

Statesmen's Forum with Dr. Ngozi Okonjo-Iweala

By Farha Tahir



Africa could see annual growth at pre-crisis (2007) levels of 6.5%, with over one third of sub-Saharan countries already having reached 6% growth in 2011. At the same time Dr. Okonjo-Iweala sounded a note of caution about Africa's growth prospects, recognizing its links to the global economy, which is projected to drop from 4.1% growth in 2010 to 3.5% in 2012.

The Finance Minister offered various examples of the implications of developed country fiscal austerity on global markets, especially on commodity- and remittance-reliant economies. Nigeria, for example, relies on the United States and Eurozone countries for 60% of its total exports and 20% of its GDP. Remittances represent 10% of Nigerian GDP and could also be threatened by unstable developed country economies. Dr. Okonjo-Iweala also referenced other important economic partners for Africa, suggesting that a slowdown in the growth of the Chinese economy in particular would have severe implications for many resource-rich African countries.

In addition to the economic vulnerabilities linked to the instability of global markets, Dr. Okonjo-Iweala discussed the serious challenge that food insecurity poses to the continent. Real food prices, she cited, were nearly 24% higher in 2011 than 2010. Similarly, insecurity and social unrest linked to poor governance remain significant challenges. Coupled with the availability of weapons in the aftermath of the Arab Spring, Dr. Okonjo-Iweala suggested that the economic slowdown has been used to fuel instability. "Our certainty," she stated, "is uncertainty."

Given these challenges and the looming questions regarding the future of the global economy, the Finance Minister focused the bulk of her discussion on the model Nigeria has undertaken to manage its economic growth and aspirations. Nigeria has made various efforts to protect its economy, strengthening macroeconomic policy to limit borrowing and national debt; managing financial systems more actively; reforming the banking sector; strengthening regulatory frameworks; and developing a monetary policy that seeks to make the Naira more globally competitive. She also noted the domestic challenges within Nigeria that have to be addressed, speaking of high rates of unemployment (nearly 24%), the need to attract private sector development, and the need to create a more effective fiscal policy.

Dr. Okonjo-Iweala defended the Nigerian government's controversial decision to partially remove fuel subsidies. The government, while recognizing the unpopularity of the decision, also understood its critical importance to economic stability and cost savings. The savings will be used toward improvements in health, public works programs, vocational training, and infrastructure development. The protests that resulted were positive, she suggested, in that they demanded greater transparency and accountability of the subsidy regime. The decision,

On April 23, 2012, the CSIS Africa Program hosted Dr. Ngozi Okonjo-Iweala, Nigerian Coordinating Minister of the Economy and Minister of Finance, for a session of its *Overcoming Barriers to Investment in Africa* event series. The Finance Minister spoke about Nigerian President Goodluck Jonathan's ambitious economic agenda, which seeks to unlock Nigeria's growth potential by encouraging investment and creating a more inclusive economic environment.

Dr. Okonjo-Iweala began by discussing the continent's relative success in recovering from the global economic crisis and demonstrating high levels of sustained GDP growth. She suggested that by 2015,

collectively made by state governors, the national economic team, and President Jonathan, has saved the country \$3 billion.

The Finance Minister also discussed the reforms already underway in Nigeria and the strides that have been made with the 2012 budget, including cuts in expenditure and structural reforms. She talked at length of efforts to improve the nation's ports, the sector ranked second worst by Nigerian business. The government has actively sought to reform the bureaucratic and logistical challenges adding costs for business. Ports in neighboring Togo take only 48 hours to clear goods, while Nigerian ports can take up to three weeks. The country had fifteen agencies related to ports, each with their own checkpoints. Government reforms have reduced the number of agencies to seven and reinstated 24 hour service.

Dr. Okonjo-Iweala ended by highlighting the importance of economic diversification with particular emphasis on innovations and new investments in agriculture, housing and construction, and youth entrepreneurship. Ultimately, she noted, "it is this diversification of the economy, this combination of instruments to build resilience that is going to help Nigeria and Africa chart its way in an uncertain world."

You can find full event audio and video on the [CSIS website](#).

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