# Review of 2003 and Prospects for 2004

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REVIEW OF 2004 AND PROSPECTS FOR 2005

Overall, the year 2004 was eventful, challenging and fulfilling. AIAE intensified its corporate mandates and responsibilities in policy research, facilitating policy dialogue, convening stakeholder forums, coordinating research and advocacy networks, promoting economic literacy in civil society and providing expert advisory and technical assistance to governments, development partners and private sector organizations.

The year 2004 was significant in many respects. The Better Business Initiative coordinated by AIAE witnessed remarkable achievements in research and advocacy. Demand for the Institute’s expert services grew rapidly, as evidenced by the numerous calls for the services of Associate Fellows in the development and drafting of NEEDS and SEEDS, technical assistance on policy development in many states of the country. Other examples include the regular invitation to deliver lectures and seminars in public forums and the increased demand for the economic and social data and statistics developed by the Institute.

The Institute commenced a public enlightenment radio programme in collaboration with COSMO FM to promote policy debates and economic literacy in civil society and thus contribute to increased demand for good governance. In line with the need to improve the quality of human resources at the Institute, many Associate Fellows and Staff benefited from training and capacity building activities within and outside the country. A Corporate Affairs Department was created in response to the growing corporate profile of AIAE. The Department is charged with public affairs, publications, media relations, stakeholder relations and website management. AIAE Website became very functional and effective during the year.

Looking forward to the year 2005, several challenges confront us. We have a duty and responsibility to uphold the high quality outputs, excellence, integrity and professionalism upon which AIAE was envisioned. This requires upgrading of technical capacities and analytical skills to deliver research. It entails more effective up-to-date methods and techniques of policy advocacy. It challenges us to intensify the breadth and depth of networking of Associate Fellows and AIAE’s partnership with national/international institutions. In the medium-term, AIAE faces the challenge of developing a systematic research and advocacy programme. One response to this challenge is the State of Nigerian States project which is currently undergoing design. Moreover, there is growing demand for up-to-date high quality literature by library users including staff, Associate Fellows, academics and postgraduate students in Nigerian Universities, independent consultants and other think-tanks. Hence, there is now need for systematic growth and upgrading of the library.

The upsurge in demand for AIAE’s services underscores high confidence in its corporate capabilities and wide acceptance for its outputs. It also shows that AIAE is making positive impact in the Nigerian economy and society. We have a shared responsibility to uphold this confidence and AIAE’s status as corporate role-model of excellence, efficiency, integrity and professionalism. This entails greater hardwork, commitment and steadfastness.

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 five 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, health and gender issues.
   - Evaluating market and non-market approaches to poverty reduction.
   - Wage determination, labour market distortions and productiveness.

5. Agriculture and Rural Development (AGRUD).
   - Policy and institutional reforms.
   - Technology generation, transfer and use.
   - Agribusiness and micro-enterprise development.
   - Food security, poverty and rural livelihoods.
   - Agricultural trade and commercialization.

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 (Governor, Central Bank of Nigeria); 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 (Former 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, Corporate Affairs Manager, Confidential Secretary/Administrative Assistant, Programme Coordinators, Research Fellows and Assistants, a Librarian, an Administrative/Finance Assistant, Office Clerk/Assistant, and Security Officer and a Janitor.

**Associate Fellows:** Much of the substantive work of the Institute is carried out through a network of experts within and outside Nigeria affiliated to the Institute as Associate Fellows and Advisers. Currently, the Institute has over 70 Associate Fellows, each with at least a Masters Degree in Economics, Social Sciences and related Disciplines.

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 research was conducted as part of the SISERA Emerging Centre Seed grant to AIAE. The work started in 2003 but was completed in January 2004. The resultant paper has since been published under the SISERA working paper series in 2004 (#4).

2. *What Does the Central Bank of Nigeria Target? An Empirical Analysis of the Policymaker's Reaction Function.* AIAE carried out this research under the SISERA partner Emerging Centre Seed Grant.

3. *Doing First things First: Investment or Export Promotion?* Under the Trade and Macroeconomic Working Group of the Better Business Initiative, the Institute commissioned research into policy options for investment and export promotion. With active collaboration of several stakeholders (including the Nigeria Investment Promotion Council), the output was used for advocacy and policies re (design) of export and investment promotion activities.
4. **Renewable Natural Resources and Economic Growth.** This study was aimed at analyzing and quantifying the contributions of renewable natural resources to growth, poverty reduction and the costs of degradation to the economy. The findings are designed to inform and invigorate policy debate for promoting the sustainability of renewable natural resources and harnessing their economic potentials to drive growth and poverty reduction on a sustainable basis.

5. **Study of Resource Mobilization for the ECOWAS Bank for Investment and Development (EBID).** The research aimed to develop options and critical analysis for strengthening the impact of the ECOWAS Bank for Investment and Development (EBID) in development financing, resource mobilization and regional integration.

6. **Nigerian Case Study for the ECOWAS Common Agricultural Policy.** This research was aimed at undertaking critical analysis and reviews of the Nigerian agricultural sector in order to identify Nigeria’s stakes, opportunities and challenges for the ECOWAS agricultural policy.

### 3.2 CONSULTANCY

The major consultancy projects undertaken include:

1. Technical Assistance for the Development of States Social Plans of Action in 6 states of the Federation. This was done by Associate Fellows of the Institute under individual consultancy.


3. Technical Assistance and Expert Advisory on the Development and Drafting State Economic Empowerment and Development Strategy (SEEDS) in 14 states of the country. This was done by Associate Fellows of the Institute under individual consultancy.


6. Technical Assistance to the House of Representatives Committee on Agriculture. This programme is designed to provide expert inputs into the oversight and legislative functions of the House of Representatives Committee on Agriculture.
3.3 CONFERENCES, WORKSHOPS AND SEMINARS

1. The South East Stakeholders Consultative Workshop on the National Economic Empowerment and Development Strategy (NEEDS), April 3, 2004, Enugu. This workshop was aimed at collating and documenting stakeholder inputs into the draft of the NEEDS. AIAE facilitated and provided technical assistance for the workshop.

2. The Nigeria Dialogue Programme, 7-10 May, 2004. This involved a number of policy dialogue sessions in Lagos and Abuja. The programme was aimed at promoting stakeholder participation in economic debate and encouraging open discussion of burning economic issues. It was done in collaboration with the Initiative for Policy Dialogue, New York. Professor Joseph Stiglitz was the Guest Speaker, accompanied by other speakers - Akbar Noman, Hans Biswanger and Paul Collier. DFID Nigeria provided funding for the programme. Other sessions held under the Nigeria Dialogue Programme include:
   a. Interactive session with Academics at University of Lagos [UNILAG], 7 May 2004 at Main Auditorium, University of Lagos.

3. Stakeholder Workshop on Social Protection and Vulnerability Issues, 1 July 2004, Enugu. This was held under the auspices of the National Planning Commission, Abuja. It was aimed at reviewing and discussing the findings of commissioned studies on vulnerability and social safety nets in Nigeria, in order to inform and improve policy responses.

4. Enugu Forum Monthly Policy Seminar Series. This is a monthly session which is devoted to debating, analysing and proposing development issues in order to influence policies and promote good governance and sustainable development. - Ten sessions of Enugu forum seminar were held during the year, with speakers coming from within and outside the country.

5. Methodological Seminar on State of Nigerian States, 15 September 2004, Enugu. The Seminar was aimed to critically review and obtain technical inputs into the research and advocacy project designed to promote economic governance at the sub-national (state) level in the country.
6. Seminar on State of Nigerian States Project, 9 November 2004, Central Bank of Nigeria. This Seminar was designed to sensitize government stakeholders and international development partners about the objectives, methodology and potential impact of the Business Environment and Competitiveness (BEC) project for Nigerian States. The Seminar obtained critical inputs and buy-ins from stakeholders to enhance the impact of the business environment and competitiveness project.

7. Stakeholder Workshop on Investment and Export Promotion, 24 November 2004, Abuja. It was designed to disseminate the findings of the research on investment and export promotion institutions and seek inputs for the fine-tuning of the paper. It is one of the research papers done under the Better Business Initiative network. It was organized in collaboration with the National Investment Promotion Commission, Abuja and with funding support from USAID Nigeria.

8. Workshop on ECOWAS Common Agricultural Policy, 22-23 November 2004, Abuja. It was organized in collaboration with the Federal Ministry of Agriculture and Rural Development. The objective was to develop understanding of the regional opportunities and challenges for Nigerian agriculture and contribute ideas and inputs for the preparation of the ECOWAS Common Agricultural Policy Document. AIAE prepared the background research paper (the Nigerian case study) for this workshop, under collaboration with Associates for International Resources and Development, Cambridge, USA.

9. Workshop on Renewable Natural Resources and Sustainable Economic Growth in Enugu State, 29 October 2004, Enugu. It was aimed at introducing the research on renewable natural resources and economic growth to stakeholders in Enugu State and to obtain their inputs in shaping the research agenda and supplying needed data. The workshop also sensitized key government officials for greater policy attention to the agriculture and forestry sector in the state.

10. Workshop on Renewable Natural Resources and Sustainable Economic Growth in Nigeria, 2 November 2004, Enugu. This workshop was aimed at introducing the research on renewable natural resources and economic growth to key national stakeholders and to obtain their inputs in shaping the research agenda and supplying needed data. The workshop also sensitized key government officials for greater policy attention to maximize the economic potentials of the renewable natural resources such as cultivated land, irrigation, forest, rangelands and fisheries.
4.0 NETWORKING & OUTREACH (Affiliations):

During the year, AIAE intensified its national and international networking and outreach programmes with partner and collaborating institutions, both within and outside the country.

4.1 National Networks

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.

Better Business Initiative

The Better Business Initiative 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.

Budget Transparency Network

This is a network of civic organizations and advocacy groups aimed at promoting demand for budget transparency and fiscal accountability in Nigeria. AIAE is a pioneer member of the network.

4.2 International Networks and Affiliations

1. Initiative for Policy Dialogue (IPD), New York and the Country Dialogue Programme. The Country Dialogue Programme aims to help stakeholders explore policy alternatives and promote civic participation in economic policy making. In collaboration with IPD, AIAE organized the Nigeria Dialogue Programme to Nigerian Government and the citizens (private sector, civil society) to explore economic policy alternatives in an open and inclusive manner.

2. Secretariat for Institutional Support for Economic Research (SISERA) Partner Institutions Programme. AIAE is a member of the network of institutions supported by SISERA.
3. **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.

4. **International Forum on Development.** This is a network of intellectuals in advocacy and scholarly institutions who are committed to transforming debates about development policy as a counterweight to reigning economic orthodoxy. It seeks to contribute to the generation of a new policy agenda to harness the forces of globalization in ways that produce more rapid, equitable and sustainable forms of development. Its goals include to promote the articulation of an analytically informed, socially oriented development paradigm, to facilitate policy dialogue/outreach among key stakeholders and to create institutionalized forum on development alternatives. AIAE participated in the first Annual Forum of this Network held in New York, October 18-19, 2004.

5.0 **CAPACITY BUILDING**

5.1 **Training Courses Attended by AIAE Staff and Associate Fellows.**

- **Macroeconomic Policies, Agrarian Change and Development-Addis Ababa Ethiopia.** This training programme organized by International Development Economic Associates, the Council for Development of Social Science Research in Africa (CODESRIA) and the Ethiopian Economic Association (EEA), targeted young researchers in developing countries. The meeting was held in Addis Ababa in December 2004 with a focus was on policy options for development for poor countries and attended by four representatives of the Institute.

- **Macroeconomics, Financial Programming and Policies, 1-12 November 2004, Accra, Ghana.** It was organized by the West African Institute for Financial and Economic Management [WAIFEM] in collaboration with the International Monetary Fund.

- **Cambridge Advanced Programme on Rethinking Development Economics, 29 June - 18 July 2004, Queen’s College, University of Cambridge, UK.** It was organized by the Development Studies Committee, Cambridge University also targets young researchers from all around the world with the aim of reassessing the theoretical and empirical foundations upon which development paradigms are built.
Collection and Analysis of African Company Data, Oxford, United Kingdom. It was organized by the Centre for the Study of African Economies and United Nations Industrial Development Organization [UNIDO]. It aimed at equipping participants with tools for assessing the performance of firms. This was designed to be an input into the proposed survey of Nigerian manufacturing firms.

6.0 PUBLICATIONS

During the year, it was decided to commence publications in three categories:

**Working Papers**

Working Papers emanate from research. The Series quickly disseminates research and analytical outputs. The aim is to foster intellectual dialogue around the research findings. Working Papers have high technical and analytic content. It is aimed at the academic and research community as well as, technocrats in both private sector and government.

**Occasional Papers**

This Series publishes thematic papers prepared under the auspices of AIAE. It covers special publications including think pieces, theoretical papers, leading conference papers, public lectures/seminar and keynote addresses. The objective is to provide a forum for thematic discussions and wide transmission of critical academic and policy ideas and knowledge among stakeholders in government, academics, civil society and private sector.

**Policy Briefs**

This Series publishes short, soft, general-interest, less technical papers. The objective is to provide rapid and easily comprehensible policy- and development-oriented discussions. Policy Briefs are targeted at a wide audience comprising policy makers, policy advisors, bureaucrats, non-governmental organizations, academic community, civil society groups and international development partners. Policy Briefs seek to identify practical development challenges and options for solving them.
7.0 THE LIBRARY

AIAE library is designed to provide up-to-date relevant literature (including electronic) for learning, training and research. The library obtained additional 500 collections in the forms of books, journals, periodicals and electronic literature. Collections come from purchases and donations. An additional 15 regular users were registered. With the increasing number and greater diversity of library users, there is growing pressure for up-to-date and high quality literature and materials. Upgrading the library to become reasonably adequate and relevant to the needs of its users remains an important challenge.

8.0 IMPACT OF PROGRAMMES AND ACTIVITIES

1. Analytical Support and Technical Assistance for Government's Economic Reform Policies (NEEDS/SEEDS): AIAE generated critical inputs into the reform policies of government at all levels. Throughout 2004, the Institute was actively in collaboration with relevant bodies - the National Planning Commission, the State Planning Commissions, international development partners, the National Assembly, and other stakeholders in the private sector and civil society groups to promote policy reforms. Besides, AIAE Associate Fellows have been influencing the policy reforms in the country through participation in the drafting of the NEEDS and SEEDS in several states of the country. Many research conclusions of the Institute have contributed critical bases for government policy decisions on the economy and sector strategies. The technical assistance to the House of Representatives Committee on Agriculture has enhanced the work of the Committee and provided technical analysis to inform and guide its decisions.

2. Promoting Economic Literacy and Informed Policy Debates: AIAE has actively contributed to public discourse in economic and related matters. The Institute's weekly radio programme with Cosmo FM is aimed at promoting economic literacy at the grassroots and encouraging civic participation in social and economic governance. The programme continues to receive wide acceptance and demand among civil society.

3. Promoting Private Sector Advocacy Capacity and Effectiveness: AIAE impacted on the private sector mainly through the Better Business Initiative (BBI) network. The Institute connects with private sector organizations such as the Manufacturers Association of Nigeria (MAN), Nigerian Economic Summit Group, National Association of Small-Scale Industrialists (NASSI), National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACIMMA) and others to engage in evidence-based policy advocacy on economic and business competitiveness in Nigeria.
4. Capacity Building for Associate Fellows: AIAE Fellows witnessed increased professional exposure and growth in tandem with the increased demand for their consultancy services. AIAE supported and facilitated the exposure and participation of many Associate Fellows to challenging career responsibilities, consultancy opportunities and training programmes.

5. Growing Profile of Enugu Forum: There is growing demand for the monthly seminars organized under Enugu Forum. The Forum engaged in high quality topical debates and policy discourse facilitated by Speakers and Resource Persons drawn from local and overseas institutions. In response to increased number of participants, the venue of the Enugu Forum Seminar shifted from the Institute's Seminar room to bigger hotel conference halls.

6. 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. 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.

9.0 NEW STAFF

In order to cope with expanding program and responsibilities and to fill the vacancies created by disengaging staff, seven new staff were recruited. They include:

1. Mr. Chiwuike Uba, Finance Manager
2. Mr. Oliver Ujah, Research Assistant.
3. Mr. Celestine Nze, Research Assistant.
4. Mr. Moses Oduh, Research Assistant
5. Miss Kobi Ikpo, Corporate Affairs Manager.
6. Mrs. Beatrice Ndibe, Administrative Secretary
7. Miss Chioma Onwumelu, Finance and Administrative Assistant.
8. Mr. Favour Inyere, General Services Assistant, Corporate Affairs Department.

During the year, some staff disengaged for other appointments. They include:

1. Mr. Chidi O'Martins, joined the USAID-funded Community Development Project, Enugu.
2. Mr. Okey Oji joined the United Nations Fund for Women (UNIFEM), Abuja.
3. Miss Jane Onyia joined the Central Bank of Nigeria, Abuja
10.0 VISITING RESEARCH FELLOWS

The Institute hosted Dr. (Mrs) Nkechi Mbanefoh, Institute of Development Studies, University of Nigeria, Enugu Campus, on sabbatical leave.

11.0 NEW ASSOCIATE FELLOWS:

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

12.0 AIAE WEBSITE

During the year, AIAE website became very functional and effective.

13.0 CHALLENGES AHEAD

Key challenges in the forthcoming year can be outlined as follows.

- Implementation of the Better Business Initiative epic National Advocacy Forum
- Development and implementation of systematic medium-term research and advocacy program.
- Expansion of human resource base though enhanced networking of Associate Fellows, increase in staff and improved incentives for hardwork and excellence.
- Institutional strengthening in the areas of infrastructure development, core funding, corporate profiling and dissemination and closer networking with partner organizations.
- Intensified engagement of Associate Fellows in developing research.