DEVELOPMENT PLANNING IN CONTEMPORARY NIGERIA

by
Olu Ajakaiye
African Economic Research Consortium (AERC)
Nairobi, Kenya
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I. INTRODUCTION

The roles of planning in a liberalized economy has been an issue of concern over the past two decades. Since the late seventies and early eighties there has been a resurgence of interest in the virtues of the market mechanism as a tool for coordinating the activities of economic agents. This was as a result of people's disenchantment with government intervention in economic management through the traditional planning process as well as the economic crisis which afflicted most developing countries (Nigeria included). The need to reverse the trends in these economies led to the adoption of a the World Bank/IMF inspired structural adjustment programmes (SAPs) in almost all developing countries. This approach emphasized the reliance on market forces in allocating resources with minimal role for government. Experience, so far, suggests that neither the traditional planning process nor the exclusive reliance on market mechanism (under the cloak of neoclassical economics) as the instrument for coordinating activities of economic agents can successfully move economies from a current undesirable state towards a more desirable state on a sustainable basis. Meanwhile, despite this reality, the efficacy of formal development planning in Nigeria is being doubted because of the commitment to operating a deregulated, market driven and private sector led economy. This, therefore, is the basic motivation for examining the roles of planning in a private sector-led economy which has become the vogue among developing countries including Nigeria.

In considering the issue of the roles of planning in a private sector-led economy, it is instrumental to begin by defining the key concepts and give empirical content to some of them. In particular, it is necessary to define the concept of **planning** and also examine the concept of **a private sector-led economy.** Economic planning has been defined in a number of ways but for the present purposes, it is sufficient to conceive it as **the conscious effort by a central organization to influence the functioning of the economic system in ways that it will move from the current state to a desired state**. The desired state in the contemporary Nigerian context, can be summarized as **putting the economy firmly back on the path of self-sustaining, equitable and balanced growth of output, employment and income with the minimum possible level of inflation.**

Turning to the concept of a private sector-led economy, it is a truism that a part of the productive resources of any economy is in the public sector while the other part is in the private sector. In other words, every economy is mixed. The distinguishing feature of any economy at any point in time is the degree of mixture, i.e., the proportion of national resources under the control of the public and that under the control of the private sector. Therefore, **a private sector-led economy can be conceived as one where the private sector will be the main engine of growth. An implication of this is that, over time, the share of national resources under the control of the private sector will grow while that being controlled by the public sector will fall.** However, under no circumstance will the share of the national resources being controlled by the public sector tend towards zero. Indeed, as the economy grows, the magnitude of resources under the control of the public sector will tend to increase even though as a proportion of the total national resource base, its share may be lower. In other words, the success of the private sector as an engine of growth will inevitably increase the quantum of resources under the control of the public sector. This is so because as the economy grows, tax related to growth in income and output will also grow thereby increasing the quantum of resources available to the public sector. Also, as the economy grows, there will be greater demand for public services even if these are limited to the preservation of law and order.

Against this background, the roles of planning in a private sector-led economy can be examined. In the next section, a brief review of the history of planning and planning process in Nigeria is presented. This is followed by an articulation of the role of planning in a mixed economy where the private sector will be dominant, i.e., a private sector-led economy. Next, issues in planning process in a private sector-led economy under a democratic federal government are discussed. Thereafter, implications for planning process in contemporary Nigeria are drawn. The last section of the paper contains suggestions for the re-engineering of planning agency at the Federal and State levels in Nigeria.

II A BRIEF HISTORY OF PLANNING IN NIGERIA.

Planning, as defined above, really began after independence with the adoption of the **National Development Plan of Nigeria, 1962-68.** This plan actually recognized that Nigeria is a mixed economy and it is aimed at developing an economy where the private sector will be the main engine of growth. According to the plan, the governments are convinced that no amount of government activities can effectively replace the efforts of a broadly based and progressive private sector. Therefore, the plan contained policies and programmes designed to stimulate and mobilize private domestic savings, increase inflow of foreign capital in those directions which conform with the overall priorities of the plan and accelerate the growth of the private sector. Specifically, the government interventions in the transportation, electricity, water and communications sectors which were really parts of the colonial legacies were perceived as strategies to eliminate supply bottlenecks which might jeopardize the growth of the private sector. It can, therefore, be seen that the objective of establishing a private sector-led economy is not really new. See FRN, (1962), p21 and Ajakaiye, (1984).

Unfortunately, achievements during the so-called **First National Development Plan, 1962-68,** in terms of desirable structural changes in the economy, were considered unsatisfactory enough to cast doubts on the feasibility of relying on the private sector as the main engine of growth. Consequently, the **Second National Development Plan, 1970-74** marked the beginning of a change of development strategy. According to the plan, ***what Nigeria lacked most in the past has been a sense of purpose, particularly in economic matters. The Federal Government will, therefore, occupy the commanding heights of the national economy in the quest for purposeful national development and provide leadership and honest administration necessary for the attainment of a national sense of purpose.*** (See FRN, 1970, p31). Furthermore, the plan asserted that government direct participation in productive activities through its public enterprises were crucial for true national economic independence being a way of avoiding the dangers of leaving vital sectors of the national economy to the whims of a private sector that is under direct or remote control of foreign large-scale industrial concerns (FRN, 1970, p75). Relatedly, the plan aimed at encouraging nation wide equity participation in all industries by allocating shares to the Federal Government, the State Government in which the industry is located, other states and Nigerian nationals willing to participate**.** (FRN, 1970, p 145). These policies remained largely intact and they influenced the pattern of planned investments in public enterprises until expiration of the **Fourth National Development Plan** in 1985. Again, achievements during the 1970-85 period were not quite satisfactory essentially because for most of the period, the much desired leadership and honest administration were severely lacking.

Efforts to articulate a **Fifth National Development Plan** ran into severe problem of dismal resource profile arising from the adverse developments in the international oil market, especially, the precipitous decline in international oil price between 1985 and 1986. This, along with the relatively high debt burden provided a fertile ground for the introduction of the erstwhile World Bank/IMF inspired **Structural Adjustment Programme for Nigeria, 1986-88.** (FRN, 1986). It is generally agreed that the basic objective of SAP, which is to restore the Nigerian economy to a path of balanced and sustainable non-inflationary growth was not the problem but the major weakness was in the orthodox strategy involving a dogmatic commitment to *laissez faire* approach to economic management, the reduction in the size of government participation in economic matters and resolute attempt to limit the role of the state to the provision of security, law and order. Clearly, SAP was oblivious of the imperatives of a mixed economy hence its inability to attain the lofty objective of returning Nigeria to a path of prosperity. Instead, it contributed to the destruction of the middle class, the aggravation of misery and deprivations all of which provided the fertile ground for the most unconscionable corrupt practices in the Nigerian history.

Meanwhile, by the end of the 1980s, it became clear that abandoning planning and surrendering to the so-called market forces was an unviable option. However, it was also clear that restoration of the traditional fixed-term planning process was impracticable because of the continuing volatility of the international oil market and the associated difficulty in reasonably assessing the resource profile over the plan period. It would be recalled that this was the major difficulty encountered while attempting to articulate the Fifth National Development Plan.

In response, Government decided to introduce a **Three-year Rolling Plan** system with the adoption of the First Three-year National Rolling Plan in 1990. The rolling plan system is quite suitable in an environment of uncertainty in that the resource profile is subject to revision on an annual basis and so also is the expenditure programme . Under a three-year rolling plan system, for example, the resource profile can be estimated for the next three years with the first year being more reliable than the remaining two years in view of the uncertainty surrounding the developments in the international oil market. Therefore, planned expenditure and policies are articulated for a three year period with the first year being exactly the usual annual budget. In practical terms, the capital component of the public expenditure programme for the first of the three year rolling plan is exactly the capital budget for the first year of the rolling plan. At the end of the first year, any capital programme that is completed is ‘rolled out’ of the plan while any uncompleted programme is rolled on into the next plan. This way, incidents of abandoned projects on account of inadequate financial resources are supposedly minimized, if not completely eliminated.

It should be mentioned, however, that since the adoption of the rolling plan system, the implied relationship between the rolling plan and the annual budget was never realized. An analysis of available data suggests that the budgets deviated significantly from the first year of the relevant rolling plan contrary to expectation. What is more, under the autocratic military regimes of this era, plan discipline was at its lowest ebb as only a proportion of the approved capital and even recurrent budgets were released to the various agencies with the numerous unplanned projects gulping the bulk of national resources**.** These have, therefore, rendered the rolling plan system and the annual budgets completely ineffective. The implication is that the restoration of a planned approach to development in Nigeria in 1990 has remained largely on paper. In reality, the scenario of the 1986-88 period whereby annual budgets had no underlying development plan continued to obtain implying that the capital expenditure programme and, indeed, the associated development policies enunciated in the annual budgets were largely abandoned as soon as they were announced.

In 1995, the Federal Government attempted a long-term plan dubbed Vision 2010. This was the first attempt to initiate the most broad-based and participatory planning process in Nigeria. The exercise was eventually concluded in 1997 with the production of a respectable blue-print for Nigeria's long-term plan which were to form the basis for the medium term plans from which the annual plans (the budgets) were to derive. It turned out that this initiative suffered from the good message delivered by bad messengers syndrome resulting in its abandonment even before it was finalized. Indeed, there was the suspicion that there was really no political commitment to the process despite the colossal human and material resourced devoted to it. Moreover, the Vision 2010 initiative was articulated under the cloak of a unitary system of government ignoring the fact that Nigeria is a federation. Possibly, if there was an attempt to implement it, the imperatives of federalism would have warranted replacing the top-down syndrome for a more participatory process by the federating units, i.e., the states. In any case, under the military, states were essentially glorified parastatals of the federal government and not federating units!

The restoration of democratic rule in 1999 would have provided a golden opportunity to revisit the Vision 2010 initiative, make it more compatible with the tenets of a federation by insisting on full participation of the state governments and extend the period to 2015, for example. The resulting Vision 2015 or so might have formed the basis for the federal and stage governments to embark on the preparation of their respective medium-term plans from which their annual budgets could have derived. This possibility did not arise, possibly owing to the good message - bad messenger syndrome which bedeviled it ab initio.

Meanwhile, the World Bank inspired the preparation of Poverty Reduction Strategy Papers in virtually all SSA countries, Nigeria inclusive. This initiative which began in earnest in 2002 was to be domiciled in the National Planning Commission but it was eventually taken over by the erstwhile Economic Policy Coordinating Committee (EPCC) in the Office of the Vice President. The EPCC contraption eventually collapsed out in 2003 marking the termination of the PRSP process.

Later in 2003, the new Economic Adviser to the President and head of National Planning Commission, Professor Soludo, embarked on a new initiative dubbed National Economic Empowerment and Development Strategy (NEEDS), 2004-2007. The process was reasonably participatory and the initiative was unanimously adopted by the Joint Planning Board which had been moribund for over 10 years. Seen as the Nigerian equivalent of the abandoned PRSP, the initiative received considerable support from the donor agencies. The NEEDS document was eventually finalized, printed and launched in 2004. A few states that were able to secure donor assistance also attempted the preparation of State Economic Empowerment and Development Strategies (SEEDS) and, indeed, there were suggestions that there should be Local Economic Empowerment and Development Strategies (LEEDS). Towards the end of 2006, there was an attempt to embark on the preparation of the so-called NEEDS II but what became of that initiative is still unclear.

So far, it is not clear if the NEEDS or SEEDS or LEEDS had any bearing on the corresponding annual budgets. Indeed, it is not clear if the leaderships at the federal, state or local government levels were committed to the programme. In essence, during the first 8 year of restoration of democracy in Nigeria, the annual budgets were not underguarded by any medium-term plans. Put simply, these development have been exacerbated by weak or non-existent linkage between budget and planning which creates a predisposition to disorder and arbitrariness which are inimical to orderly development in any society regardless of the prevailing development paradigm. Ajakaiye (2003). The consequences of the associated rudderless ship of the Nigerian state during this period are beginning to unfold.

This obviously sub-optimal situation calls for a major re-appraisal of the roles of planning in the contemporary Nigeria where there is a return to the original strategy of making the private sector the main engine of growth now couched in terms of a private sector-led economy. This re-appraisal is also necessary in order to avoid the mistakes of the recent past which might have been mitigated somewhat if planning had not been relegated in the erroneous belief that planning is unnecessary in a private sector-led economy. In the next section, therefore, the roles of planning in mixed economy are briefly articulated.

III. ROLES OF PLANNING IN A PRIVATE SECTOR-LED ECONOMY

Theoretically, ***three types of economic systems*** are identifiable, namely,

- socialist or command economies
- market or capitalist economies and
- mixed economies.

As mentioned earlier, in practice, there has never been a completely command or market economies. What obtains is a mixed economy with different degrees of mixture depending on the level of development of the economy as well as the prevailing philosophy of the society regarding the desirability or otherwise of dominance of either the public or private sector in the control of national resources. It turns out that in the public sector, resource allocation decisions are normally less sensitive to the price mechanism mainly because of social, political and equity considerations which are outside the purview of market forces. Also, since both the public and private sectors are operating in the same economy, public sector resource allocation decisions have implications for the resource allocation decisions of the private sector and vice versa. Therefore, there is need to plan public sector resource allocation decisions so as to ensure that the spill over effects of public sector decisions promote appropriate resource allocation decisions of the private sector whose activities are directly coordinated by the price mechanism, i.e., the so called invisible hands. Given the present focus, attention is focused on the roles of planing in a mixed economy, especially one where the private sector is expected to be the main engine of growth.

Typical mixed economies are characterized by the existence of an institutional arrangement in which a hybrid of the market and command economies is operated. In essence, in these economies, private sector exists alongside the public sector, and the productive resources in these economies are owned and operated by these economic agents.

The following three principal aspects of planning can be observed in a mixed economy. The first aspect involves government deliberate utilization of public sector resources to execute **social overhead capital projects** in areas necessary to create enabling environment for all economic agents to operate optimally. Specifically, government investments in **economic infrastructure** are intended to create an enabling environment for the entrepreneurs to maximize output, employment and income while investment in the provision of **social infrastructure** are intended to create an enabling environment for the households to maximize their utility and improve the quality of labour services and, hence, their earnings from the labour services supplied to the private and public sectors of the economy. These are essentially facilitation roles.

Secondly, government may have to participate in directly productive activities at least to get things started while taking steps to actively seek private sector participation and eventual takeover of such activities at the earliest possible opportunity. At such a time, government will divest its interest in such activities and use the proceeds to get things started at a new frontier. In other words, in a mixed economy, government investments in **directly productive activities are aimed at shifting the frontiers of development opportunities** by get things started in such areas while taking steps to encourage the private sector to take over such activities at the earliest possible time.

The third aspect is in the form of **designing appropriate policy package to facilitate, stimulate, and direct private economic activities** in order to promote a harmonious relationship between the desires of the private businessmen and households and the development goals of society which should be the preoccupation of government. This type of activity usually takes the form of government conscious effort to attain rapid economic growth, high employment, stable prices and favourable balance of payment conditions through fiscal and monetary policies of government. In recognition of the fact that unfettered operation of the market mechanism can engender highly unstable situation reflected in severe fluctuations of income and employment over the course of business cycles, government makes conscious efforts to create conditions that will prevent economic instability while at the same time stimulating economic growth. For instance, under certain conditions, increased employment and higher incomes for a growing population can be induced by expansionary fiscal policies and adjustments of tax rate along with accommodating monetary policy. Similarly, inflation and deflation may be controlled by counter-cyclical fiscal policies, interest rate adjustments and wage-price guidelines otherwise known as incomes policy. Also, balance of payments fluctuations can be managed by several policy mixes critical among which are tariff adjustments, exchange rate policy adjustment and trade policy adjustments. Typically, these active policy instruments are managed in an indirect way to create favourable conditions that will influence the decision makers in the households and firms in a manner conducive to the continuous realization of stable economic growth. In other words, government, through its policies, is an enabler.

IV. ISSUES IN PLANNING PROCESS IN A PRIVATE SECTOR-LED ECONOMY UNDER A DEMOCRATIC FEDERAL GOVERNMENT

Meanwhile, a major lesson in development knowledge and practice during the 20th Century is the realization that neither the free market nor pervasive state intervention and control, working alone, can lead to sustainable development (Ajakaiye, 1990). The challenge, therefore, is to secure a social order where welfare of the people is maximized in an environment where the ingenuity, enterprise and initiatives of individuals are combined with a purposive state intervention, regulation and guidance. Clearly, this social order requires full participation of all stakeholders in the development process ranging from problem identification, selection of priority actions to deal with the development problems, implementation of the priority actions, monitoring implementation and assessing impact or outcomes of the implemented actions. In such an environment, enduring cooperative relationship should exist amongst the social partners, viz, business community, government officials, politicians and political office holders, labour unions and the civil society organizations. Such cooperative relationship should rest squarely on intensive and constructive formal and informal discussion and consultations in an environment of mutual respect, trust and sincerity of purpose. As a result, activities in all spheres of development are well coordinated in a mutually reinforcing manner.

Also, an attribute of a democratic government is that each administration has a definite term of office. Although governance is a continuous process, a new administration is likely to have made a series of campaign promises which it should aim at fulfilling. As result, there are likely to be differences in priorities between one administration and another. These attributes have implications for the period to be covered by a medium term plan.

Finally, a federal state, or a federation, is one in which political power is shared among central or national authority and a number of sub-national authorities generally under the terms of a constitution. (Roberts, 1999). In most federations, planning is a shared responsibility. However, because the planned actions of the central government will directly and/or indirectly certainly affect those of the sub-national governments and vice versa, the planning process should, therefore, ensure plan coordination across levels of government.

Against this background, the planning process in a private sector-led economy with a federal system of government should aim at achieving the following objectives:

C building consensus among all stakeholders, in all parts of the federation, on the vision of development and securing agreement on the basic strategy as well as priority action plan for realizing this vision at all levels of government of the federation;

C securing the commitment of all stakeholders, in all parts of the federation, to the implementation of their component of the agreed action plan required of them in order to realize the vision at all levels of government of the federation; and

C securing participation in an all-stakeholder monitoring of implementation of the agreed action plan as well as in all stakeholder impact assessment and review of agreed action plan at all levels of government of the federation.

It is, therefore, envisaged that this participatory planning process will be a process for:

- Promoting a shared vision of development within the framework of an enduring partnership among all stakeholders in all parts of the federation;
- Agreeing, by all stakeholders, at all levels of government in the federation, on those priority strategies and coordinated action plans to be taken by all stakeholders at all levels of government which hold the promise of the greatest possible positive impact on the welfare of the people in all parts of the federation;
- Securing the commitment of all stakeholders to perform their own component of the action plan in concert at all levels of government of the federation;
- Securing the commitment of all stakeholders in all parts of the federation to fully and effectively participate in a joint monitoring, impact assessment and review of agreed action plan for realizing the shared vision of development at all levels of government; and
- Ensuring that development plans are coordinated across all levels of government and that the development plans of all sub-national governments draw inspirations from that of the central government.

V. IMPLICATIONS FOR THE PLANING PROCESS IN CONTEMPORARY NIGERIA

The 1999 Constitution of the Federal Republic of Nigeria empowers the State Assembly to establish a State Economic Planning Board. See Section 7(3) of the Constitution. Section 19 of the Third Schedule to the Constitution empowers the National Economic Council to advise the President concerning the economic affairs of the Federation and in particular on measures necessary for the coordination of the economic planning efforts or economic programmes of the various Governments of the Federation. The National Economic Council is chaired by the Vice President. Finally, Section 1 of the Fourth Schedule specifies that the Local Government Council should consider and make recommendations to the State Economic Planning Body on the economic development of the State, particularly in so far as the areas of authority of the Council and of the State are affected.

Evidently, the Constitution does not require Local Government Councils to prepare their own development plans. Rather, they are supposed to participate in the preparation of the state development plans of which they are part. Moreover, the Constitution envisages that Federal and State Plans are supposed to be coordinated in accordance with the advise of the National Economic Council. However, the Constitution does not prescribe the participation of all stakeholders in all parts of the country in development planning at the Federal and State levels**.** Since Nigeria is committed to operating a private sector-led economy, it is imperative to ensure that all stakeholders fully participate in the planning processes at the Federal and State levels. It is against this background that the following steps in the planning process are suggested.

Step 1 Federal Planning Agency should organize a ***National Development Summit*** to be attended by the national leadership of all stakeholder groups, including those of Federal Ministries and Agencies, Committees of National Assembly on Planning and Economic Development, State Government Planning Agencies, State Assembly Committee on Planning and Economic Development, the political parties, private sector organizations, labour union organizations, professional organizations and major civil society organizations such as the National Council of Women Societies. The purpose of this Summit is to build consensus on the objectives of the next medium-term plan and agree on key priority actions to be taken by each of the stakeholder groups working in concert to achieve the plan objectives.

Step 2State Planning Agency should organize a ***State Development Summit*** to be attended by the Federal Planning Agency, State Government Ministries, State Assembly Committee on Planning and Economic Development, Chairmen of all Local Government Councils, the State Leadership of all stakeholder groups, including political parties, private sector organizations, labour organizations, professional organizations and major civil society organizations such as State Council of Women Societies. Again, the objective of the Summit is to build consensus on the objectives and targets of the next state medium term plan and agree on key priority actions to be taken by each stakeholder groups working in concert to achieve the plan objectives.

Step 3Federal and State Planning Agencies should prepare their respective Federal and State **Medium term Development Plan** based on the outcome of the respective National and State Development Summits for consideration and approval by the Federal and State Executive Councils and subsequent transmission to the National and State Assemblies for adoption. Copies of the Plan should be made available to all participants at the National Development Summit and to the general public.

The Federal Planning Agency should prepare a medium-term plan containing:

- C a precise statement of the **development objectives** based on the outcome of the National development Summit
- C **public sector investment programme** compatible with the facilitation, frontier shifting and enabler activities of the Federal Government required for the achievement of the medium term development goals agreed upon at the National Development Summit;
- C **estimates of private sector investment** profile necessary to secure the contributions of the private sector to the achievement of the development objectives.
- C **broad directions of monetary, fiscal, trade, exchange rate, incomes, sectoral and other development policies** that are compatible with the enabler roles of government and also complementary to the achievement of the development objectives during the plan period; and
- C **a macroeconomic framework** including the basic macroeconomic projections and sectoral development targets all of which are conditional on the public investment programmes, estimates of private sector investment profile and the complementary policy directions.

It should be observed that this content is different from the traditional approach whereby the macroeconomic framework comes before the sectoral programmes. Apart from the fact that this arrangement has always created a disconnect between the macro and sectoral as well as micro policies and programmes, it is also an attribute of the erstwhile top-bottom planning system. The approach proposed here is compatible with the **bottom-top approach** which is consistent with participatory planning process being advocated.

The State Planning Agency should prepare a medium-term plan containing:

- a precise statement of the development objectives based on the outcome of the State Development Summit which should be consistent with those agreed upon at the National Development Summit
- State and Local Government investment programmes compatible with the enabler, facilitator and frontier shifting activities by these Governments required for the achievement of the medium term development goals agreed upon at the State Development Summit;
- estimates of private sector investment profile in the State necessary to secure the contributions of the private sector of the State to the achievement of the development objectives.
- broad directions of state and local government fiscal, sectoral and other development policies that are complementary to the achievement of the development objectives during the plan period; and

In Nigeria, as in all other federations, monetary, trade and exchange policies are exclusive responsibilities of the Federal Government. This explains why there is no elaborate macroeconomic framework to accompany the State Plans and the State Plans are expected to regard the monetary, fiscal, trade, exchange and incomes policies contained in the Federal Government plan as given.

With respect to the issue of planning strategy under uncertainty, although the Rolling Plan System is suitable in dealing with situations of uncertain resource profile, its efficacy in a multi-party democratic setting where a government has a fixed term of office is in doubt. Foremost, a rolling plan system may result in a large number of projects being rolled over by a departing administration. The new administration may have a different priority and as such it may abandon quite a number of the rolled over projects. Secondly, the resources required to complete the rolled over projects may be larger than the total amount of resources that the new administration can muster**.** Meanwhile, the new administration will like to claim ownership of its own projects. As a result, there is the temptation to abandon some of the projects rolled over. Finally, experience has shown that the rolling plan system has not really reduced the incidence of abandoned projects even under the military. Therefore, a better strategy may be to be more rational and reasonably realistic in making revenue projections, rationalize the fixed component of government expenditure and introduce initiatives for reducing the impact of unstable revenue profile on expenditure over the medium term.

For these reasons, I will like to suggest that the new medium-term plans should cover four years which is the term of office of an administration under the 1999 Constitution. In essence, each administration will have to articulate a medium term plan for fulfilling the campaign promises. For the purposes of securing effective Federal and State plan coordination as well as plan discipline at all levels of government, Federal Government should submit a bill on **National Development Planning Process.** The Bill should provide for:

- the organization of a National and State Development Summits within 3 months after the inauguration of a new Administration at the Federal and State Levels;
- the submission of a medium term plan to the National or State Assembly as the case may be for adoption within the first 6 months after inauguration of a new administration
- the establishment of Sectoral Policy and Development Deliberation Committees at the Federal and State levels under the chairmanship of the

leadership of the Federal and State Planning Agency as the case may be with the Minister or Commissioner responsible for the sector, top national or state leadership of key stakeholder organizations in the sector as members. These Committees should meet at least quarterly to deliberate on plan performance, new opportunities and threats as well as on possible strategies for dealing with the situation based on the findings of the participatory monitoring and impact assessment. The findings and recommendations emanating from each of these meetings should be presented to the Federal Executive Council for consideration and approval. Thereafter, the FEC should send a copy to the Senate for consideration and noting. It is pertinent to remember that these committees have been and continue to be instrumental to the successes of the Asian Tigers, China and India as well as their ability to weather the storm of financial crisis of the late 1990s. See Ajakaiye (2007) for further details

The bill should also specify that

C an Appropriation Bill sent by the President to the National Assembly or by the State Governor to the State Assembly should be accompanied by an underlying medium term plan as well as a Compatibility Statement detailing deviations from the plan with justifications. The Compatibility Statement will prevent plan and budget indiscipline.

In the meantime, the stark reality must be addressed, namely, unstable revenue flow from the exogenous source, i.e., oil. It is in this regard that Government should seriously explore the possibility of enacting a well articulated **National Petroleum Revenue Fund Act** with specific provision for drawing on it, borrowing a leaf from what is being implemented by the Norwegian Government.

For instance, in Norway, Government petroleum revenues are transferred to the Government Petroleum fund and the guidelines provide for the use of the expected real return on the fund which currently is 4% of the Fund's market value each year. Another option is to enact a **National Petroleum Reserve Fund Act** specifying that a specified per cent of oil revenue should be paid into the Fund annually for the benefit of future generations and that a specified proportion of the interest earned on the fund be incorporated into the federation account.. In addition, the **National Petroleum Reserve Fund Act** should require that any excess crude oil earnings at the end of a fiscal year should also be paid into the Fund thereby formalizing the current practice of sterilizing the excess crude oil earnings. The Fund should be kept with the Central Bank and it should be invested mainly in the Nigerian capital market as a strategy for supporting the growth and development of the Nigerian capital market. The fund should be audited annually and the audit report widely publicized. During periods of severe depression in the international oil market similar to the one witnessed in 1985-86 period, a larger proportion of the proceeds of the investment (not the capital) may be used to supplement the federation account in order to avoid the dangers of returning to a situation of high debt burden from which Nigeria has recently managed to escape.

It is quite commendable that the fiscal responsibility act contains oil-based fiscal rule, framework for debt management and public sector borrowing which are applicable to all levels of government. However, in order to avoid pressure to distribute any receipts in excess of the projection at any time, there should be a **National Revenue Act** to be enacted every year prior to the Appropriation Act. Any excess revenue should be retained in the Federation Account and can be distributed within the year only with the passage of a **National Supplementary Revenue Act.**

Because of the endemic dependence on oil revenue, the incidence of the impact of business cycle in the oil market is not limited to only one part of the country. This notwithstanding, each State Assembly should also enact its own **State Revenue Act** and the instrumentality of **State Supplementary Revenue Act** should be used if there is need to distribute all or part of the excess revenue.

VI. SUGGESTIONS FOR RE-ENGINEERING PLANNING AGENCIES IN NIGERIA

In conclusion, there is need for a re-engineering of the planning agency, at the federal and state levels in order to position them to be able to operate a coordinated, participatory planning process and the associated bottom-top planning approach proposed in this paper. Towards this end, it is, proposed that:

C NPC should be changed to **Ministry of Economy and Development (MED)** and headed by a Minister. The Minister of Economy and Development should be the spokes person of Federal Government on economic and development matters. A similar arrangement should be put in place at the state level

C The new Ministry at the federal and state levels should have a say and a coordinating role in all development policy formulation.

C The new Ministry at the federal and state levels should be given a special privilege to function as a specialized professional body provided the professional staff of the Ministry do not suffer any disadvantage in terms of career progression and opportunity to reach the peak in the civil service.

C The staff of PRS in each Ministry at the federal and state levels should be coordinated by the new Ministry just like Accountants, Lawyers and Auditors in the civil services are being coordinated by the Office of Accountant General, Ministry of Justice and Office of the Auditor General respectively. Staff of PRS should be vigorously trained to enable them carry on the tasks of ministerial planning

C The new Ministry at the federal level should provide technical support to the National Economic Council in matters related to social and economic development and organize the National Development Summit as well as serve as the secretariat for the various Deliberation Committees at the federal level. A similar arrangement should be put in place at the state level;

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