

Development Challenges

Niger State is dominated by two visible activities - agriculture and governance (public service). The standard of living of the people is low. Subsistence agriculture accounts for about 70% of total employment, while the civil service accounts for the bulk of paid employment. The absence of a virile private sector and low level of investment have made Niger State one of the least developed states in the Country. However Minna is the nearest state capital to Abuja, FCT.

Although previous governments of the State have attempted to lay a good foundation for future growth and development, the State is still significantly underdeveloped. The public sector accounts for



about 70% of paid employment and consumes about 75% of total government revenues on recurrent expenditures (personnel costs, overheads, subventions e.t.c) and expenditures on General Administration, construction (maintenance of public buildings) leaving a relatively small proportion for capital projects. In effect, very little is available for the development of the other sectors of the State. As a result, virtually all activities in the State

revolve around the public (government) sector.

The low level of participation of the private sector and lack of diversification of its economy due to the unfavourable business environment, which includes but not limited to infrastructure deficiencies, low access to funds, and high cost of doing business, unstable fiscal policies, bureaucratic bottlenecks and low level of trust militate against business partnerships. Inadequate publicity of investment opportunities in the State

and cheaper imports have reduced the demand for local products.

A. Governance

Democratic governance was reinstated in Nigeria in 1999. As it is to be expected, the initial learning period (1999 to date) has been characterized by numerous challenges at virtually all tiers of government. The political class and the people are still having difficulty with perception of the role of government and the responsibility of the citizenry. There is the pressure for patronage, employment and development projects in constituencies' e.t.c. Democratic institutions are weak often leading to conflicts and controversies amongst level and tiers of government. Inadequate appreciation of economic fundamentals and political trade-offs in

market driven economy remain major governance challenges. The Federal Government came up with a strategic initiative known as NEEDs (National Economic Empowerment and Development Strategy) with the aim of repositioning Nigeria's economic and development strategies. Following suit, the Niger State Government has come up with its own strategic document known as SEEDs (State Economic Empowerment and Development Strategy). Niger State as a component of the federation has already begun an aggressive implementation of its strategic economic policies aimed at transforming the State into a stable and prosperous economy.

The new approach to governance in the State is value-for-money which is

one of the cardinal objectives for the DAP (Development Action Plan) Policy.

Corruption, inflated contracts, high cost of government procurements, bribery, embezzlement, wasteful expenditures, diversion of funds, payment for goods and services not supplied, wrong attitude towards public funds, "Father Christmas" approach to governance, and not insisting on value-for-money as is done in private transactions are among the serious problems that the Development Action Plan (DAP) aims at eradicating.

The planning/budgeting precesses have been



significantly improved upon, in that planned projects are being executed within the budgeting framework resulting in budget discipline. Fiscal guidelines and financial regulations are being put in place to ensure prudence in Government expenditure.

The trend of Government expenditure in the past years shows clearly the dominance of recurrent cost over capital development projects. This trend is what the current administration is working towards changing as we believe that capital projects will create the desired value addition for our State economy. Therefore, we will strike a balance between recurrent and capital expenditure. This is to promote more capital expenditure in order to bring wealth and development to grassroot.

B. Private Sector Development

The private sector in the State comprises formal and informal sectors. However, the sector is dominated by informal sector activities such as petty trading, transportation, local art and craft, subsistence farming and low-scale animal production. The major sources of funding for these activities are



personal savings and informal finance. Factor productivity in this sector is characteristically low and output varies widely with the vagaries of the weather. For the informal sector, the basic challenge

is that of raising productivity in the short term so as to pave way for a more organized production structure to emerge in the medium to long term. The size of the organized private sector (formal) is small, highly concentrated in the few urban centers mainly Minna, Suleja, Kontagora, New Bussa and Bida. The dominant activities in this sector are services: finance, insurance and general commerce. The challenge is that of diversification and/or expansion of the structure of production to include more of real production revolving around agriculture which is the driving force (or the bedrock) of growth and development of Niger State under the Development Action Plan (2007-2011). Some other obstacles to private sector development in the State include:

Investment Climate

Although both the government and people of Niger State are generally hospitable and friendly, potential investors are not only concerned about people's attitude towards strangers but also some economic and social imperatives such as the level of infrastructure available, policy, tax regime, local demand and the range of available financing options, all of which have implications for the cost of doing business and expected profitability. Security of investment (incentive) policy, tax regime, local demand and the range of available financing options, all of which have implications for the cost of doing business and expected profitability.

The absence of, or low levels of these attractions

contribute to the low level of investment in the State. Therefore, creating a favourable climate by improving on current conditions is a challenge which the State Government is currently addressing in order to achieve the desired level of private sector investment. The State recognizes that addressing these challenges often require both internal and external resources including the Federal Government and the Organised Private Sector.

Attitude of Indigenes

The level of involvement of the indigenes in the organized private sector is a critical driving force for

its development. It creates confidence in the potential investors from other parts of the country and beyond. Although some indigenes of the State are prominent investors elsewhere, the same cannot be said of them in their own state, Niger. The majority of low-middle income earners are perhaps risk averse, not too prepared to take a chance for fear of failure or the conditions are not considered right or competitive.

This has impacted negatively on the growth of the private sector in the State. This is a major challenge which is being addressed through adequate dissemination of information.



Public Service Delivery

The quality of public service delivery in Nigeria is still growing. Niger State is not an exception. Public service delivery is characterized by delays, red tape's and undue bureaucracy all of which hamper business. A number of support services to the private sector such as issues of permit/licenses, application for land (Certificate of Ownership, and Governor's consent), and resolution of disputes (legal and administrative) are hardly done with dispatch. Often, these services are cumbersome and follow long and typically inefficient procedures. The institutions charged with the responsibility of providing services are weak and prefer (often) to do things at their own pace. Yet the enterprise system must depend on them for those services they provide. Cultivating

the private sector urgently calls for some measure of deregulation accompanied by reforms of relevant institutions of government which constitute key components of the Strategy.

Land Use

Land is a key factor in the production process. In an agrarian society like Niger State, it is nearly as crucial as labour. Access to or ownership of land is



income among the people who are predominantly farmers. Therefore, the rapid deterioration of arable lands due to erosion, unguided use of soil additives, bush burning and

deforestation and flooding, is capable of eroding the basis of livelihood of the poor. It surely reduces farm yield and makes people poorer over the long term.

The State has several other environmental problems like declining soil fertility, desertification, water pollution and loss of biodiversity which are as a result of economic activities such as mining, damming and urbanization.

For a State that is mainly agrarian, these problems combined, pose a serious threat to the welfare of the people. The challenge arising there from is that of changing the approach/orientation of human economic activity in order to ensure environmental sustainability.

C. Security, Law and Order

Niger State is known to be relatively peaceful. That is why it was often referred to as the most peaceful state in the federation.

Niger State strives to maintain the peaceful serenity despite the level of unemployment, poverty and migration due to the lack of large scale development by enhancing the general state of security to protect life and property.

D. Value System

Without strong moral foundation and ethical values, it is difficult for any society to progress. The reinstatement of the traditional values of creativity and innovation, appropriate performance reward system, hard work etc are some of the challenges to be addressed under the

State Development Action Plan.

E. Public Perception of Government

The society has been made to believe that it is the duty of the government to provide all largesse to the people. As a result, many people look up to the government for their daily needs. This has encouraged rent-seeking and pursuit of government contracts and jobs to the neglect of private industry. The pursuit of private sector-led growth which de-emphasizes the role of the government in direct production will require reorientation of segments of society. Furthermore, government's role as facilitator rather than direct producer of goods or a "ruler of the people" will also require the reorientation of the civil service and the way it



operates and delivers services to potential investors.

F. Youth and Unemployment

The State Government, through its various programs is targeting to create strong moral and dependable youth in the society who are being groomed for leadership in future. A major policy thrust of the Government is to empower the youths through sound education, provision of jobs, sports and recreational activities and enabling environment where youths will easily display their creativity and further promote development in the State.

G. Gender

There is a misconception that women are a weaker sex and hence are not provided with the same opportunities as the men hence potential development is emphasized with the men rather than both gender. The Development Action Plan is set to correct this misconception.



Major Policy Thrust and Reform Agenda

The major policy thrust is to revitalize the economy of the State and maximize the exploitation of the various potentials of the State to create wealth, cultivate the private sector and improve the welfare of the populace. All policies and action plans are designed to achieve this goal. The policies and strategies involve improvement in three strategic areas: governance, growing the private sector and empowering the people - all in an effort to improve the lot of stakeholders and achieve the vision of a modern industrialized state whose strength derives from its resources.

A. Governance

The machinery of governance will be strengthened to achieve



the goal of efficiency which is to enhance the performance of the economy in a transparent and accountable manner. Achieving this will require focusing on the following:

i. Civil Service

The vision of Niger State Civil Service is "To be the Best Civil Service in Nigeria, in terms of professionalism, ethics and service delivery".

Within the context of this vision, the Civil Service will be reformed to serve

as an engine for the transformational development of Niger State. The reformed Civil Service will be characterized by high levels of professionalism and technical performance in terms of efficiency, effectiveness and initiative with well trained staff that is knowledgeable and proactive; technocrats who are responsive to the aspirations of the Government and people; a committed people with integrity, fairness,

impartiality and incorruptible; a crop of highly motivated and committed people; disciplined and politically impartial.

Special focus will be on skills, qualification, competent effective deployment (Square pegs in square holes), and training to upgrade performance, honesty and dedication to service. A reinvigorated civil service will subscribe to the goal of efficient service delivery, transparency and openness, sensitivity to cost of running government and empowerment to enforce civil service rules and financial regulations without fear. The reform will also include ways to reduce wastefulness such as providing benefits in kind. Benefits already abolished and monetized will not be reintroduced. Rather, the policy will be

extended to cover the rest of the public service with appropriate exceptions. The issue of incentives will be addressed in an effort to motivate officers, sustain morale and retain good hands.

ii. Service Delivery

The reformed Civil Service will subscribe to the service delivery charter (SERVICOM) to ensure prompt delivery of qualitative services to the people. Programmes for measuring and monitoring inputs, outputs, processes and outcomes will be put in place.

iii. Security, Law and Order

The general state of security will be enhanced to protect life and property. The approach will be all embracing involving the inculcation of right values in the youths, reduction of unemployment and fighting undesirable social vices.

The community will be encouraged to give maximum cooperation to the police to fight crime. The justice system in the State will be strengthened and the cost of pursuing justice will be reduced to enable the poor have access to



the courts. In addition to the Magistrate and High Courts as well as Sharia Courts, mobile courts will be established to help deal with minor cases and settlement of disputes.

This will be done particularly for trade disputes in the market place, transportation offences and minor thefts. The problem of armed robbery has been reduced to its barest minimum through more effective policing of the State.

The tradition of each person being his neighbor's keeper and developing a cordial relationship with the police so that incessant robbery cases are reported and nipped at the bud will be strengthened.

Importantly, the values of society will be redirected towards more laudable goals.



iv. Budget Processes

The budget process will be reformed. The State will embark on the preparation of surplus or balanced budgets. However, this does not preclude grants from donors/development partners, assistance from the Federal Government for special projects and accessing the capital market from where viable projects may access funds. A reserve or stabilization fund will be created into which excess revenues will be saved to cushion revenue shortfalls in lean years.

Unsustainable recurrent expenditure commitments will also be avoided. There will be immediate rationalization of capital programmes in line with the priorities of the State Development Action Plan to give greater attention to infrastructure and services that support the growth of agriculture. The overall capital programme will allocate at least 60% of total capital budget to the priority sectors of agriculture, education, healthcare including HIV/AIDS, infrastructure, and specific programmes in aid of poverty alleviation.

The budget process will be relied upon to maximize the mobilization of revenues due to government from taxes and levies, including ground rents. Increasing the level of internally generated revenues will reduce dependence on revenues from the federation accounts and non-statutory subventions. In order to stimulate private investment, there will not be increases in taxation; emphasis will be on collection of revenue due to government and bringing more people into the tax net.

Budget releases will be timely and in accordance with the appropriation bill. The utilization of funds will follow prescribed due process especially the award of contracts and procurement of goods and services.

v. Plan/Budget Coordination

The co-ordination of projects and programmes and the release of funds to them (including projects under technical assistance funding) will be strengthened. A robust Monitoring and Evaluation (M&E) framework will be put in place to enable ministries and agencies track progress in the implementation processes.

B. Enhancing Private Sector Since the creation of Niger State, its economy has been characterized by the dominance of the public sector. The private sector



is characterized by informal activities. The organized private sector is very weak and attempts to jump-start industrialization through public investment in the 70s and 80s have failed. Therefore, this administration will seek to engender an investment climate which will lead to the collaborative exploitation of commercial opportunities in priority sectors between the state and the OPS in view of the need to enhance the development of the private sector in Niger State. This is a precondition for Nigeria economic renaissance.

(i). SEEDS

There is obviously a need for a re-thinking of the strategy for private sector development in the State. The National Economic Empowerment and

Development Strategy (NEEDS) has embraced private sector led growth as a key strategy for moving the country forward. This development action plan will in due course undergo processes that are required for its transformation into SEEDS for Niger State. Under this Action Plan, the State government will serve as a facilitator and promoter in the economy by providing incentives to promote specific industries. The government will provide and strengthen an enabling environment to ensure a competitive private sector. In this regard, the State will continue to provide security, rule of law, and timely enforcement of contracts. It will continue to reduce policy related costs and risks such as corruption, administrative barriers to business, weak legal system among

others as well as invest in infrastructure, electricity and water.

The State will promote the harmonization of taxes to remove/reduce incidence of multiple taxation, barriers to the flow of goods and persons arising from the method of tax collection adopted by some local governments. Water supply for agriculture and industrial use will be increased in collaboration with the private sector. This partnership will also be encouraged in other areas of infrastructure development such as

roads, education, health and water supply and electricity. With respect to credit to subsistent farmers and small scale industries, particularly agro-based ones, facilities that are currently in place will be expanded. These include:

- (1) Niger State Trust Fund
- (2) Agricultural Credit Guarantee Fund of CBN
- (3) National Agricultural Cooperative and Rural Development Bank



- (4). Medium, Small and Micro Enterprises Investment Scheme (MSMEIS)
- (5). Microfinance Banks, and
- (6). Cooperative Credit Schemes

Budget allocations will be made to appropriate agencies to augment the resources available for on-lending to serious entrepreneurs. In addition, access to FGN facilities and donor support will be fully exploited. The State will maximize its utilization of the SMEIS facilities and the facilities provided by mortgage finance institutions. The existing government MSMEs loan scheme will be reviewed with a view to channeling the funds through micro-credit institutions. The target is for funds going into MSMEs schemes to be increased by 10%, and 1% of annual budget to



microfinance institutions every year through 2007 to 2011.

ii. Investment Promotion

The State will institute quarterly or half-yearly dialogue with indigenes of the State, other Nigerians and foreign potential investors in an effort to promote private investment, in the State. Investment promotion for a will be a continuous exercise in the State. The target of private investment will be a minimum of N500m every year with at least 50% of the investment

going into agriculture and agro-biased industries and support services. A bureau for private public partnership will be established in furtherance of the investment drive.

The Role of the Private Sector

The private sector will be expected to be more active in investing to create more jobs in the State, enhancing productivity and improving quality of life. It is expected to be socially responsible by pursuing global standards and ethics in business avoiding sharp practices.

It is also expected to invest in agriculture, infrastructure and education.

Companies that fulfill this responsibility will enjoy considerable benefits and social recognition in addition to fiscal and other incentives.

Although investment will be generally promoted, priority will be given to agriculture and agro-biased industries.

