set the sustainable current and medium-term levels of economic prosperity (World Economic Forum, 2012). Implicit in competitiveness is the emphasis on improved productivity as reflected in higher quality of goods and services and lower production costs. It is productivity that sets the sustainable level of prosperity that can be earned by an economy (Uwatt, 2010). The need to diversify and achieve the structural transformation of Nigeria's economy has remained a daunting task. Successive Nigerian regimes have unsuccessfully sought to tackle this challenge through the enunciation of various policy measures like SAP, NEEDS etc. The reality is that Nigeria's economy is still steeped in primary production. This renders Nigeria's economy vulnerable to the boom and burst cycles of the global economy, thus undermining independent planning by government. The challenge of structural weakness undermines the competitiveness of the Nigerian economy in a fast-changing globalizing world. Overall, Nigeria's business environment is gloomy, and in need of fundamental reforms. The Global Competitive Report ranks Nigeria 115th out of 144 countries which is an improvement from the 127th ranking two years ago. In spite of the improvement, Nigeria remains at the bottom 20 percent of countries surveyed (Nweke, 2014). When compared with the Next-Eleven Economies of Bangladesh, Egypt, Indonesia, Iran, Mexico, Pakistan, Philippines, South Korea, Turkey, Vietnam and Nigeria inclusive, Nigeria ranked 9th, only higher than Bangladesh and Pakistan in 10th and 11th positions respectively. In the World Bank's Doing Business Report 2011, Nigeria was ranked 137th out of the 183th economies surveyed compared to its 134th in 2010. Among the sub-Saharan African countries, the report ranks Nigeria out of 40 economies: behind Mauritius(1), South Africa (2), Botswana (3), Rwanda (4), Ghana (5), Namibia (6), Zambia (7), Seychelles (8), Kenya (9) and Ethiopia (10) [Nnadozie, 2012].

In assessing Nigeria's position in the global competitive ranking, it is important to assess the country's performance with its peers, particularly the largest economies in Africa (South Africa, Algeria, and Egypt) which together with Nigeria, form the SANE countries), and the emerging economies of Brazil, Russia, India and China, popularly referred to as the BRICs. In spite of the global economic and financial crises, Nigeria has performed relatively well economically since the year 2000. This could be attributed to the economic reforms introduced by the Obasanjo Presidency, namely: sound macroeconomic policies, improved political climate and favourable crude oil price. The growth rates were as follows: 6.0% in 2008, 7.0% in 2009, 7.85% in 2010 and 7.98% in 2011. Nigeria's real GDP grew at an average annual rate of 8.6% between 2000 and 2009 compared to about 2.16% between 1992 and 2000. The growth performance exceeded that of South Africa, Egypt and Algeria, although it was lower than India and China. In 2009, Nigeria was the 17th fastest growing economy in the world, China was ranked 6th and South Africa occupied the 117th position.

In spite of the satisfactory growth performance over the years, Nigeria's GDP remained the lowest, relative to its peers, apart from Algeria. At USD173.4 billion, Nigeria's GDP was just 4% of that of China, 14% of that of both India and Russia and about two-thirds that of South Africa. This made Nigeria the 45th largest economy in the world, second largest economy in sub-Saharan Africa (after South Africa) and the third largest in Africa (after South Africa which is first and Egypt second).With an estimated GDP of $415 billion (at purchasing power parity) and per capita income of $2,500 in 2011, Nigeria is an underperformer given her vast natural resources, her 167 million population and the dynamism and diversity of her people. The low per capita income is also reflected in the unsatisfactory indices of human development. Some other Third World countries that were at comparable levels of development with her in the 1960s and with considerably less natural endowments have left the country behind. South Korea has a GDP of $1.164 trillion and per capita income of $31,700; Malaysia has GDP of $453 billion and per capita income of $15,000, and Singapore, GDP $314.9 billion and per capita income of $59,700. To meet the target of over USD900 billion in GDP which the vision envisages, Nigeria's GDP needs to achieve an annual 10.5% growth. Compared with the present growth rate, Nigeria has a long way to go to achieve vision 2020.

The country's infrastructure is so poor that the World Bank estimates that she needs $20 billion in new investments in the power sector alone each year for the next 10 years to reverse our poor industrial base while agriculture is still driven by smallholders with hardly any mechanization. The lack of adequate infrastructure increases the cost of doing business in Nigeria. The cost of starting a business in Nigeria, estimated at 76.7% of income per capita, is still one of the highest in the world, and among its peers, especially when compared to 2.7% in Russia, 4.9% in China, 6.9% in Brazil and 5.9% in South Africa. Nigeria does not have an efficient railway and electricity supply system. The World Bank has also warned that Nigeria must achieve double-digit growth for 10 unbroken years to break the cycle of 70 per cent of her people living in poverty. Latest figures from the National Bureau of Statistics indicate that despite a slight improvement in the small and medium scale industrial sub-sector, manufacturing contributes less than four per cent to GDP, while solid minerals, varieties of which are available in all the 36 states, are largely in the hands of artisans and unregulated, unregistered informal operators.

In terms of macroeconomic stability, the trend has been stable since 2003 as evidenced by the moderate inflation rate and sustainable account balance. The inflation rate of 12.3% compares with that of China, although worse than other SANE and BRIC economies which all operate within the single digit. Nigeria's external trade performance has also not been satisfactory, as Nigeria's total trade as a percentage of world trade fluctuated between 0.2% and 0.5% between 1950 and 2008. Similarly, Nigeria's import share of world import also fluctuated between 0.2% and 0.5%, within the review period, with a value of USD 44.7 billion and growth rate of 15.2% in 2008. A similar pattern was recorded for the other SANE countries, although the BRIC economies performed much better (Uwatt, 2010).

In the same vein, Nigeria is not yet a major player in the emerging capital market. Available statistics show that between 2002 and 2009, Nigeria's external financing, comprising bonds, equities and loans was only $1.2, compared to $3 billion for South Africa and $39.4 billion for China. Thus, within the period, South Africa, Brazil and China, recorded an average of seven, twenty-five, and thirty-two times, respectively, of what Nigeria obtained from bonds, equities and loans combined. Estimated data on foreign direct investment (FDI) inflows, which comprised mainly equity capital, re-invested earnings and other capital inflows declined sharply by 44.7% from N710.83 billion in the first half of 2011 to N393.37 billion in the first half of 2012 (CBN, 2012). No doubt, the current security situation as a result of Boko Haram insurgents operating in the North-East of Nigeria, has contributed in making the business environment in Nigeria unattractive for the inflow of FDI. Other factors responsible for the decline of FDI include the non-passage of the Petroleum Industry Bill (PIB), the slow recovery of the world economy, occasioned by the weak economic performance in the USA, China, the U. K as well as the lingering Eurozone debt crises.

Nigeria's lack of technological innovation equally threatens the possibility of realizing vision 2020. Technological capability confers on countries that possess it comparative advantage. With it, a nation is able to upgrade its manufactures; accesses the global market, export manufactures, and boost its foreign investment potentials. It follows, therefore, that technology is a major tool of competition and enjoyment of the gains of globalization. Not surprisingly, Nigeria will continue to rely on obsolete technology and foreign expertise as its economy becomes a dumping ground for foreign goods and services.

In general terms, Nigeria does not have the right institutions to enhance its competitiveness. The lack of an effective institutional arrangement, in the form of formal rules and legal infrastructures, is a clog in the wheel of Nigeria's march to 2020.

Conclusion

The attainment of economic prosperity by Nigeria to join the league of 20 nations can only become a possibility if Nigeria puts its acts together. While the right sets of policies may have been enunciated, what is needed is concerted effort to follow through the vision. Evidently, Nigeria is making progress but not qualitative enough to make a quantum leap into the league of the 20 most developed economies. A great amount of discipline, focus and drive is required to make the dream become a reality. The attempt to attain vision 2020 will entail institutionalizing accountability, transparency, and due process with a view to curbing the incidence of corruption, which has stymied almost all development plans in Nigeria, while monitoring and evaluation should be given the desired attention.

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APPENDIX 1

Global Competitiveness Index: Focus on Nigeria 2012-2013

- 1. The World Economic Forum (WEF) Geneva, Switzerland produces a yearly report to measure countries and regions competitiveness among nations of the world using Global Competitiveness Index (GCI). The GCI was launched in 2005 and currently in its 7th year. It has identified 12 Pillars that measure and contribute to Nations' Competitiveness. This presentation focuses on Nigeria's 2012-13 GCI for the purpose of knowing where we are currently competitive and how we can compete globally.

- 2. The 12 Pillars of GCI BASIC REQUIREMENTS: Institutions; Infrastructure; Macroeconomic Environment; Health and Primary Education, Higher Education & Training; Goods Market Efficiency; Labor Market Efficiency; Financial Market Development; Technological Readiness; Market Size; Business Sophistication; Innovation.
- 3: **Institutions** The institutional environment is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate income and wealth in the economy. Overall, Nigeria ranks 117 of 144 countries in Institutions, only with competitive advantages in burden of government regulation and efficiency of legal framework. The lack of strong institutions leads to: excessive bureaucracy and red tape; overregulation; corruption; dishonesty in dealing with public contracts; lack of transparency and trustworthiness
- 4: **Infrastructure**. Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities or sectors that can develop in a particular economy. Overall, Nigeria ranks 130 of 144countries in infrastructure, with no competitive advantage in any of its metrics. It is impossible for a nation to experience economic turn-around without electricity (constant supply), transportation and communication – telecoms. Nigeria is about the only country of her status without an efficient rail system!
- 5: **Macroeconomic Environment** The stability of the macroeconomic environment is important for business and, therefore, is important for the overall competitiveness of a country. The government cannot provide services efficiently if it has to make high-interest payments on its past debts. Overall, Nigeria ranks 39 of 144 countries in macroeconomic environment.
- 6: **Health and Primary Education** A healthy workforce is vital to a country's competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive. Poor health leads to significant costs to business, as sick workers are often absent or operate at lower levels of efficiency. In addition to health, this pillar takes into account the quantity and quality of basic education received by the population, which is increasingly important in today's economy. Overall, Nigeria ranks 142 of 144 countries in health and primary education, with no competitive advantage in any of its metrics. The health of a nation is her wealth.
- 7: **Higher Education & Training** Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. In particular, today's globalizing economy requires countries to nurture pools of well-educated workers who are able to adapt rapidly to their changing environment and the evolving needs of the production system. This pillar measures secondary and tertiary enrollment rates as well as the quality of education as evaluated by the business community. Overall, Nigeria ranks 113 of 144 countries in higher education & training, with

no competitive advantage in any of its metrics. Similarly, the wealth of a Nation is highly dependent on her citizens' level of education!

- 8: **Goods Market Efficiency** Countries with efficient goods markets are well positioned to produce the right mix of products and services given their particular supply-and-demand conditions, as well as to ensure that these goods can be most effectively traded in the economy. The best possible environment for the exchange of goods requires a minimum of impediments to business activity through government intervention. Overall, Nigeria ranks 88 of 144 countries in goods market efficiency.
- 9: **Labor Market Efficiency** The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their most efficient use in the economy and provided with incentives to give their best effort in their jobs. Labor markets must therefore have the flexibility to shift workers from one economic activity to another rapidly and at low cost, and to allow for wage fluctuations without much social disruption. Overall, Nigeria ranks 55 of 144 countries in labor market efficiency, with competitive advantages in flexibility of wage determination, rigidity of employment index and hiring and firing practices. Efficient labor markets ensure: clear relationship between worker incentives; promotion meritocracy at the workplace; and equity in the business environment between women and men
- 10: **Financial Market Development** An efficient financial sector allocates the resources saved by a nation's citizens, as well as those entering the economy from abroad, to their most productive uses. It channels resources to those entrepreneurial or investment projects with the highest expected rates of return rather than to the politically connected. Overall, Nigeria ranks 68 of 144 countries in financial market development, with competitive advantages in financing through local equity market and legal rights index.
- 11: **Technological Readiness** In today's globalized world, technology is increasingly essential for firms to compete and prosper. The technological readiness pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage ICT in daily activities and production processes for increased efficiency and competitiveness. Overall, Nigeria ranks 112 of 144 countries in technological readiness, with no competitive advantage. There is high correlation between infrastructure & technology.
- 12: **Market Size** The size of the market affects productivity since large markets allow firms to exploit economies of scale. In the era of globalization, international markets have become a substitute for domestic markets, especially for small countries. There is vast empirical evidence showing that trade openness is positively associated with growth. Overall, Nigeria ranks 33 of 144 countries in Market Size, with competitive advantages in the only two metrics - domestic market size index and foreign market size index. Population does matter.
- 13: **Business Sophistication** Business sophistication concerns two elements that are intricately linked: the quality of a country's overall business networks and the quality of individual firms' operations and strategies. These factors are particularly important for countries at an advanced stage of development, when,

to a large extent, the more basic sources of productivity improvements have been exhausted. Overall, Nigeria ranks 66 of 144 countries in Business Sophistication.

- 14: **Innovation** Innovation is particularly important for economies as they approach the frontiers of knowledge and the possibility of integrating and adapting exogenous technologies tends to disappear. Overall, Nigeria ranks 78 of 144 countries in Innovation.
- Nigeria has competitive advantage in Market Size as well as macroeconomic environment. Also worth noting is that Nigeria's score in labour market efficiency is above the global average score. The farther we are from the Global Average Score (GAS), the more precarious that sector of the economy is; Infrastructure being the worst of all requiring urgent attention.

Source: World Economic Forum https://www.weforum.org/-WEF_GlobalCompetitivenessReport_2012 – 2013