

AFRICAN INSTITUTE FOR
APPLIED ECONOMICS

Promoting evidence-based decision making



Activity Report 2003

Review of 2003 and Prospects for 2004

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REVIEW OF 2003 AND PROSPECTS FOR 2004

The year 2003 was marked by significant change in leadership. Following the appointment of the Executive Director, Prof. Charles Soludo, as the Chief Economic Adviser to the President and Chief Executive of the National Planning Commission, a new Executive Director was appointed. He is Prof. Eric C. Eboh, a Professor of Agricultural Economics at the University of Nigeria, Nsukka.

AIAE continued its research, policy advocacy and capacity building mandates with renewed determination and vigour. The pivotal role of AIAE in driving the National Working Groups Initiative (otherwise called the Competitiveness Working Groups Initiative) was intensified as more Work Groups commenced operations. The National Working Groups Initiative (Competitiveness Working Groups Initiative) became the major vehicle to deliver AIAE research and advocacy programmes. In this context, the Stakeholders Workshop on Challenges of Trade and Macroeconomic Reforms was held.

The Enugu Forum was strengthened as a civic platform for constructive engagement on social, economic and development questions. Participation grew in terms of attendance and quality of deliberations. The Institute facilitated training and capacity building activities for Associate Fellows. AIAE website was launched to facilitate corporate publicity, improve networking with Associate Fellows and enhance information flows with stakeholders.

The Institute's analysis on Nigeria macroeconomic assessment provided core inputs into the National Economic Empowerment and Development Strategy (NEEDS). Many Associate Fellows were engaged by the National Planning Commission, other government agencies and international development partners to provide different forms and levels of technical and expert assistance in the development of the National Economic Empowerment and Development Strategy (NEEDS).

In sum, the year was good and satisfactory. However, many challenges require greater attention in the coming year 2004. They include infrastructure (electricity, equipments, Internet Connectivity), library development, greater networking by Associate Fellows, enhanced strategic partnerships and collaboration with local and international organisations, strengthened institutional and human resource capacities and greater corporate and institutional development.

Generally, the outlook for 2004 is bright and promising. Great opportunities lie ahead to consolidate AIAE stature as an excellent, professional, efficient and respected organization.

Prof. Eric Eboh
Executive Director

1.0 INTRODUCTION

1.1 IDENTITY

The African Institute for Applied Economics [AIAE], incorporated by Guarantee in Nigeria in 2000, is a not-for-profit, non-partisan independent international organization devoted to economic policy research. The Institute facilitates policy advocacy, training, networking and provides consulting services.






1.2 VISION

The Institute envisions a Renascent Africa that is democratic, prosperous and a major player in the global economy.

1.3 MISSION

The Institute aspires to provide leadership in helping Nigeria and Africa think through the emerging economic renaissance. The Institute's mission is to promote evidence-based decision making.

1.4 METHODS & APPROACHES

-  Responsive and proactive research- critical economic and allied research to extend the frontiers of knowledge as well as provide evidence for informed policymaking.
-  Facilitating links and dialogue between policymakers and key stakeholders including private sector and civil society.
-  Convening expert forums on key economic and development questions.
-  National and International Networking and Collaboration
-  Consulting services - policy and institutional reforms, training and capacity building

1.5 PROGRAMME AREAS

There are four programme areas, as follows.

1. Trade, Regional Integration and Competitiveness (TRIC)
 -  Survey and comparative analysis of productivity and competitiveness highlighted by regular Competitiveness and Sustainability Report.
 -  Research into technological innovations, products and services shaping the new economy.
 -  National and sub-regional trade, de-regulation and competition policies.
 -  Analysis of proposals for policy coordination and harmonization in ECOWAS.
 -  Options for effective integration of Africa into the global economy.

2. Macroeconomic Analysis, Modeling and Forecasting (MAMF)
 - ✍ Exchange rate regimes and policies promoting economic diversification and international competitiveness.
 - ✍ Macroeconomic stabilization and growth
 - ✍ Development and adaptation of empirical models for policy analysis and forecasting.

3. Public Sector Economics and Management (PSEM)
 - ✍ Fiscal federalism and the rationalization of fiscal structures.
 - ✍ Taxation and incentives.
 - ✍ Debt and budgetary policies.
 - ✍ Divestment of public enterprises.
 - ✍ Public investment policy.


4. Poverty, Income Distribution and the Labour Market (PIDLAM); and
 - ✍ Bottom-up perspectives on constraints to broad-based growth.
 - ✍ Decentralization and efficiency of public service delivery systems.
 - ✍ Poverty traps, vulnerability and coping mechanisms of the poor to risks and shocks.
 - ✍ Education and health issues.
 - ✍ Evaluating market and non-market approaches to poverty reduction.
 - ✍ Wage determination, labour market distortions and productiveness.


2.0 STRUCTURE & ORGANIZATION

2.1 BOARD OF DIRECTORS

The Institute has a Board of Directors. The members include: Dr. (Mrs.) Ngozi Okonjo-Iweala (Nigeria's Minister of Finance); Mallam Nasir El-Rufai, (Nigeria's Minister of Federal Capital Territory [FCT]); Prof. Charles C. Soludo (Chief Economic Adviser to the President and Chief Executive, National Planning Commission); Dr. Brian Wilson, (Former Director, Aga Khan Foundation, and Fellow of Trinity College, Dublin); Prof. A.H. Ekpo (Vice-Chancellor, University of Uyo, Nigeria); Dr. Ralph C. Bryant, (Senior Fellow, The Brookings Institution, Washington, DC); Prof. G.F. Mbanefoh (Vice-Chancellor, University of Nigeria, Nsukka); Ms. Jan Piercy (former American Executive Director at the World Bank); Mr. Jeffrey C. Fine, Canadian (founding Executive Director, African Economic Research Consortium, Nairobi); Prof. Paul Collier (Oxford University and Research Director, World Bank); Prof. Joseph Stiglitz (2001 Nobel prize winner in Economics and Columbia University), and Prof. Eric C. Eboh, the Executive Director.

2.2 MANAGEMENT

 **Staff:** The Institute is headed by the Executive Director. Other staff include the Finance Manager, Administrative Coordinator, External Affairs Coordinator, Administrative Secretary, Programme Coordinators, Research Fellows and Assistants, a Librarian, an Administrative/Finance Assistant, Office Clerk/Assistant, and a Janitor.

 **Associate Fellows:** Much of the substantive work of the Institute is carried out through a network of experts within and outside of Nigeria affiliated to the Institute as Associate Fellows. Associate Fellows have minimum of Masters Degree in Economics, Social Sciences and related Disciplines. The total number of Associate Fellows is 53.

3.0 ACTIVITIES AND ACHIEVEMENTS

3.1 RESEARCH

The major research done include:

1. *What is the Optimal Level of Tariffs for African Countries?* This was one of the research papers carried out under the SISERA Emerging Centre Seed grant.
2. *What Does the Central Bank of Nigeria Target? An Empirical Analysis of the Policymaker's Reaction Function.* This was one of the research papers carried out under the SISERA partner Emerging Centre Seed Grant.
3. *Nigeria: Macroeconomic Assessment and Agenda for Reforms.* This research was done under the auspices of subcontract from IBM and for USAID Nigeria Economic Growth Program.
4. *Does Trade Openness Make Sense at this Time in Nigeria?* This is one of the research papers carried out under the Trade and Macroeconomic Working Group of the National Working Groups Initiative or Competitiveness Forum Working Groups Initiative.
5. *Policy Options for Managing Macroeconomic Volatility in Nigeria.* This is one of the research papers carried out under the Trade and Macroeconomic Working Group of the National Working Groups Initiative or Competitiveness Forum Working Groups Initiative.



6. *Designing an Appropriate Exchange Rate for Competitiveness and Growth*. This is another research papers carried out under the Trade and Macroeconomic Working Group of the National Working Groups Initiative or Competitiveness Forum Working Groups Initiative.
7. *Analysis of the Competitiveness and Performance of Nigerian Agriculture Sector*. This research was carried out under consultancy with the World Bank, Abuja.
8. *Analysis of Agricultural Input Subsidy Policies in Nigeria*. This research was carried out under consultancy with the World Bank, Abuja.
9. *An Assessment of the Poverty Reduction Poverty Strategy (PRSP) Process in Nigeria*. This research was done under consultancy with the United Nations Economic Commission for Africa (UNECA), Addis Ababa, Ethiopia.

3.2 CONSULTANCY

During the year, AIAE Associate Fellows provided technical assistance as follows:

1. Development of States Social Plans of Action in 6 states of the Federation.
2. Development and Drafting of the National Economic Empowerment and Development Strategy (NEEDS).
3. Assessment of USAID Agriculture Portfolio

3.3 CONFERENCES, WORKSHOPS AND SEMINARS

1. Stakeholder Workshop on “Confronting the Challenges of Trade and Macroeconomic Reforms”, 27-28 October 2003. Abuja. This was a stakeholder forum convened to examine the findings and policy implications of three research papers - *Does Trade Openness Make Sense at this Time in Nigeria?*, *Policy Options for Managing Macroeconomic Volatility in Nigeria* and *Designing an Appropriate Exchange Rate for Competitiveness and Growth*. The Forum witnessed high attendance and top-quality deliberations by government policymakers and technocrats, civil society, private sector, academics and NGOs. In addition to disseminating research findings, the Forum stimulated informed debate and sensitized stakeholders on the critical questions and agenda for trade and macroeconomic policy reforms in Nigeria.

2. Enugu Forum Monthly Policy Seminar. This is a monthly civic forum devoted to debating, analysing and proposing policy options and development questions in order to promote good governance and sustainable development. Ten sessions of Enugu forum seminar were held during the year, with speakers coming from within and outside Nigeria..

4.0 NETWORKING AND OUTREACH (AFFILIATIONS)

AIAE continues to network with national and international organizations as a vehicle to enhance the effectiveness and impact of its research and policy advocacy programmes. Networking is a key feature of AIAE's *modus operandi*; as it enables the Institute to harness skills and talent within and outside Africa.

4.1 National Networks

1. Enugu Forum

It brings together diverse stakeholders including government officials, private sector operators, civil society groups, independent think-tanks, academics and NGOs to exchange and deliberate on critical social and economic issues affecting the country. It is aimed to promote informed policy advocacy and engender shared understanding of competing policy options.

2. National Working Groups Initiatives

The National Forum Working Groups Initiatives is a network of Nigerian private sector and civil society-based working groups devoted to evidence-based economic policy advocacy for promoting competitiveness and growth of private enterprise in Nigeria. Its mission is partnering to improve the economic environment for the competitiveness and growth of Nigerian non-oil economy. AIAE is the coordinating institution.

4.2 International Networks and Affiliations

1. Secretariat for Institutional Support for Economic Research (SISERA) Partner Institutions Programme. AIAE is a member of the network of institutions supported by SISERA under the Emerging Institutions facility.



2. African Economic Research Consortium (AERC) Research Programme. AIAE Associate Fellows are active participants in the research programme of the AERC, Nairobi, Kenya. The Institute also receives institutional support in the form of book grants from AERC.

5.0 CAPACITY BUILDING

In collaboration with other organisations, AIAE undertakes skill enhancement, capacity building and institutions strengthening for governments, regional organisations, NGOs, Universities and the private sector.

5.1 Training Courses Attended by AIAE Staff and Associate Fellows.

1. Advanced Poverty Workshop in Kampala, Uganda, 22-30 January 2003. It was organized by SISERA/IDRC.
2. Test Review and Information Update Workshop on the Draft Nigerian Interim Poverty Reduction Strategy Paper (IPRSP), 6-9, August 2003.
3. Workshop on a Regional Poverty Reduction Strategy in West Africa, 6-7 November 2003, Accra Ghana.
4. Workshop on Elaboration of a Framework for ECOWAS Common Agricultural Policy (CAP) CEPA, 7-8 November 2003, Accra Ghana.

6.0 THE LIBRARY

AIAE library is designed to provide up-to-date relevant literature (including electronic) for learning, training and research. Book grant was received from the African Economic Research Consortium (AERC). The total number of collections is about 2300 including books, journals, periodicals, electronic and other literature. Over 200 users were recorded. Developing the library to meet the needs of users Associate Fellows and Staff and remains a major challenge.

7.0 IMPACT OF PROGRAMS AND ACTIVITIES

1. *Analytical support and technical assistance for government's economic reform policies (NEEDS):* AIAE provided critical analytical inputs and expert advisory into the Government of Nigeria's National Economic Empowerment and Development Strategy (NEEDS). The analysis of Nigeria Macroeconomic Performance and



Agenda for Reforms produced by AIAE provided valuable scientific material for the development of the NEEDS. It was timely that the work was produced on the eve of the appointment of the Team Leader as the Chief Economic Adviser to the President and Chief Executive of the National Planning Commission.

2. *Promoting policy debates and public enlightenment:* AIAE actively contributes to policy debates on social, economic and development issues. Associate Fellows of AIAE deliver speeches and seminars in several forums to promote civic engagement and enlighten stakeholders.
3. *Promoting private sector advocacy capacity and effectiveness:* AIAE spearheaded the formation of the National Working Groups Initiative (Competitiveness Working Groups Initiative) which connects five leading private sector and civil society institutions for evidence-based policy advocacy to promote private sector competitiveness and growth in Nigeria.
4. *Capacity building for Associate Fellows:* AIAE Fellows attended several training programmes to develop additional skills, upgrade capacities and improve research and analytical effectiveness of Associate Fellows and Staff.
5. *Promoting government-civil society dialogue:* AIAE initiated and facilitated several forums for civic engagement with government on economic, social and development issues affecting the country, ECOWAS and Sub-Saharan Africa. Such forums are in high demand by both government and civil society, as mechanism to promote shared understanding of alternative viewpoints and reduce information gaps, conflict and suspicion between government and civil society.

8.0 STAFF DEVELOPMENT

8.1 NEW STAFF

During the year, there was a significant change in leadership of the Institute. In June 2003, the Executive Director, Prof. Charles Soludo was appointed Chief Economic Adviser to the President and Chief Executive, National Planning Commission. Consequently, Prof. Eric Eboh, became the new Executive Director.

VISITING RESEARCH FELLOWS

In line with its Visiting Staff Programme, AIAE hosted Professor Ben Nwokolo, Professor of Engineering Technology, Grambling State University, USA, from May 21 to August 11, 2003. Prof. Nwokolo was engaged in data collection on the research project focusing on the “The Role of Investment Strategies and E-Commerce in poorly accessible regions of Nigeria”, under the auspices of the SAGA Research Grants.

8.2 NEW ASSOCIATE FELLOWS:

A total number of 39 new Associate Fellows were admitted into the Institute.

9.0 AIAE WEBSITE

During the year, AIAE launched its website: www.aiae-nigeria.org

10.0 CHALLENGES AHEAD

In the year 2004, the major challenges include:

- ✍ Improving the infrastructure electricity supply, equipments and internet connectivity
- ✍ Enhanced coordinating and pivotal role in the National Working Groups Initiative (Competitiveness Working Group Initiative)
- ✍ Enhanced networking of Associate Fellows
- Corporate and institutional development
- ✍ Strategic partnerships and collaboration with local and international organisations
- ✍ Development of medium-term research and advocacy programme
- ✍ Strengthening of research and advocacy capacities library development, training courses and seminars.