AFRICAN INSTITUTE FOR
APPLIED ECONOMICS
Promoting evidence-based decision making...

Activity Report 2006
ACTIVITY REPORT 2006
REVIEW OF 2006 AND PROSPECTS FOR 2007

The year 2006 was a very busy and challenging one. There was a significant boost in research, training, publications and networking activities leading to several milestones. The research findings and recommendations continue to impact positively on government economic policies, institutions and programmes. The Institute’s research provided critical analytical inputs and evidence bases for policy decisions and programmatic actions on diverse economic questions including the Fiscal Responsibility Bill, Nigeria’s Fertilizer Policy and Strategy, Review of the Land Use Act 1978, Trade and Export Development, Sectoral Analysis and Reviews, Microfinance Policy and Regulation. Also, during the year, the Institute was selected to serve as the facilitative and supervisory firm for the SEEDS benchmarking exercise in the country. The selection of the Institute was based on satisfactory performance in the 2005 exercise and rich pioneering experiences in policy and programme benchmarking in Nigeria.

The Institute also achieved remarkable progress in implementing its flagship programme, the Business Environment and Competitiveness across Nigerian States (BECANS). Project structures and implementation organs were established. Consultation and mobilization led to the signing of collaborative agreements (Memoranda of Understanding - MOUs) with government agencies, private sector organizations and academic institutions. The background research produced the operational business environment models, benchmarks and indicators for the assessment of states. The research also analysed key statistics and evidence on the overall state of business environment in Nigeria. Some of the research outputs were published in the BECANS Monograph and Working Paper Series, as a means to disseminate information on Nigeria’s business environment. The major BECANS technical and advocacy workshop was held from 6-7 July 2006 at Abuja. Following the workshop, the nation-wide survey was carried out to collect data for fitting the indicators of business environment across the states.

In pursuance of the human resources development needs of the Institute, staff and Associate Fellows of the Institute benefited from several training and skill enhancement programmes within and outside Nigeria. One recorded milestone in training and learning is the take-off of the Peer Learning Seminar series as the primary forum for intellectual discourse among Associate Fellows. The Associate Fellows, working in five respective thematic research groups, constitute the principal research network of the Institute. However, logistics constraints limited the achievements of the work groups. The year witnessed the commencement of the Quarterly Newsletter to inform and enlighten stakeholders on the programmes and activities of the Institute.

The year 2006 has taught important lessons in organizational development and institution building. There remains a large scope to develop the ICTs resources base, improve upon team building management and peer coordination and make the thematic research work groups proactive engines of scholarly work and leading-edge research. Greater efforts are required to expand and deepen international networking and affiliations, as a route to achieving core funding, capacity strengthening and long-term resource base.

The scenarios for 2007 look promising. A preview of 2007 shows that one milestone will be the launching of flagship BECANS Business Environment Reports on Nigerian States. Also, there are bright prospects of institutional networking. Strategic economic research and evidence-based advocacy will remain our priority. The support of all stakeholders remains vital for making 2007 a more productive and rewarding for the Institute.

Prof. Eric Eboh
Executive Director
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1.0 AFRICAN INSTITUTE FOR APPLIED ECONOMICS

1.1 IDENTITY

The African Institute for Applied Economics [AIAE], incorporated by Guarantee in Nigeria in 2000, is a not-for-profit and non-partisan 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 GOVERNANCE AND MANAGEMENT

2.1 BOARD OF DIRECTORS

The Institute is governed by a Board of Directors, with Prof Eric C. Eboh as the Executive Director.

2.2 MANAGEMENT AND HUMAN RESOURCES

Staff: The Institute is headed by the Executive Director. Other staff positions include the Research Coordinator, Programme Coordinators, Research Associates, Research Assistants, Finance Manager, Administrative Coordinator, Corporate Affairs Manager, Administrative Secretary, Librarian and Administrative Assistants.

Associate Fellows: Much of the substantive research work of the Institute is carried out through a network of experts within and outside of Nigeria affiliated to the Institute as Associate Fellows. By end of 2006, the Institute has one hundred and fifty five (155) Associate Fellows each with at least a Masters Degree in Economics, Social Sciences and related Disciplines. Thirty (30) new members were admitted during the year.
3.0 RESEARCH


This study critically examines the budgetary decisions and proposals of the Federal Government in order to provide rigorous evidence on the assumptions, strengths and weaknesses of the Budget. The analysis assesses the bases, appropriateness and adequacy of the institutional and allocation decisions against national, regional and international benchmarks.

The thematic areas covered include macroeconomic framework; infrastructure, agriculture, education, water resources, power, health, gender, environment, housing and works (transport and roads).

The study was carried out under the auspices of the Budget Transparency Network, an alliance of civil society organizations working to deepen and sustain democracy and good governance in Nigeria through the promotion of budget transparency and accountability. The Budget Transparency Network utilizes the outputs of the budget to engage and dialogue with the executive and legislative arms of the Federal Government.

Assessment of policy research and advocacy capacities of state-level civil society and private sector organizations

This study assesses the capacity of Nigerian state-level civil society organizations (CSOs) and private sector organizations (PSOs) for policy analysis and advocacy. The scientific assessment provides evidence base for the design and implementation of assistance interventions in building the policy research and advocacy capacities and effectiveness of private sector and civil society organizations. While the study provides knowledge base to understand the nature and extent of capacity gaps, the assistance interventions (training and orientation) constitute capacity building measure to alleviate the gaps and thus improve evidence-based advocacy for better policies, budget process and service delivery.
The study was conducted under subcontract with the USAID REFORMS project. The USAID REFORMS capacity building for civil society and private sector organisations aims to achieve better orientation of PSO's and CSO's towards evidence-based policy advocacy; enhanced knowledge and skills of PSO's and CSO’s to analyze policy issues and conduct research and investigative processes; improved ability to collect, analyze and utilize evidence for advocacy; and better networking among PSO's and CSO's for more effective advocacy.

**Review of the Land Use Act 1978**

The study critically analyzes the Land Use Act and identifies the strengths and weaknesses of the Land Use Act. It describes the bottlenecks posed by the Land Use Act to private sector investment in agriculture and agribusiness. The Review recommends crucial amendments/modifications to the Act, so as to improve the land policy and regulatory environment for investment in agriculture and agribusiness.

The study employed a combination of methods including desk research, key informant interviews and focus group discussions. The findings and recommendations of the study were meant to provide analytical inputs to the Stakeholder Technical Workshop on the Land Use Act, 1978. Both the study and the ensuing stakeholders’ technical workshop were sponsored by the USAID REFORMS project.
Analysis on the Nigeria’s Fertilizer Policy and Strategy

This study aims to provide expert insights on the conditions, experiences, challenges and prospects of Nigeria’s fertilizer production, distribution and consumption in relation to creating enabling environment for private sector participation in the inputs subsector. Specifically, the study reviews the Draft National Fertilizer Policy, Fertilizer Implementation Strategy and Fertilizer Regulatory Framework for Nigeria and identifies critical measures and instruments to deal with observed shortcomings.

The study focuses on three topical areas: Fertilizer Value Chain – Production, Marketing and Use; Fertilizer Research, Development and Extension; Governance and Institutional issues in Nigerian fertilizer – quality control and compliance, policy incentives, monitoring, evaluation and review. In addition, the fourth paper was undertaken to review the draft National Fertilizer Policy for Nigeria and identify appropriate implementation strategies, study the guidelines of the both the National Fertilizer Technical Committee and the International Technical Committee on African Fertilizer Summit and apply these guidelines in preparing the strategy paper and develop a draft National Fertilizer Implementation Strategy Paper.


This study assesses the gaps in institutional, material and human resources of Central Bank of Nigeria’s Development Finance Department and Other Financial Institutions Department against the requirements for the effective implementation of the Microfinance Policy, Regulatory and Supervisory Framework.

The study involves a critical appraisal of the operating environment and organizational capabilities for the implementation of the Microfinance Policy, Regulatory and Supervisory Framework. The findings and recommendations provide guide for planning the capacity building programmes by the Central Bank of Nigeria. The methodology of the assessment includes desk reviews, targeted interviews and consultations with stakeholders (regulators, operators, private sector and civil society), physical inspection of regulatory and supervisory infrastructure, facilities and systems.
The study produced critical outputs including baseline information on the capacity situation and constraints of DFD and OFID, capacity building measures to address the constraints, shortcomings and weaknesses, recommendations for strengthening the infrastructure, human resources and facilities in the DFD and OFID, as well as measures to improve organizational efficiency, field logistics and monitoring of the Microfinance Policy. Other important outputs include measures and steps to tap into international best practices in countries with model microfinance sectors and other key recommendations for effective regulation and supervision of the microfinance sector.

**Study of Agribusiness Indicators across Nigeria**

This study provides contextual baseline analysis to on agribusiness conditions across Nigeria. The study is primarily aimed at supporting the monitoring and evaluation work of USAID MARKETS project.

Baseline data were collected based on USAID MARKETS pre-specified indicators, project states and target commodities. The indicators cover agribusiness parameters related to crop area, output and yield, post-harvest and value addition, technology adoption and extension institutions, agro-input and commodity markets, agricultural credit and financing. The study covers FCT and a total of sixteen states namely, Adamawa, Bauchi, Borno, Benue, Ebonyi, FCT, Jigawa, Kaduna, Kano, Katsina, Kwara, Lagos, Niger, Ogun, Oyo, Taraba and Zamfara.
The three target commodities are rice, sorghum and cowpea. In addition, the project involves profiling of agribusiness conditions in respective states in order to provide contextual information on agribusiness opportunities and constraints, and thereby guide project interventions into the local agribusiness economy.

The study involves collection of mainly secondary data. In addition, indicative primary data were collected by means of focus group discussions in major commodity areas in respective states. Secondary data were collected from the Agricultural Development Programmes in the states, States Ministries of Agriculture, State government departments and agencies involved in aspects of agribusiness activity – input, credit and commodity. Data collection across the states follows uniform principles, methodology and protocols validated at the Inception Seminar held with USAID MARKETS on 12 May 2006. The methodology incorporates data quality assessment to evaluate the usefulness and reliability of the secondary data collected from the state agricultural statistical agencies and the primary data collected by means of key informant and focus group interviews. The findings of the data collection exercise were also subjected to validation at the Findings Presentation Seminar held with USAID MARKETS on 19 July 2006.

**Study of Export Credit Agencies, External Debt and Economic Development in Nigeria and Cameroon**

This research produced a Technical Paper which was presented in October in a conference organized by AFRODAD and EURODAD in Yaoundé, Cameroon. The study was carried out under the auspices of African Network on Debt and Development (AFRODAD) based in Harare, Zimbabwe.

**Study of Barriers to Tariff Harmonization in ECOWAS**

This study focused on Nigeria and Republic of Benin. It was carried out under the auspices of the former Secretariat for Institutional Support for Economic Research (SISERA) through the network which brings together several research institutions in West and Central Africa on a collaborative research programme, the West and Central African Partner Institutions Research Network (WECAPREN), funded by the International Development Research Council (IDRC).
The major aim of this research work is to evaluate the implications of differential costs of doing business at the ports in selected West African countries. Presently, the study takes only two countries, Nigeria and Republic of Benin and would be extended to cover more countries in later stages. The study is considered necessary in the light of the near-inevitability of the proposed Common External Tariff in West Africa and the possibility of even deeper economic union among countries of the sub-region. The premise here is that efficiency variation in port services has the tendency to raise the costs associated with CET and increase the pressure on policymakers from port users and other stakeholders to slow down the rate of integration. Besides, trade facilitation especially through port reforms is considered an inevitable process to ensure increased capacity of economies to carry the costs of CET. Using structured questionnaire, the study examines different aspects of ports activities and their relative impacts on the implementation of CET. The study also assesses the state of infrastructure in the ports of the two countries and what in the perception of stakeholders these mean for the smooth take off and implementation of the common external tariff in West Africa.

**Assessment of Nigeria's Post-Harvest Subsector for Increased Investment and Trade**

This is a research on the character and conditions of Nigeria's post-harvest subsector and its opportunities, constraints and prospects for increased private investment and commerce. The study critically examines existing policy, programmatic and institutional frameworks that address the post-harvest subsector. It ascertains lingering bottlenecks to effective development of agribusiness and post-harvest subsector. It reviews the state of value addition in key commodities - cassava, rice, sugar cane, poultry, cattle, fish, and fruits and recommends key measures for unleashing private sector investment and boosting trade in these commodities. The survey covers fifteen States and the FCT. The states include Cross River, Bayelsa, Anambra, Adamawa, Borno, Plateau, Benue, Ebonyi, Lagos, Ogun, Oyo, Ondo, Edo, Niger, and Kano. In addition to data collection by survey, the study obtained relevant information from public agencies and institutions, agro-processing firms and clusters, international agencies and research institutes.
Appraisal of Budget Transparency

This is an appraisal of the transparency of the budget process, from formulation and implementation to reviews. The Nigeria country review is done within the framework of the international benchmarking and comparisons of budget transparency, under the International Budget Project, Open Budget Initiative, the Centre for Budget and Policy Priorities, Washington, DC. The study involves collection and review of evidence on Federal Government of Nigeria’s budget process against some pre-defined desirable budget transparency benchmarks. The study is based on a budget transparency measurement framework developed by Centre for Budget and Policy Priorities.

The assessment relates to three aspects: (1) the availability of budget documents (access to key budget, dissemination of documents related to the executive’s budget proposal, dissemination of the enacted budget and other reports); (2) the executive’s budget proposal (estimates for the budget year and beyond, estimates for years prior to the budget year, comprehensiveness budget narrative and performance monitoring, key information for budget analysis & monitoring) and the budget process (executive’s formulation of the budget, legislative approval of the budge, executive’s implementation of the budget, executive’s year end report and the supreme audit institution).

The appraisal produces an Open Budget Index, representing a country’s overall score on budget transparency. The Index evaluates the quantity of information available to citizens in the seven key budget documents that the government should make public during the course of the budget year. The documents include: pre-budget statement, executive budget’s proposal, citizens’ budget, in-year reports, mid-year review, year-end reports and auditor’s report.

Assessment of Economic Governance and Management, Nigeria Country Self-Assessment under the African Peer Review Mechanism (APRM) of New Partnership for Africa’s Development (NEPAD)

This research assessed economic governance and management within the framework of Nigeria Country Self-Assessment under the African Peer Review Mechanism (APRM) of New Partnership for Africa’s Development (NEPAD). The New Partnership for Africa’s Development (NEPAD) is a vision and strategic framework for Africa’s renewal. NEPAD is designed to address the current challenges facing the African continent, including escalating poverty levels, underdevelopment and the continued marginalization in the global economy. NEPAD identifies four areas of
governance and development as benchmarks for measuring progress. They include: Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socio-economic Development. The key tool for measuring progress towards NEPAD objectives is the African Peer Review Mechanism (APRM). APRM base document defines the Mechanism as: an instrument voluntarily acceded to by Member States of the African Union as an African self-monitoring mechanism.

The study is based on mutually desk research and field evaluation complementary methods. It involves desk research to rigorously analyze and scrutinize literature to obtain evidence in support (or otherwise) of economic policy and development performance theses. Another method is interview with top private and public sector operators and civil society. Also, the study includes focus group discussions with civil society groups and operators and household interviews to reflect grassroots opinions and perspectives.

The study covers five broad thematic areas as follows: macroeconomic policies for sustainable growth and development – fiscal, monetary, trade and exchange rate policies; economic management policies – development planning, policy-making, sector strategies; public finance policy and management – government budget policies, transparency and accountability policies and systems, public expenditure management and procurement policies; corruption and money laundering policies – legal, institutional and judicial reforms, policies to promote rule of law, policies on economic and financial crimes; and regional integration – political, economic and financial – progress in harmonizing investment, trade and monetary policies and institutions.
4.0 BUSINESS ENVIRONMENT AND COMPETITIVENESS ACROSS NIGERIAN STATES
(BECANS)

BECANS is AIAE’s flagship programme aimed at promoting evidence-based reform of the business environment across Nigeria. It involves integrated system of research, survey and advocacy. The implementation framework is based on public-private collaboration involving key government economic policy agencies, leading private sector organizations and civil society groups. BECANS is designed to benchmark and evaluate business environment across Nigerian States and thereby support credible evidence-based advocacy for reforms to enhance the competitiveness of the non-oil private sector. The strategy is to mobilize and engage states in systematic and objective peer review that promotes self-appraisal, healthy competition and mutual learning for policy and institutional change towards better business environment.

The project structure consists of Project Advisory Committee, the Technical Working Group, Stakeholder Contact Groups and Implementing Secretariat - AIASE. Major government partners are the National Planning Commission, the Central Bank of Nigeria and the States Governments. Private sector collaborators include the Manufacturers Association of Nigeria and Nigerian Association of Small and Medium Enterprises.

During 2006, the implementation of the project progressed well. Remarkable activities and achievements were recorded in the various project components including research, survey, dissemination and advocacy.

Consultation and mobilization recorded important achievement in 2006. The outcomes include the signing of Memoranda of Understanding (MOUs) with several private sector organizations to formalize collaboration in BECANS. The state governments were sensitized through a number of activities including visits to state governments. Engagement with state governments and private sector stakeholders was climaxed in the Stakeholder Workshop on Business Environment in the States, held in Abuja, from 6-7 July 2006.

Research was carried out by the Technical Working Group. The research involved literature reviews, database development, design of benchmarks and indicators, articulation of data needs and sources, design of instruments, listing of required evidence, pretest and revision of instruments. Through research, the Technical Working Group produced scientific outputs including the BECANS Monograph and BECANS Working Papers #1-3.
Survey was carried out to collect data for fitting the model of benchmarks and indicators. The survey is in three parts. One aspect is the collection and verification of business environment evidence from the relevant state government ministries, departments and agencies. The other aspect is sample survey of firms to elicit private sector practitioners’ assessment of the business environment in the state. Moreover, there is the component involving the collection of state-level data from relevant federal government establishments such as the Nigerian Police, Central Bank of Nigeria and Power Holding Company of Nigeria. Data collection involving the state governments and survey of firms in the states was successfully carried out in 2006. Work is ongoing to obtain data from federal government establishments in Abuja.

Dissemination and advocacy activities were carried out in 2006. Dissemination is intended to publicize BECANS, create awareness and garner interest of stakeholders and the general public. In 2006, BECANS employed the tools of instruments of dissemination and publicity including newspaper publications, radio and television talks, targeted advertorials and production and distribution of flyers.

Challenges were encountered in 2006. The principal constraint is the shortage in funding to implement the programme in its original form. Due to the funding shortfall, project activities were scaled down. It became necessary to downsize the sample for the survey of firms as well as the media publicity and advocacy activities. Another challenge faced is the coordination of the different collaborating organizations and agencies in the public and private sectors. The need to involve all stakeholders in decision-making and programme implementation places a huge logistics responsibility on the Implementing Secretariat.

Prospects for BECANS in 2007 are bright and encouraging. The year 2007 promises to be very busy as implementation peaks up in all components of activities including research, data collection, dissemination and advocacy. Research in 2007 will focus on collection of outstanding data, quality reviews and analysis of data, fitting of benchmarks and indicators and the preparation of Business Environment Reports. Dissemination will involve publications in newspapers, publication of Working Paper Series and special media events. Advocacy will be done via targeted public events anchored by the Stakeholder Contact Groups in the states. The highpoint of the enlightenment and advocacy will be the public presentation of the Business Environment Reports (BERs) – the key BECANS milestone in 2007. Based on the reports, advocacy will involve designing communication instruments, organizing stakeholder forums,
promoting solutions to business environment bottlenecks and identification of actionable measures for implementation by the concerned state government ministry, department or agency.

5.0 SEEDS BENCHMARKING EXERCISE

During the year, the Institute was selected by the National Planning Commission to serve as facilitative and supervisory firm in the SEEDS benchmarking exercise. The year 2006 SEEDS benchmarking exercise is second in the series of annual assessment of various aspects of governance at the state level. The governance objects covered include four benchmark areas: policy, budget and fiscal management, service delivery and communication and transparency. According to the SEEDS benchmarking template, the policy benchmark evaluates the extent to which the state government develops, publishes and implements a strategy that advances its policy targets. The budget and fiscal management benchmark seeks to measure the achievement of responsible public financial management and a comprehensive and transparent budget process. The service delivery benchmark evaluates to what extent the state government develops and implements strategies to improve service delivery in terms of reach and quality. On the other hand, the communications and transparency benchmark evaluates the extent to which policies are developed and implemented in a transparent and accountable manner.

As in the year 2006 exercise, the conceptual framework is the decomposition of each benchmark area into measures and evaluating each measure by a set of indicators. Overall, there are 17 measures and 51 indicators.

The selection of the Institute was based on satisfactory performance in the 2005 exercise and rich pioneering experiences in the benchmarking of economic governance and public service delivery in Nigeria. As supervisory firm, the Institute coordinated the collection of data and evidence from the states, training and management of field personnel and organization of field meetings and field-work schedule.

6.0 ESTABLISHMENT OF THE DATABANK UNIT

The year witnessed the establishment of a Databank Unit in the Institute. The central goal of the databank is to develop and maintain an ongoing robust, credible and up-to-date statistical
database of macroeconomic, microeconomic, social sector and human development indicators to support research at the Institute. The Databank Unit commenced operations on 7 January 2006. It is charged with the functions: sourcing, assembling and mobilizing data into the databank; organizing and processing data into systematic storage system for easy retrieval and utilization; and constant updating and improvement of the statistical database to ensure credibility, reliability and usability. It is intended that the Databank will provide quick and inexpensive access of Institute researchers to verifiable datasets on various economic and development indicators. It is also envisaged that Databank will become an important data and information resource for government, academia and private sector.

The Databank Unit employs inventive methods to source and organize data into meaningful and usable datasets for research and related uses. It assembles and harmonizes existing data from government statistical agencies, international agencies and other statistical organizations. It draws data also from existing primary surveys of the Institute and other research institutes. It carries out data transformations based on data history and theoretical framework. It uses literature based on the behavioural pattern and general acceptability of data (as proxy and indicator) and their relationship with social, political and economic variables to develop a specific indicator.

The sources of the data for the Databank include official Nigerian government sources such as the National Bureau of Statistics, Central Bank of Nigeria, National Planning Commission. Other sources include the international agencies such as the World Bank (WB), United Nations Development Programme (UNDP), International Monetary Fund (IMF), World Trade Organisation (WTO), Economic Community of West African States (ECOWAS) and others. Also, the Databank Unit undertakes data transformation based on data history, while adopting interpolated and extrapolated data techniques.

The Databank covers several subjects and topics. They include:

- **Macroeconomic** – trade, foreign exchange, employment, money and finance (credit, money supply, interest rates, inflation), public revenue and expenditure, capital markets, tariff, debt, gross domestic product, growth trends, fiscal federalism, etc.
- **Microeconomic** – poverty, gender, household welfare,
- **Infrastructure** – energy, telecommunications, transportation (roads, water, rail
and air), sanitation, public safety, security, etc.
- Economic Sectors – agriculture and land use, manufacturing, solid minerals, crude petroleum, oil and gas, informal sector, etc.
- Human development – health, education, labour, demography, population, culture, etc.

By the end of 2006, 86 generic data names with over 1000 variables and indicators have been developed. The traditional indicators constitute 30 percent of the total data while the transformed data, based on data history formed 60 percent. The remaining 10 percent are primary data.

7.0 COMMENCEMENT OF PEER LEARNING SEMINAR SERIES

The year 2006 marked the commencement of the Peer Learning Seminars. The Peer Learning Seminars provide platform for training, learning and intellectual interaction among Associate Fellows. The Seminar offers intellectual discussion on major conceptual and methodological questions; experts are invited to deliver well-researched papers addressing specific research concepts and methodologies.

The maiden session of the Peer Learning Seminar took place on 26 January 2006. Two additional Seminars were held following the maiden session. More sessions would have been held but for logistics difficulties.

8.0 PUBLIC POLICY ADVOCACY AND STAKEHOLDER DIALOGUE

One cardinal mission of the Institute is to promote evidence-based economic policies. While research is crucial to generate knowledge and understanding to guide policies, advocacy and public-private dialogue are necessary to directly promote the utilization of research findings and canvassing for policy change. The Institute’s advocacy activities are carried out in collaboration with leading advocacy groups and networks in the private sector and civil society.

8.1 ENUGU FORUM ADVOCACY AND DIALOGUE

During 2006, the Institute held important advocacy events under the auspices of the Enugu Forum. They are:

![A cross section of participants at the Enugu Forum Policy Seminar on Healthcare Financing, 28 February 2006](image)

• **Unleashing Industrial Clusters for Growth and Prosperity of the South-East**, 26 September 2006, Conference Room, Roban Hotels, Independence Layout, Enugu. This forum was held in collaboration with the Enugu Chamber of Commerce, Industry, Mines and Agriculture (ECCIMA). The forum recorded one hundred and forty seven (147) participants including industrialists, government officials from the southeast states, professionals, academia and representatives of civil society groups, private sector organizations, business and trade associations. The Forum examined the state of affairs in the industrial clusters in southeastern Nigeria, the levels and sustainability of collaboration, networking and cooperation between firms. It assessed the opportunities which the industrial clusters presented for industrial development and economic competitiveness of the southeastern states. Among the tasks dealt with by the Forum are the identification of actionable strategies and measures to unleash industrial clusters for growth and prosperity and allocation of functions, roles and responsibilities to public and private sector stakeholders in the development of the clusters.
• **Nigerian Universities and Competitiveness of the Economy, 23-24 November 2006.** This advocacy forum was held in collaboration with the University of Nigeria, Nsukka, under the auspices of the Enugu Forum, at the Protea Hotel Nike Lake Resort, Enugu. The Forum convened stakeholders in the Nigerian university system to examine the challenges and imperatives for Nigerian universities in enhancing Nigeria’s economic competitiveness. The event was attended by university administrators, academics, university-based trade unions, researchers, industrialist and businesspersons, government officials, professional bodies and non-governmental organizations. In total, there were two hundred and sixty eight (268) participants.
The Symposium considered the relevance and impact of Nigerian universities under two broad thematic areas: University governance, leadership and management; and University linkages with industry and economy. The Symposium featured Keynote Address, Topical Speeches, Invited Papers, Plenary Discussions by Resource Persons, Open Forum of Participants.

8.2 **BECANS ADVOCACY AND DIALOGUE**

In addition, some advocacy events were carried out under the auspices of the BECANS project. A number of awareness and sensitization seminars were held with stakeholders to increase understanding of the goals, objectives and methodology of the BECANS project. The seminars culminated to the Stakeholders Forum on State-level Business Environment, held from 6-7 July 2006 at the Transcorp Hilton Hotel, Abuja.
The Workshop was preceded by a Media Forum on BECANS held on 27 March 2006 at the Human Rights Law Services, Lagos. The Media Forum was an interactive session with media organizations, reporters, columnists, correspondents and editors to enlighten them on the rationale and expected impact of BECANS.

The National Workshop on State-level Business Environment raised awareness about the crucial role of state-level business environment in private sector competitiveness and growth. The participants were drawn from relevant state government ministries, departments and agencies, state-level private sector and civil society groups, academia and professionals. The workshop afforded private sector and civil society organizations the opportunity to engage with relevant state government ministries, departments and agencies on bottlenecks to business across the states. At the workshop, the BECANS methodology (field methods, instruments and data needs) was disseminated to stakeholders and their participation was elicited. The BECANS instruments and methods were subjected to technical reviews at the Workshop, in order to improve its relevance and impact in measuring business environment conditions in the states. The Workshop set the right conditions for the take-off of data collection in individual states.
9.0 PARTICIPATION IN TRAINING WORKSHOPS, CONFERENCES AND SEMINARS

Staff and Associate Fellows participated in several training workshops, conferences and seminars within and outside Nigeria. A sample of the workshops and conferences is given below.

- International Workshop on *Macroeconomic Constraints and Policy Alternatives in Developing Countries* organized by the International Development Economic Associates (IDEAs) in Muttukadu, Chennai India, 23-26 January 2006 and Follow-Up Conference on *Post liberalization Constraints on Macroeconomic Policies* also organized by IDEAs, 27-29 January 2006.

- "Conference on Equity, Opportunity and Identity" organized by Centre for the Study of African Economies (CSAE) and the Global Poverty Research Group (GPRG), held at St. Catherine’s College, University of Oxford, 18 March 2006; and "Conference on Reducing Poverty and Inequality: How can Africa be Included?" organized by Centre for the Study of African Economies (CSAE), held at St. Catherine’s College, University of Oxford, 19-21 March 2006.


Workshop on *Policy Trends, Growth Patterns and Distributional Outcomes* under Globalization and International Conference on Economic Openness and Income Growth, the International Development Economic Associates (IDEAs), India, 21-27 August 2006.

Authors’ Workshop for the NEEDS II papers, organized by National Planning Commission, held at Hallmark Hotel, Port Harcourt, 20-22 August 2006.

Regional Conference on *Trade, Economic and Monetary Integration in West and Central Africa* organized by SISERA and IDRC at the University Cheikh Anta Diop de Dakar, Senegal, from 14-16 September 2006. This conference is part of the programme of the WECAPREN collaborative research.

International conference on *Export Credit Agencies, Debt and African Development*, organized by AFRODAD, Zimbabwe, and held at Djeuga Palace Hotel, Younde Cameroon, 17-18 October 2006


Workshop on SEEDS benchmarking methodology and instruments, organized by National Planning Commission in collaboration with the National Planning Commission and the Support for Reforming Institutions Programme (SRIP), Bolingo Hotels, Abuja, 19-26 November, 2006.


International Workshop on Policy Trends, Growth Patterns and Distributional Outcomes under Globalization, at Shanghai, China. Organized by International Development Economics Associates (IDEAs) in collaboration with Shanghai Administration Institute
Some research staff of the Institute and other participants at the International Workshop organized by International Development Economics Associates in Shanghai, China, 21-24 August 2006.


Training Course on Library Automation (CDS/ISIS), Raw material Research and Development Council, Abuja, 24-28 April 2006

10.0 NETWORKING, OUTREACH AND AFFILIATIONS

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

10.1 ASSOCIATE FELLOWS’ NETWORK

The primary research network of the Institute revolves around the Associate Fellows working in five respective thematic research groups. The groups are:

- Trade, Regional Integration and Competitiveness (TRIC)
- Macroeconomic Analysis, Modeling and Forecasting (MAMF)
- Public Sector Economics and Management (PSEM)
- Poverty, Income Distribution and the Labour Market (PIDLAM); and
- Agriculture and Rural Development (AGRUD).
The Institute connects Associate Fellows in a novel scientific networking arrangement that provides rich opportunities for intellectual self-enhancement, academic interaction and mutual learning. The thematic groups constitute the research hub of the Institute. The Institute provides needed peer networking facilities, training and capacity building, quality assurance, administrative coordination and scientific supervision. By the Institute’s research network, Associate Fellows have a credible platform for international networking with scientific institutions, research organizations and academic and professional societies.

The Associate Fellows were convened for a Conference and Retreat on 5 January 2006 at Enugu. The Retreat featured a Keynote Address - “Best Practices in Networking” - by the Economic Adviser to the President and Chief Executive, National Planning Commission, Dr. Osita Ogbu. There was a Goodwill Message by the Governor, Central Bank of Nigeria, Prof. Chukwuma C. Soludo. The Conference and Retreat was attended by more than seventy Associate Fellows from the different parts of the country. Discussions at the Retreat focused on invigorating the thematic work groups as centres for leading edge research, peer networking. Also, the participants considered practical actions to improve capacities and skills of Associate Fellows, enhance information flow and communication and promote research outputs of the Institute.
10.2 NETWORKS WITH NATIONAL ADVOCACY GROUPS

10.2.1 ENUGU FORUM

Enugu Forum is a civic platform, created and run by the Institute, for evidence-based policy advocacy. The purpose is to debate, propose and advocate policy options based on concrete evidence and sound analysis. It brings together diverse stakeholders including government officials, private sector operators, civil society groups, independent think-tanks, academics and NGOs to exchange views and examine critical social and economic issues affecting the country. It seeks to promote stakeholder interaction and shared understanding of policy alternatives. The primary objective is to create and sustain a platform for promoting the interactions among researchers, professionals and policy makers, thereby enhancing the links between research and policy making process. Its members include non-governmental organizations (NGOs), private sector organizations (PSOs), business associations, religious (faith-based) organizations, professionals, academics and researchers, businesspeople and government technocrats. It is supervised by a Steering Committee and managed by a Coordinating Committee hosted by the Institute.
10.2.2 BUDGET TRANSPARENCY NETWORK

This is a network of civil society and private sector organizations advocating for budget transparency and fiscal accountability in Nigeria. AIAE is a pioneer member of this network, with a position in the Steering Committee. The Institute provides analytical support to the Network through expert budget reviews and research on sector strategies and programmes.

10.2.3 SOME INTERNATIONAL NETWORKS AND AFFILIATIONS

- **African Economic Research Consortium (AERC).** 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. During the year, AIAE established formal institutional partnership with AERC in capacity building, institutional development and research networking.

- **USAID REFORMS project – Collaboration with Development Alternatives Inc. U.S.** Through the subcontract from Development Alternatives Inc. (DAI), the Institute intensified the implementation of aspects of the USAID NIGERIA REFORMS project.

- **Centre for Study of African Economies (CSAE), Oxford University, UK.** The Institute collaborates with the CSAE in a number of areas including training, research and dissemination.

- **African Society for Ecological Economics (ASEE).** The Institute is exploring arrangements to conduct collaborative research with member organizations of the African Society for Ecological Economics. Joint research projects are being prepared in response to international calls for proposals.
11.0 PUBLICATIONS

During the year, the Institute assessed manuscripts for the publication series.

11.1 AIAE RESEARCH PAPER SERIES

AIAE Research Paper Series presents technical research results from work done by the Institute and/or its Affiliate scientists and researchers. The purpose is to disseminate research and analyses that informs policy debate and choices. It is directed to a professional audience and readership among economists, social scientists in government, business as well as in universities, research institutes and international development agencies. Before acceptance for publication, the Papers are subjected to rigorous independent technical reviews to assure scientific quality. AIAE Research Paper Series seeks to engender high quality scientific and intellectual discourse on key development questions, and hence, enhance strategic understanding of policy and programmatic options.

11.2 AIAE POLICY BRIEF SERIES

This Series publishes short, soft and general-interest 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.

11.3 ENUGU FORUM POLICY PAPER SERIES

Enugu Forum Policy Paper Series publishes the proceedings and outcomes of workshops, conferences, seminars or public lectures held by the Enugu Forum. The Series provides documentation of the topical presentations, debate, comments and perhaps consensus at the Forum. It is intended to disseminate the Forum’s intellectual discourse to a wider audience. The essence is to stimulate broader policy debate and promote multi-perspective dialogue on policy options. Enugu Forum Policy Papers constitute an advocacy instrument to canvass alternative development solutions and policy roadmaps, and hence promote appropriate policy responses to development questions. The Series also draws attention of government, private sector and civil society to salient dimensions of contemporary development challenges in Nigeria.
11.4 BECANS WORKING PAPER SERIES

During the year, the Institute launched a publication series to disseminate the results and findings from its flagship project – Business Environment and Competitiveness across Nigerian States (BECANS). BECANS Working Paper Series publishes the technical outputs from research, survey and analysis of the business environment and competitiveness across Nigerian states. The Series disseminates results and findings of the BECANS project. It is intended to stimulate evidence-based dialogue between government and the private sector for improved investment climate across Nigeria. The Papers provide up-to-date literature, statistics and empirical analysis to situate and enlighten business environment reforms by the three tiers of government in Nigeria. Manuscripts considered for the Series are subjected to scientific review by independent examiners and revised accordingly prior to publication. During the year, publications under the Series are as follows:

- Working Paper Series No. 3: Budget and Public Expenditure across Nigerian States

11.5 AIAE NEWSLETTER SERIES

During the year, the Institute commenced publication of a Newsletter series. The Newsletter is published in electronic and printed versions on a quarterly basis. The Newsletter complements the Institute’s website in bringing information to the doorsteps of Associate Fellows and stakeholders. The Newsletter is designed to inform and enlighten our stakeholders and the general public on the programmes, activities, and developments at the Institute. It is intended to respond to the information needs of researchers, government agencies, private sector and civil
society. It also features guest articles, feedback from stakeholders on Institute’s activities and programmes and functions as a medium of interaction among Associate Fellows and with the Institute.

Three editions of the Newsletter were published and disseminated in the year 2006. They are:

- Vol. 1. No. 1, April 2006
- Vol. 1. No. 2, July 2006

12.0 THE LIBRARY

AIAE envisages a library that is a leading resource centre of up-to-date economic and development policy literature in the country. The library obtained additional one thousand (1000) new collections and about 602 e-collections. The collections include books, journals, periodicals and electronic literature, from purchases and donations.

Additional twenty five (25) users registered in the library during 2006. The library became fully automated and users were trained on the use of the automated library database. The feature of the database is such that a library user does not have to be a catalogue expert to use the software. The library automation followed the training of the librarian on CDS/ISIS at Raw Material Research and Development Council (RMRDC), Abuja, from 24-28 April 2006. During the year, the library entered into partnership with major virtual libraries in order to access their collections via online. One successful example is AIAE’s online access to JSTOR Journals. Also, the library joined the Nigeria Library Association (NLA) as a means to improve the delivery of library services through networking and interaction with other library professionals and libraries on best practices.

13.0 IMPACT OF PROGRAMMES AND ACTIVITIES

Influence on Policy Change, Economic Reforms and Data Coordination

The principal role of the Institute in the 2006 SEEDS benchmarking exercise represents a significant contribution to the national economic reform process. Also, through the benchmarking and assessment of the business environment across the states (that is, BECANS project), the Institute is prompting business environment reforms across the country. Under the BECANS, there
is ongoing collaboration with the private sector and civil society groups in the respective states to canvass for improvements in the business environment. The process is already producing positive responses from the state governments. The collection of data and evidence from the states has revealed the scope for better coordination, organization and storage of data by the relevant government agencies.

In addition, AIAE research has improved conceptual knowledge and empirical understanding in a number of policy arenas. During the year, the recommendations of AIAE research influenced policy decisions and economic reforms. Examples of policies and programmes that have benefited from AIAE research include the Fiscal Responsibility Bill, Fertilizer Policy and Strategy, Reform of the Land Use Act, States’ Budgets and Public Expenditure Policies and some Sectoral Policies in the States.

**Enhanced Policy Analysis and Advocacy Capabilities of State-level Civil Society and Private Sector Organisations**

AIAE has impacted positively on capabilities and skills of state level private sector and civil society organizations for policy analysis and advocacy. Through the civil society-private sector capacity needs assessment and training on policy analysis and advocacy carried out under the USAID REFORMS project, AIAE promoted the establishment of networks of state-level civil society and private sector groups in parts of the country. These networks are presently active and carrying out thematic advocacy activities in the respective states.

**Promotion of Economic Literacy and Policy Debates**

Through the Enugu Forum Policy Seminars and the Radio programme on COSMO 105.5 FM, AIAE contributed significantly to the promotion of economic literacy and public debates on thematic national economic and developmental questions. Evidence of this impact is the growing demand for Enugu Forum Policy Seminars by government, private sector, civil society, academia and professional groups. The Seminars provide open forum to scrutinize and analyze public policies and canvass for alternative options based on knowledge and experience. Participation in the Forum has helped to improve public enlightenment and civic education about current economic and development issues.
Impact on academic and scientific constituency

AIAE facilities and programmes generate benefits to its academic and scientific constituency in several forms. The research activities expose academics and researchers to practical policy-relevant research questions. The library facilities provide post-graduate students, academics and researchers with access to state-of-the-arts economics literature. The Peer Seminars have helped to improve the research proficiency and analytical skills of participants. The Enugu Forum Policy Forum has improved interface between academics and researchers and government policymakers, businesspeople and technocrats, as well as provided platform for researchers to test their concepts and research results. Overall, the Institute’s model of networking researchers, academics and professionals has worked well despite big challenges. Many individuals improved their academic and research outputs and productivity by participating in AIAE research programmes.

14.0 MAJOR CHALLENGES AND PROSPECTS IN 2007

In the year 2007, AIAE’s flagship programme – BECANS – will enter a strategic next phase dovetailing to the launching of the Business Environment Reports (BERs) on Nigerian States. The reports will benchmark states based on several business environment indicators reflecting state-level business conditions across the country. The report will also provide assessments in terms of business friendliness index (BFI) for Nigerian states.

For the year 2007, organizational strategies and institution building measures will be intensified to meet the ongoing needs for infrastructure development, core funding, expanded institutional networking, capacity building and human resources development, team building and management and peer coordination. Tackling these challenges is very crucial to the sustainability and impact of the Institute’s programmes and mandates.

Despite the milestones recorded in 2006 in infrastructure development particularly in the upgrading of information and communication technology (ICTs) resources of the Institute, there remains a large scope for managing and using the Institute’s website as a tool for public information, dissemination and feedback from Associate Fellows and other stakeholders. The funding profile of the Institute needs to become more strategic towards core resources for long-term programming. One way to enhance core funding is to expand and deepen institutional
networking activities and international affiliations of the Institute. The Institute needs to work harder to cultivate longer term relationships with national and international research and academic institutions, and forge lasting links with organizations with relevant mandates in institutional strengthening.

Skills enhancement and human resources development will require the strengthening of the peer learning seminars and training activities of the Institute. As the principal vehicle of the research networking, the thematic research work groups require constant invigoration to harness them for scholarly outputs and leading-edge research products. This imperative calls for effective team building, management and peer coordination.

The databank unit, established in 2006, will be strengthened to make it a leading shop for credible and up-to-date statistical database on key national and sub-national (state-level) economic and development indicators. Experience so far has revealed the great prospects of the databank to contribute to efficient and coordinated research at the Institute, and to supply timely and critical data and statistical services to researchers, professionals and government agencies. Already, during the short period since inception, the databank has received from researchers, government agencies, international organizations, numerous requests for different kinds of data and statistics.

Overall, the challenges faced by the Institute are not unexpected of a young independent privately-funded economic research Institute. Greater strategic thinking and more hardwork are required to tackle the current challenges and build a strong basis for sustainable institutional performance. AIAE needs the continued support of Associate Fellows and all her stakeholders in order to move to higher levels of impact and sustainability.