



LCCI ROUND TABLE CONFERENCE, NOVEMBER 16, 2018

Topic

**Nigerian Debt Sustainability Roundtable:
Presentation of the Nigerian Academy of Engineering**

By

Engr. Alex O. Ogedegbe, FNSChE, FNSE, FAEng

Vice President, Nigerian Academy of Engineering



Introduction

The letter of invitation by the organizers specified the main objective for the roundtable as an opportunity for stakeholders to discuss Nigeria's Debt Issues.

However, considering the list of participating institutions namely, the Nigeria Debt Management Office, DMO; the Central Bank of Nigeria, CBN; the International Monetary Fund, IMF; the Federal Ministry of Finance, FMF and finally the Nigerian Academy of Engineering NAEng. One would be reminded of the standard puzzle where a group of six entities are listed and one is asked to pick out the one that does not belong to or fit the group?

Obviously, the Nigerian Academy as a non-financial institution would stand out as the non-fit! However, I would quickly defend our position to be a stakeholder, nonetheless, in these discussions, as will be borne out later.



What is the Nigerian Academy of Engineering?

First, I would like to take this opportunity to say a few words about what the Nigerian Academy is as a Corporate entity. The Academy was established as non-profit Corporate Company 20 years ago by a set of visionary, experienced and accomplished group of Fellows of the Nigerian Society of Engineers. The founding fathers were professional engineers in the Nigerian Universities and Industries in the country.



The main objectives of the Academy can be summarized in their Mission & Vision respectively as:

(i) To Promote and Advance Science, Engineering and Technology as a Major Driver of National Development and International Competitiveness and

(ii) To be a leading Think-Tank in the advancement of Science, Engineering and Technology.

By the origin of the Founding Fathers and the constitution of the Fellowship of the Academy, it stands as the apex body of Engineering Institution in Nigeria. New Fellows are elected following nominations from their professional peers and selection are approved by the Governing Council. The current



NAEng as a Stakeholder at this Roundtable discussion of Nigerian Debt Issues

The Nigerian Academy of Engineering has strategic areas of focus nationally

These include the following:

- Engineering Research, Research and Development (R & D) activities and projects
- Engineering Education in tertiary institutions
- Engineering Infrastructure projects for national development
- Engineering production in industrial manufacturing, agriculture and mining operations
- Engineering Maintenance Culture promotion for facilities and infrastructures



In all these areas, the Academy participates

- To influence Government in policy formulation and advocacy.
- Support individual engineers with knowledge and competency development.
- To promote engineering businesses through collaboration in innovative projects and capacity building.



NAEng specific message to the Roundtable

In the context of debt management functions and activities, the Federal Government for all intents and purposes should be regarded as a Corporate entity. Therefore, the Federal Government needs to borrow funds to meet its budget obligations in a timely manner, to meet its cash flow requirements. The NAEng's focus is on the capital expenditure part of the Federal Government. Whereas the NAEng cannot dictate the various priorities and amounts spent on capital projects, it can advice, monitor and evaluate the process of implementation of the major projects, especially those that have developmental and commercial objectives. The only objective of the NAEng is to enable these projects achieve their initial objectives and long term sustainability for the benefit of the economy and the Nigerian population.

The Debt Management Office still considers the international price of Crude Oil as a critical parameter even when the contribution of the Oil & Gas Industry to GDP has declined substantially to only about 10%; almost the same value for the ICT. However, the reason is probably because the FOREX earnings from Oil & Gas exports still amounts to 70-80% of total FOREX earned by the FGN. In spite of all the efforts to diversify the economy and reduce the reliance on Oil & Gas proceeds.

Therefore, one would expect that the main source of FOREX expenditure (30%) by the Federal Government importation of petroleum products would merit urgent and substantial attention. Yet all the Nigerian Petroleum Refining Industry has virtually collapsed and has remain moribund for more than a decade. The capacity utilisation of all the refineries has been less than 10% in the last 5 years. Whereas the NLNG which is not under control of the Federal Government has managed to generate dividends to the shareholders, including the Federal Government consistently for over 15 years-cumulatively over \$5billion.

The potential FOREX savings derivable from resuscitating the Petroleum Refining Sector will be worth the maximum effort of the FGN which is currently not visible, in spite of promises made since the beginning of the current administration.

The Academy will continue to advice and urge the Federal Government to reconsider option to deregulate the uniform price of petrol and simultaneous partial privatization of the ownership of the NNPC Refineries, to allow them to be run by commercially viable and competent investors.

Conclusion

The Nigerian Academy of Engineering would like to express its gratitude for being invited to participate in this round table discussion with a very specialized group of experts in the exclusive financial sector.

As I have described in my presentation, we are very willing to offer our contribution as a Think-Tank to the various institutions of the Federal Government in order to facilitate a faster and more effective development of our National economy

We look forward to being invited to offer the expertise and experience of our Fellows in specific assignments in the future.

Thank You!