THE NEXUS BETWEEN GLOBAL COMPETITIVENESS AND NIGERIA'S VISION 20:2020

Article in The Nigerian journal of economic and social studies · January 2008

1 author:

Ayodele Odusola
United Nations Development Programme

19 PUBLICATIONS  122 CITATIONS

All content following this page was uploaded by Ayodele Odusola on 09 August 2015.

The user has requested enhancement of the downloaded file.
THE NEXUS BETWEEN GLOBAL COMPETITIVENESS AND NIGERIA’S VISION 20:2020

Ayodele Festus Odusola
United Nations Development Programme (UNDP)
Nigeria

The world, in the best of circumstances, marked by intense competition, uncertainty, and instability, is not an easy place, and developing countries were not always doing the most they could do to advance their own well-being.

– Stiglitz (2006: ix)

ABSTRACT
This paper analyses the nexus between global competitiveness and the attainment of the Vision 20:2020 agenda of the Federal Government of Nigeria. In doing this, the paper reviews the key elements of Vision 20/2020, the pillars of global competitiveness and the ranking of Nigeria on global indicators of competitiveness (GCI), size (GDP) and living standards (PCI). The goal is to assess the challenges Nigeria must overcome to achieve Vision 20:2020, given the significance of global competitiveness in determining national productivity and living standards, and the significance of economic growth and growth in exports. The assessment of the Vision’s targets against the background of Nigeria’s performances on global rankings indicates that realizing the Vision 20:2020 would be challenging though, not impossible. Nigeria’s political elite must recognize that achieving global competitiveness is a necessary condition for attaining the goals of Vision 20:2020. They must also be willing to deploy greater political commitment, sound knowledge and good judgment, and improve governance by reducing corruption and raising the ethical standards in the management of the economy.

JEL classification: O1, O14, O21, O24, O40, O47

1. Introduction
NATIONAL PLANNING and strategic visioning have become the most probable development frameworks for addressing the challenges facing many developing
countries in the face of a competitively-divided and unequal world. However, because of the dominating global economic architecture and economic thought, that is, neo-classical economics, the developing world is erroneously led to believe that planning is at variance with market forces in national economic management.

Recent development reality has shown however, that nation-states and markets are not mutually exclusive. Rather, state and markets are complementary for meaningful development outcomes to be achieved. While the role of the market is not disputable in development management, market forces do not serve the interest of the society when government is ineffective. Without strategic visioning or development plans, it becomes relatively difficult to achieve desired economic performance in terms of human and national development. This is because planning is a developmental compass that guides the trajectory of human, physical and institutional transformation and development in nations that have planned strategically. Planning (fixed, strategic or indicative) has been a major prerequisite for result-oriented development management. Many emerging nations that have transited to the First World (Singapore and South Korea) and industrial nations (China, India, Malaysia, Indonesia and Brazil), have used planning to strategically position their nations in a divided, unequal, uncertain and competitive global economy. It is through strategic visioning that key stages of global competitiveness (factor-driven, efficiency-driven and innovation-driven approaches) and the associated fundamentals are identified, planned and monitored effectively with a view to achieving the national development agenda and position the nation appropriately within the global economy. This is based on the fact that no meaningful development results in the absence of an effective planning that drives the state and market to perform their assigned roles efficiently and effectively in the promotion of competitiveness and development. The realization that a better understanding of factors underlining successful growth strategies would have far reaching implications on peoples’ welfare underscores the need to foster the linkage between global competitiveness and Nigeria’s Vision 20:2020, which is anchored on poverty reduction, employment generation and wealth creation.

This paper analyses the nexus between global competitiveness and the attainment of the Vision 20:2020 agenda of the Federal Government of Nigeria. In doing this, the paper reviews the key elements of Vision 20:2020, the pillars of global competitiveness and the ranking of Nigeria on global indicators of competitiveness (GCI), size (GDP) and living standards (PCI). The goal is to assess the challenges Nigeria must overcome to achieve Vision 20:2020, given the
The Nexus between Global Competitiveness & Nigeria’s Vision 20:2020

The significance of global competitiveness in determining national productivity and living standards, and the significance of economic growth and growth in exports.


From 2001, Nigeria has been experiencing a growth turnaround, driven in part by a positive oil revenue shock, which has enabled Nigeria to exit from the Paris Club in 2005-6. This appreciable improvement coupled with Goldman Sachs’ favourable economic projection of Nigeria informed the Federal Government’s decision to launch a path of rapid and sustained growth. Along with other ten countries identified by Goldman Sachs, Nigeria was considered to have the potential for attaining global competitiveness, based on her economic and demographic characteristics and the fact that the foundation for reforms are already laid. Although the study viewed Nigeria as one of the countries with a high potential of becoming one of the high performing economies by 2025, the Federal Government shortened the horizon to 2020. The Federal Government has therefore initiated the process of pursuing the vision of placing Nigeria among the 20 largest economies in the world by 2020. The government calls the initiative: Vision 20:2020. The overarching vision is couched thus:

By 2020, Nigeria will have a large, strong, diversified, sustainable and competitive economy that effectively harnesses the talents and energies of its people and responsibly exploits its natural endowments to guarantee a high standard of living and quality of life to its citizens.

The overall goal associated to this vision is:

By 2020 Nigeria will be one of the 20 largest economies in the world, able to consolidate its leadership role in Africa and establish itself as a significant player in the global economic and political arena.

To signal the readiness to formulate the Vision, the National Council, the National Steering Committee, the National Technical Working Group (NTWG), Stakeholders’ Development Committee on Nigeria Vision 20:2020 were constituted by the President. The formation of these various committees heralded the commencement of the Vision. The NTWG was grouped into 36 thematic
groups\(^1\) whose inputs were harmonized into a consistent document by the Central Working Group.

To achieve the overarching goal of being one of the top 20 economies by the year 2020, the government identified some key parameters as the necessary conditions for attaining the Vision. They are as highlighted below:

- **Polity.** By 2020, Nigeria will be peaceful, harmonious and a stable democracy. This is premised on the realization that peace and harmony is the foundation of any serious economic growth and development.

- **Macroeconomic stability.** A sound, stable and globally-competitive economy, with a GDP of not less than $900 billion and a per capita income of not less than $4000 per annum.

- **Infrastructure.** Adequate infrastructural services that support the full mobilization of all economic sectors. This is expected to create a conducive environment for the private sector to thrive with a view to positioning it to be the engine of growth of the economy.

- **Education.** A modern and vibrant educational system which provides for every Nigerian the opportunity and facility to achieve his or her potential and provides Nigeria with adequate and competent manpower to catalyse her developmental process. An educational system that is accessible and meets international standards.

---

\(^1\) The thematic groups are: Poverty Alleviation and Development Issues; Revenue Allocation; Public & Financial Management; Capital Market Development; Financial Sector Services; Micro, Small and Medium Scale Enterprises (SMEs) Development; Agriculture & Value Chain; Manufacturing; Solid Mineral Development; Trade Policy Framework; Banking and Finance; Culture; Tourism; Security (internal and national security); Energy (Power, Oil, Gas, Coal, Renewable); Human Infrastructure (Education and Health); Physical Infrastructure (Transport, Housing and Water); Information and Communication Technology (ICT) for Development; Science, Engineering & Technology (Biotechnology, ICT and Nanotechnology); Regional Development and Niger Delta; the Political System; Polity; Public Service Optimization; Knowledge Economy; Entrepreneurial Development; Environmental Sustainability; Corporate Responsibility; Governance & Rule of Law; Cross-Cutting Issues (Nutrition, HIV&AIDS, Gender, Youth Development, and Employment); Foreign Relations; Appropriate Pricing Mechanism and Incentives; Implementation Plan for Vision 20/2020; Monitoring and Evaluation Framework for V2020; Strategic Framework and Macroeconomic Outlook for Vision 2020 plan; Coordination and Integration amongst the federal and sub-national governments; and Strategic Visioning.
• **Health.** A health sector that supports and sustains a life expectancy of not less than 70 years, and reduces to the barest minimum the burden of infectious diseases, such as: malaria, HIV&AIDS, and other debilitating diseases.

• **Agriculture.** A modern technologically-enabled agricultural sector that fully exploits the vast agricultural resources of Nigeria, ensures national food security and contributes significantly to foreign exchange earnings.

• **Manufacturing.** A vibrant and globally-competitive manufacturing sector that contributes significantly to GDP, with a manufacturing value added of not less than 25%.

The visioning process was categorized into three different stages. The first stage focuses on building a solid foundation for Vision 20:2020 between 2008 and 2010. A critical component of this is the immediate review of all current strategies, such as the President's Seven Point Agenda, the National Economic Empowerment and Development Strategy 2 (NEEDS2), and other relevant documents to form the National Development Plan. The outcome of these reviews is also expected to form the preparation of the Statement of National Priorities that will constitute the core elements of Nigeria’s development plans and budgets during 2008 - 2010, and constitute the foundation for Vision 20:2020. The Statement of National Priorities sets specific targets to be achieved by 2010.

The second stage focuses on achieving the MDGs by 2015. Presently, only about three of the eight goals (education, environmental sustainability and developing global partnership for development) are likely to be achieved. The third stage involves moving from the MDGs to the actualization of the Vision. This underscores the need to prepare relevant policy thrusts and strategies for actualizing the Vision.

Obviously, a vision is a clear mental picture of the future, which must represent a significant improvement on the current state. It however must be supported by a clear and realistic path to its realization and requires consistent and sustained effort for its achievement. However, it is intriguing to note that the momentum that led to the formulation of the various committees dried out shortly after they were formed. As such, not much has been done, which is a clear indication of the extent of government commitment to the process. The fact that no budgetary provision was made for the preparation of the document is indicative of government’s lack of commitment to the entire process.
The first phase of the implementation is the harmonization of the National Economic Empowerment and Development Strategy (NEEDS2) into the 7 Point Agenda of government, to form the National Development Plan. This plan is expected to be the first medium-term plan of operationalizing the vision. Although the draft National Development Plan is being developed, the logical consistency of the harmonized document is yet to be reviewed, while no stakeholders meeting has been held on it. Based on the associated delay, the document which was originally planned to be launched by the president in the first quarter of 2009, is yet to be realized.

If the formulation and planning of the Vision 20:2020 could be as challenging as what is currently being experienced, then the complexity of implementation cannot be imagined. The general perception of this regime’s approach to national development, is that planning is taking unduly longer time than expected. Besides, the inability to implement the 2008 and 2009 budgets effectively, which made the objectives and targets of these budgets unrealizable, has again created some doubts about the government’s seriousness in achieving the MDGs and Vision 20:2020. While hoping that government would wake up from its slumber, it is important to anchor the Vision on some acceptable international benchmarks that allow Nigeria to be compared with other countries on what it takes to achieve the set targets – global competitive index.

3. **Key Elements of Global Competitiveness and Nigeria’s Ranking**

3.1 **Key elements of global competitiveness**

The importance of global competitiveness to national and global development is underscored by the publication in 1979 of the Global Competitiveness Index (GCI) by the World Economic Forum (WEF), and other indicators such as the Ease of Doing Business Index and the Index of Economic Reforms. The literature on measures of global competitiveness has conceptualized global competitiveness in the context of how countries manage present economic challenges while preparing for future challenges, by putting “into place the fundamentals underpinning economic growth and development” (http://www.weforum.org/issues/global-competitiveness). The overriding goal is to provide high levels of prosperity to citizens through productive utilization of a country’s available resources. The key drivers of competitiveness of nations in a global setting, include institutions, policies, and factors that influence current and medium-term levels of economic prosperity and their sustainability.
Using the Global Competitiveness Index (GDI) as a reference point, key determinants of competitiveness or productivity are organized into nine pillars. Evidence from the Global Competitive Report has shown that as a nation develops, wages tend to increase, and in order to sustain the increase, labour productivity must improve for a nation to be competitive. However, the drivers of competitiveness vary from country to country. Countries have been grouped into three different classes of drivers of competitiveness: factor-driven, efficiency-driven, and innovation-driven. These drivers vary in complexity in the operation of the economy, with the former as the least complex while the latter is the most complex. This is a clear indication that the stage of economic development determines the predominating drivers of competitiveness.

For instance, the factor-driven stage countries compete based on their factor endowments, primarily, unskilled labour and natural resources. Companies compete on the basis of prices and sell basic products or commodities, with their low productivity reflected in low wages. To maintain competitiveness at factor-driven stage of development, competitiveness hinges mainly on well-functioning public and private institutions (pillar 1), appropriate physical infrastructure (e.g., roads and electricity – pillar 2), a stable macroeconomic framework (pillar 3), and human infrastructure (good health and primary education – pillar 4). These four pillars are vital for any serious firm level, national or global competitiveness to be achieved.

The next level is efficiency-driven stage of development. For an economy to move out of the factor-driven to efficiency-driven approach, workers have to increase their productivity if wages must rise. The wage-productivity continuum is driven by improved efficiency in the production process. At this stage, economies must begin to develop more efficient production processes and increase product quality. At this point, competitiveness becomes increasingly driven by higher education and training (pillar 5), efficient markets (pillar 6), and the ability to harness the benefits of existing technologies (pillar 7). Pillars 5-7 are added pillars that make an economy to move out of factor-driven approach to global competitiveness. Productivity in countries that possess these attributes is driven by the level of economic efficiency or quality of their production process.

The most sophisticated stage is the innovation-driven one. Countries belonging to this stage are only able to sustain higher wages and the associated standard of living based on the ability of their businesses to compete with new and unique products. Competition is driven by enterprise ability to compete by producing new and different goods, using the most sophisticated production processes (pillar 8).
and through innovation (pillar 9). This is more of a knowledge-driven economy, where innovations and technology are the key drivers.

What are the key factors required to benefit maximally from the factor-driven stage of development? Under Pillar 1, the core elements of institutions are property rights, ethics and corruption, rule of law/undue influence (including judicial independence and favouritism in decisions of government officials), government inefficiency (red tape, bureaucracy and waste), security (especially, business costs of terrorism, reliability of police services, business costs of crime and violence and organized crime), private institutions (corporate ethics, ethical behaviour of firms), and accountability (efficacy of corporate boards, protection of minority shareholders’ interests, and strength of auditing and accounting standards). Pillar 1, which is a necessary condition for maximizing the benefit of the factor-driven stage of development, merely exists in theory, but still remains shallow in any practical sense in Nigeria.

For Pillar 2, the core elements of infrastructure that galvanize the factor-driven strategy into firm level, national and global competitiveness, include the overall quantity and quality of infrastructure, which is abysmally low and eclectic in Nigeria; railroad infrastructure development, which has gone into extinction in Nigeria; quality of port infrastructure; quality of air transport infrastructure; quality of electricity supply, as well as access to and quality of telephone services. A clear indication from Pillar 2 is that Nigeria does not have any serious infrastructure to reap the benefits of this stage of competitiveness. This tends to suggest that Nigeria may find it extremely difficult to benefit from this stage of development, which therefore makes global competitiveness somehow difficult, thereby compounding the possibility of realizing the Vision 20:2020.

Macroeconomic stability constitutes the hub of Pillar 3. The first stage is to examine the extent to which a country adheres to international fiscal standards, such as the government fiscal position (surplus/deficit), level of national savings rate, inflation rate, interest rate spread (i.e., the gap between deposit and lending rates), public debt position, and real effective exchange rate. Nigeria can be said to be performing averagely on this, especially, at the national level. At a consolidated macro-aggregate level (federal, state and local government levels), especially on fiscal positions and public debt level, as well as issues on savings rate and interest rate spread, Nigeria may not pass through this criterion. The ability to sustain and deepen what has been achieved is vital for moving forward on the development management front in Nigeria.
Human infrastructure is the focus of Pillar 4. This rests essentially on basic health and primary education. These two factors constitute about five out of the eight Millennium Development Goals. This is an indication of the centrality of this pillar in development process. For the health component, emphasis is placed on examining the malaria prevalence and its medium-term business impact, the prevalence of tuberculosis and its medium-term business impact, the HIV&AIDS prevalence and its medium-term business impact, infant and maternal mortality rates and life expectancy. Evidence from the 2006 MDGs Report shows that Nigeria is one of the worst countries in the world on health MDGs. Besides, the 2007 Global Human Development Report reveals that Nigeria’s life expectancy of about 43 years relative to the continent’s average of over 50 years, is disparaging. The education component addresses primary enrolment and quality of primary education, the performance of which is still below the MDGs targets.

Nigeria’s dismal performance on this first driver, while most emerging countries have moved far beyond this level, tends to suggest that the set targets for VISION 20:2020 may be a myth. The characteristics of Nigeria’s socio-economic attributes do not portray Nigeria as a potential member of the leading 20 economies in the next ten years. The reality is analogous to a toddler competing in a marathon for medals. Ordinarily, it looks ambitious; but it is a good start to prepare the toddler for a medium to long-term endeavours.

The focus of Pillar 5 is on higher education and training, quality of education, secondary enrolment ratio, tertiary enrolment ratio, quality of mathematics and science education, livelihood skills, quality of school management, on-the-job training, local availability of specialized research and training services, extent of staff training. Nigeria’s scoring chances on this are relatively low, because of the declining quality of education, and absence of specialized and applied researches. The fact that no Nigerian university appeared among the first 500 universities globally is a clear indication of Nigeria’s unreadiness to join the League of Nations with knowledge-driven economies. On-the-job training, especially in the public sector, is at its lowest ebb. The only government-owned economic management institute for on-the-job training, and highly-rated, was shutdown by the same government aspiring to raise the frontiers of development.

The 6th pillar is on market efficiency, and focuses on three key factors: distortions, competition and size. Distortions, for instance, addresses such issues as agricultural and/or industrial policy costs, efficiency of legal framework, extent and effect of taxation, number of procedures that a business is required to pass through before it effectively kicks-off, and time (in terms of months) required to
start a business. Competition is the second factor and addresses intensity of local competition, effectiveness of antitrust policy, prevalence of trade barriers, and foreign ownership restrictions. The third element of market efficiency is size. The key indicators to measure size include: ratio of the sum of export and import to GDP, exports values, labour market’s flexibility (hiring and firing practices, flexibility of wage determination, cooperation in labour-employer relations), and efficiency (reliance on professional management, pay and productivity, brain drain, private sector employment of women, financial market sophistication and openness, financial market sophistication, ease of access to loans, venture capital availability, soundness of banks, local equity market access). Based on the foregoing indicators, Nigeria is still far from any appreciable performance on market efficiency. It failed on the three benchmarks of distortion, competition and size.

The last pillar of the efficiency-driven stage of global competitiveness, Pillar 7, is on technological transformation. The key indicators include: technological readiness, firm-level technology absorption, laws relating to information, communication and technology; foreign direct investment, technology transfer, cellular telephones, internet users and personal computers, among others. This stage is sequentially linked with the earlier stages. Unless the right public and private institutions are in place, physical and human infrastructures are of optimum quality, and the right macroeconomic environment is established, effective technological transfer and diffusion cannot be achieved. This tends to suggest that Nigeria is not ready to join the competitively-inclined countries that are likely to shape global economy within the next few decades.

An emerging development reality is that countries that failed to meet the conditions set out in the first two stages do not have the wherewithal to operate in the last stage of global competitiveness. The first pillar of the innovation-driven stage, Pillar 8, is business sophistication. The first element of this pillar is networking that supports industries with the following attributes: local supplier quantity and quality, sophistication of firms’ operations and strategy, production process sophistication, extent of marketing and control of international distribution, nature of competitive advantage and value-chain presence.

The last benchmark for global competition is innovation (Pillar 9), and this is measured through the quality of scientific research institutions, company spending on research and development, university-industry research collaboration, government procurement of advanced technology products, availability of
scientists and engineers, utility patents, intellectual property protection, and
capacity for innovation.

3.2 How does Nigeria rank on the global competitiveness index?
In spite of Nigeria’s high potentials, Nigeria’s ranking on the World Economic
Forum’s GCI rankings is low. In the 2005-2006 GCI ranking, Nigeria ranked 83rd,
Nigeria’s major strength was mainly in the macroeconomic environment (26th), due
mainly to the oil revenue windfall. This performance is at best tenuous, since oil
revenue is highly-volatile: a negative oil revenue shock would have negative
effects on the macroeconomic environment. Paradoxically, the high ranking of
Nigeria’s macroeconomic environment has not built the basic requirements for
development. The Global Competitiveness Report for 2008-2009 summarized
Nigeria’s weaknesses thus:

“the GCI shows that Nigeria’s economy is characterized by weak
and deteriorating institutions (ranked 106th, down from 87th in
2006) – including a serious security problem (125th) – and poor
assessments for its infrastructure (120th), as well as basic health
and education (126th). In addition, the country is not harnessing
the latest technologies for productivity enhancements, as
demonstrated by its low level of ICT penetration. The rankings
show that Nigeria is not taking the opportunity presented by the
windfall oil revenues to upgrade the population’s access to basic
health care and education, and to make improvements in other
areas such as infrastructure. Movements in this direction would
be critical to set the basis for sustainable growth going forward.”

Similarly, the 2007 Business Competitiveness Ranking of 82 countries released by
the Economist Magazine, ranked Nigeria as 75th, just above Kenya, Angola and
Cuba. According to the evidence from the Ease of Doing Business in 2007,
Nigeria was ranked as 108th out of 178 countries rated. Nigeria was ranked below
many African countries, e.g., Mauritius (27), South Africa (35), Namibia (43),
Kenya (72) and Ghana (87). This ranking does not really put Nigeria at a vantage
position, given the fact that it intends to be one of the 20 leading economies by
2020. Basic conditions in Nigeria, especially the basic requirements for growth,
are the most significant constraints to Nigeria’s goal of being one of the 20 leading
economies by 2020.
Nigeria’s performance on the global competitive index (GCI), relative to some African countries, is poor. Although, Nigeria’s ranking declined from 83rd in 2005-2006 to 94th in 2008-2009; countries like South Africa, Mauritius and Morocco have been consistent in maintaining relatively good rankings, while others like Egypt, Namibia, the Gambia, Algeria, Senegal and Lesotho improved their performances between 2007 and 2008.

Table 1 compares Nigeria (ranked 11th in Africa) to the top 10 African countries, and the 20th and 21st countries on the GCI 2008-2009 ranking. The table shows that Nigeria is ranked 11th in Africa on the Basic Requirements Sub-Index; 4th on the Efficiency Enhancers Sub-Index (behind South Africa, Mauritius and Tunisia), and 4th on the Innovation Enhancers Sub-Index (behind Tunisia, South Africa and Kenya). Nigeria lags far behind the 20th (Iceland) and 21st (Malaysia) ranked countries on all three Sub-Indexes.

What are the implications for vision 20:2020? One, the success of the vision hinges precariously on Nigeria’s capacity to successfully build the basic requirements for growth along with efficiency enhancers and innovation. A piecemeal or stage-by-stage approach will not be optimal. Rather, Nigeria must achieve the right balance to build infrastructures, institutions, primary-higher education, health, creativity and innovativeness of citizens, businesses and government.

Positioning Nigeria among the league of powerful economies by 2020 would be very challenging, given the present ranks – but not impossible. There have been arguments that Nigeria has not been able to maximize the benefits of the factor-driven stage of global competitiveness, due to the violation of public ethics and corrupt practices. Therefore, an essential part of the Vision 20:2020 action plan is developing the right incentive system to reform public ethics and make corrupt practices costly. While the nine pillars of global competitiveness are necessary for rapid economic transformation and development, corruption, which directly or indirectly affects these pillars, is critical to actualizing the MDGs and the Vision 20:2020 agenda in Nigeria.
Table 1. Global Competitiveness Index for Selected Countries for 2008-2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall Index</th>
<th>Basic Requirements</th>
<th>Efficiency Enhancers</th>
<th>Innovation Enhancers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
<td>Score</td>
<td>Rank</td>
<td>Score</td>
</tr>
<tr>
<td>Iceland</td>
<td>20</td>
<td>5.05</td>
<td>11</td>
<td>5.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>21</td>
<td>5.04</td>
<td>25</td>
<td>5.42</td>
</tr>
<tr>
<td>Tunisia</td>
<td>36</td>
<td>4.58</td>
<td>35</td>
<td>5.17</td>
</tr>
<tr>
<td>South Africa</td>
<td>45</td>
<td>4.41</td>
<td>69</td>
<td>4.41</td>
</tr>
<tr>
<td>Botswana</td>
<td>56</td>
<td>4.25</td>
<td>53</td>
<td>4.65</td>
</tr>
<tr>
<td>Mauritius</td>
<td>57</td>
<td>4.25</td>
<td>50</td>
<td>4.67</td>
</tr>
<tr>
<td>Morocco</td>
<td>73</td>
<td>4.08</td>
<td>67</td>
<td>4.42</td>
</tr>
<tr>
<td>Namibia</td>
<td>80</td>
<td>3.99</td>
<td>48</td>
<td>4.71</td>
</tr>
<tr>
<td>Egypt</td>
<td>81</td>
<td>3.98</td>
<td>83</td>
<td>4.18</td>
</tr>
<tr>
<td>The Gambia</td>
<td>87</td>
<td>3.88</td>
<td>81</td>
<td>4.22</td>
</tr>
<tr>
<td>Libya</td>
<td>91</td>
<td>3.85</td>
<td>75</td>
<td>4.27</td>
</tr>
<tr>
<td>Kenya</td>
<td>93</td>
<td>3.84</td>
<td>104</td>
<td>3.8</td>
</tr>
<tr>
<td>Nigeria</td>
<td>94</td>
<td>3.81</td>
<td>105</td>
<td>3.74</td>
</tr>
<tr>
<td>Senegal</td>
<td>96</td>
<td>3.73</td>
<td>101</td>
<td>3.88</td>
</tr>
</tbody>
</table>


4. The Nexus Between Global Competitiveness and Vision 2020

The primary nexus between global competitiveness and Vision 20:2020 is that global competitiveness is a necessary condition for achieving the goals of Vision 20:2020. In other words, while the Vision serves as Nigeria’s development agenda; global competitiveness is a pivotal means or strategy for achieving Vision 20:2020. The second nexus is that the current weaknesses revealed by Nigeria’s ranking on the GCI should guide Nigeria in developing Vision 20:2020. This has strategic implications for the mind set that should guide the planning, implementation and monitoring, and evaluation phases of the Vision. The mind set must have a global focus.
Two major issues are common to both the Vision and global competitiveness: economic growth and export orientation. It will be difficult to be a leading player in the global economic system in the 21st Century without significant and consistent economic growth, and a growth in quantity, quality and diversification of exports of value added goods. Achieving economic growth and export expansion depends essentially on macroeconomic stability, quality of public institutions, and technological innovations. For Nigeria to attain the level of global competitiveness required to achieve the goals and targets of Vision 20:2020, it is important for Nigeria to develop relevant strategies for addressing the approaches of global competitiveness (factor-driven, efficiency-driven and innovation-driven approaches) and the associated nine pillars. Although developing the global competitiveness strategy is a necessary condition for achieving the targets of Vision 20:2020; the other important conditions are: a strong political commitment to promote the quality of public and private institutions, technological innovations, and macroeconomic stability.

Given Nigeria’s experiences, we can infer that a strong political commitment, sound knowledge and good judgment will be critical in driving the Nigerian economy to the position of a leading player in the global economy, to follow the examples of the political elites in China, India, Singapore, South Korea, Malaysia, Indonesia, and lately, Brazil.

4.1 Why global competitiveness matters for Vision 20:2020
Achieving a sound and stable macroeconomics, and a globally-competitive economy is critical to the key goals of the Vision. The Vision 20:2020 sets two key economic targets to be achieved by 2020: a GDP of not less than $900 billion and a per capita income of not less than $4000 per annum. As stated in the Vision 20:2020 document, Nigeria needs to achieve the economic targets as well as other non-economic targets before it could be among the 20 leading economies by 2020. As Nigeria begins the journey, it is pertinent to ask: where Nigeria stand today? Table 2 provides a picture of the relative position of Nigeria on the two key economic indicators – GDP size and level of GDP per capita. As at 2007, 40 countries had a GDP greater than Nigeria (Nigeria is ranked 41st). When the cost

---

Evidence from McArthur and Sachs (2002) has shown that public institutions play a more crucial role at low and middle levels of development than they do at high levels, where economies tend to have less variation in institutional quality and a satisfactory threshold of organizational efficiency has already been met.
of living is accounted for across the countries, the purchasing power parity (PPP) measure ranked Nigeria as 38th in 2007. When the population of each country is accounted for, the per capita income measure further pushes Nigeria down the ranking to 131st on USD ranking and 139th on the PPP ranking.

Table 2. Where Nigeria was in 2007 compared to where it wants to be in 2020 on the Global Ranking of GDP and GDP Per Capita

<table>
<thead>
<tr>
<th>Value</th>
<th>Countries with current GDP greater than Nigeria in 2007</th>
<th>Countries with current GDP per capita greater than Nigeria in 2007</th>
<th>Vision 20:2020 Target: Countries with current GDP greater than $900 billion</th>
<th>VISION 20:2020 Target: Countries with current GDP per capita greater than $4000</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollars</td>
<td>40</td>
<td>130</td>
<td>14</td>
<td>86</td>
</tr>
<tr>
<td>S in (PPP)</td>
<td>37</td>
<td>139</td>
<td>15</td>
<td>112</td>
</tr>
<tr>
<td>Nigeria:</td>
<td>2007 USD: 165.5 billion</td>
<td>1.118</td>
<td>USD 900 billion</td>
<td>USD 4000.00</td>
</tr>
<tr>
<td>2007 US$ PPP</td>
<td>291.4 billion</td>
<td>1.969</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


How many countries have already met the targets Nigeria wants to achieve in 2020? On the size of the GDP, 14 and 15 countries respectively had already met the USD and USD (PPP) as shown in table 2 above (including China, India and Brazil). However, there are about five countries with a GDP of between USD600 billion and USD900 billion as at 2007 – Indonesia, Australia, Iran, Netherlands and Poland. Relative to Nigeria’s current PPP value of USD291 billion, there are other serious contenders to the ‘big’ economies’ group: Saudi Arabia, Argentina, Thailand and South Africa – ranging between USD466 billion for South Africa and USD554 billion for Saudi Arabia.

Table 3 shows the ranking of some advanced and emerging economies on the GDP and PCI scales. For Nigeria to be at par with the group of emerging economies like: Saudi Arabia, Argentina, Thailand and South Africa, Nigeria must grow its GDP by about 6 percent per annum. Even at this, the size of its economy will only double. However, to meet the target of over USD900 billion, Nigeria’s GDP needs to grow annually at not less than 10.5 per cent in real terms. This will require strict adherence to pillars 1-7 of the Global Competitiveness Index (GCI). The unfolding global economic crisis puts at risk the ability of Nigeria to achieve the targets Vision 20:2020 has set for Nigeria.
Table 3. The largest 26 economies as at 2007

<table>
<thead>
<tr>
<th>Rank</th>
<th>Countries</th>
<th>GDP (PPP) US$ billion</th>
<th>Rank</th>
<th>Countries</th>
<th>PCI (PPP) US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>13,751.4</td>
<td>1</td>
<td>Liechtenstein</td>
<td>85,382</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>7,096.7</td>
<td>2</td>
<td>Luxembourg</td>
<td>79,485</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>4,297.2</td>
<td>3</td>
<td>Qatar</td>
<td>74,882</td>
</tr>
<tr>
<td>4</td>
<td>India</td>
<td>3,096.9</td>
<td>4</td>
<td>UAE</td>
<td>54,626</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>2,830.1</td>
<td>5</td>
<td>Norway</td>
<td>53,433</td>
</tr>
<tr>
<td>6</td>
<td>United Kingdom</td>
<td>2,143.0</td>
<td>6</td>
<td>Brunei Darussalam</td>
<td>50,200</td>
</tr>
<tr>
<td>7</td>
<td>Russia</td>
<td>2,087.4</td>
<td>7</td>
<td>Singapore</td>
<td>49,704</td>
</tr>
<tr>
<td>8</td>
<td>France</td>
<td>2,078.0</td>
<td>8</td>
<td>Kuwait</td>
<td>47,812</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>1,833.0</td>
<td>9</td>
<td>USA</td>
<td>45,592</td>
</tr>
<tr>
<td>10</td>
<td>Italy</td>
<td>1,802.2</td>
<td>10</td>
<td>Ireland</td>
<td>44,613</td>
</tr>
<tr>
<td>11</td>
<td>Mexico</td>
<td>1,484.9</td>
<td>11</td>
<td>Hong Kong</td>
<td>42,306</td>
</tr>
<tr>
<td>12</td>
<td>Spain</td>
<td>1,416.4</td>
<td>12</td>
<td>Andorra</td>
<td>41,235</td>
</tr>
<tr>
<td>13</td>
<td>Korea Rep.</td>
<td>1,201.8</td>
<td>13</td>
<td>Switzerland</td>
<td>40,658</td>
</tr>
<tr>
<td>14</td>
<td>Canada</td>
<td>1,180.9</td>
<td>14</td>
<td>Netherlands</td>
<td>38,694</td>
</tr>
<tr>
<td>15</td>
<td>Turkey</td>
<td>957.2</td>
<td>15</td>
<td>Austria</td>
<td>37,370</td>
</tr>
<tr>
<td>16</td>
<td>Indonesia</td>
<td>837.6</td>
<td>16</td>
<td>Sweden</td>
<td>36,712</td>
</tr>
<tr>
<td>17</td>
<td>Iran</td>
<td>778.0</td>
<td>17</td>
<td>Denmark</td>
<td>36,130</td>
</tr>
<tr>
<td>18</td>
<td>Australia</td>
<td>733.9</td>
<td>18</td>
<td>Canada</td>
<td>35,812</td>
</tr>
<tr>
<td>19</td>
<td>Netherlands</td>
<td>633.9</td>
<td>19</td>
<td>Iceland</td>
<td>35,742</td>
</tr>
<tr>
<td>20</td>
<td>Poland</td>
<td>609.4</td>
<td>20</td>
<td>UK</td>
<td>35,130</td>
</tr>
<tr>
<td>21</td>
<td>Saudi Arabia</td>
<td>554.1</td>
<td>21</td>
<td>Belgium</td>
<td>34,935</td>
</tr>
<tr>
<td>22</td>
<td>Argentina</td>
<td>522.9</td>
<td>22</td>
<td>Australia</td>
<td>34,923</td>
</tr>
<tr>
<td>23</td>
<td>Thailand</td>
<td>519.2</td>
<td>23</td>
<td>Finland</td>
<td>34,526</td>
</tr>
<tr>
<td>24</td>
<td>South Africa</td>
<td>466.9</td>
<td>24</td>
<td>France</td>
<td>33,674</td>
</tr>
<tr>
<td>25</td>
<td>Pakistan</td>
<td>405.6</td>
<td>25</td>
<td>Japan</td>
<td>33,632</td>
</tr>
<tr>
<td>26</td>
<td>Egypt</td>
<td>403.7</td>
<td>26</td>
<td>Spain</td>
<td>31,650</td>
</tr>
<tr>
<td>27</td>
<td>Nigeria</td>
<td>291.4</td>
<td>141</td>
<td>Nigeria</td>
<td>1969</td>
</tr>
</tbody>
</table>


Nigeria’s performance on GDP per capita relative to many other countries is worse than the performance of its GDP. For instance, as at 2007, 86 countries had met the target of USD4000 income per capita. The situation is even worse when cost of living is equalized across countries using the purchasing power parity measure: 112 countries had met this target compared to Nigeria’s level of USD1969 in 2007. Clearly, Nigeria has a very long way to go to achieve Vision 20:2020.
The literature is replete with substantial evidence that the factors mentioned in each of the three stages of global competitiveness, as well as the associated pillars, on one hand, and the economic growth and development on the other hand, are correlated. Not much has been done on the correlation between the GCI and the economic targets (GDP and per capita income) set out in the Vision. To add value to this debate, a simple correlation index was computed. A correlation analysis of the first 30 leading economies with Nigeria shows a correlation index of 0.49 for GDP and 0.29 for per capita income. This suggests that Nigeria should use factors and a population policy to constrain the growth of its population to enhance per capita income.

Figure 1 shows the linkage between GCI and GDP, while figure 2 shows the linkage between GCI and PCI. In figure 1, there seems to be a positive linkage between performance on GCI and the size of the economy. India and Russia are exceptions to this rule, which suggests that in both countries, some other factors may be driving their processes.

![Correlation Graph](image)

Figure 2 partially reveals some positive outliers for most of the advanced economies and emerging economies like Hong Kong, Singapore and UAE.
An important issue which fosters the linkage between global competitiveness and the economic imperatives of Vision 20:2020 is the enthronement of good governance in Nigeria. Figure 3, for instance, shows the linkage between corruption index - a manifestation of bad governance and human development index across some selected countries. There is a clear evidence of a strong correlation between good governance and high performance on human development index as manifested in better life expectancy, high level of literacy, and high decent incomes. Countries with proven attributes of governance are clustered on the right corner of figure 3, while the converse holds for countries on the lowest trunk of governance ladder, such as: Nigeria, Ghana and Namibia.

Nigeria has a poignant history of bad governance and corruption, which to a large extent has contributed to its poor performance on the human development index over the past few decades. An important message from this is that unless something serious is done on governance and corruption in Nigeria, Vision 20:2020 may end up being a mirage. This involves concrete actions on the implementation of relevant policies, and leadership by example across the public and private sectors of the economy. It requires all watchdog and anti-corruption...
institutions to be vibrantly objective and be committed to their mandates without fear or favour, with respectable reward and sanction system institutionalized in public and private lives of Nigerians.

4.2 Some management imperatives
The GCI methodology has made institutional environment and governance key pillars in poverty reduction and sustainable development. Nigeria’s development experience has been characterized by weak implementation and poor management of laws, plans, budgets, policies, programmes and projects. At the heart of the implementation challenge is corruption, which has several dimensions: political, economic and social corruption. A key management issue is how strong is the commitment to fight corruption, and the ethical challenges in both the public and private sectors of the Nigerian economy. The rate at which resources have been and are being plundered across the three tiers of government, and even some segments of the private sector, are major impediments to the development of

---

3 Kacou and Odusola (2008) provide a good illustration of how corruption and violation of public ethics constitute a major development challenge to Nigeria.
Nigeria. A corollary to strong political will to fight corruption is a leadership that is committed to development outcomes and to transparency and accountability. To ensure coherence in the management of global competitiveness in Nigeria, government machinery across the three tiers of government should be clustered around the nine pillars of the GCI mentioned above. Clustering government ministries, departments and agencies (MDAs) around the nine pillars will ensure that policies and programmes cohere and aid coordination in the management of the development process and outcomes. Cluster meetings held regularly can help to minimize conflicts generated by overlapping functions, and in implementation and monitoring. Indeed, the philosophy of public finance management would have to change so that information about MDAs’ performances help in facilitating a budgeting system that ties funding to outputs and outcomes.

Efficiency and effectiveness in managing development will also require monitoring and evaluation indicators built around the nine pillars as the framework for a national monitoring and evaluation system. The separate of the execution arm from the monitoring and evaluation arm within government is critical to efficiency and effectiveness. However, there are concerns that the demarcation between the executive arm and the legislature is quite thin in Nigeria, with the result that the oversight responsibility of the legislative arm is not effective. The weakness of the executive and legislature in implementation and monitoring offers the civil society the opportunity to help in establishing and institutionalizing a broad-based and participatory monitoring and evaluation that specify clearly, the roles and responsibilities of stakeholders in implementation of development programmes.

4.3 Strategic implications of globalization
Global competitiveness does not only ensure active participation in the global economy, but also increases firm level efficiency and national economic efficiency. However, questions have been raised about the associated disparities (within and across countries) in efficiency and the role of globalization in creating or accelerating the financial crises of the 1990s, early 2000, and the ongoing one (Mexico, 1994; Asia, 1997; Russia, 1998, Argentina, 2001 and the global, 2008+). Within the context of Vision 20:2020, Nigeria should not only be seen as a market place but also as a production centre. Nigeria needs to be a major

---


5 Levy (2005) and Odusola (2006) provide some detailed discussions on this.
global economic player not only on crude oil trade but, essentially, value-added goods and promotion of value chains across the key sectors of the economy. It needs to perform very well in the three stages of global competitiveness and the 9 pillars mentioned above. The goal therefore is how to use global competitiveness to position Nigerian in the global economy in a way that will fasttrack the achievement of Vision 20:2020.

If Nigeria is to enhance its global competitiveness through external orientation, it will have to be guided by the nine pillars of global competitiveness, and plan in a way that ensures better access to European, American and Asian as well as regional markets, to sell an increasingly diverse set of high value-added goods. Leveraging on improving its basic requirements, Nigeria can focus on attracting foreign investment that develop new products at cheaper prices and have high potential transferring technology. In addition, Nigeria will need to develop strategic partnership with Nigerians in Diaspora to be productively-engaged in socioeconomic and political transformation of Nigeria.

A major tool for promoting global competitiveness is the privatization of public enterprises. In terms of the number of enterprises privatized, Nigeria seems to have done very well. However, the number of privatized firms is not the true measure of effectiveness of reforms. Rather, it is the extent to which privatization has contributed to economic growth and transformation in the economy that is the true measure of success. Odusola (2004) in an earlier study, found that the net effect of privatization on the Nigerian economy is marginal. Although economic deregulation in some selected sectors (aviation and communication) has contributed to the growth process, however, the poor regulation of these sectors has generated avoidable social and economic costs deriving from poor services, as in the case of GSM operations and loss of lives in the aviation sector. While the governance and operational efficiency of public enterprises are very challenging and often result in costly choices, privatization processes that are driven by selfish interest and self-destructive tendencies will also undermine rapid economic transformation and beneficial integration into the global economy. The failure of private and public enterprises suggests that a dogmatic approach of privatization may be counterproductive. What is required is the right environment for efficiency and effectiveness in both the public and private spaces.

The recent banking consolidation which opened Nigeria’s financial system to the outside world can expose Nigeria to the contagion effects of globalization. The consolidation among other things was supposed to ensure that the Nigerian economy is effectively integrated into the global economy through the financial
system. However, given that the consolidation exercise had significant effects on asset prices, market capitalization and capital flows, it was obvious that poor management of the supervisory and regulatory environment could have disastrous consequences on the financial system and on the economy as a whole. The potential challenges include: (a) asset price bubbles; (b) financial contagion; and (c) disconnect between the financial system and the real economic system resulting in lack of access to credit and high lending rates to small and medium enterprises. Failure to deal with these challenges would pose a difficulty in the realization of the goals and objectives of Vision 20:2020, particularly, poverty reduction, employment generation and wealth creation. The pro-big corporations nature of the banking consolidation, mean that the small and medium-scale enterprises that are the key drivers of employment generation, with high potential of creating a sustainable basis for economic growth and poverty reduction, will not have access to capital and affordable costs. Although the microfinance policy is aimed at addressing this problem, the gap between the formal banking sector and the small and medium business enterprises is too wide for the microfinance policy to effectively address the problem. It is also noteworthy that the type of products being created by the consolidated banking system in Nigeria is biased towards consumption credit and not production credit. The Nigerian economy does not really have any serious problem of aggregate demand but rather that of structural rigidity in the production process. If the consolidated financial system is not supportive of the supply side of the economy, especially from the small and medium-scale business side, it would be very difficult to use banking consolidation as an instrument for fast-tracking economic growth and development in line with Vision 20:2020, despite the growth of foreign branches of Nigerian banks. Positive developments such as inflow of foreign capital are countered by risks of capital flight or the use of resources mobilized in Nigeria to finance economic activities in other countries, even when Nigerian enterprises lack access to capital.

If Vision 20:2020 is to stand a chance of delivering the desired result outcomes, there is need to critically examine the demand and supply sides of globalization (foreign policy, international trade, finance, investment and people). The weak infrastructure base makes the management of the demand and supply sides very challenging in Nigeria. While physical and human infrastructures are necessary pillars identified under global competitiveness, the need to promote regional integration and value added trade, institutionalize international economic diplomacy in Nigeria’s foreign policy and promote inflow of foreign capital (especially FDI) to strategic sectors is imperative. Maximizing the benefits of
globalization and minimizing its limitations requires a strategic state, and a
government that cautiously and strategically demands for socially-accountable and
responsive globalization, through the instrumentality of proactive engagement with
multilateral development institutions, multinational corporations (MNCs) and the
state. Nigeria needs a leadership with a clear vision, leaders that are unequivocally
committed, and adroit diplomats who could secure the best concessions from and
support of multilateral agencies to efficiently catalyse and enable economic, social
and political transformation.

Research and development, technology and communication are playing critical
roles in the rapid transformation of emerging economies, by changing the global
economic-power balance. Globalization has made economic management
increasingly complex and dynamic. Knowledge is critical in clarifying policy
options and alternative strategies, hence, the choice of the right or appropriate
is a haphazard process of self-discovery,” and research and development and
technology, coupled with good governance, can give advantage to states that invest
in them. The technology niche in India and China, which led to the dominance of
software export in the former and hardware export in the latter is one of the
practical examples of how knowledge development, research, development can
transform resource-based economies to industrial leaders in high tech. The
literature on endogenous growth models and estimations of such models support
the thesis that knowledge, research and technology have strong positive effects on
development. Therefore, in actualizing Vision 20:2020, education, research,
innovation and technology are priority.

5. Conclusions
This paper reviewed the key elements of Vision 20:2020 in the light of pillars of
global competitiveness, and argued for a beneficial linkage between global
competitiveness, globalization and the Vision. As at 2007, Nigeria ranked 41th on
the size of GDP and 131st on per capita income, while on purchasing power parity,
it is ranked as 38th and 140th, respectively. In terms of the size of the GDP, 14 and
15 countries had already met the USD and USD (PPP) as at 2007 (including
China, India and Brazil), while about 5 countries have their GDP sizes ranging

---

6 In a recent study we computed a correlation index between the most 25 technologically inclined
economies and their respective 2007 GDP. The computation yielded an index of 0.65 supporting the
position that education and technology have strongly positive effects on growth.
between USD600 billion and USD900 billion (Indonesia, Australia, Iran, Netherlands and Poland). Relative to Nigeria’s current PPP value of USD291 billion, there are other serious contenders to the ‘big’ economies’ group – Saudi Arabia, Argentina, Thailand and South Africa. Between 86 and 112 countries have already met the $4000 per capita income (depending on which measure that is used). If Nigeria’s economy grows at an annual average of 6 percent, it will only achieve a doubling of its GDP by 2020. To achieve a target GDP of USD900 billion in 2020, Nigeria’s real GDP must grow at an average annual rate of at least 10.5 percent.

The assessment of the Vision’s targets against the background of Nigeria’s performance on the GCI clearly shows that realizing the Vision is challenging. While Nigeria is still struggling with the first stage of development (factor-driven phase) and is performing dismally on the GCI ranking, other emerging economies are at stages two (efficiency-driven phase), while a few have even moved to the third phase (innovation-driven phase). It will therefore require political will and commitment of the leaders of the three tiers of government for Nigeria to transit to the second stage and become a major player as China, India, Brazil, South Korea, Malaysia and Singapore have become.

From the evidence of a strong positive correlation between GCI and GDP, it is recommended that Nigeria should seek within the Vision 20:2020 to enhanced its global competitiveness given priority to institutions, education, research, innovation and technological advances. This is because without enhancing its global competitiveness, Nigeria will find it difficult to be a leading player in the global economic system, since it will not generate the level of growth in production and exports of value-added goods required to be one of the top 20 economies. Thus, developing the global competitiveness strategy is a necessary condition. However, it will need to be complemented by a political commitment to promote quality of public and private institutions, technological innovations and macroeconomic stability, the deployment of the resources of the federal, state and local government to target the nine pillars of global competitiveness. A strategic approach to globalization is recommended to position Nigeria to address both the supply and demand side challenges, ensure better access to western and regional markets, attract foreign investment that efficiently creates new products and enable technology transfer. It is also important that Nigeria develops strategic partnership with Nigerians in diaspora to be productively-engaged in the socioeconomic and political transformation of Nigeria.
Acknowledgement
The views expressed in this paper are personal and do not reflect UNDP’s position.

References