

**KEYNOTE ADDRESS BY DR. SHAMSUDDIEN USMAN, CON, HONOURABLE
MINISTER/DEPUTY CHAIRMAN, NATIONAL PLANNING COMMISSION AT
THE FLAG-OFF CEREMONY OF THE STATE GDP COMPUTATION IN
NIGERIA HELD AT THE NEW BANQUET HALL, GOVERNMENT HOUSE,
GOMBE, GOMBE STATE ON TUESDAY, MAY 15, 2012**

PROTOCOLS

I am delighted to welcome you to the ceremonial flag-off of the States' Gross Domestic Product (GDP) Computation in Nigeria. The event is jointly organized by the National Planning Commission, the National Bureau of Statistics, the Nigerian Governors' Forum and the Government of Gombe State. The purpose of the flag-off workshop is to further sensitize stakeholders on the importance of the computation and publication of data on States' Gross Domestic Product in Nigeria. Today's event is the fourth in the series of flag-off workshops on the States' GDP Computation exercise in Nigeria, following the flag-offs in Minna, Niger State; Port Harcourt, Rivers State and Kano, Kano State on 1st, 15th and 29th March, 2012, respectively.

2. The choice of Gombe as the State for the flag-off exercise in the North East Zone is in recognition of Your Excellency's leadership qualities, as demonstrated by your commitment to sound fiscal and economic management, and the pursuit of economic growth and development policies, aimed at improving the lot of your citizenry. The signing into law, by Your Excellency, of the Edict on Fiscal Responsibility, is also a clear demonstration of your commitment to transparency and accountability in governance.

3. Let me also acknowledge the relative peace in Gombe State given the recent security challenges in the North East zone and the country at large. This is a demonstration of your Excellency's astute leadership qualities in the management of this unfortunate situation in the nation's history. The effort of Your Excellency in working closely with the Federal Government in containing the security challenges is worthy of emulation by others. I trust that this will be sustained.

4. Your Excellency, distinguished Ladies and Gentlemen, I particularly want to commend the giant strides made by your Administration in the areas of Education, Civil works, Water Resources and Rural Development in less than one year in office. This has no doubt led to significant improvement in infrastructure provision across the State.

5. I trust that these laudable initiatives would translate to improvement in the welfare of the citizens. This is also consistent with the aspirations of the Government's Transformation Agenda and Nigeria's Vision 20:2020. I urge Your Excellency to sustain these initiatives going forward.

6. As you are probably aware, the Gross Domestic Product (GDP), is a key barometer for measuring the level of economic activity in any economy. In Nigeria, the Gross Domestic Product, (GDP), has been compiled by the National Bureau of Statistics since the colonial period, at the national level. But, given our Federal system of government, the GDP of each of the federating states ought to be computed and used. This is a

sure way of bringing accelerated growth down to the subnational levels.. The fact that the computation of States' GDP has not been undertaken in Nigeria, is one of the compelling reasons for the cooperative approach that we are adopting for the successful execution of the project. In this regard, all the stakeholders at the national and sub-national levels, as well as the development partners, have come together to ensure that the process is built on a sustainable framework and successfully implemented, so that the project and its benefits are sustained over time.

7. The concept of the computation of States' Gross Domestic Product (GDP) is relatively novel, across the globe. Its proper execution will provide the most comprehensive and reliable measure of economic activity at the sub-national levels. The exercise is expected to generate healthy competition among the States, while producing disaggregated data and information for the improved management of both the sub-national and national economies. Published data on the States' GDP is also expected to serve as a basis for effectively benchmarking the economies of the States. This will also facilitate the rating of the individual States by the rating Agencies, such as Messrs Augusto, Fitch and Standard and Poors.

8. Learning from experience elsewhere, the approach we are taking is to recognize the fact that Nigeria has one national economy, i.e a single macroeconomy, with a common macroeconomic framework. Therefore

the national GDP value obtained for any period of time must square up with the GDP values for all the States. This is contrary to the approach adopted during the experimental period of the United States' Gross States' Product (GSP) computation, where every State did it in its own way, leading to a situation, at one time, where New York State's GSP was larger than the GDP of the entire United States. This calls for the adoption of a common framework and methodology. The survey instruments must be the same and those administering them must apply the same procedures, standards and rules.

9. The scope for the surveys and the coverage for the sectors must also be uniform for all the States. This implies that the actors, enumerators, data coders, etc, must receive the same training and orientation. I trust that Gombe, and every other State will work closely with the National Bureau of Statistics in the exercise.

10. Your Excellency, distinguished ladies and gentlemen, a critical issue in the execution of the project is the choice of procedures or methodology. While acknowledging that the approach can be top down or bottom up, a hybrid approach has been proposed by the National Steering Committee. Another, critical, methodological issue is the need to achieve equality between the GDP values generated from the three traditional approaches of income, expenditure and value added or product approaches. In other words, a sustainable and acceptable

methodology should produce GDP values that are consistent and, in fact, the same, after necessary adjustment.

11. GDP data generated from a robust framework and very sound methodology, can serve many useful purposes for all stakeholders, including investors, development partners, rating agencies, media houses, policy analysts, budget officers and a host of others. The electorate can also use the data in assessing the performance of the State's leadership, given that they can confidently see what the level of the state's economic activities were before, and after, that leadership's tenure of office.

12. The overall objective of the project therefore is to provide a measure of the size of economic activities of each of the federating States in Nigeria. Other objectives are to:

- (i) enhance the States' involvement in the generation of statistics, in accordance with international best practices;
- (ii) provide necessary tools for designing programmes that would improve the welfare of the people and reduce poverty at the sub-national levels;
- (iii) facilitate the determination of variations in economic growth and development across the country;
- (iv) ascertain the level of sectoral linkages in the States, for policy formulation and decision making; and
- (v) identify the key drivers of economic growth, with a view to aiding policy decisions in each State.

13. The availability of GDP data at the sub-national levels is a sine-qua non for meaningful and effective development planning. It is in

realization of this that I formally inaugurated the Steering Committee on the Computation of the Nigerian States' GDP, on May 5, 2009. The membership of the Committee was subsequently expanded in August 2011, to include six pilot States, each representing one of the six geopolitical zones of the country, namely; Anambra for the South East zone, Cross River for the South South zone, Lagos for the South West zone, Niger for the North Central zone, Kano for the North West zone and Gombe for the North East zone. The States were chosen on the basis of well defined criteria. The Development Partners, namely, the UNDP, World Bank and DFID also agreed to serve in the Committee, to provide technical assistance.

14. The criteria for selection of the pilot States, included the size of the economies of the States and their commitment to the implementation of reform programmes, including the enactment of the Statistics Act and the setting up of the State Statistics Bureau, which is expected to drive and institutionalize the computation of GDP at the sub-national level. It is reassuring to note that some States have established their State Statistics Bureaux, and Planning Commissions, while several others are yet to comply. I urge that necessary steps be taken by the remaining States, including Gombe State, to enact the relevant laws, and promptly establish their Statistics Bureaux.

15. I am also pleased to note that a clear roadmap has been designed, for the project to be implemented in two phases: covering December,

2011 to June, 2012 and June to December 2012. One of the key activities earmarked for the first phase of the project, is the Needs Assessment Survey of the States Statistics Bureaux and Planning Agencies in the six geo-political zones. It is reassuring to note that the exercise has reached an advance stage and the inception report has been presented by the Consultants to the National Steering Committee. In carrying out the assignment, the Consultants visited the Statistics and Planning Agencies in two States in each of the six geopolitical zones, and invited the remaining States in the zone for discussion. This was aimed at assessing the strengths and weaknesses of the relevant agencies and identifying the gaps to be filled for the sustainability of the process. The key message from the inception report of the Consultants is that most of the States will need support in the area of technical personnel and statistical infrastructure. The National Planning Commission and the Development Partners we are working with are committed towards assisting in addressing the challenges.

16. Other components of the roadmap in the first phase, include the ceremonial flag-off exercise to be carried out in the remaining States, namely, Anambra and Lagos, as well as the pilot survey and test run of the instruments/equipment for the States' GDP Computation project. In this regard, I enjoin the Hon. Commissioners, Permanent Secretaries and the Directors of Statistics of the States in the North East and other zones

to give the NBS, members of the National Steering Committee and the project consultants the needed support.

17. The estimated, financial cost of the States' GDP Computation Project in Nigeria is N1.044 billion. This is to be borne by the Federal and State Governments and the Development Partners in the ratio of 30:50:20, respectively. Towards this end, the 36 States and FCT are expected to contribute a total of N522 million, or N14.1 million each. The Federal Government is to contribute the sum of N313.3 million, while the Development Partners would contribute N208.9 million.

18. As part of the efforts to ensure the transparency and accountability of the process, a dedicated account has been opened for the project. It is reassuring to note that the Development Partners, in particular, the UNDP have made tremendous contribution to the project. The State Governments have also commenced payment to the Project Account. Niger, Ogun, Osun, Jigawa, Anambra, Yobe, Gombe and FCT have already paid their contributions. I am also informed that Cross River State and the Central Bank of Nigeria have received approval and are in the process of remitting their contributions to the project account. It is hoped that the remaining States, including Gombe, would expedite action in remitting their contributions, so as to ensure the achievement of the objectives of the States' GDP computation project.

19. Let me re-emphasize, Your Excellency, that the Federal Government remains committed to working closely with the States, to

improve the quality and availability of statistics for development, in the country. We are also working closely with our development partners, in building the capacity of the States Planning Commissions and Statistical Bureaux. We all need to work together to achieve our common goals and aspirations. Best practice in other Federating States including Australia, the USA and Canada, has shown that different tiers of government have to complement, rather than be in perpetual conflict with, each other to achieve desired results.

20. I would like, once again, to express my appreciation to Your Excellency, the Executive Governor of Gombe State, and your Executive team for accepting to host this event. By this act, you have, once again, demonstrated your disposition and commitment to national development. Others, whose financial, technical and moral support have been invaluable are the Central Bank of Nigeria and our Development Partners, most especially the UNDP and the World Bank.

21. In the same vein, the critical role being played by the Nigerian Governors' Forum, especially in mobilizing the States to participate in this project, is highly acknowledged. Let me also thank the members of the Organizing and the Steering Committees, for working tirelessly towards the success of the project. In particular, I wish to appreciate the efforts of the Hon. Commissioner for Budget and Planning, Gombe State, Alhaji Danladi Mohammed, the Permanent Secretary, Alhaji Aliyu Bappa and the Director of Statistics, Gombe State, Alhaji Gidado Mohammed,

for their invaluable contributions towards the success of this flag-off exercise.

22. While wishing us successful deliberations, I thank you all, for your attention.