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EXPERT MEETING ON

Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth



The importance of leadership in promoting inclusive growth

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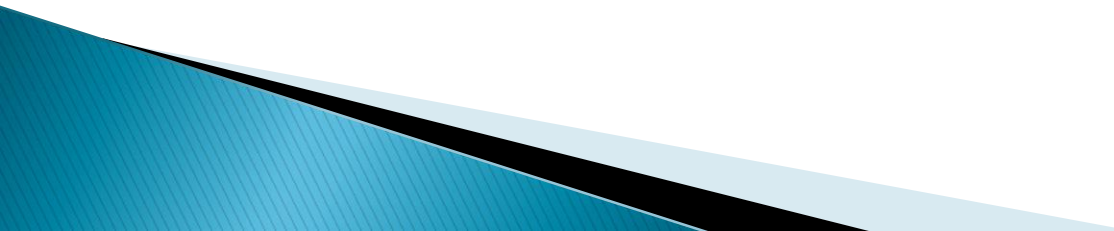


The importance of leadership in promoting inclusive growth

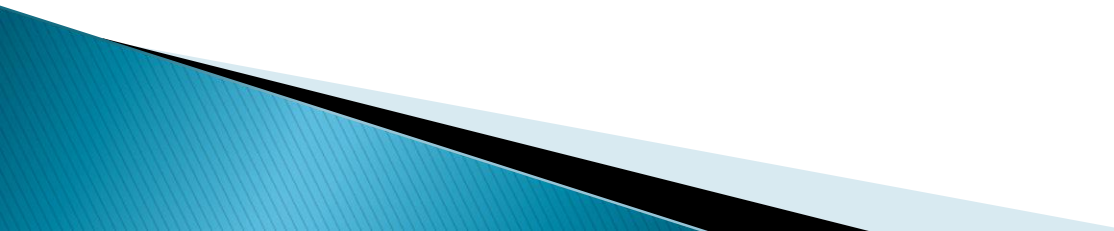
By
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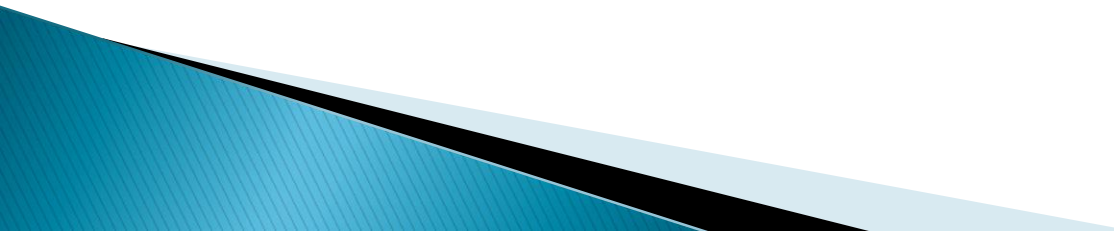
Introduction

- ▶ Expectations: that the leadership be business-like: tough, rational, and strategic. All these are nice and good.
 - ▶ But we rarely expect of them such values as kindness, empathy, compassion.
 - ▶ Yet, these are some of the qualities that are necessary for a leader to take policies of inclusion very seriously in the first place.
 - ▶ They allow the leader to raise issues and priorities related to his country's most vulnerable members: women, the poor, the handicapped, children and ethnic and religious minorities.
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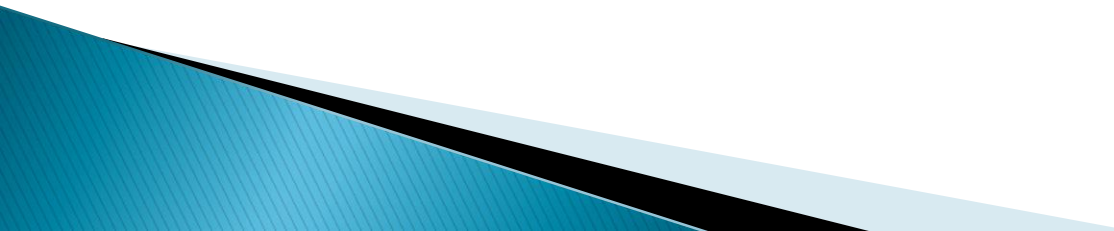
The case of Nigeria

- Nigeria's economic growth level is impressive; it is also the largest economy in Africa with a GDP of \$510 billion after rebasing.
 - But as its economy grows, a central worry of the leadership of the country should be how to ensure that the benefits of growth reach a majority of the population. That's the only way to build long term prosperity.
 - The current leadership in Nigeria eulogizes this growth performance and our new GDP size even though these have yet to bring significant poverty reduction across the country.
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Implication

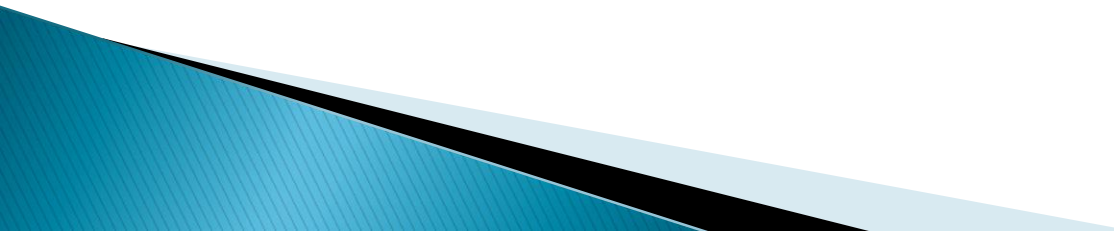
- ▶ This means that growth has not been inclusive.
 - ▶ Evidenced by massive unemployment, poverty and glaring income inequality among other ills. The result is:
 - ▶ Destructive feelings of marginalization.
 - ▶ National security becomes a victim among other negative outcomes.
 - ▶ Unemployed youth become restive and ready candidates for all kinds of crime.
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Potential and problems

- ▶ According to a 2014 McKinsey Global Institute report, Nigeria would attain a GDP of \$1.6 trillion by 2030 if it maximizes its potentials.
 - ▶ Nigeria has a huge endowment of resources, a growing consumer class, youthful population and rapidly growing trade and consumer sectors to propel this estimated growth.
 - ▶ The problem is that Nigeria has a serious level of uneven distribution of income. The fruits of economic growth have been distributed unevenly between rich and poor, south and north.
 - ▶ Gini coefficient in Nigeria is 43.0 (2010).
 - ▶ Couple with conspicuous consumption, and high youth unemployment, what results is an ugly situation.
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Inequality

Causes:

- ▶ Paucity of visionary leadership & good governance; corruption
 - ▶ Failure to harness labour and promote vocational skills through investment and recognition.
 - ▶ Education not prioritized by leadership in recent years
 - ▶ Little attention to excluded sections of the population such as vulnerable groups and women
 - ▶ Little social protection programs for the vulnerable groups to ensure inclusive growth.
 - ▶ Policy discontinuity by new administrations
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Corrective Action

How is leadership handling this explosive situation?

In Nigeria, the leaders at both the national and state levels of government seem to have come to the conclusion that what is needed to improve the situation is something called transformative leadership.

- This phrase has come to mean more than the ability of a leader to achieve positive outcome and to inspire others to higher levels of success.
- It has come instead to mean what we call in Nigeria, the delivery of “stomach infrastructure” which is our own vernacular way of saying inclusive growth, or simply: putting food on the table of everyone, or much more truthfully, putting food on the table of eligible voters during election times.

The numbers

•As I have said, the recent respectable growth of the Nigerian economy has failed to create commensurate level of jobs. According to CBN's 2012 statistical bulletin, real GDP growth rate was: 6.9 in 2009, 7.98 in 2010, 7.43 in 2011, 6.58 in 2012 and 7.4 in 2013.

•Within the same period, the labour force has been on steady increase: 47.3m in 2009, 49.7m in 2010, 51.2m in 2011 and 52.6m in 2012 of which youth unemployment around the same period has been unacceptably high as well, dropping only slightly in 2010 as in table 1.

Table 1: Youth Unemployment Rate

Source: National Bureau of Statistics (2011) and 2012 National Baseline Youth Survey Report.

	2009	2010	2011	2012
•When you have & labour force, kidnapping, and	41.6	35.2	37.7	54

economy for riots,

Riots



Youth Unemployment

- The high rate of unemployment among the youth portends rise in political unrest, drug abuse, prostitution and human trafficking, terrorism, kidnapping and other crimes.
- Consider the size of the youth affected. 54 per cent of Nigerian youth population was unemployed in 2012 as table 1 shows. That's a lot of crime and instability; a lot of recruits for the terrorist group, Boko Haram.

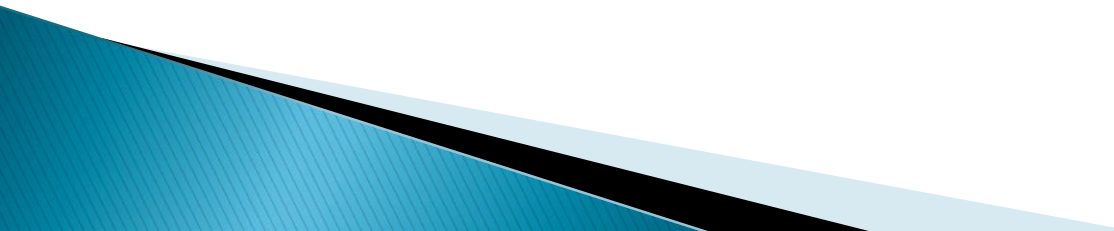
Response of Leadership

- Sure-P and
 - The YouWin! programs.
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SURE -P

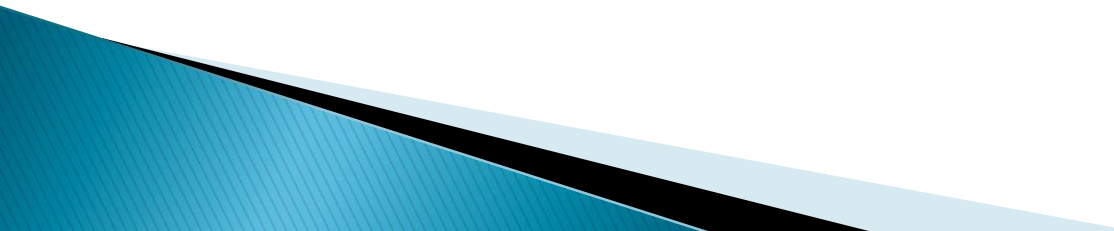
- ▶ The government reintroduced a partial subsidy and created a fund to put the saved money from it. The Subsidy Reinvestment and Empowerment Programme (SURE-P)
- ▶ Devoted to investments in infrastructural projects and social empowerment initiatives that will benefit all Nigerians.
- ▶ **Objective:** to mitigate the negative impact of the removal of subsidy on petroleum products. It provides for the social safety net programmes. Consisting of :
- ▶ Maternal and Child Health Care Community Service Scheme, Graduate Internship Scheme; Vocational Training; Mass Transit Programme all of which are useful to the unemployed and the poorer segment of the Nigerian society.

YouWiN!

- YouWiN! stands for Youth Enterprise with Innovation in Nigeria.
 - It is an innovative business plan competition aimed at job creation by encouraging and supporting aspiring entrepreneurial youth in Nigeria to develop and execute business ideas.
 - It is implemented as an annual business plan competition for people between 18 and 40 years of age. The trick is that program empowers the unemployed youth to start new businesses or expand existing venture that they are already involved in so as to create jobs, not only for themselves but for other youth. YouWiN!
 - Participants get an annual business plan grant up to the sum of 10 million Naira (approximately \$57,000 dollars).
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Leadership Challenges

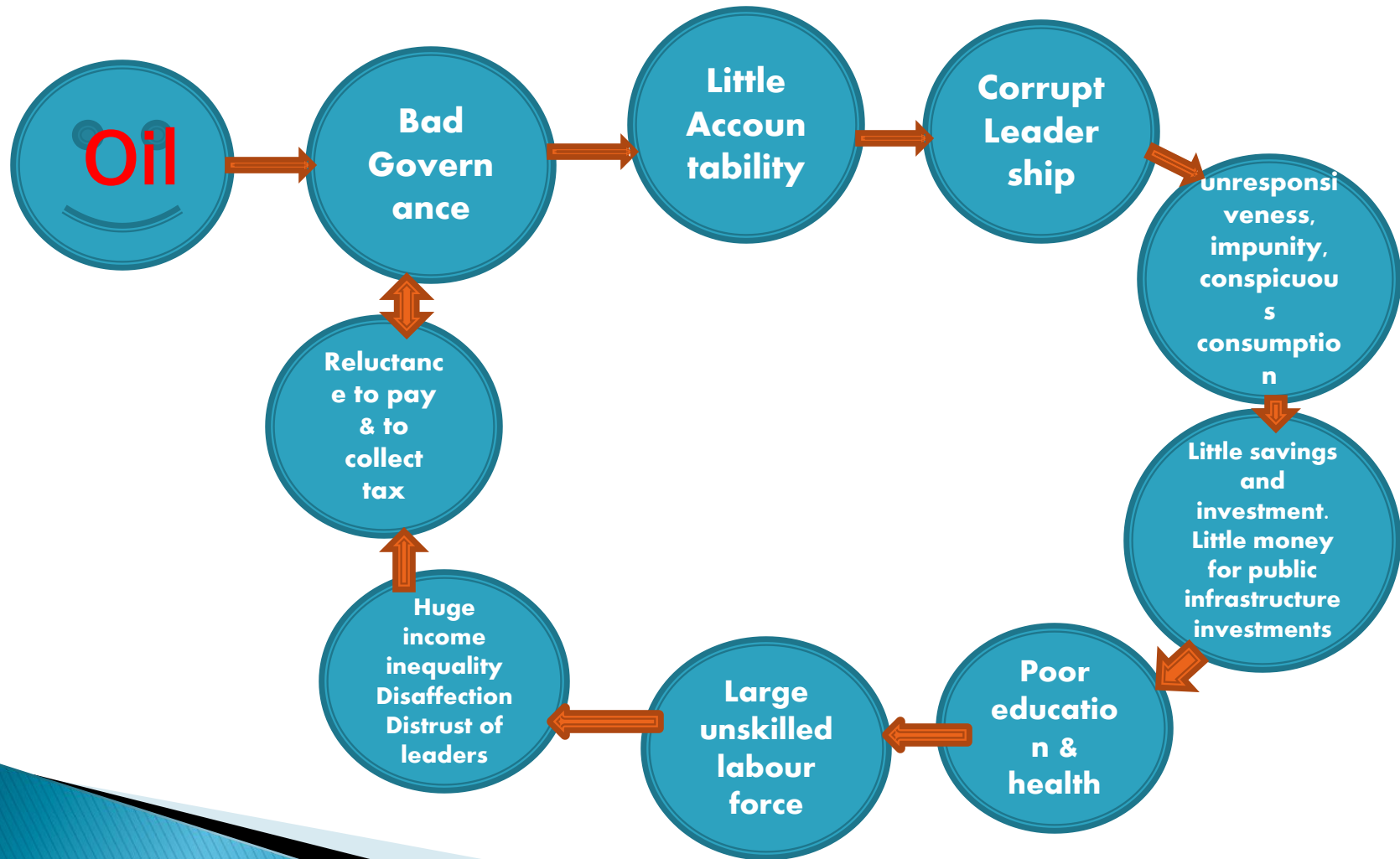
The examples of **Sure-P & YouWin!** that I have provided only show how political leaders try to provide services that will create inclusion. But a good leader must first and foremost:

- Admit that marginalization exists, that current growth is not carrying many people along.
 - Develop a reliable method for identifying excluded groups
 - Identify Structural barriers to inclusion.
 - Create and facilitate access to services and for economic and political empowerment as well as for social integration for people with disabilities for example.
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Leadership Requirements

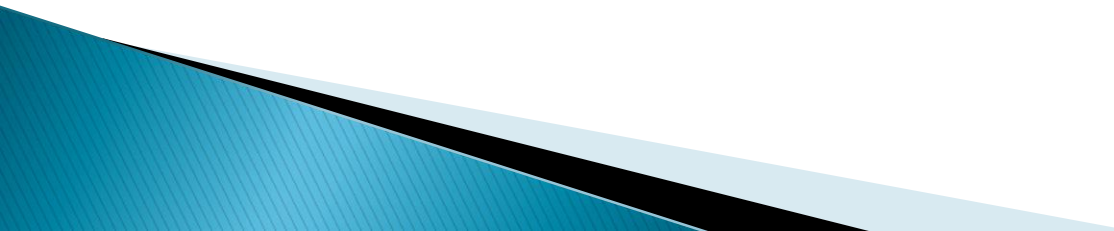
- Requires visionary and dedicated leadership that can harness Nigeria's abundant labor with effective governance that gives priority to quality education and development of vocational skills for human capital development.
- Leaders capable of developing focused policy that can identify and isolate those factors that constrain accomplishment of inclusive growth.
- Leaders that are prepared to take the risk in investing in self-financing social protection programs for vulnerable groups.
- ▶ Above all else, a leadership capable of ending corruption and economic transformation the focus of development work.
- ▶ Recently, a Nigerian economist, Prof. Osita Ogbu of University of Nigeria argued that Nigerian leaders should use smart subsidies to promote domestic skills and technological capacity. I agree.
- ▶ These are some of the examples of leadership roles that can promote inclusive growth. But the problem goes deeper. It is in many ways structural.

A structural circle of unresponsiveness



What is to be done?

Leadership needs to:

- Implement quality education
 - Reduce corruption
 - Discourage conspicuous consumption
 - Promote savings culture
 - Attract foreign investment
 - Invest in exportable manufactures
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Thanks for Listening!

