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DEVELOPMENT IS ABOUT PEOPLE

BUSINESS IS ABOUT ETHICS

OBIORA F. IKE & NDIDI NNOLI EDOZIEN

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Justice and Peace (CIDJAP)
1 - 3 Ikwuato Street
Uwani, Enugu
Enugu State, Nigeria.

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DEDICATION

This book is dedicated to

The Catholic Institute for Development, Justice and Peace (CIDJAP)

And

The Growing Businesses Foundation (GBF)

FOREWORD

*"While in the past, development was principally understood in terms of economic progress, we now have realized and become convinced, that appropriate progress should be integral development. Such development must cater for the whole human person, and encompass the people of the nation as a whole: by developing their spiritual, religious, social, moral, economic, cultural, political, mental, educational, physical and environmental dimension's of life". **(African Theologians Position, Uganda, 1989)***

This book is the joint initiative of the directors of two Development Organisations in Nigeria, based on several years of fruitful collaboration in development research and practice. It seeks to establish International Best Practices in the concept and practice of development and businesses and offers some ethical perspectives to serve the aspiring and growing micro enterprises and micro finance intermediaries, among others in Nigeria. Our position is that people matter. In empowering people, we build upon our most valuable resource. For us, development must be people-centred and the poor empowered to participate in their own development. Likewise, strategies for development must serve the twin purposes of justice and peace to promote meaningful human existence.
The contributions in this book are reflections presented by the authors at conferences and workshops dealing with these topics. The issues focus on the relationship between Development and Business, as well as conceptual and practical topics on development and ethical matters. These papers have been packaged in one book and are intended as reference materials for scholars, students, teachers, and business enterprises, NGO's, Development Agencies and practitioners in both the public and private sectors. Indeed, the conclusions of these reflections show truly that Development is about People and Business is about Ethics. The challenge is to put these thoughts into practice.

One of the biggest problems in the world (perhaps the biggest after the environment problem) consists in the fact that a very special kind of "development" has taken place in a small, remote part of the world that was relatively unimportant before "development" started to take place

there. This part of the world now serves as a model for virtually all societies, which want to appropriate the results of the development processes that this part of the world has gone through. In other words, these other societies want to be 'developed'. The demand for 'development' is directed at us. Since the non-fulfilment of the demand has led to dangerous world conflicts and can lead to further, perhaps deadly conflicts, there are not only humanitarian reasons for its fulfilment but also eminently pragmatic ones. Hence there is no question about the fact that we should engage in development. But what is development and what kind of development should we engage in? It seems that integral development, which places the human person at the center and promotes a culture of life corresponds to the African understanding of development in the context of this research.
The failure of so many development projects and strategies and the consequent critique or rejection of the very idea of development by many in recent times can be attributed largely to lopsided and anti-cultural understanding of development, which neglected religion, culture and ethics as integral ingredients of the concept of development. Many African countries themselves with their elites got lost in the euphoria of modernization. They lost touch with original sources of African culture and did not succeed to become European. The experience has strengthened the wisdom in Igbo thought expressed in the proverb: *"people who do not look back to posterity, cannot look forward to property"*.
One fact, which has been tested to be true is that most development models *(be it political, economic, technological and social)* conceived in the Western Nations and transported to African Nations by imposition or otherwise failed woefully. Such models work in the developed Northern Industrialized and Western Nations. But when applied to Africa, they failed because they considered in isolation, an idea that was in itself integral. This anomaly is gradually gaining researched attention and there is urgent need for a correction of the error. There is the other debate concerning the right understanding of the relationship between Business and Ethics. Some of us are witness to this on-going debate and it is no longer news that professionals, academics and others have tried to insist on the strict separation of both. In the year 2001 a Dominican priest in Australia, Father Anthony Fisher, one of the world's leading Catholic bio-ethicists, attended a major conference of regulators of

Artificial Reproductive Technology. At this conference, one of the presenters argued strongly that on issues such as Artificial Reproductive Technology, governments and lawmakers should refuse to receive submissions from groups such as the Catholic Church because democracy, business and economics has nothing to do with morality. But is this the reality? Promoters of separation between business and ethics think that business is all about respecting individual choice, which is one of limitless possibility, except in extreme case where it may be necessary to protect minors, the health of others, the well-being of the environment and poverty rights. This may sound like a caricature, but the reality is that many professionals do not see any connection between business and ethics. The famous slogan is clear on this: '*Business is Business*'. Such understanding shows a conception of freedom which sets in as an absolute of the autonomous individual and society, devoid of its consequences on the social, economic, cultural, political and human dimensions, except in its utilitarian understanding of self-realization. Ancient Wisdom and Catholic Social Teaching however express another view: *"Freedom is a great good, and it is part of our essence as human beings, but it is not an end in itself. It is a gift, and it is meant to be used for a purpose which is the service of truth and the service of others"* **(Refer:** Religions and liberty, Journal of Acton Institute; Volume 12, No. 2; April 2002; p. 4). The Pastoral Constitution on the Church in the Modern World (*Gaudium et Spes, no. 64*) stated inter alia: *"The economy is at the service of man, not man at the service of the economy. Therefore, all economics must be within the bounds of moral order. This refers to the network of relations involving production, distribution, and consumption. They need to be made as personal as possible because they are links of service between the brotherhood of all people"*.
The document places the human person at the centre of every economic, social, political or otherwise enterprise, emphasizing the God-given role and dignity of man and woman to lead. *"Man is the author, the center and the end of all social and economic life. Economic developments must remain under man's direction"*. (*Gaudium et Spes, no. 63*). In essence, there is link between Business and Ethics because behind both is the human person who is the author of these activities. This is the scope of a properly understood development model. Anyone who is honest must admit that the North American business giant **Enron** has created a mess. People have lost jobs, investments and retirement funds.

But what, or more appropriately, who is to blame? In his January 18, 2002 New York Times editorial, *"A system corrupted"*, Paul Krugman writes: *"The Enron debacle is not just the story of a company that failed; it is the story of a system that failed. And the system didn't fail through carelessness or laziness: it was corrupted"*. Enron provides an example of what happens when corruption leaks into and becomes part of the corporate culture. Enron is an example of all that is ugly in the free market system. The deeper meaning in this catastrophic collapse is the fact that, *any system or governing structure is only as good as the people who administer it.* In the case of Enron, the need for morally informed corporate governance, founded on solid ethical principles, has been quite clear. In responding to the vocation of business and commerce, one assumes the obligations of moral leadership associated with that vocation, which include accountability, honesty and transparency in governing the corporation. Phillip W. De Vous, public policy manager of the Acton Institute, writing in the Washington Times believes that *"abdicating such leadership in attempting to cover up poor management decisions is something that cannot stand if our society is to strive to be both free and virtuous"*. But Enron's failure is not an indictment of business, or even of big business, as a whole. To the contrary, corporations have the potential to meet societal needs that no entity – especially one that is taxpayer funded – is able to address. There are other places to look to get a balanced, realistic picture of the business world. It is possible to be serious about being profitable and also serious about social responsibility, despite all the rhetoric on either side. This anthology as presented in this book serves to fill a vacuum in the market, which until now has not been adequately addressed.

Obiora F. Ike & Ndidi Nnoli Edozien

CHAPTER ONE

DEVELOPMENT IS ABOUT PEOPLE

This paper limits itself to four broad aims. First, it attempts to give a working definition of development and the desired people's participation in development. Second, it analyses some of the fundamental factors and attitudes which hinder people from active participation in their own and their national development. Third, it outlines the type of development education and motivation which can enhance people's participation and the consequences of this to development planners, financers and animators. Last, it suggests an utopia that could be made real if people were truly induced to fully participate in meaningful and planned development.

WORKING DEFINITION OF DEVELOPMENT WITHIN A HISTORICAL PERSPECTIVE : After several lost decades, if not centuries, during which development was defined in a faulty manner, over emphasising one aspect at the expense of other equally important aspects, sanity now seems to have dawned advocating a definition of development that is holistic and integral, taking fully into account the total nature and dignity of man and woman, their origin, mission and final destiny.

As far as Africa is concerned the decade of the 1950s emphasized creation of nationalist movements and political parties aimed at mobilizing people for unity to bring to an end the colonial rule in Africa. The attitudes of the Christian churches to this cause were basically three.

Paper presented by Obiora F. Ike at the Jesuit College in Benin City, Nigeria.

Some churches in Southern Africa and churches, whose missionaries mainly came from Spain and Portugal, were adamantly against African Nationalism and what it aimed to achieve. These and others saw this as something good or even something Christian which should not be undermined, let alone being brought to an end. For them colonialism means **"civilization, christianisation and modernization"**.

Some Christian churches joined hands with African Nationalist and political parties to prove the way to African Independence. The best example here being the Catholic Missionaries in Rwanda, who risked much in order to give support to the Hutu suppressed majority.

All in all the majority of Christian churches in Africa chose to be uncommitted to nationalism and simply watched to see the outcome. The easily identified nationalist sentiments and activities with those of communism and socialism, the two main enemies then to Christianity.

For the African elite nationalism was a powerful tool to unite the various tribes and groups to amass the necessary force or strength to achieve independence. In order to pull the masses with them, a dream or utopia was created. Independence would bring the dignity of the African people, put an end to material poverty, put power to exploit Africans and usher in an era of peace, joy and contentedness for all.

There was no strong reason why the masses would have disbelieved their own educated sons and daughters, especially given the silent consent that the Independence Africa was to be constructed on the new values and arrangements bequeathed by colonialism.

Development, therefore, in the 1950s basically meant one thing: mobilization of people to create pressure for the achievement of political independence. Other aspects of development, so crucial to any meaningful development, were ignored at the time. False expectations were created which emphasized readiness to enjoy rather than preparedness for harder work and greater sacrifices.

The decades of the 1960s witnessed the growth of agricultural development in Africa. It seemed as if a contract had been made whereby Africa would produce the raw material and the Western World would process it and sell it back to Africa together with all

modern technology. A good African Leader then was one who accepted fully this clear division of labour. Africa, it was said needed no factories or industry. It only needed to double, triple her agricultural output. Many Africans uncritically accepted this dogma and unwittingly ushered in the era of neo-colonialism. The more crops Africa produced, the less technology it could bring in from the West. Poverty seemed to be an improvement. The military led the way to rebellions and coups and began to destabilize one African Country after another.

During this decade most of the Christian Churches were still following the traditional methods of evangelisation, which put overemphasis on the salvation of souls. They regarded the school as the major channel of evangelisation and accordingly as African politicians were trying to think of ways of economically developing their countries, the churches were more interested in defending their exclusive control over schools or opposing any attempt at nationalization of schools. It came as a shock to many church leaders to see the sons and daughters they educated now as political leaders becoming lukewarm in the Faith, stubborn enough to oppose the wishes of their former educators, willing to violate people's human rights and quite seducible to rampart corruption and dictatorship. It is only then that it dawned on Christian church leaders that political development and participation had never been part of the education they imparted. If politics were dirty, as the preaching tended to portray then thin it logically seemed to follow that let those who enter them dirt themselves and their policies.

Seeing the gap between the poor nations and the rich ones daily dangerously widening, the United Nations declared the decade of 1970's to be one of **economic progress** and the just distribution of wealth throughout the world. There was real concern that no planet can be at peace when the very few are swimming in luxurious wealth when the majority are dying in dire poverty, unable to get the basic necessities of life: food, drink, shelter, clothing and education.

This decade was supposed to create miracles. Plans, programmes and projects were made for the Third World. At the conclusion of it all

the international community found that very little or no development at all had been achieved. The rich few were richer; the poor majority were poorer than when the decade was lunched. A critical diagnosis was carried out and it found that any plan of development that left our women is doomed to fail, since women are the back one of production in any pre-industrial society. The 1980's were therefore dedicated to the development of women and involving them in development. A strong campaign to awaken women was started. Women's rights were emphasized. Hindrances to women's participation in development were articulated.

When, however, the women met in Nairobi in 1985 to evaluate their decade the results were frustrating. Very little had changed in the lot of majority of women. The impact of woman on development was still minimal. Africa, in terms of economic development, was worse off than when it achieved independence in the 1960s.

It is such negative results, which led the United Nations to declare the 1990s to be a decade for cultural development. The thinking behind could be easily discovered. Culture, being the basis of any people's way of life, could be a great asset as well as hindrance to any development. If people were to develop without their own culture values that would make their development integrated and assured of permanence.

This is the decade we have just concluded. The indication is that it will also fail manly because development cannot properly be conceived in single items or dimensions. It only makes sense when it is seen as integral and holistic, each dimension balancing the other, animating the other, and supplementing the other in order to produce an integral person and human society. If, therefore, we do not want to waste more decades, it is time to agree on a working definition of development in which we want people to be fully involved. I fully agree with the definition given by the participants of the 4th National Theological week, held at Katigondo, January 1989.

"While in the past, development was principally understood in terms of economic progress, we have now realized and become convinced, that appropriate progress should be ***integral development.*** Such development must carter for the whole human person, and encompass

the people of the Nation as a whole: by developing their "*spiritual, religious, social, personal, moral, cultural, economic, political, mental, educational, physical, and environmental dimensions of life*" (p.252 - 6).

Such then is the Development in which we want people to be fully involved in its identification, planning, implementation and evaluation at every level and phase. Such is the development that can liberate Africa and other oppressed continents. It is the only development that is worth planning and bring hope to the millions of the suffering people of the world.

There are at least six principles which clearly underline the need and necessity of people to be involved in development.

1. **Development Is Defined In Terms Of Pro-Life:** Whatever gives life, enriches life, promotes life, protects life, saves life increases life, and prolongs life is authentic development. By life here is meant life in its totality. This principle assists us to easily identify what attitudes, actions, plans, programmes, projects that can truly be called developmental and the many others which are anti-developmental. This life is what people live everywhere they are and it is this life that all people are concerned about in preserving and improving. No outsider, however knowledgeable can know the life of each people more than the people who live it themselves. The people themselves, however uneducated in modern skills, are the basic source of knowledge of the life they lead and their attitudes to it. The life of any people can never be developed and improved without their positive consent and participation. In the attempt to improve life, without people's participation, the elites, the scientists, the technicians, the experts and the know-all have committed mistakes and crimes which up to now still cry out to heaven.

2. **Development Is Pro-People:** It has to take people as its point of departure and arrival. It responds to people's aspirations, quietens their fears and anxieties, alleviates their problems and

difficulties, and constructs their desired dreamland. True development starts with acceptance and acknowledgement of people's human dignity, however poor they may be, with respect for their human rights and basic equality, however undeserving they may externally appear to be. Failure to involve people in their own development is to reduce "development" to superficial cosmetics of the external environment of the people. Such can never merit the name development. People are the basic source of development. They must say what they see, feel and want. They must do what they see as the best way of solving their problems. Any other approach in development is paternalism, exploitation, and suffocation or outright abuse whose end result is nothing but misconceived failure. People can be rural or urban; children, youth or adults; females or males; educated or illiterates; free or oppressed; able-bodied or disabled. All of them have the right to be fully involved in development. The mere right to be consulted and receive their consent is not enough. It is either full participation or none at all. Full participation means involvement from beginning to end: in analyzing, deciding, planning division of work, implementing, benefiting or sharing in the work.

3. **Development Is Understood By Choosing Priorities:** It starts with the most needed, the essential and basic then gradually moves on. No outsider, however expert, can "Guess" or contemplate or imagine the priorities of any people. For to know is not to guess. Priorities are not imposed nor can they be what externally appear to an outsider, however closely linked with the community or even part of the community. Priorities are what a given people of the community so identify. It is here in the people's identification of priorities that the "expert" may be shocked, become frustrated, impatient and call the people all sorts of names for failing to see things in his or her way. But indeed it is in the people's choice that any tangible success resides. It is a simple matter: The priority chosen is either people's or expert's. If it is the later then failure is already registered even if a magnificent but misguided marble edifice is constructed and completed. How many white elephant

completed and uncompleted projects are visible in each African Nation, showing the unpardonable and stubbornness of an ignorant but expert outsider?

4. **Development Is By And Through Democracy:** It is of the people, by the people, for the benefit of the people. Dictatorship is hated not only in politics but also in economics, culture, morals, church and voluntary organizations. Democracy does not mean simply voting for leaders although there are societies which tend to think so, it means people are the masters before, during and after any decision that affects them. From parliamentary democracy or dictatorship, contemporary world has moved or is painfully moving to participatory democracy. All people, irrespective of age and status, are involved in their own governance and development. What is done democratically the whole way will last, what is imposed will certainly disappear even if it takes decades or centuries. What is done by the people will be theirs, they will be proud of it, however small it is, but what is done for them while they remain passive on-lookers or spectators will have no impact on them. When an opportunity comes for looting the undemocratically imposed developments will be among the first to go!

5. **Development Is By Conscientization And Awareness Education:** Before people can intelligently choose priorities and embark on development in any one aspect of development they need adequate conscientization, awareness or politicization. Conscientization mobilizes people to come together, to achieve unity and solidarity, to start questioning their lot, to discover their talents and ability, to achieve a unity of purpose and a common vision. It is in this process that the animator and expert can influence people by encouraging them to question things, to see the realities around them in a more critical manner and to enhance the process of their mental liberation. Conscientization, however, does not mean brain-washing or indoctrination. It is a humble service of thinking and reflecting with the people, respecting the manner and pace in which the process moves on and learning a lot in return.

6. **Development Is Through Relevance And Gradual Growth:** Every situation is unique in its own way even among people of similar culture and circumstances. Relevance can only be got from the people of that area and environment. Local experts from other areas should behave as outsiders to give value to the relevance identified by the actual people concerned. Development that is not relevant is misplaced and loses the name of development. The same goes for any development which does not take account of the speed of the people. Moving at the same pace as the community is the key of success because it assures that all are moving steadily together.

SOME FACTORS THAT HINDER PEOPLE'S PARTICIPATION IN DEVELOPMENT:

Among the many factors which militate against people's participation in development, I have selected only seven for comment:-

1. **Elitism And Expertism:** The world today and especially Africa is suffering under the disease of elitism and expertism. There are many organizations, and individuals who have the misconceived belief that they know it all. They do not need advice or consultation because their scientific training and experience have given them all the answers to the problems of people everywhere and in all circumstances. Their solutions to underdevelopment are made "abroad" or "at the continental or national level" simply to be implemented in the localities of their own choice, with imported experts and in the style of their own choice. Their reasoning is simple: if such and such project was found useful to the people of such and such a country, what makes it unsuitable here? Humans have common needs, which demands uniform solutions. With such approach there is no need for consultation and involvement of the local people. Everything is generalized. Added to this there are now more and more organizations which specialize in one or two development projects: it may be clean water, environment, medical

care, education or agricultural fertilizers. What they can do is what they promote, whether it is the priority or not.

2. Emphasis On Externalism And Quick Results: There is a school of thought which emphasizes external aspects of development to the exclusion of the mental ability to appreciate the same and put it to good use. With finances and man-woman-power present, promoters of such ideology see no need to involve the local people. Their interest is in setting up one project after another in the shortest time possible. They are not accountable to the local people but to the project-financiers elsewhere. Should the local people reject the completed project or misuse it, the fault is put on them for backwardness in failing to understanding the importance of the project.

3. Bureaucratic Methods Of Work: Bureaucracy is interested in control and centralization of power. Everything is controlled from the top where directives emanate. The people of the locality can simply accept or reject the directives. In such situation people's participation cannot be encouraged nor desired. It would occasionally conflict with the central control of development or want to force change in plans which have already been made without their participation.

4. Underestimation Of People And Lack Of Trust: Respect for people, however simple or poor and deep trust in them and their ability to solve their own problems are rare characteristics among the so-called educated and better-off class of people. It is only when one is mentally liberated and able to render total respect to people because they are people that one can trust people of all levels, including those who are trusted among their own people such as beggars, street boys, prostitutes, hooligans. Trust transforms people and gives then a challenge for self-respect and a willingness to show they are worthy of the trust put in them. This attitude is often lacking among development policy makers and their expert implementers.

5. Dislike For Public Accountability: In our contemporary world we have organizations and people whose motives for undertaking development are quite questionable. Under cover of development they may be simply selling their hidden ideology or "buying" people's minds with material benefits. Such people and others will shun public accountability to hide embezzlement of funds and outright corruption. Involvement of people would mean their right to know everything including the funds used. If people are mere spectators they cannot question the top executors of projects and programmes, for ignorance and non-participation are the powerful weapons which sustain any type of dictatorship.

6. Marginalizing Development Education: Because of the great demand to develop and the urgency to offer solutions to Africa's problems of hunger, malnutrition, disease, dire poverty, many people involved in development adopt an attitude that has no time, energy or need to expose the suffering or the poor to development education or awareness. They simply begin with giving relief and move ahead to establish development schemes for the poor people. Having started thus, they never change to give value to development education. People are made entirely dependant on donors and implementers of development. Their only positive action is to wait and say "Thank you".

7. **Ignoring The Cultural Factor In Development:** Once development was restricted to economic progress an attitude was created that all societies need only money in order to abandon their culture and embrace the cosmopolitan culture of affluence. It often comes as a great surprise when people refuse to abandon their shabby huts for the modern houses constructed for them; when they keep the modern dress under cover and wear their traditional animal skins; when they ignore the school and send their children happily to look after their animals; when they by-pass a modern hospital full of recent drugs and flock to the so nicknamed witch-doctor. Culture is an important factor which cannot be ignored in development without detrimental results. The Fulani, the Igbo, Bini, the Klaramoja and

Masai are very clear examples. They pose clear challenges: *give us development that will respect our cultural values, no more and no less.* In that challenge those societies are saying they must be the choosers of the development they need, they must be the guide, implementers and judges of any development in their area. It is only when development whether spiritual, moral, economic or political is beautifully integrated in the cultural values of a given people that it makes sense, is appreciated and considered lasting because it has become part and parcel of a given society.

THE PRIMARY ROLE OF DEVELOPMENT EDUCATION:

If active participation of people in development is to be encouraged and taken as a prerequisite for development, the primary role of development education must be recognized and put in action. For such education or awareness, however, to be effective and achieve the expected results, it needs to be well-planned and together with the people it intends to animate. The world over there is always a tendency to teacher-complex. One must be a qualified teacher giving all to the taught. In development education teacher-complex will not do. That is why this type of education is best called conscientization, awareness, animation or motivation. It must be a dialogue, a sharing, a process of learning for all, enrichment of experience and attempt to reach a common vision of the better life to be promoted. Development education designed and conceived elsewhere will not do in all places. It may simply provide some principles. Let me single out a few characteristics which may guide development awareness in Africa.

1. **Simplicity:** Development awafeness should be simple. Its aim is not to show the scholarship of the animator but rather to show how he/she is in touch with the local situation. It should be in the language of each people using their phrases, proverbs, stories, expressions and examples. It should be seen to be designed with the people for their own benefit. It should therefore not be a text-book awareness but a skeleton which every society enriches with its own experiences and worldview. It should avoid technical terms because development is life and life cannot be expressed beautifully in technical or abstract terms. It is this simplicity that will make it loved and attract people to it, thus starting the life-long commitment to development.
2. **From The Known To The Desired:** Development awareness must start with the known, the actual realities to gradually lead people to what is desired, to the new world they want to create and live in. Before it is developed it is necessary to stay with the people for whom it is meant, who must be given the opportunity to shape it and influence its content.
3. **Local Animators:** Such awareness in order not to be suspected should be given by local animators who are part of their people, and share the world view of the people, cherish the same values and are at the same time committed to the improvement of their people's quality of life. These animators should be detribalized as to create fear that such is the end-result of the awareness provided.
4. **Local Channels Of Communication**: This awareness to be effective ought to be presented through the traditional channels, which are appreciated. Its message should be put in songs expressed in dance, drum and drama and debated around the fire or drink. It should be seen to be part of the life of the group.
5. **Clarity Of Goals:** Often development awareness fails to assist people to envisage how their society or situation should be at the end of the desired development. Without being about to envisage the total results, commitment can only be partial. Clarity of the goals of development is the Key to active participation. Questions must be posed and answered, not by the animator but of the participants whether the desired industry or school will not leave the cows unattended to, or whether employed wives will continue to cook all the meals for the husbands, or whether high education of girls may not lower the dowry!! The process of conscientization is also a process of liberation.
6. **Gradual Implementation:** The development awareness needs gradually to be put into action. Apprenticeship is the oldest method of education and an effective one. Once an initial

consensus is reached, planned action should start while the awareness continues as people get involved in real development work.

THE LIKELY RESULTS AND CONSEQUENCE OF PEOPLE'S PARTICIPATION:

Successful people's participation in their own development has several results. Some of them painful but liberating,

1. Development becomes a people's way of life and they are able to move from one programme to another without fear or lack of self-confidence.

2. The syndrome of dependence is broken and they can say "we have done it ourselves, we no longer need your assistance, thank you for giving us the Key for doing it ourselves." With such words, the local community is liberated and the "expert" or "animator" is left either jobless or may choose now to join the community as simply as one of them. For many experts this is painful seeing that success bringing to an end, their services. It is, however, important at this moment to remember that such is the painful joy of any parent who sees his/her child reach maturity and able to find a home of his/her own. It is the lot of a hard/working missionary who through raising local vocations prepares the way to his/her own movement to the regions beyond where his/here services are still.

3. Development is thus fully inculturated. In the hands of the local people, programmes and projects originally designed to be profit-making may, through the consensus of the people become charitable non-profit making to serve better the needs of the community. This is the beauty of freedom that full possession and direction are in the hands of the local people, they can decide to change the objectives and the methods of work. All this is their clear indication that they are the masters of their own development. It may as well have salutary lessons to the departed

"experts" that effective dialogue had been encouraged, perhaps the original aims would not have been followed.

4. Once people have captured democratic power over their development they will jealously keep it and prevent any dictatorship from supplying it. Above all they will use the same model of participation in development to demand as a God-given right full participation in politics, church and any other aspect of development where their rights have not yet been respected. Participation will thus have become an ideology, a liberation right which must be used to live a fuller life in every dimension.

5. People's participation ensures success and above all permanency of the development undertaken. Such work can never stop at the planning stage or the first phase because people will be asking themselves what has happened. Wherever one finds a programme or project which stands uncompleted the logical conclusion is that it did not belong to the people, they were not involved, in all stages of its realization. Such half-done projects are the most vocal signs of the great minds and energy of misinformed development dictators who dreamt of doing great things for people without involving them.

CHAPTER TWO

ETHICAL DIMENSIONS OF FINANCIAL ACTIVITY: PEOPLE MATTER

This paper is a challenge to the consciences, thoughts and actions of those involved in the management of human and economic affairs worldwide. They include the drivers of our macro and micro economic affairs: individuals, financiers, business manager, public authorities and governments. The aim is to make these drivers act with greater social responsibility and efficiency to achieve the ultimate goal of self-fulfilment and human happiness for all.

Current ethical reflection offers a convincing argument that ***development is about people, and business is about ethics***. *Business managers* today have to ask themselves some basic human questions about their financial activity. Has the financial sector or the profit maximization objective, however, necessary, not in certain cases taken on an *excessive role* or even become the primary objective of companies, at the expense of the production of goods and services? Has there not been a search for short-term advantages at the cost of production effort? This is a core question.

Two consequences, result from this reflection:

1. Monetary policy must not be damaging to one's country or to others, talk less of the human person (Vatican II documents. GS No. 70).
2. Extension of loans at high interest rates is an ethical challenge.

Paper presented at the Annual Symposium of the Association of Nigeria Development Finance Institutions by Obiora F. Ike & Ndidi Nnoli Edozien at Sheraton Hotel & Tower, Abuja. Sponsored by NEXIM Nigeria Export/Import Bank on 25th July 2001 and published by the Nigerian Economic Summit Group; NESG Journal Vol. 7, no. 3 July – September 2001.

Several other challenging principles which emerge from this reflection:

- Short-term gain must not destroy or abuse long term human advantage.
- The need for solidarity and subsidiarity is an absolute in the world of finance.
- Preferential option for the poor is a guiding directive for action.
- Concentration of power in a few hands is contrary to democratic principles.
- Destruction of resources through environmental degradation or other abuse does not serve the purpose of justice and peace.
- Respect for private property must not lead to the absolute appropriation of the majority of resources by a few.
- The use of resources to promote social justice remains an ideal for action.
- The priority of labour over capital has been established.
- The avoidance of speculation and monopoly is a sure path to economic justice.

Consider these facts:

1. In a list of the world's hundred largest economies, fifty are corporations.
2. General Motors' sales revenues roughly equal the combined GNP of Tanzania, Ethiopia, Nepal, Bangladesh, Zaire, Uganda, Nigeria, Kenya and Pakistan.
3. Forbes top 400 richest people had a net worth, in 1993, of $328 billion, equal to the combined GNP of India, Bangladesh, Nepal and Sri Lanka.
4. 70% of world trade is managed by 500 corporations. (Handy, C. *The Hungry Spirit*).

The facts on ground show that real economic power seems to have shifted from public and democratic authorities to uncontrolled and anonymous financial markets. Market forces are blind and the human person is often the victim. This point is nicely illustrated by the 20/80 formula:

"The 20/80 formula is a familiar one in business, meaning that 20% of your products, more often than not, generate 80% of your profits. It is a formula that seems to be becoming applicable to the market society: 20% of the people seem to be generating, and getting 80% of the extra wealth. A competitive business soon discards the 80% of less profitable products, or clients, to concentrate on the better 20%. Much as some people might like to, society cannot jettison its less productive people in the same way..." (Handy, C., *The Hungry Spirit*).

Our position is that people matter. In empowering people we build upon our most valuable resource. For us development must be people centred and the poor empowered to participate in their own development. Likewise strategies for development must serve the twin purpose of justice and peace to promote meaningful human existence.

DEVELOPMENT IS ABOUT PEOPLE:

The financial sector has a relevance when it promotes an economy that serves persons, not the other way round; that puts people before profit; that reduces the gap between the rich and the poor; that makes people self-reliant and, not dependent as slaves in the job market. And properly understood, this is economic language and not just simple moralising. Our greatest resource is human capital - the human person. And if we may ask, is the economy not for the human person?

The situation on ground in Nigeria shows that poverty has resurfaced due to the fact that majority of the citizenry do not have access to resources and to capital to start off small business. The banks do not give loans to the poor because they have no collateral. Government initiatives in poverty alleviation have failed due to excessive bureaucracy, corruption, the lack of capacity and autonomy of public sector development finance institutions.

Amongst other shortcomings, there was no provision for the capacity building of intended loanees, as a result of which repayments were not forthcoming. Consequently, government-led initiatives have been ineffective and there is now an invitation to NGOs, churches and the private sector to participate in grassroots development, based on the principles of subsidiarity.

In summary, the problems on ground in Nigeria and many developing economies are:

1. Lack of access to capital and resources for the landless and assetless. The majority of Nigerians are unable to provide the collateral required to access loans from the commercial banks.
2. Lack of funding to build the capacity of community based organizations and SME's to carry out projects promoting self reliance and self help.
3. Lack of affordable training and capacity building programmes for loanees, some of who believe that loans are their own share of the national cake.
4. Poor infrastructure and inadequate provisions by government for roads and telecommunications, thus reducing access to markets for community based enterprises.
5. Large spread poverty and the practical erosion of the middle class.
6. Marginalisation of women and youth. They are hardest hit, without money to take care of the children and send them to school. This is grave since children should be our primary investment in the future.
7. Poor institutional infrastructure of indigenous enterprises and micro-finance intermediaries.
8. Lack of integration of the informal sector into the economy and lack of co-ordination of efforts for artisans, youth, women and traders. These interest groups comprise approximately 70% of the Nigerian population. Their interests and livelihood issues are often neglected by the larger macro economic factors, and their income is not even considered in the computation of the GNP per capita for the country.

The Micro-enterprise Development Co-operation, initiated by the authors of this paper, postulates that poverty is not God determined but man made. It can be alleviated and even completely eradicated if consistently willed and by responsible stakeholders in the society. The forging, of linkages and partnerships between the public, private and informal sectors of the economy therefore, seems not only desirable, but is imperative at the present moment.

The government of the Federal Republic of Nigeria has initiated a laudable National Poverty Eradication Program. It should work, if well governed and implemented professionally. Simultaneously, the bankers committee in collaboration with the Central Bank of Nigeria have initiated a Small and Medium Industry Equity Investment Scheme (SMIEIS) which is to be funded through an allocation of 10 percent of the profit of all banks operating in Nigeria.

The guidelines for the operation of this scheme, over the next 5 period, have been approved and issued. It does appear that the Nigerian society is proactively addressing contemporary issues in development and social responsibility, relevant worldwide. The initiatives undertaken so far may offer practical means of examining whether the primary instrument of capitalism, business, can indeed work more obviously for the common good. Can wealth created be used so that all can benefit, not just the fortune few? Can education be reinvented to give everyone a start in life and not just a priviledge few? Can we look after ourselves and have a care for others as well? What rules should there be in a decent society and who should set them? What part should government play in all of this? What, ultimately, is the purpose of business: profit or service? Without a clear definition of desired results, any market or business will focus on what can be measured, both in terms of input and output. It follows therefore that unless we work out the purpose of any initiative, we cannot measure the results. Contrary to common business sense, in rendering public services, the principles of competing costs or maximizing profits do not usually guarantee the best output. For instance, the cheapest, or most profitable hospital or school often does not qualify as the best service provider. It is

important to keep this in view as the private sector engages itself in services to the larger society.

Taking a leaf from the experts in the donor agencies, development planners and program implementers are constantly lamenting that projects do not get through to the poorest of the poor. In that dilemma, women are the hardest to reach. Upon closer scrutiny however, it is found that increasing numbers of highly specialized micro-finance institutions (MFIs) outside the government system have found effective solutions to addressing the needs of the poor. They have focused particularly on women as the socially most legitimate avenue for sustainable development in the future.

With accessible credit from MFIs replacing high interest loans offered by money-lenders, significant increases in profit and income are realized, existing micro-enterprises are expanded, new businesses established, and people empowered to make meaningful contributions to the development of the local economy. This goes a long way in enhancing average income levels and raising the living standards of the society at large. In the past this vital sector, often referred to as the informal sector has received inadequate attention. Increasingly, multilateral, bilateral and donor agencies, non-governmental and development organiszations recognize the need for increased training and access to capital that will improve the effectiveness and efficiency of micro-finance intermediaries in meeting the needs of their clientele: micro-enterprise operations. If the poor have access to capital, some appropriate education and much needed capacity building including appropriate training, small entrepreneurs will help themselves and manage local resources including their loans effectively towards sustainable community development. In the long run, the informal sector sustains the economy in many meaningful ways and yet, it is the most neglected.

BUSINESS IS ABOUT ETHICS:

The focus is to stimulate ethical reflections on financial activity through a critical X-Ray of the fundamental problems surrounding the possibility of citizens, investors, businesses and institutions in both the private and public sectors, the formal and informal sectors,

to access resources for development projects and for business initiatives in the Nigerian economy. He hopes to achieve this by looking into the difficult issues involved in the activities of the financial market place and reviews of government policies in the light of addressing ethical demands and achieving better living standards for the people.

It is now generally accepted that the financial sector plays a major role in the workings of a modern economy. Therefore, its significance and morality must also be called to question. Repeated financial scams and bank failures since October 1987 have raised questions about the possible negative effects of the financial sector on the productive economy and the well-being of the human person. The fact is that we can do better in Nigeria than we have so far done, and there is light at the end of the tunnel! Lack of access to resources and capital and the high interest rates prevalent in the economy constitute one of the fundamental problems in our country. This of course is a matter of debate. But economic and ethical rationality must prevail. It is already a matter of universal economic experience that many successful economies worldwide have based their success on the formal private sector as an engine for economic growth, available good government, sound economic policies, a stable policy environment, able management of resources, adequate capital and skilled manpower, access to capital and resources, minimal corruption, the rule of law, trained human personnel and low interest rates. Nigeria's economy portrays the contrary whichever way one might try to look at it. Except for the informal private sector, which guarantees the livelihood of 70% of the population, the formal private and public sectors seem to have failed the Nigerian people.

To expand the economy, it is absolutely necessary that the productive sector has access to capital at affordable interest rates. At present, most entrepreneurs have difficulties making long-term investments because the interest rate regime and unstable policy environment are a major disincentive. For a developing country like Nigeria to move forward, interest rates must be brought down to single digit figures. Why should businesses, the hub of any vibrant economy borrow funds at rates above twenty percent (20%), the reality reflecting even over

forty percent (40%) in many cases. Is this sustainable? Is it morally justifiable? The answer is simply No. Rather, the banks shall run great lending risks as loanees strive for extraordinary short-term profits to meet their extra financial obligations. The fundamental issue is that banks and financial institutions are bound by a system that is bound to boomerang.

Firstly, the Central Bank of Nigeria (CBN) has in the past established policies that are wrongly applied, even if they have been economically correct. Nigeria still operates a financial system tele-guided by political considerations. For instance CBN recently increased treasury bills to eighteen percent (18%) per annum. If CBN raises its rates, the banks will naturally follow suit, creating an onslaught of repercussions on the productive base of the economy, ordinarily financed by the banking sector. On the other hand, if interest rates were lowered, more people and businesses would borrow; wealth creation in the productive sector would increase, such as in agriculture, manufacturing, energy, power, etc; long-term investments shall result; wealth is generated; jobs are created; foreign investment is feasible; Naira appreciates because there is an inflow of funds, partnerships with foreign investors emerge; capital is accessible, more people borrow at affordable rates and risk are reduced. Lending to the private sector should be engaged in as the primary business of banks. Unfortunately, in reality the cost of manufacturing is too high and people prefer to import cheap finished products to producing them. Local manufacturers are closing shops, one after the other, and there is little access to regular utilities provided by government to encourage the manufacturer. Yet we know that in dissuading manufacturing and export-oriented production, we are shooting ourselves in the foot! What a dilemma? A large number of our population operate in the informal sector, in fact, up to seventy percent (70%) of the people. Who caters for the informal sector? CBN tells us that the prevailing inflation rate is 19% when we know that it is over 200% depending on where one looks and what indices are used to measure it. The success claimed by the CBN in curbing liquidity is false because interest rates are still high; the Naira is still depreciating, and the cost of food is increasing. Why

can we not extend more loans in rural communities, through co-operatives with low overhead structures thus making finance accessible and more affordable. The world-renowned Grameen Bank model in Bangladesh is a case in point, with an outreach of 23 million poor clients and a loan recovery rate in excess of 95%.

On the contrary in Nigeria, community banks are not encouraged. To date, they have not received formal licenses and as far as business is concerned, the informal sector is totally disregarded. On the other hand, government contracts are awarded to expatriates, and hardly to Nigerians. Take the case of the N36 billion (Thirty Six Billion Naira) expenditure on the stadium in Abuja. Will it also provide twenty thousand jobs? Will it build the capacity of Nigerians involved? Over fifty percent (50%) of the investment is going abroad to pay for equipment installations, expatriate labour, etc. So what does Nigeria get? A stadium! Is the situation any different in the case of GSM service providers? Can we afford to field our economy on such self defeated bases? To compound this tragedy in becoming, it is unfortunate to observe that the average Nigerian has less access to capital than he has had in the past. We have access to the paper versions of annual budget speeches, but what is percentage of the actually budgeted money is spent in Nigeria? The budgetary review for the year 2000, for instance, shows that most states of the federation did not spend up to forty percent (40%) of their budgetary allocations during the year. What happened to the money? Corruption? Capital flight? Ghost projects not on ground but already financed?

Going back to the issue of increased interest rates as a tool to manage money supply and curb inflation. Why should we contract an economy that is yet to grow? We have rather to expand, not contract. Much of the money circulating in Nigeria is found around the government and political offices instead of where it rightly belongs in the private sector. So people seek political power to access capital, rather than to serve their country. The Nigerian economy is undermined and rapidly regressing in an increasingly competitive and intrusive world economy. We are not paying adequate attention to the very shaky foundation being erected during a most critical time in

Nigeria's natural development process. Civil society must play its part in focusing attention on the development needs of our country. Our children will reap what we have sown, and future generations shall suffer the grave consequences of our negligence. This cannot be right, nor is it justifiable. It is not enough for banks to invest in small and medium scale enterprises. The terms and objectives of their investments should also be open for dialogue. Companies owe a responsibility to stakeholders, including civil society and the economy at large, and not just to a few privileged shareholders. An expected rate of return of thirty to forty percent on investments in the short term is not sustainable. Such expectations by investors, and the consequent pressure imposed on the productive sector of the economy must be actively dissuaded if the Nigerian economy is to grow in a sustainable manner and compete in the world markets. Short-term profits cannot be the only driving force for businesses operating in a developing country. This is especially applicable to large multinational corporations, with little or no obligation to the countries in which they operate. They must be called to order! Also worthy of our attention is the fact that job creation is private sector business, not government. The Nigerian government employs over two million people. Recently, it established the Bank of Industry with 50 billion naira to promote investment in new industries. Have we been given an opportunity to evaluate the economics of such a decision? Might it not make more economic sense to give available monies to the more than 100 available commercial banks, or finance the more than 1000 established community banks, with the outreach for on-lending to SMEs' at single-digit interest rates? What has informed government's decision in this regard and how does this compliment its objectives of private sector driven economic growth? Will the new Bank of Industry not run the risk of 'crowding out' the banking sectors SME Investment Scheme?

THREE

THE BEST HELP IS SELF HELP: MICRO FINANCE AS KEY FOR CULTURALLY ROOTED DEVELOPMENT

In developing countries the highly unequal distribution of limited resources, along with their control and use by a few, is the socio-economic source of a relation of dependence and absolute poverty. The major demand of impoverished people and particularly of poor women is not primarily for food or other kinds of temporary relief, but more for various types of input, which can help the poor generate an income on the basis of existing skills. Interestingly, the most preferred input is credit and the accumulation of savings as precondition to gaining access to programs involving credit. Savings and more general awareness-rising amongst the rural poor is extensive; most especially in the context of promoting self-help initiatives amongst the poor. Along these lines, micro-finance institutions play a catalytic role in casting the poor, and particularly women, into productive role, thus elevating their oft-eroded status in the family and society.

Savings mobilization, credit and other financial services rendered by micro-finance intermediaries including insurance are providing access to income, employment, ownership of productive assets, housing, health-care, family planning aids, education, nutritious food, leadership and promoting self-help initiatives.

Ike/Edozien: Paper presented at the Inaugural Foundation of the Micro Enterprise Development Cooperation (MDC) jointly initiated by the CIDJAP and the GBF, on 27th January 2001 in Enugu, Nigeria.

A most relevant focus therefore is one which focuses on establishing, strengthening and expanding the institutions engaged in the provision of micro-credit and other financial services such as savings, credit, insurance to meet the needs of marginalised people. One of the most simple and direct contributions to eradicating poverty may well be in the strengthening of micro-enterprises through micro-finance institutions (MFIs). It does seem appropriate that the number of viable MFIs should be increased, their organizational framework professionalized, their capacity and cost-effectiveness enhanced and management information systems improved. This is especially relevant since the promoted micro enterprises, very small businesses usually consisting of a single self employed person, a family, or at the most a few employees, are the main source of livelihood of up to half of the population of most developing countries, including Nigeria.

TEN ESSENTIALS OF MICRO FINANCE: Typically, the specialized financial institutions which enable poor rural households and particularly women to participate and gain access to financial services apply an unusual strategic concept of banking, with poor or social banking as compared to commercial banking for individual small enterpreneurs. The essential features of these non-conventional banking practices are highlighted below:

1. **Sustainable Loan Conditions**: No collateral is required. As the poor have inadequate resources, the poor demands that we reject the false notion that collateral is essential to banking. There is thus no threat of legal action if the poor cannot repay because it would discourage the more cautions from participating.

2. **Service Delivery**: Credit is usually taken to the poor in their villages, because they are intimidated by banks which do not classify them as creditworthy, and treat them accordingly. Also, they often cannot afford the time and money associated with repeated trips to towns where the banks are located, and find it difficult to comply with conventional bank imposed procedures and collateral requirements. Simple procedures, training and

testing ensures that potential borrowers understand the loan procedures, conditions and responsibilities. Potential borrowers are tested to determine their understanding of the responsibilities associated with taking a loan, and therewith to decide whether or not they are able to comply with the procedures and conditions stipulated in the loan agreement.

3. **Collective Responsibility & Group Formation:** Borrowers must be agreeable to meeting regularly to maintain a steady, though small, cash flow and make payments in compliance with the repayment requirements. Group and centre formation by potential borrowers must be encouraged because the group is an essential building block for successful micro-credit intermediation, monitoring and loan collection. Group members are usually homogenous, of more or less equal socio-economic status, congenial and trustworthy. Potential group members search for fellow members, and the trust engendered amongst them reinforces the discipline of individual members through a certain measure of peer pressure. Collective responsibility requires that group and centre members accept responsibility for fellow members and the loans granted them, thereby ensuring the careful scrutiny of loan applications. This practice goes a long way in replacing the collateral of conventional- banking. The practice of funding self-chosen loan activities also ensures that business ideas originate from potential borrowers. The applicants who obtain support from the group are screened by members as to the knowledge, experience and skills required to carry out the proposed business and must have convinced fellow members of the group that they are willing and able to repay the loan.

4. **Incremental Repayments, Staggered Disbursements & Monitoring:** Small loans and weekly repayments of first and second short term loans at substantially lower interest rates than what obtains from money lenders helps in boosting the inventory and purchasing capital equipment for new or growing businesses. Annual repayments spaced at close to fifty instalments are small

and manageable enough for the poor. On the other hand, incentives towards granting follow-up loans encourage timely repayments and psychologically motivate first-time borrowers i.e. repeat/new loans are extended only upon complete repayment of a previous loan. Loans for income generation should be granted over non-income generating loans (private housing) to maximize economic activity; especially when faced with the constraint of limited resources. This is especially important in the early years but can be relaxed subsequently when sufficient income is generated. Close supervision and strict discipline ensures that loan beneficiaries attend meetings and comply with the applicable repayment schedule. Field assistants are required to attend centre meetings to receive funds collected. Visits are also made to absent members with group chairpersons and the centre chief. For most, the availability of subsequent/repeat loans is an incentive for continued participation. Access to progressively larger loan sizes also significantly improves income generation for loan beneficiaries.

5. **Compulsory Savings:** For group loan programs, it is often advisable to start with a savings-first strategy in order to build up financial discipline among the clients. The group savings fund is essential as a source of short-term loans for members facing temporary problems or family emergencies. It can also serve as a stepping stone for financing or supplementing loans for joint group projects; savings could even be used to facilitate share purchases, perhaps even towards part-ownership of a financial institution as a step towards the formal recognition of the informal financial sector, and a crucial component of borrower self-reliance.

6. **Skilled and Dedicated Staff:** The staff of MFIs typically undergo rigorous practical bank training and acquire their motivation to work with the poor through several months of basic field training. Through direct contact with clients, and regular exchange of findings with field staff and branch managers, the trainee

progresses from being an observer to actually performing bank workers' duties. This slow and often painstaking practical process is essential for transforming arrogant school leavers and university graduates into conscientious bank workers and imaginative branch managers. Enlightened and committed social entrepreneurship, dedicated leadership, social competence and charisma is required to act in the micro-finance sector. A disciplined approach and clear rules strictly adhered to by staff and clients are a necessity. Staff must be highly motivated, hard working, energetic, prepared to offer banking services at the doorstep of clients in marginalized areas and ever ready to provide constructive recommendations to adjust and improve business and credit practices.

7. **Creating an Enabling Environment**: A supportive national policy framework is necessary for micro-enterprise development. Three elements play a dominant role in this regard: allowing a free market and free trade economy, without undermining the local industry; facilitating and promoting the role of the private sector whilst recognizing and supporting the self-help initiatives of the poor; pursuing the imperative of macro-economic stability instead of inducing higher inflation and lowering the balance of payments deficit. Most countries in Asia and Latin America have taken to creating policy regimes that are attractive to private enterprise and to self help of the poor. The deregulation of financial systems provides a policy environment in which small banks and self help groups can develop. More and more is being learnt about rural financial savings models, and these can provide a solid basis for building financial systems better suited to rural and under-served communities. High rates of return on investments in micro-enterprises determine the feasibility and viability of credit to the poor for income generating activities while market rates of interest ensure that the participating financial institutions can cover their costs and earn enough for internal capital formation from surplus income. The application of solid financial management principles by participating

financial intermediaries and the strict enforcement of repayment procedures will eventually result in statistics revealing excellent loan repayment rates in the informal sector. The inclusion of financial self-help groups and NGOs as financial intermediaries is extremely important in the roll-out of such a strategy, and is sure to benefit the poorer sections of the population and stimulate the sustainable growth of micro enterprises into viable, small and medium scale businesses.

8. **Customized Financial Services & Product Development:** Lessons for the design of a support strategy for those earning income out of self-employment make micro finance services very important, but not all the poor have an economic self help potential. Financial services in the form of loans should be restricted to the entrepreneurial poor, but the needs of the other poor in the community should not be neglected. When given the choice, more people use savings services than credit services, and often the social cohesion of the community may even be affected in the course of establishing criteria for creditworthiness amongst social groups. As such, savings groups are the ideal entry points for reaching the non-entrepreneurial poor. Alternatively, the entire community could be offered a range of non-financial services as an entry point, and with a view to then introducing the more stringent criteria and terms for accessing credit. Non-financial services can include micro business development training, social development programs, literacy and numeracy programs, family planning, basic health care and nutritional programs.

9. **Financial Sustainability of MFIs:** The poorer the customer, the greater their need for non-financial services and the less they are able to pay for the cost of delivery. The use of earnings from the financial services provided by a micro-finance institution to subsidize the provision of non-financial services undermines the MFIs financial sustainability and erodes its equity and capital base. The cost of non-financial services should be funded

independently, through development finance and corporate Philanthropic aid. Seeking donations in this regard may create special problems of donor interference, but this can be managed. MFIs simply must stick to their core business of financial intermediation in so far as the use of their funds is concerned. Tapping donations or cheap loans from international or national charity markets and institutions allows MFIs to attain their break even point much quicker, and to accumulate equity and institutional capital after the real costs have been covered from the earned income of the MFIs. As a rule, the equity capital of MFI and savings should be obtained from internal resources or commercial lenders; not from international development agencies or as subsidies from national governments. The preference of donors should be given to capacity building and the facilitation of innovative practices.

NGOs by transforming themselves into financial institutions submit to the objective of financial viability. But they should be careful to pursue those development activities, which are not market driven and cost covering along with micro finance. This could be done through a separate foundation, which supports members or potential clients of the MFIs. This foundation could then position itself to attract development aid and government subventions that will fund the provision of non-financial services to the non-entrepreneurial and entrepreneurial poor, as well as capacity building for micro and rural financial intermediaries serving the poor.

10. **The Role of Development Agencies:** The concentration of donors and development agencies in capacity building, skills enhancement and training has greater impact on target groups than engaging indirect credit or providing cheap credit funds. Development experts should devote more effort to undertaking the evaluation and accreditation of rural and micro-finance intermediaries, savings and credit co-operatives, community banks and the various NGOs engaged in this sub-sector. Donor funds should be used for institution building, capacity building,

skills upgrading, technology transfer, business and product development, entrepreneurship promotion, training and technical assistance.

In promoting the establishment of new MFI structures, it is essential that local actors participate in the MFI design, especially, when the initiative is externally promoted. Similarly, the implementation should be by local actors if the MFI is to become a viable entity. It is probably also useful to observe that financial self-help organisations are mostly savings-led, deposits and shares being the nature of people's participation in this case. On the other hand, services delivery MFIs are mostly credit-led with demand for loans and the responsible proper use thereof being the people's participation. In both cases, the sustainability of the organisation depends on the quality of its management.

Conclusion:

The number of people who make a living from less than one dollar per day exceeds 1.5 billion today. This is approximately twenty five percent of the world population. The micro credit summit has identified that in order to reach out to one hundred million poor households worldwide by the year 2005 an additional twenty-two billion dollars will be needed, predominantly from loan funds available from the commercial banking sectors of the world. The use of commercial capital to promote development will lead to additional income and wealth creation in the informal sector, thus propelling the development of the economy as a whole. Businesses, and particularly banks, should be encouraged to expend their resources in expending and professionalising the micro finance sector as a good investment for the future.

CHAPTER FOUR

YOUTH EMPLOYMENT, HUMAN WORK AND THE CHURCH

"Though the church's first care must be for souls, how she can sanctify them and make them share in the gifts of heaven, she concerns herself too with the exigencies of man's daily life, with his livelihood and education and his general welfare and prosperity" (John XXIII *Mater et Magistra no. 3)*

INTRODUCTION

Human work is a fundamental dimension of man's task on earth. It is the key to the whole social question that is, to all problems which have arisen for each one of us, for our society, and for the world at large with the development of industrialism.

Father James Akpagher, the co-ordinator for the JDPC Abuja Archdiocese has kindly asked me to share some thoughts from my experience on the theme ***"The Church and Youth Employment in Nigeria."*** This is a topic of wide significance on which I have worked theoretically and practically for about two decades now. The topic is suggested as a way to find means *by which the teeming population of unemployed youth could find some employment in Nigeria.*
The seminar shares the growing concern of the Church which aims at encouraging government in her efforts towards poverty alleviation, *"What is the church doing? What has she done in respect of animation and capacity building to help youth gain employment?*

Obiora F. Ike, presented this paper at a National Seminar on the theme **"Youth and Employment"** organised by the JDPC, Archdiocese of Abuja, John Paul II Catholic Social Centre, Wuse, Abuja 17th March, 2001.

How can the church prevail on government to help the youth? And how can the church collaborate with other NGO's to help the youth be gainfully employed?"

As is largely known, people everywhere are concerned about the growing poverty of body, mind and soul affecting virtually people in all countries of the world. They range from corruption to injustice, exploitation, ignorance, bad governance, poverty alleviation and cultural degradation, hunger and the mounting loss of moral and spiritual values, loss of faith in God, the church, natural institutions and the meaning of life itself. Many worried, honest and truth-seeking persons have called upon the dialogue of theology to intervene. Theology has delegated this function to the systematic disciplines known as Catholic social teaching, which does not shy away from issues of church and society. Social ethics therefore assumes the rational platform upon which attempts towards elucidation of the problematic and solutions are offered.

According to J.P. II in *"Laborem Exercens"*, *"A fundamental dimension of man's life on earth is human work. It is through work that man can renew the face of the earth, because through work, man creates, builds and organises the society and the world".*

Human work is the key through which all political, social, economic, religious and cultural aspects of life is co-ordinated. Everything that is, is a product of work. The food we eat, the clothing we wear, our shelter, roads, vehicles, books, education, family, culture and religion, our technology, defence mechanisms, even our spirituality. Behind all these stand the reality of human work. Work is a participation in the mystery of creation and redemption - its characteristics being that work is necessary, painful, corporate, redemptive and creative and all these give life meaning. The issue of human work is fundamentally linked up with the theme of human rights. Not to work, that is, being unemployed is a crime for it is a denial of a basic right. It is a lack of access to means and therefore a threat to life and to any meaning in life. Not only does work guarantee to citizens a means of livelihood,

it guarantees also the necessity for human respect, self-fulfillment, self-realization, corporate and historical linkage with mankind, past and present and leads to salvation , temporal and eternal.

Work in its subjective dimension is therefore the key to the Social Question, that is, the great social and economic transformations, for behind every work is the human person. Work is a human participation in God's creative activity, the means of man's fulfilment as an image of God. For us in Nigeria, the word work and unemployment is compounded by recent trends in globalization which show:

- The increase in the cost of energy and raw materials.
- The fact that the world is being intolerably polluted by industries.
- The emergence on the political and economic scene of peoples demanding for a share in the world's resources and their rightful place among the community of nations.
- The undervaluing of the vocation of motherhood.
- The development of informatics and telematics
- The relation of labour issues to dogmas of contemporary market and profit ideologies.
- The vicious circle of deflation, inflation and unemployment.
- The loss of a sense of culture and corporate work style.
- The marginalization of the agricultural sector and the massive exodus of people from the rural to the urban areas.
- The separation of work from its relation to the family. All of these give cause for concern

THE ROOT CAUSES OF UNEMPLOYMENT AND POVERTY:

Structures of Exploitation: Neoliberalism is moving ahead at high speed, together with economic globalization. It is essential to take a critical look at this economic system and to guarantee people's participation in decision, which affect their lives. By emphasizing short - term gain and the unlimited accumulation of profits, neo-

liberalism, the current economic model, neglect people's needs. While it is true that, neo-liberalism produces wealth, it distributes it inequitably.
More than ever, multinational corporations are scouring the planet in search of cheap labour and low production costs. Parallel to the growth of multinationals is the ability of investors to instantly move billions of dollars from one part of the planet to another with the sole objective of speculation and without government regulation of any sort. In fact, governments have become increasingly vulnerable to the whims of financial markets, competing with one another to attract foreign capital. This development model is deeply flawed. It represents poverty, unemployment and marginalisation for billions of people. To achieve true human development, we must move beyond symptoms and examine the root causes of today's problems

The growing gap between the rich and the poor: Throughout the world, increasing numbers of economist, social justice groups, women's groups and labour organisations are denouncing the inequalities produced by the present development model, with studies and statistics to support them.

One of the most flagrant manifestations of injustice is the growing gap between the rich and the poor both within individual countries and between the north and the southern hemispheres. The Catholic Bishops of Nigeria and the Bishops of Canada have separately, issued statements thus: *"true development will only take place if we eliminate the barriers and change the structures, institutions and attitudes which maintain flawed development, exploitation and oppression, and replace them with new structures and relations likely to foster it"(Ref: Development and Peace, Basic Principles and Orientations, 1982, p.10).*

The widening gap and the resulting social alienation are increasingly recognized as undeniable facts. The United Nations Development Programme (UNDP) states that the *"development models which are perpetuating the present inequalities cannot be maintained and do*

not deserve to be maintained" (UNDP 1994, World Report on Human Development). Even the major proponents of neo-liberalism acknowledge the widening gap between the rich and the poor, as this also even impacts negatively on the wealthy.

Employment, Work And Traditional African Society: In our original African societies, there were two sole inducements to work, namely to provide food for the family, sustain livelihood, provide shelter and access to basic needs for the family.
Work was a part of life. Nobody was called worker. It was taken for granted. Unemployment was unknown. Everybody did some useful work and most of it was in the rural areas, agriculture being the most prominent.

Traditional Africa considered every work as noble and respectful, once it served the purposes of existence. There was nothing like *"mean job"* for the slaves and white-collar jobs for the big people/masters. All work had dignity, because behind the work was a subject, a human being.

Attitude to Work in Traditional Society: The climate in traditional African society such as Nigeria allowed for two main seasons in wet and dry, nature playing a dominant role on the plantation, the style, the timing and the harvesting. People were occupied with life's demands. The lazy person was abhorred and disciplined. Sometimes, sanctions were imposed. Hard work was encouraged and rewarded with titles. The material needs in traditional society, were not generally flamboyant. People had just the minimum for existence, as a strong sense of materialism; unnecessary accumulation of wealth was generally absent and discouraged.

The needs of the family and needs of life were generally on the whole easily satisfied. The farms, supplied practically, daily needs of foods and crafts. Food such as cassava, vegetables, cocoyam and fruits were seasonally available. Meat hunt was there and consumption patterns were generally modest. There is a vacuum between Nigeria and

Nigerians as the attitude of people to national matters show (Ike O. *Church and State p.131 and 133)*

- People distinguish between government and themselves.
- They abhor government and see in it an imposition, which may be undermined. Work is considered alienating, especially paid jobs. There is no personal engagement or interest in the work done for the nation.
- It is looked upon only as a source for getting *"one's share of the national cake"* and therefore many people are prone to look at what is government's as *"no man's land"* and so render unsatisfactory services to her.
- There is strong utilitarian motive in national service and government work. Behind this assertion is the notion that work, which serves the good of foreign, powers primarily, and not that of the native workers runs the risk of being haphazardly done.

There was a technological limitation to what wealth could bring about to cause a class struggle among the people. There was therefore a marked absence of rich and poor classes, since people were generally farmers, self-reliant and subsistent. These circumstances were largely the same.

Attitude to Work Under Colonial System: With the end of slave trade and the introduction of colonial administration in Nigeria, Britain maintained a policy, which remained, exploitative and orthodox.

Colonial Policy: Orthodox colonial policy was meant to exploit available resources for the purposes of trade and it read: *"maintain law and order, stimulate the production of raw materials, create demand for British exports; raise taxes to pay for colonial rule".*

The colonial heritage led to a crisis of values, for the local people did not identify with the new nation state. There was a vacuum between Nigeria and Nigerians.

"The colonial power was not loved and was served with less than total dedication. Government business was nobody's business. Government funds were considered limitless. This mentality, had a damaging effect on the attitude to work"(IKE, O. F., Church & State in Dialogue, 1991, p. 132

The Church's Social Teaching: According to the Church's Social Teaching, a truly developed society is one in which wealth is equitably distributed. Each person has a fundamental right to the resources and conditions essential to human development. Since some consider the economy of utmost priority, before man, the subject of work, the church teaches that:

"Development is a multi-dimensional people - centered process. It aims to create conditions whereby each human being can realize his or her potential for political, social and economic fulfilment, in harmony with the common good. The rights, obligations and participation of individuals are central to this process and its objectives. The first priority is the eradication of poverty. This involves empowering people to gain control over their own lives and obtain the resources required to meet their basic needs, without destroying the environment. Genuine development is a grassroots bottom-up process, where local communities are the key players. Economic activity should be managed by people, and should respect the limitations of a fragile and non-renewable environment. The market may be a means to achieve these goals, but it is not an end in itself."

This meaning was adopted at June 1994 Rethinking Breton Woods Conference held in Washington DC and attended by theologians, economists, historians, lawyers, sociologists and Church organizations from twenty countries.

Putting Profits before People: Structural Problems

- Exploitation of resources at cheap local labour.
- Monoculture as economic forms in some countries where peasants spend time only on cocoa, tea, oil, coffee, and other goods for export, so that the state may import goods for the elite and pay its debts in the international market for technical advice received from the raw material buyers.
- Migrant labour situations and seasonal farming problems due to climate and poor agricultural soil yield.
- Imbalance in export and export relations between nations.
- Poor people who have resigned their fate and accepted the inhumanity and humiliation in which they find themselves, thereby internalizing their poverty as a normal course of life, together with the system that produced it.
- Lastly many industrial nations frown at technological transfer because, thereby, they many lose their power over the poor nations who must remain consumers if the market is to remain stable.
- Scramble for the sea, air, water and land by the strong elements which belong to all peoples as a natural right.

CHAPTER FIVE

HUMAN WORK AS KEY TO THE SOCIAL QUESTION

The Meaning and Dimensions of Human Work in John Paul II's Theology of Human work: Challenges on Nigeria

The Legacy of Laborem Exercens: The Holy Father, Pope John Paul II writes in the Document Laborem Exercens:

> *"We are celebrating the ninetieth anniversary of the Encyclical Rerum Novarum on the eve of new developments in technological, economic and political conditions which, according to many experts, will influence the world of work and production no less than the industrial revolution of the last century. There are many factors of a general nature: the widespread introduction of automation into many spheres of production, the increase in energy costs and raw materials, the realization that resources are limited, the problems of environmental pollution, and the emergence of peoples who, after centuries of subjection, are demanding their rightful places among the nation.*[1]

A summary of the legacy of Laborem Exercens and its impact on the world of work in Nigeria and Africa as a whole leads us in this paper to study the underlying tenets of this document and provide a summary of its guiding principles, which we consider a legacy for the people of Africa. Many initiatives on the continent have been guided by these principles and the Church hierarchy of the continent continues to seek for appropriate means to adapt these teachings to the apostolate in Africa, understood as *"integral evangelisation"*.

Obiora F. Ike, International Symposium organised by the Pontifical Council Iustitia et Pax and St. Thomas University USA to commemorate 20 years of Pope John Paul II "Laborem Exercens", paper presented at the Gemelli campus of the Catholic University of the Sacred Heart (Rome), New Synod Hall, Vatican City, September 12 – 15, 2001

1t is man's Duty to Work: It is a man's duty to work. It is by his work that he must procure his daily bread; by his work that he must contribute to the continuing development of the technical arts and sciences; by his work - of particular importance, this - that he must help to raise ever higher moral and cultural standards of the society in which he shares his life with the human family. In so far as we fail in realizing this, we frustrate our lives and fail in what we owe the common good, offending against the virtue of social justice, which bids us to do habitually, whatever is necessary for the common good. Since it is man's duty to work, Nigerians may need to change their attitude to work, which since the colonial experience has become exteriorized. Work should not simply mean *"Meal ticket"*, but must be more for a country with the potentialities to elevate Africa. Work must be understood as necessary, creative, corporate, painful and redemptive

The Subjective Nature of Work: Man alone is adapted to work. Indeed, work is one of the signs by which man is distinguished from other living creatures. Although active in sustaining themselves, animals cannot be said to work. Work is a fundamental dimension of man's existence on earth, and through work fulfils his life on earth. Wherefore, work bears man's signature, the distinctive mark of his humanity and nature, the mark of a person who is created in God's image to act within a community of persons. We must keep always before our eyes the subjective nature of work. *First man, then the rest.* If we do this we shall never neglect or deny the threefold external purpose of work, namely family, nation and mankind; nor shall we neglect the dignity of the working person and unique individual.

Economics is at the Service of Man: The Encyclical Laborem Exercens extols the unique worth, value and dignity of man, and asserts that economics must serve man, not otherwise. Man's special relationship to God his creator and his endowment with reason, Faith and an eternal soul make him superior over work itself, the objects of work and the tools and equipments used as working materials. Such an attitude will help rescue Nigeria and entire Africa from the

impending economic secularism or materialism facing modern nations.

The Conflict between Labour and Capital is Superfluous: The conflict between labour and capital is superfluous and based on false views of man. The undoubted source of the conflict lay in the fact that when the workers offered their labour for sale, they put their own powers at the disposal of a class of entrepreneurs who tried strenuously to establish the lowest possible wage for the work done. Apart from this, men's work was abused in other ways for the sake of profit, among the evils being the neglect of safety precautions and of provision for the health, living conditions of the workers and their fundamental human rights as well as their families. The Pope offers the basic thesis that there is a priority of labour over capital, and at the same time no inherent opposition between both. While recommending the sharing of profit between capital and labour, the Pope warns that both capitalism and socialistic communism, that is, between economism and materialism have erred in setting mankind in an antimony of ideologies to the left and right. Nigeria must reject all ideologies whether to the left or to the right. African policy-makers are thereby helped to strike a balance between rigid capitalism and extreme collectivism. We must maintain the primacy of man over things including ideologies. .

Participation is Critical: The *'personalist argument'* is offered as a valid alternative to all forms of work, which deprive worker participation in the means of production, or bureaucratize his personality. As the document points out, the man who works rightly expects something besides a fair wage for his labour. He wants also to have the process of production so arranged that he works, even on something which is owned in common, he can be aware that he is working *'on his account'*. This awareness is extinguished by excessive bureaucratic supervision which centralizes everything and makes the workers feel that he is just a cog in a huge machine directed from above; may rather, that he is for more reasons not just a mere instrument of production rather than the true subject of work endowed with an initiative of his own. Failure in this respect inevitably does incalculable damage to the running of the economy,

harm that is not confined to economic consequences but has for its first victim man himself.

Private Property: On the ownership of private property, Laborem Exercens maintains that this right is a natural one and is in order with the will of God. Ownership of property, whether individually owned or in the hands of the community as titleholder must be strictly differentiated from rigid capitalism or extreme collectivism. Christian traditions has never held that the right to ownership is absolute and untouchable, rather, the right has always been understood within the broader context of the right which is common to all men to use the goods of the whole of creation. The right to private disposal is plainly subordinate to the right of common use of goods that are intended for all mankind. In the context of Nigeria, we are guided from the above assertions to learn that one man cannot live in super – abundance when the entire masses around him live in poverty and squalor. An adequate method of distribution of the goods of the nation must be undertaken to ensure that the majority of the citizens have their rightful share in the nation's resources.

Problems Beyond Economics: Laborem Exercens rightly points out to African leaders as well as workers and employers everywhere, that some of our problems in labour and productivity are controlled by factors beyond the workers and his direct employer. Such factors, which cause dependence in economic relations, may be social attitudes and institutions, domestic labour policies as well as international trade policies and relations, multinationals, and other economic determinants, which need adequate examination. Policy makers and economic experts are thus helped from the Pope's research to know where the problems lie and to take necessary steps to curb them for the good of the worker.

The Rights of Workers are Inalienable: The rights of the workers are inalienable. By guaranteeing him these rights, the charter of the United Nations, which calls for the respect of human dignity and guaranteeing of human rights, are recognized. In the words of the Pope:

> *"As the Magisterium of the Church has pointed out several times, especially since the publication of* 'Pacem in Terris', *respect for this great body of human rights constitutes the primary condition for peace in today's world: peace within states and social groups as well as between states. The human rights that flow from work fall into the broad context of these principal rights of the person"* (L. E., n. 26).

Among the many rights of the workers which any serious nation must guide and guarantee are: the right of citizens to work; the right to just wages for work done; the right to trade unions for the defence of workers rights from all sorts of exploitation; the right to strike when this becomes inevitable; the right to own property and to participate in the ownership of the means of production; the rights to various social benefits and insurance such as health, education, leisure and rest, pension and old age, protection against threats to personality and property; rights to practice of religion, freedom of movement, speech, thought and existence. Other rights include the protection of women from chauvinistic elements of exploitation; guaranteeing the rights of migrant workers, technical workers, the disabled and unemployed; and last but not least, protecting the dignity of agricultural work by granting farmers essential support, services, loans and encouragement. In a developing nation such as Nigeria, official state policy must be aimed at achieving the full realization of these rights for the common good of all its citizens.

Towards a Spirituality of Work: Finally, the spiritual orientation offered by Laborem Exercens confirms and elevates the traditional African conception of work, which if properly understood, contributes to the development in Africa, as well as in other continents, the conception of work as a God-given vocation to help in creation. Work will thus be understood as a human obligation in the complex meaning of the word, for the Creator has commanded it and man cannot live and grow in his humanity without it. Properly understood, work has before all else the property of bringing people

together, uniting them in the oneness of God's supremacy. For through work, man cares for his family and those closest to him; he cares for the wide range of his human society, that is, the nation which is his mother, and the whole human family of which he is a member.

CHALLENGES TO THE CHURCH IN NIGERIA

1. The Nigerian Church is challenged to defend human worth and dignity, to call for a just economic order and to insist that all persons have rights in the economics and political spheres. The Nigerian Church must insist that society has a moral obligation to take the necessary steps to ensure that no one among us is hungry, homeless, unemployed or otherwise denied what is necessary to live with adequate dignity. In a country with just about 10% rich and more than 60% poor the Church cannot keep quiet. Today in Nigeria, there is unequal distribution of income, education, wealth, job opportunities and other economic goods as well as discrimination on the basis of religion, sex, tribe, and other arbitrary standards. In such a situation, the Nigerian Church must call and act for social justice and for distributive justice too. It is the duty of the Church to make it clear that the dignity of the human person is the criterion against which all aspects of economic life must be measured. This dignity can only be realized in relationship and solidarity with others.
2. The Church must stress three spheres of economic values in Nigeria: namely;

- That the economy must enable people find self-realization; fulfill their material needs through adequate remuneration; and enhance unity within the family, the nation, and the world community.
- That meeting human needs and increasing participation should be priority targets in the investment of wealth, talent and human energy. In other words, the fulfillment of the basic needs of the people is of the highest priority, namely, water, medicine, light, roads, food, schools, transport, jobs etc.
- That management and workers should develop new forms of partnership and cooperation, such as cooperative ownership of the

means of production, and workers participation in ownership and decision making, thereby broadening the sharing of responsibility in economic society.

3. Of much importance is the political area. The Church in Nigeria must insist that government is not a reserved right of any group of people, because they have the power of the gun or the economic power alone, but government is a right for every individual. Therefore, democracy, which allows participation for all citizens and checks dictatorship has to be supported. Above all, the Churches in Nigeria must remind the government of its basic duties towards the citizens, its moral obligation and the reason for its continued existence, namely;

- That of protecting basic rights as guaranteed by the Constitution, the United Nations Charter on Human rights and the Organization of African Unity Charter for Human Rights.
- Ensuring economic justice for all.
- Enabling citizens to strike a balance towards these ends by encouraging individual initiatives and social responsibility.

However, while Christian Social Principles provides positives affirmation of the role of government, it does not advocate a 'statistic' approach to political or economic activity. The principle of 'subsidiarity' is the primary norm for determining the scope and limits of state and government action.

Finally, all the moral principles that govern the just operation of any socio-economic endeavour apply to the Church itself and its agencies and institutions. All Church institutions, both the hierarchy and individual Christians in Nigeria, as elsewhere must realize that the Church as a community can make very important contributions to achieving greater economic justice. This can only be done if we have adequate knowledge of the Social Teachings of the Church.

In the Words of Pope John XXIII, we conclude this presentation:

> *"It is therefore our urgent desire that this doctrine be studied more and more. While we note with satisfaction that in many Institutes it has been taught for some times and with outstanding success, we urge that such teaching be extended by regular, systematic course in Catholic schools of every kind, especially in seminaries. It is to be inserted into the religious instruction programmes of parishes and of Associations of the Lay Apostolate. It must be spread by every modern means at our disposal: daily newspaper, periodicals, popular and scientific publications, radio and television. The laity can do much to help this diffusion of Catholic Social Teachings by studying it themselves and putting it into practice, and by zealously striving to make others understand it. They should be convinced that the best way of demonstrating the truth and efficacy of this teaching is to show that it can provide the solution to present-day difficulties. They will thus make converts of those people who are opposed to it through ignorance of it. Who knows, but a ray of its light may one day enter their mind"* [2]

1. John Paul II, Laborem Exercens, 1,3.
2. John XXIII, Mater et Magistra, nn.223 – 225.

CHAPTER SIX

ETHICAL DEMANDS ON PUBLIC SECTOR BUDGETARY PLANNING FOR POVERTY ALLEVIATION

In extending an invitation to me as guest-speaker at this pre-budget 2002 seminar aimed at assisting national economic planners and the executive arms of government to correctly reflect the aspirations of Nigeria's stakeholders in their budget preparation, and therefore enhance the quality of their work, the seminar organisers, namely the PriceWaterHouseCoopers which is the world's largest professional services organisation, specialising in the provision of leading edge business advisory services to top tier companies and government agencies specifically stated that the main purpose of this seminar is: *"To provide a forum for stakeholders to articulate what they believe are the right things to do in order to set Nigeria on a path of sustainable growth"*. Specifically, the seminar seeks to:

- *Harvest stakeholders' expectations from the year 2002 federal government budget,*
- *Convey stakeholders' expectations to the federal government for consideration and reflection in the year 2002 budget, and*
- *Establish a basis for evaluating the quality of the year 2002 federal government budget.*

These aims, noble and praiseworthy as they are, seem also ambitious. Can we as stakeholders identify these *"right things"* that Nigeria may do in order to set the nation on a path of sustainable growth. What are they?

Obiora F. Ike, paper presented at the seminar on 2002 Federal Government of Nigeria Pre-budget Analysis – The Stakeholders Voice Organised by PricewaterHouseCoopers, 3rd October 2001, at Le Meridien Eko Hotel Victoria Island, Lagos Nigeria.

How do we know them? In the field of economics, theories abound and are filled with competing values, systems and operators. We have been taught that economics is the science of freedom of choice among opportunities. Tastes are many and satisfying them knows no bounds. Only when there is production in quantity and then in quality could we be sure that human beings are at work and that supplies and prices are within people's purchasing range. Production means that labour, land, capital, resources, services and the human person are not idle. In such a situation, the demand and the supply would determine the market and the prices of goods.

Aristotle, the ancient Greek thinker described economics as the *"management of the household"* and the *"management of scarce resources'* in freedom. There is a right way of doing things. There are right things to do in order to set Nigeria on a path of sustainable growth. Freedom and a sound economy cannot grow; it cannot even survive, in every atmosphere or clime. Freedom needs clean and healthy habits, sound families, common decencies and fundamental respect of human beings for one another. Freedom requires the exercise of conscience. Can there be a free society among citizens who cheat, who do not work hard, who are untrustworthy, who flout the law, who prefer to live as slaves, content in their dependency so long as they are fed and entertained? From fidelity to truth, inner liberty is wrested. The taste of the pudding however lies in the eating. Lies have short legs and vice is not sustainable.

Modern thinkers have worked out as neither the ancients nor the medieval philosophers did, that this freedom has three dimensions. It is the three practical principles of the free society: Free in its polity; Free in its economy; and Free in the realm of conscience and inquiry. This is the challenge facing Nigeria. It is the challenge of national development planning which is the sure path to social and economic reconstruction. People-centred development and people's participation in their own development seem key elements in this endeavour. There is also the search for the basic need approach in satisfying simple people's want. Doing first things first must necessarily stand out as an agenda for a developing economy to thrive and to survive the global competition and intrigues of the present.

There is no other viable option, if history would be a good measure for our guide. And the proverb has it that *"experience is the best teacher"*.

There is nothing as practical as a good theory. No wonder, when the planned economic system claimed superiority over the liberal market economy, time was only what was needed before the truth surfaced. The claim that communism is morally superior to capitalism, and better for the poor has been proved to be empty. It did indeed pave the way for serfdom. Even for those unsure whether there is a God, a truth is different from a lie.

In this paper, I shall speak from the point of view of social and economic ethics, which is my area of specialization, and therefore give some theoretical and practical references in our attempt to respond to overall aim of conveying the stakeholder's voice.

My own topic is to address the *"Expectations from the budget on social infrastructure from the federal government of Nigeria year 2002 budget"*. The time has surely come to ask this question in a serious forum such as this to avoid the continuous drift of the polity and to face the issues that emerge squarely in the face for the common good of our people.

The Stakeholders: Stakeholders in Nigeria's social and political economy are varied and extensive - they include everybody, from the people, the citizenry to the aliens who need Nigeria's market and potentials both on the African front and the larger world. They include institutions of the capital markets and financial institutions on both national and international frontiers to the money markets within our shores of whatever shades including private sector businesses, small and medium scale entrepreneurs, community based organisations, micro finance institutions, banks whether central, government, commercial or community, retailers or financial goods and services, consumers of the products of the economy and the manufacturers; policy makers, politicians, law makers, the executive arm of government at the local, state and federal levels as well as the operators and implementers of these policies on behalf of government such as civil servants, the organised labour and the legal and judicial systems which guarantees the rule of law; they include investors, the

traders in the commercial sector, the industrialists, the faith community, the international donor and development agencies, world financial institutions, the research institutes and to a large extent, factors beyond our sovereign boundaries namely, the current trend of globalisation of goods, services and values. Stakeholders are an extensive concept. The word covers the seen and unseen hands in a macro and micro economy. It bears within it a complex relationship because the interest groups are different, the backgrounds are different and the articulations are often contradictory. Without a forum for collaboration, the stakeholders may be the losers on the run due to lack of the principle of solidarity.

Concerning the federal government of Nigeria national development plan which often is articulated through the annual budget, one needs, in the context of Nigeria, *a rational consistency, principled positions, extensive vision and knowledge of the developments on a global scale and flexibility that is able to accommodate and yet orientation, value and ethical primacy.* No economy may thrive on the cult of mediocrity, ethnicism and politically slippery inconsistency. This is one reason for the budget as a guideline.

Defining Responsibilities Of Government And Stakeholders Participation In The Economy: Nigerians await with great expectation the budget speech with almost breathless patience. Every year, the period around the preparation and presentation of a budget to the citizens of Nigeria appears as a *"season of great expectations"*. There is a great excitement and to some extent uncertainty among the citizenry. Unrealistic and unrealizable hopes are raised. If delayed, lull sets into the market and scarcity and price hikes are consequences. The impression is given that all our problems will evaporate when the budget, seen as messiah is announced. Yet the facts as we know them in our history tell a different tale. After forty-one years of Nigeria's history, with national development plans and budgets jettisoned, we are better informed.

Contradictions and fluctuations of the budget thrust of the previous year are almost like a normal event in Nigeria. Economic policies are raised, jettisoned mid-way during the budget year and even completely contradicted. If the reading of the budget speech by the

President of the country is delayed a little in the month of January or prolonged, the entire life of the nation may even come to a halt. Scarcity and high prices are sent in to fill the gap of speculation. Upon the budget rests unfortunately and falsely too, the price of gari, rice, yams, fish, suya, food stuff of all sorts, imported material, tokumbo and textile materials, building materials and of course the business of banks, the foreign exchange, the value of the Naira and even travels. Manufacturers, importers, trade unions, civil servants, contractors, builders, students and agents of the financial, social and political fabric of the nation come to an almost grinding halt waiting for the budget as if it is the expected *"Messiah"*. Travels and otherwise economic and social activity, including the hoarding of fuel and other goods and services depend on the few pages read by Mr. President and the follow-up explanations given by the honourable minister of finance. For several years, our country and her citizens have continued to live under the false alarm and tension of the expected budget speech. Many businesses have been ruined in the process and life has continued to become harder and harder for our people. Not only that the expected budget does not show drive, insight, economic profundity and consistency, the confusion of the operators, the interpretations given to it and the implementation of the budget proposals remains one of the greatest mirages and illusions which our nation faces for the past forty one years of her post colonial independence.

An example is when a budget speech read in early January of a new year proposes tariff that may not have become operative because the officers of the Nigerian Customs Service are yet to receive the memo on the operational guidelines of the said budget and the relevant officers and staff of both the federal institutions and others responsible for the budget implementation keep on saying that the budget is *"in the pipeline"*. The consequence is that the budget vision is not implemented and confusion takes place. Everyone blames everyone, *"passing the buck"* and it is still surprising to me that no one takes the responsibility of failure in our country. Many suffer, especially the poor. The economy is maladjusted. Investors are made unsure. Government loses credibility and cynicism sets in.

Examples abound such as the much talked of *"National Poverty Eradication Programme"* (NAPEP) and its previous precedents, which are failures. My first position with regard to expectations from the budget on social infrastructure is to state that we need government to provide for the *"Common Good"* of the people. But the people themselves are the original bearers of governmental authority. The original bearer of governmental authority according to Catholic Social Teaching is *"the nation as a whole, that is, the politically unified national group"*. The tasks of governmental authority, namely legislation, executive power and administration of justice arise from the end of the state which include:

- *Protection and fostering of the moral order*
- *Promoting the welfare of the citizens*
- *Guaranteeing internal security and the rule of law*
- *Guaranteeing external security in the community of nations*

The state however is *"not the presence of God"*. The state stands in the service of order. It is the supreme guarantor of the common good founded on might and right and power. The power of the state must therefore be uniform, comprehensive, sovereign and coercive. In Nigeria, as in many other countries, government has assumed or rather usurped every imaginable role of the citizenry in our country, creating the impression that individual and collective responsibility of the members of society may not necessarily count.

Government is looked upon almost as *"Almighty God"* for the solution to our myriad of problems and for providing all amenities. We all want a decent society, and we know that it costs money and other resources to build it. Furthermore, we don't trust our governments to spend the money the way we want it spent. My thesis is to state that a *"servant government"* should provide the infrastructure of life, not its superstructure, but should tilt that infrastructure to make it more accessible to those who have fared less well in the market economy or who might do so in the future. To build on the infrastructure remains the individual's and civil society's personal and group responsibility. Exercising that responsibility is what gives life its meaning. Any attempt to do it for us is well-meant theft, even if it means that, left to ourselves, we live our lives badly.

The first task must, therefore, be to work out what is meant by the infrastructure of life in modern society, what should be left to the individual, to communities and groups and how the infrastructure should be titled. *Governments, which think it right to control and administer half of a country's annual income themselves, have probably got the balance wrong.* Restoring a proper balance is likely to be the most important social change in our country and will be one change where government has to lead rather than follow. You cannot take away responsibility from the people at the level of their own competence. This is the principle of subsidiarity, much proudly invented and articulated by Catholic Social Teaching. Many western governments have now realized that they walked to the edge of a cliff and that if they continue as they are, they will fall into a bottomless pit because their promises far exceeded their ability to pay. This is the problem also with Nigeria. As a result of this impasse, every government is being forced to return responsibility to its citizens.

The first step backwards from the edge has been to get rid of all activities, which they shouldn't have been anyway, *running businesses, which the private sector could run perfectly, well and usually better.* It helped, of course, that the proceeds from this privatization went into state coffers, reducing the money, which they would otherwise have had to borrow or raise from taxes. A servant government must also be under the control of its citizens if it is to be a proper servant. Charles Handy in his much-celebrated book: *"Hungry Spirit"* made a compelling argument concerning the false expectations on government and the right way to do things.

> *"Information, the right to know what is going on. Involvement, the right to participate in decisions rather than leave it all to "them" and individuality, the right to certain freedoms and protections from the government are the three essentials of proper citizenship. Governments which say "elect us and leave it to us to act, always in your best interests" are turning democracy into elected paternalism or, less generously, into an elected dictatorship".* (Charles Hardy, *Hungry Spirit, p.232)*

Responsibility, which is, exercised once every four or five years in a polling booth is so minimalist as to be meaningless. Since under that system, citizens cannot make much difference to anything, they might not as well get involved or, if we do, settle for what is best for us alone, not for the country. Apathy and cynicism are the real enemies of democracy. By insulating us from any real responsibility for what happens around us, a paternalistic democracy makes us, literally, careless of others beyond our immediate group.

Our ambitions then become too narrowly focused, selfishness easily becomes improper. By taking responsibility away from its citizens, our governments are implicitly saying that we cannot be trusted to look after our own lives. We become improvident because we don't need to be provident, with the result that the state is left to do it all, while our irresponsibility is encouraged. When the income upon which government calculated is not there anymore, citizens suffer for what they could have easily provided for themselves namely pensions and old age care, health care, education, small and medium scale entrepreneur, small businesses, productive and incentive activities, among many other options. The old proverb is still valid today as it has always been: *"God helps those who help themselves."*

What counts as the infrastructure? How much should be left to us, and how much should governments spend on our behalf? This is a complex question for upon its resolution do governments dupe the people they are meant to serve. The responsibility of government is to use some of the riches created by the market, not to make life easy for everyone, but at least to make life possible, not to share out the money but to invest that money, in order to build a decent society. You cannot leave it entirely to those who have the money to do the spreading, because many of them won't and we have already noted that the money does not trickle down or spread itself fast or far enough. But who controls government? This is where the stakeholders voice comes in and any *responsible government must listen to the voice of the stakeholders. They are the people.*

The second step is what is going on now in Nigeria under the Bureau of Privatization of Enterprises, selling off of monopolies formally monopolized by government. They include NEPA, NITEL, banks

and several other parastatals. It is a step in the right direction. The sell off does not mean hands off regulations by the State. The only conjuring tricks is that the customer still pays much the same amount for the goods and services, receives value for money, but the money doesn't go through the government books and coffers. Normally, it gets lost there, and citizens would be constantly informed, *"it is on the pipeline"*. The hope for going to private ventures is that the lure of gain for the new managers and stakeholders and shareholders will increase efficiency and the care of customers, a good start, but not revolutionary enough.

The third step could be more promising, even though it does little to change the government accounts. Take things like *health care and education and provide citizens with a mechanism to choose between the different providers,* perhaps by giving them something like vouchers, the equivalent of cheques signed by the state, for them to spend on the outlet of their choice. The underlying idea is to turn the providers, be they hospitals or schools or universities into sorts of businesses, so improving their incentives and their efficiency. Monies put into specific government health care and educational centers have almost like gone into the *"drain"*, and not much is there to show the amount of resources invested. Whatever it is, call it a government parastatal and the symptom of *"go down the drain"* has already set in. Making providers in the system to compete can change this. There is no point in responsibility if there is no choice.

The consequences are myriad. It allows the providers to choose the customers they want just as much as it allows customers to choose providers. There may be abuses, but this is where the lawmaker can always come in to provide the infrastructure, not the superstructure, the hardware, not the software. There are many practical difficulties but this is the essence of this programme. Transcend the difficulties by daring the risks and the options available. Laudable as it is, to help the poor and the potentially excluded part of the population, it is enough to pour money over them, by way of investments in schools, hospitals and surrounding environment unless the recipients also have an opportunity to exercise some choice and therefore take some responsibility for their own future. In any case, contractors gain

access to some businesses and have an avenue to access national funds, by such contracts, even when the projects are shabbily or even half completed. A choice within limits would enhance the sense of responsibility and major decisions in our lives fostered. But let us try first. The government has been looked upon to provide all available amenities, from the defence of the realm to the provision and care of the infrastructure of the land. The government must carry even our garbage away. This has not assisted social infrastructure, but rather led to the syndrome of dependence.

Expectations On The Budget: Re-Social Infrastructure: No one would doubt the fact that part of what is called social infrastructure include the following items and that satisfying them through all possible avenues, that is, creating an enabling environment for them to be satisfied, remains one of the highest ideals of any budget or even government. These basic needs are- food, health, housing, electricity, water, roads, telephones, utilities and infrastructure, electricity, education, pensions, security to mention but a few. They are classified as first thing first approach and are known, as the basic needs approach to development. It is a fact that in our country, many people do not have enough to eat and have no jobs. They are waiting for government to employ them. The federal government is expected to know everything, do everything, and solve every problem, having usurped much of the resources and income possibilities of the land. This is the first problem. Government must therefore in the budget of year 2002 approach development from the bottom-up level by divesting much of its acquired percentages of the national resources and spend more at the levels of the communities, non-governmental organizations, the local and state governments. This is where the people live. One of the most flagrant manifestations of injustice is the growing gap between the rich and the poor in Nigeria. This widening gap and the resulting social alienation are increasingly recognized as undeniable facts. The UNDP states *"the development models which are perpetuating inequalities cannot be maintained and do not deserve to be maintained"* (1994 world report on human development). Christian social teaching suggests that a truly developed society is one in which wealth is equitably distributed and

each person has a fundamental right to the resources and conditions essential to human development. This is the official position of all the United Nations instruments and declarations, as well as the public opinion of enlightened social and private institutions and religious groups. We are generally aware that in Nigeria, the economy is no longer meeting the basic needs of people. There is widespread poverty, unemployment, hunger and desperation much of which bears eloquent testimony in these phenomena. In spite of our potential wealth in human and natural resources, many of our youth are uneducated, engage in thuggery and crime and have no access to the good things of this world. It is not only in Nigeria that this happens, in fact, throughout the world, particularly in developing countries increasing numbers of economists, social justice groups, NGO's, labour unions and churches are denouncing these inequalities produced by the present development models with studies and statistics to support them.

Given some input from the point of social infrastructure and expectations on the stakeholders, particularly the federal government, the following points needs to be made, but not necessarily in order of importance. They contain the seeds for any meaningful theoretical and practical background upon which the budget that is the national development plan within a given period of the nations existence may be guided.

Development must be based on participation, openness, accountability and cooperation. True development will take place if we eliminate the barriers and change the structures, institutions and attitudes that maintain flawed development, oppression and exploitation and replace them with new structures and relations likely to foster it.

- Economic growth is not a cure-all answer. The false belief that economic growth (an increase in the quantity of goods and services produced) constitutes the main indicator of development and everything must be done to promote growth makes the market to become an end in itself. Important as it may be, sustainable economic and human development is a much broader and larger concept than just economic growth in measuring the impact of the budget on people.
- Achieving genuine development demands that the global and national economy through its fiscal policies and annual budget and development plans place people first. The basic questions about any budget speech or plan is *"how does it benefit the poor and improve their living standard?"*
- Budget needs planning, monitoring, and evaluation but also implementation and control.
- The priority of the budget is to serve the poorest of the poor and make poverty eradication and job creation a priority. This is both a matter of political choice and will.
- Advancing human rights and human dignity.
- Security, peace and social tranquility
- Re-distribute resources to benefit all sectors of the society.
- Advocate social and economic policies designed to combat poverty, create productive employment and redistribute resources so that all sectors of the society may benefit and humanity is advanced.

Conclusion:

A federal, state or local government budget as it is now common in Nigeria to expect annually may carry with it expectations which it cannot deliver. One may even think whether the system of announcing publicly the annual budget makes any sense. And whether the month of January is the right time to announce a budget for an operative year instead of October of the preceding year to enable all the stakeholders already adjust on time. What is the practice in other countries? Is it not more laudable to have beyond vision 2010 also mechanisms for implementation 2010? What is the practice in other countries? We have myriads of examples to learn from as a developing and promising nation. It any case, much of what the budget contains as ambitions are never carried out during the fiscal year and citizens often do not bother. It has been said that if a budget delivered forty percent of its promises in any given year in

Nigeria, then a miracle would be said to have happened. Meanwhile the remaining sixty percent is not accounted for. What happened to it? Did the funds not filter out of the country into overseas fat accounts of the same operators of these budgets? How else do we explain corruption in Nigeria? There is need now to enthrone a mechanism of control of the budget, not simply by government agents themselves (no one can be a judge in one's own case), but by stakeholders in the private and non-governmental and faith communities sector, including individuals who may have the clout to research and find the truth about the operations of any given budget. What is freedom if people cannot say the truth?

Development is about people, business is about ethics is the subject of a book now under production. Development is a multi-dimensional people-centred process. It aims to create conditions whereby each human being can realize his or her potential for political, social and economic fulfilment, in harmony with the common good. The rights, obligations and participation of individuals are central to this process and its objectives. The first priority is the eradication of poverty. This involves empowering people to gain control over their own lives and to obtain the resources required to meet their basic needs, without destroying the environment. The federal and state and local governments are only a small part of the coalition that is being called for at this forum to have all the stakeholders give their voice to the national economy and the budget, which is just one dimension of development goals.

People are central, participation is important and implementation and control are paramount measures. There may be other avenues but these appear central.

> *"Genuine development is a grassroots, bottom-up process, where local communities are the key players. Economic activity should be managed by people and should respect the limitations of a fragile non-renewable environment. The market may be a means to achieve these goals, but it is not an end in and of itself" (Cf. Conference on "Rethinking Bretton Woods" held in Washington DC, June 1994).*

CHAPTER SEVEN

BUSINESS AS A CALLING: A REFLECTION ON MICHAEAL NOVAK'S MORAL BUSINESS THEORY

"Sow a thought and you reap an act,
Sow an act and you reap a habit,
Sow a habit and you reap a character,
Sow a character and you reap a destiny"
(Anonymous)

I would like to congratulate the initiators and the organisers of the 5th Enugu State University of Science and Technology (ESUT) Management Science Forum taking place in Enugu. What you do corresponds to what academy and science owes to the civil and corporate society. That you accept to carry out this responsibility is a virtue. Many refuse to carry out assignments proper to their calling. They call the bluff. The work is not done and even if the heavens would fall, they do not care. But they have omitted a duty to society, which they should normally render. It is the work of the intelligentsia in any society, exemplified through the university, to initiate, reconstruct, re-orientated, determine and posit ideas and pathways upon which creativity and action rests for the rest of the society. That you attempt through the now famous Enugu State University of Science and Technology (ESUT) Science Forum to fulfil this task merits mention and acknowledgement.

The Place Of The University In The Business World: I have been invited to discuss a topic of practical relevance on the topic of Business And Ethics in the Nigeria Economy. I do this gladly.

Obiora F. Ike, paper presented at Enugu during the 5th Enugu State University of Science and Technology Management Science Forum on October 28, 2000.

The topic is elaborate and I have taken the liberty to adjust it as there are many things to say. Above all, I stand before an audience of university teachers and graduates of universities. A University fulfils among other services to the community, one major component. It is a Knowledge and Value Provider. It stands or it fails in its ability or inability to deliver on this criteria.

According to the Magna Charta Universitatum,

> *"The University is an autonomous institution at the heart of societies differently organised because of geography and historical heritage; it produces, examines, appraises and hands down culture by research and teaching".*

A university is serious business. It is an enterprise that serves multi-disciplinary and multi-dimensional purposes. This we already know.

Critique Of The Lack Of Daring In The University: Our universities over the past 20 years have not been able to respond to the challenges of the time appropriately. They have not been able to express loudly the need for change while putting up with a passive adaptation to the symptoms of novelty. Our history in Nigeria has been that of failed attempts, hydra headed forms of corruption, the cult of mediocrity, the lowering of values, the cheapening of educational standards, the certificate syndrome as synonymous with knowledge; the mental laziness exhibited by some, both teachers and students in their lack of zeal and often charlatan demand for ideal conditions before intellectual research is possible; the lack of courage and daring; the materialisation of the intellect and the copy age, where piracy assumes a new dimension comparable to unarmed robbery, alas, without the death penalty as punishment. For what is the difference between stealing someone's money and stealing someone's thought?

Permit me Ladies and Gentlemen to mention these facts for this is the scenario, which displays the background upon which we share this Forum. It allows us to reflect on the assumption that higher education means higher productivity and ability for critical enquiry. But is this the reality? What did we do with all the good theories, which we learnt? We are into a soul and mind examination. And so far, the

situation on ground does not give room for laughter. In fact, the militarization of the Nigerian society over two decades sent Nigeria far behind our competitors among other nations and brought with it all the evils and vices which adorn a possessed people. It is the task of the University to start the process of sanitization in a democratic setting. And this is a big task. It demands of great people and great minds. It demands of sacrifice and candour. It demands daring. And the point of departure is critical inquiry, starting with the self, through the society to the global environment. A new technological era set in worldwide and it does seem that we in Nigeria could not get on board before the departure of the ship. We have continued to chase the wind. There is a new and urgent call to rethink our mission and vision and the strategies for handing down knowledge and culture. To be more precise; if, in earlier days, universities were asked to create and spread knowledge, today, they are required also to shape attitudes and behaviour, so that new social demands addressed to higher education can be fulfilled. Thus, the learning process should emphasis the capacity to work in teams, to adapt to change, to create new realities, to be flexible, to solve problems and to innovate. The University is asked to be learner-centred and the quality of the supply afforded must be measured in terms of what students know, understand and can do at the end of their educational experience. This is where my lecture starts.

BUSINESS AS A CALLING:

Actually, my topic is to consider business and ethics generally and to locate this thought within the Nigerian environment. A business corporation is not a Church, it is not a State, not a Welfare Agency, not (except rarely) a Religious Association; not a Political Association. Thus it is of considerable importance to discern, first of all, the moral ideals inherent in business as business. The business corporation is in its essence a moral institution. It imposes some moral obligations that are inherent in its own ends, structure and modes of operation. Other moral obligations fall upon it through the moral and religious commitments of its members. Thus, those who labour within the business corporation have many moral

responsibilities and a richly various moral agenda, of which the fourteen responsibilities in this paper are basic but not exclusive.

Those who do not allow that business is a moral institution injure themselves twice over. First, they fall prey to a common aristocratic prejudice. Second, since a healthy market economy is a necessary condition for the success of democracy, they diminish the prospects of the free society. In sum, business has many responsibilities to the moral ecology of our nation, and especially to the culture of virtue. It has been wrong, devastatingly wrong, for advertisers in the name of business to promote assaults on traditional values and virtues. To lie in the name of business is to injure business, for good business needs a certain culture of honesty. These are the muscles, ligaments, and sinews of the free society. Cut them and you have paralysed liberty.

The most important responsibility of the women or man of business, however, is highly personal. For according to Jesus in the Bible: *What does it profit a man if he gains the whole world and suffers the loss of his soul"?* (Mark 8: 36). In other words, one must raise the first concern of ethical reflection, which is: how one's actions affect one's soul! *"Business is an economic activity, which, simply by being what it is, serves the common good of the community in several ways".* (Novak, P. 139).

Permit me to quote from Pope John Paul II Encyclical letter **Centesimus Annus** (1991) where he says:

> *"The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one. Other human and moral factors must also be considered, which in the long term are at least equally important for the life of business".*

In the words of Michael Novak in his new book: *"Business is a Calling"*, he expresses the view that:

> *"The business corporation is a fascinating institution.*
> *It is a social institution but independent of the State.*

> *Its legal existence is transgenerational.*
> *It goes on even when the progenitor dies,*
> *and it may endure across many generations" (p. 135).*

The business corporation is also a mediating structure, that is, a social institution larger than the individuals who make it up, but smaller than the state. An institution *"both voluntary and private, it stands between the individual and the State and is, perhaps (after the family), the crucial institution of civil society"* (p. 136). The private business corporation is a necessary but not sufficient condition for the success of democracy. A question arising therefore from the above posits: Is there and should there be any ethics in business? The answer is a capital YES. There must be ethics in business even to serve the survival of business as a business and the survival of society itself. How could there be business without a guiding moral thread, a code of conduct and one might say, an ethics of the profession?

What Business Must Do From Within: The art of enterprise called business is a morally serious calling. It needs men and women of virtue to fulfil it. This is why looking into the topic of business and ethics, a set of criteria is developed, they are virtues of Ethics in Business, called by Novak as *"corporate responsibilities"* (p. 139ff), which constitute a primary moral duty. They must be met for any business to succeed, not just quantitatively, but also qualitatively. They are crucial to the health of the State and, more importantly, to the health of civil society, which is the master social reality.

They include seven internal responsibilities:

1. To satisfy customers with goods and services of real value.
2. To make a reasonable return on the funds entrusted to the business corporation by its investors.
3. To create new wealth.
4. To create new jobs.
5. To defeat envy through generating upward mobility and putting empirical ground under the conviction that hard work and talent are fairly rewarded.
6. To promote invention, ingenuity and in general "progress in the arts and useful sciences".
7. To diversify the interests of the republic.

What Society Must Do To Business From Without: But there are also seven other responsibilities from outside business which form the basis of an ethics of business necessary for success within the new dawn of Nigeria. They must be given a chance for the nation to rise again. They include in the tabulation of Novak, (pp. 146ff) the following:

To establish within the firm a sense of co1 nunity and respect for the dignity of persons, thus shaping within the firm a culture that fosters the three cardinal virtues of business: namely;

- Fostering respect for the standards, discipline, motivation and teamwork that brings out the best in people.
- Encouraging their moral and intellectual growth.
- Helping people gain a sense of high achievement and personal fulfilment.

1. **To protect the political soil of liberty**: Since the survival of business depends on the survival of free institutions, the responsibilities of people in business include the need to build majorities well informed about the principles of a free society. Business is plants that do not grow just on any soil; they depend on specific sort of political environments. People in business therefore have a responsibility to be watchful over their political society, even as a matter of survival. Those involved in business must come to see how fragile their activities are, for they can be crushed by war, revolution, tyranny and anarchy. Businesses should encourage their employees, retirees, and shareholders to take political ideas and policy issues seriously, to participate in electoral campaigns, and to vote.
2. **To exemplify respect for law**: Business cannot survive without the rule of law. Long-term contracts depend for their fulfilment on respect for law. It is doubly scandalous for people in business to break the law for they depend on the law for their survival. It is wrong in itself, and it is also suicidal, since to the extent that the law falls into disrespect, the life of corporations is rendered insecure, if not impossible. Companies that cut corners, or waffle morally, shame their profession.

3. **Social Justice**: This is a virtue that is highly important to business. The essence of social justice is to look with the eyes of justice (give to each his/her due) at the present condition of society; to reflect with others about what needs to be done to improve things; and to act with others in practical effective ways to move towards that goal.
4. To communicate often and fully with other investors, shareholders, pensioners, customers and employees.
5. **To contribute to making its own habitat, the surrounding society, a better place:** It is much to the advantage of the business firm that democracy succeeds. An active private sector is a good alternative to a dictatorial State. The business firm has a strong responsibility to become a leader in civil society. It has therefore to contribute to other stakeholders in the areas of education, the promotion of arts, the youth, environment, care for the elderly, the homeless and the poor. By this, the business nurtures the networks of the civil society and strengthens those of its allies who provide an alternative to government.
6. **To protect the moral ecology of freedom:** Through advertisements, some businesses think they make more money. If such advert undermines virtue and the cultures upon which the free society rests, the business suffers in the long run. Corporate Executives have grave responsibilities to supervise their advertising departments far more rigorously than they now do, discerning whether their product weakens in the public mind the virtues on which the free society depends.

CHAPTER EIGHT

THE CHALLENGES OF MICRO, SMALL AND MEDIUM ENTERPRISE FINANCE & CAPACITY BULIDING IN NIGERIA

Economic relations are increasingly global. New information and communication technologies are rapidly traversing the earth, giving rise to new business opportunities and a new spirit of entrepreneurship. For Africa, this most recent era of globalisation has brought with it an entirely new set of economic, social and ethical challenges, and exposes even more clearly the vagrancies between western and traditionally African ownership and management structures in economic life.

From the perspective of a developing country, a fair test of prevalent economic structures should be in their ability to achieve an improvement of living standards, a fair distribution of the fruits of economic prosperity amongst the world's citizens and the sustained development of communities in an efficient, effective and equitable manner. As such, there is a need to develop proposals and guidelines for a greater harmonization of the market economy with the requirements of human and social development. In the Nigerian context, and with respect to the very important on-going discussions on the Small and Medium Industries Equity Investment Scheme (SMIEIS), it is crucial that our discussions and deliberations result in access to finance and basic support services for the smallest unit of economic activity, arguably the small enterprise or business firm.

Paper presented by Ndidi Nnoli Edozien, at a Public Forum of Finance Executives and Micro Finance Practitioners in Lagos, Nigeria

In spite of the best efforts of the banking system and government funded SME - financing schemes in recent years, the vast majority of financial services in Nigeria are still being provided by specialized traditional retail financial intermediaries. This is particularly so in rural areas and the urban informal sector where most of the low-income people live and operate their small and micro-enterprises. The outreach of the formal banks remains limited in these areas. The cost structures, operational infrastructure and inexperience of the banks in assessing the risks of this market, as well as the unfavourable micro-economic environment prevent them from providing effective financial services to Micro Small and Medium Scale Enterprises.

In addressing issues of sustainable wealth creation and economic development, Nigeria has tended to overlook the opinions of those most directly affected. In practical terms, the private and public sectors alike, have designed, in good faith, sophisticated poverty 'alleviation', 'eradication' and SME funding schemes, with little impact on sustainable SME development in the country. It is important to remember this history as we design the financing mechanisms and capacity building schemes for the various initiatives designed to support micro, small and medium scale enterprises and promote decentralised economic development, including the Bankers Committee Small and Medium Industries Equity Investment Scheme (SMIEIS), in Nigeria. It is particularly essential to note that key ingredients of people-propelled development including ownership, participation, discipline, co-operation and sustainability - have emerged as important hallmarks in effectively tackling poverty, while leakage, randomness, poor targeting and exclusion are the major pitfalls to avoid. It is also important to recognize that the major demand of impoverished people, and particularly of poor women, is not primarily for food or other kinds of temporary relief, but more for various types of input that can help the poor generate an income on the basis of existing skills (wealth creation). Interestingly, the most preferred input is credit and the accumulation of savings as a precondition for gaining access to credit (Micro-finance). Without meaning to assign blame for the economic challenges we face in

Nigeria today, it is instructive to relate the enduring efficacy of community self-help development projects to the consistently poor results of government-led poverty alleviation programs over the past two decades. Nigeria currently ranks 151st out of 174 countries on the Human Development Index (HDI). Latest official estimates put the poverty level at 70 percent of the population. Figures published by the Federal Office of Statistics (FOS) also indicate that not much has been achieved as regards stemming the advance of poverty amongst the Nigeria people. Estimates shows that some 65.6% of Nigerians lived below the poverty line in 1996, a marked deterioration from previous levels of 42.8% in 1992 and 27.2% in 1980.

The Role Of Traditional Financial Intermediaries: Nigeria's future is in the diversification of its economy and in the empowerment of Micro, Small and Medium Scale Enterprises (MSEMEs). The challenge before the country then is in providing access to capital and loans for a large number of people, and in forging mutually profitable linkages between the indigenous informal sector and the Nigerian private sector, which should be interdependently and competitively integrated into the global economy. This phenomenon will play a crucial role in diversifying the Nigerian economy, creating employment and nurturing MSMEs. As a direct response to the socio-economic challenges faced by micro, small and medium scale enterprises, several traditional credit delivery mechanisms have emerged, and retail financial institutions that are based on traditional co-operative, self-help and intermediation principles can be found throughout the country.

The various Informal Sector Financial Intermediaries (ISFIs) include:

- Credit Unions.
- Co-operatives.
- Community Banks.
- SME Association (apexes).
- Micro-finance Companies.
- Mobile Bankers/Money Lenders.

Usually, these retail institutions operate under the principles of savings mobilization through specialized savings products, provision

of credit to clients and peer pressure as basis for collateral. There is growing need for the government and private sector to recognise the unique services and contributions of the ISIFs, as institutions that can effectively link conventional capital markets to the underdeveloped Micro, Small and Medium Enterprise, sector.

THE CHALLENGES FACING MSMEs: Strides in Information Technology and the popularisation of technological innovations such as the Internet have significantly advanced the creation of a "global village", wherein it is no longer possible to isolate the local from the universal. The phenomenon recognised as 'globalisation' today, poses a major challenges to MSMEs, which should constitute the bedrock of any viable economy. Unfortunately, the lack of support for MSMEs in Nigeria increases the vulnerability of small, indigenous businesses when faced with competition from multinational corporations (capable of carrying disproportionate operational losses to gain market share), and the massive importation (and dumping) of goods, amongst others. The time in Nigeria for theorising is past and what we require at this stage are practical solutions for our problems, increased dialogue and the creation of win-win partnerships that will bring good ideas to fruition. Nigeria has never had a dearth of good ideas but rather has failed in the implementation and follow-through on a retinue of well-intended, often appropriate development programs. We must face squarely the fact that the greatest challenge faced by MSMEs today is the lack of access to capital at affordable rates and with appropriate loan terms. This is unfortunate because loans are boosters that increase the speed and volume of business growth. Thus, the banking sector's present classification of ISFIs and MSMEs as high-risk, high-cost, low-volume transactions and the consequent denial of access to capital denies the very economy we wish to resuscitate of the much-needed oxygen it desperately needs to survive. The world's most open secrets are in the discovery tha small money is big money when collected by many and when used by entrepreneurial savers for mutual benefit. This is the reality of successful micro-enterprise operations spread across Nigeria today, with repayments on non-collateralised loans exceeding 95% over a ten-year time frame.

SME Financing And Capacity Building Mechanisms: Hopefully, one of the positive outcomes of the Bankers' Committee Small Scale Industry Equity Funding Scheme will be to deliver new, or support existing effective, mechanisms for MSME financing and capacity building. There are several initiatives being designed, and fortunately banks are consulting professional investment managers, development agencies, government and NGOs in search of credible mechanisms to design appropriate, sustainable SME funding and capacity building programs. As a result, win-win partnerships are emerging between arrays of stakeholders in the Nigerian economy, which will ultimately result in a more holistic approach to development than, has been adopted in the past.

The Growing Business Foundation (GBF) itself is one initiative born of the collaborative efforts of several private sector enterprises to promote the healthy economic development of communities in Nigeria and empower the poor by developing a credible, accountable and cost-effective mechanism for channelling the resources of socially responsible businesses to micro, small and medium scale enterprises.

The concept of Corporate Social Responsibility reflects companies' efforts to positively impact the communities they serve, or in which they are located. It is our sincere hope that the initiatives of the Bankers' Committee and the private sector will empower others to explore territories beyond the paradigms within which we currently feel safe to operate. Especially for those with access to the resources required for investment in the future of our country. Perhaps the most important point worth highlighting when addressing the issue of SME financing and capacity-building mechanisms is that development must be people-centred and the poor empowered to participate in their own development. For in empowering our people, we build upon our most valuable resource and ensure a solid foundation for the sustainable development of our economy.

THE IMPORTANCE OF MARKET LINKAGES: The GBF is working with the private sector to strengthen the institutional capacity of rural and micro-finance intermediaries (informal sector financial intermediaries) whilst simultaneously fostering wealth creation by

building up micro, small and medium scale enterprises. In conjunction with ensuring access to finance, this strategy will play a key role in building market linkages that facilitate the intermediation of goods and services between MSMEs and the formal private.

Amongst the various efforts of venture capital companies and the banking sector to implement the SMIEIS, a concerted effort should be made to strengthen market linkages between the formal and informal business sectors. This can be achieved by building upon the international best practice of "outsourcing" by large-scale at businesses and multinational companies to small and medium scale enterprises.

The success of Aiico Insurance Companies PLC in extending over 5000 life policies through a network of micro-finance intermediaries in communities, at little or no administrative cost, demonstrates the effectiveness of this strategy. Along similar lines, the global leader: PriceWaterHouseCoopers, is involved in the delivery of first class business advisory services to informal sector financial intermediaries and capacity building for micro, small and medium scale the community level. United Bank for Africa PLC has utilised this strategy to effectively extend credit to micro, small and medium scale enterprise without incurring the usual overhead costs associated with small scale lending. Monthly loan recovery rates have remained at 100% since the inception of the program. One of the next challenges will be to apply this model to the distribution of manufactured goods in the remote rural communities of Nigeria.

CONCLUSION:

People must be the source and ultimate purpose of development. The objective of effective partnership for sustainable development must therefore extend beyond the indices of economic progress to include its ability to cater for the whole human person and encompass persons of a nation. During the years of military rule, non-governmental organisations excelled despite the difficult socio-economic environment in fine-tuning service delivery to the micro-enterprise sector, often referred to as the informal sector of the economy. Today, some leading micro-finance practitioners have

emerged. In a bid to increase the visibility and creditability of the informal sector financial intermediaries, GBF has extended credit, at rates linked to the risk-free rate of return (Treasury Bill Rates), to selected micro-finance institutions that demonstrate a balanced measure of creditability, expertise, experience and culturally-rooted orientation in facilitating access to credit at the grassroots: LAPO, CIDJAP (SPF), SEPTA, GWEDE, ECOFWE, POVINAA, SEAP, ACCORD, amongst others.

In addition, there exists a growing network of community banks, voluntary associations, credit union and co-operatives operating at the periphery of the formal financial sector with direct and effective linkages to the small and medium scale entrepreneur. That the micro and rural finance industry has a vital role to play in creating a dynamic economy, more equitable society and in empowering the poor is an indisputable fact. Fortuitously, the Federal Government of Nigeria and the private sector have taken a keen interest in the micro, small and medium scale enterprises, under the Obasanjo administration.

However, the present reality is that the material resources required to make any meaningful impact on MSMEs are in the hands of the government and the private sector, whilst the experience and expertise to address the needs of communities and their emerging MSMEs has been painstakingly acquired by various categories of micro-finance practitioners and informal sector financial intermediaries including community banks. The present challenge therefore exists in our ability to:

- Fashion an interdependent and collaborative relationship amongst the key stakeholders: government, the private sector, micro-finance practitioners, informal sector financial intermediaries and MSMEs, to stimulate an enabling environment for sustainable economic development;
- Ensure the participation of all stakeholders (including the proposed beneficiaries) during the planning stages, because only through the peoples participation can the sustainability of development programs be ensured;

- Evolve a development program which can be integrated with the cultural values of the beneficiaries, for it is only in honouring these values they relate to the past and the present that we can fashion a better future.

CASE STUDY OF AN EFFECTIVE AND INTEGRATED CAPACITY BUILDING AND FINANCING MECHANISM IN UGANDA:

By the mid-1990's most Ugandans were unable to benefit from Uganda's improving macro-economic status. Uganda thus embarked upon an effort to expand economic opportunities and access for the Small and Micro-enterprises. (Micro-enterprises are normally defined as a business with fewer than ten employees and most often have no more than three employees including the owner and family members.)

In 1997, micro-finance in Uganda was in its infancy with institutions attempting to provide loans using poor policies, low interest rates, lax repayment enforcement and weak systems. Micro-finance refers to financial services such as savings, loans, insurance, transfers and other financial transactions that micro-enterprises need to run and expand their businesses. Institutions that deliver micro-finance services are often referred to as Micro-Finance Institutions (MFIs). They include banks, Non-Governmental Organisations (NGOs), private companies, building societies and savings and credit co-operatives.

On award of a four-year contract by USAID in March 1997, PWC established the Centre for Micro-Finance (CMF) with five permanent professional staff and short-term technical resources for information technology, legal and study visit assignments. Only the Director was an expatriate as one of the intentions from the outset was to build Uganda resources. The purpose of the CMF was the encouragement and fostering of Uganda's continuing development of organisations that support private sector development with emphasis on organisations that provide financial services to disadvantaged individuals in the micro and small scale business sector. The vision saw micro-finance as a viable part of Uganda's financial system, able

to deliver financial services to a large number of rural and urban poor without long-term reliance on donors. It combined the provision of grants, training and technical assistance to support organisations that demonstrated commitment to the provision of services to be sustained over the long term as well as to improvement of the lives of the poor especially in distant areas with few services. In particular, the program aimed to identify and assist organisations committed to increasing opportunities for women-owned enterprises. The CMF set out to build a set of core attitudes, methods and competencies within MFIs. The most fundamental shift required the realisation that a 'business' approach rather than a 'social welfare' approach be in the best interests of both the MFI and the client. The CMF did not mandate that any one particular methodology be used. Although most use solidarity groups and village banking approaches to deliver savings and credit services with group pressure replacing traditional bank requirements for collateral, there are many variations in practice. The CMF did, however, promote a set of policies and procedures adhered to globally and recognised as "best practice".

The core competencies required for an MFI are similar to those required for any professionally managed company: a good plan, good policies and procedures, good systems and skilled staff, CMF training and technical assistance focused on the following areas:

- Setting full cost covering interest rates.
- Managing delinquency.
- Preparing business plans, including realistic financial projections.
- Refining credit policies and procedures.
- Establishing accounting systems tailored to the requirements of micro-finance.
- Improving loan-tracking systems.
- Interpreting financial statements through ratio analysis.
- Evolving ownership and governance structures to meet needs for transparency and accountability.

The Centre for Micro-finance, was designed and implemented by PriceWaterHouseCoopers in Uganda, and financed by USAID. The CMF developed three main policies for service delivery:

1. The first was allowing easy entry into the programme but "de-selecting" those MFIs that did not make changes in their organisations following CMF training in which more than 2,000 people participated. Grants and on-site technical assistance were provided only to those MFIs that demonstrated seriousness of purpose.
2. Second, the CMF co-operated with other training service providers by providing training and written curricula to other organisations that may be able to replicate the training and thus extend its impact. This helped to build and grow a number of private sector, business service providers and local consultants in the field. They will continue to serve the MFI industry.
3. Finally, the CMF kept policy makers well informed in order to support the creation of an enabling environment. This was accomplished through a series of high-level policy seminars, on-going dialogue with key figures and support to the Micro-Finance Forum and the Association of Micro-Finance Institutions in Uganda (AMFIU), organisations that originally grew because the CMF was there as catalyst. The CMF also established a resource centre, now transferred to the Uganda Institute of bankers, for the use of MFI management and staff, researchers, government bodies, donors and others that provided exposure to micro-Finance best practices globally and allowed the CMF to exchange information through its web site.

As the leading MFIs, banks and GOU Ministry of Finance and Bank of Uganda officials recognised that the CMF was providing state of the art services and training, the staff was sought after to provide advice and serve on the dangers of over regulating the infant industry and thus choking it before it had a firm foundation in Ugandan society. On the other hand, it was essential to protect the savings of customers. The CMF Director and Senior Manager played an important role in defining the various levels of institutions and determining the amount of regulation necessary for each tier. In one case, a clause in the draft bill was amended to allow MFIs more leeway in their methods after lengthy discussions. The mid- term

external evaluation of PRESTO concluded that the major impact/achievement of the CMF was "to educate the micro-Finance community about 'best practices'... The CMF has contributed to a more business like approach to Micro-Finance and convinced many MFIs of the need to charge full-cost interest rates and fees. As a result of CMF activities, a number of MFIs - particularly those that were struggling to recover costs - have installed loan tracking systems, improved their pricing of products, and developed a plan for reaching financial self sufficiency"

In the four years of the project, the CMF exceeded by a wide margin the milestones established in the implementation contract. The required number of active borrowers at the end of the project was 90,272. The number achieved was 161,831,79 per cent greater than targeted. The number of new savers in CMF supported MFIs was 210,549, a figure that exceeded the target by 384 per cent. Twelve MFIs had delinquency rates below ten per cent and loan losses of less than five per cent, while the contractual target was seven.

Although challenges remain, the CMF has been a key player in the development of a micro-Finance industry in Uganda. It has assisted a core group of 15 - 20 MFIs to become professional organisations oriented to the long-term provision of financial services to poorer people. As this dynamic industry goes forward, it faces new challenges of increased competition and new regulations. This is part of the process from donor funded projects to corporate structures with strong owners, Boards of Directors and Professional Managers offering sustainable financial services adapted and responsive to the needs of their market: the low - income population of Uganda.

CHAPTER NINE

COMMERCIAL CREDIT: PROSPECTS FOR INSTITUTIONAL SUSTAINABILITY

FOOD FOR THOUGHT

AS MFIs begin to wean themselves away from their dependence on subsidies and start to adopt the practices of good banking, they will be forced to further innovate and lower costs.

Not only may this ultimately mean better service for the poor borrowers, but more importantly, it is argued that as MFIs become profitable they will be able to increasing (ly) tap into the vast ocean of private capital funding. *If this happens the micro-finance sector as a whole will soon be greatly leveraging the limited pool of donor funds and massively increasing the scale of outreach in ways that is hoped could begin to make a truly significant dent on world poverty. (Conning, 1998: 2)* [1]

The Micro-finance industry's full Potential in Alleviating Poverty Is yet to be Unleashed: The Micro-finance industry holds the key to unleashing the wealth generating potential of the several tens of millions of people living below the poverty line, in Nigeria. In fact, amongst you, members of CDMR, lie some of the remaining traces of evidence that Nigerians are honest, hardworking, naturally intelligent and industrious members of civil society. *Micro-finance institutions (MFIs) must therefore seek ardently to overcome the constrains*[2] currently limiting the industry's growth potential.

Ndidi N. Edozien, presented this paper at an Economic Forum for Bankers and Financial Institutions on Community Development and Micro Finance in Lagos, Nigeria.

Especially since micro-finance stands to be the most lethal weapon against poverty in Nigeria, and with it against the many consequent social vices: malnutrition, poor health, illiteracy, low self-esteem, crime, conflict and environmental degradation.

The Industry should be Proactive and seek Indigenous Solution Whilst Embracing ideas and lessons learnt by Counterparts abroad: The objective of this paper is to suggest alternative, indigenous means of addressing various constraints commonly faced by micro-finance institutions in Nigeria. Neither the constraints nor the suggestions contained herein aim to be exhaustive, but rather to stimulate discussion and assist in identifying a common, desirable pathway to achieve the sustainable growth of the industry.

The successful transformation of Bancosol in Bolivia from an NGO to a financially sustainable, licensed commercial bank provides an important reference point on the subject matter for discussion: **"Commercial Credit: Prospects for Institutional Sustainability".** Two key facts about Bancosol are relevant to this discussion:

i. Bancosol funded the expansion of its operations by capturing commercial loans deposits from the public; and
ii. Bancosol was able to achieve financial sustainability, despite the increase in the banks average cost of funds from 4% to 12%.[3]

Access to Commercial Credit will Mitigate the risk of Dependence on Donor Agencies for Loan Funds Supplement the inadequate Volume of funds available for lending, and Increase Loan funds available to service successful repeat Clients: Adopting a common platform for gaining access to commercial credit will assist the micro-finance industry in understanding and adopting the structural adjustments required to achieve financial and institutional sustainability. To date, the expansion of most micro-finance institution's loan portfolios and program activities have coincided with the extension of grants from donor agencies. The ability to supplement available loan funds by accessing commercial credit will allow for a more service-oriented, demand driven approach to extending loan facilities to clients.

As membership grows and current members become more successful, the need for additional loan funds will increase exponentially. In order to support this growth, it will be necessary to grow the size of the MFIs loan portfolio. Access to commercial credit will allow for the required increase in loan funds since *"commercial funds from private sources are more plentiful and flexible than donor funds".*[4]

Commercial banks are run with a profit motive and consequently, are risk averse, seeking fewer higher yielding transactions. In reality, even the most successful micro-finance programs, when seen from the banks perspective, are comparatively small transactions with high transaction costs and consequently low returns.

This constitutes a barrier to entry for banks into the micro-finance business, and an opportunity for existing MFIs. With access to commercial credit, a micro-finance institution can profitably finance the businesses of successful repeat clients, without drifting from its mission of poverty alleviation. The adoption of this methodology would also eliminate the loss of successful MFI clients to the formal banking sector.

Financial advice from independent auditors of repute will help In Strengthening somewhat weak institutional structures clearly defining impact evaluation and Performance indices improving standards of Service Delivery, Motivating Staff and Significantly Improving linkages to the formal financial sector: The Growing Businesses Foundation is partnering with member banks and PriceWaterhouseCoopers to review the financial accounts and processes of selected micro-finance institutions in Nigeria. This exercise will result in reasonable recommendations intended to improve the industry's prospects for gaining access to commercial credit from the Nigerian banking sector. The institutionalization of the MFIs is crucial to its long-term financial and organizational sustainability.

Regular reviews of micro-finance institution by a recognized and independent body, with feedback to the organization under review, will provide significant support in insitutionalizing the MFI.

The development of impact assessment tools and performance indicators in collaboration with the private sector will assist in establishing commonly accepted criteria to assess the risk profile, sustainability and outreach of MFIs. Adherence to this process will facilitate linkages with the private sector and improve access to alternative sources of funds. As the micro-finance institution expands its outreach and diversifies its funding base, sustainability will be ensured through the adoption of results oriented processes that enable it deliver a range of services in a cost-effective manner, without compromising service standards, and adequately compensating staff. And independent endorsement of the MFIs ability to manage this process will significantly enhance prospects for access to commercial credit. Private sector endorsement of an assessment methodology for MFIs, and the availability of quantitative and qualitative information on the micro-finance industry from an independent, reliable source will raise awareness and confidence in the Nigerian micro-finance industry. This will result in better linkages between MFIs and commercial banks, and will significantly enhance the prospects for gaining access to commercial credit at low interest rates.

The CDMR is an ideal Forum to seek Solutions to Common Problems Such as Sustaining fixed interest rate Policies in an Inflationary Economy Financing Disproportionately High Operating Costs, and the Absence of a regulatory Framework for the Industry Access to Commercial Credit will not Substitute for Donor grants but will Enhance the MFIs Prospects for Institutional Sustainability And Improving Linkages with the Private Sector: There must be a *collaborative* approach by MFIs to evaluate and adopt alternative strategies with the potential to assist MFIs in attaining financial sustainability.

The Growing Businesses Foundation is willing to work with CDMR members to strengthen linkages with the private sector, including the banking sector, and access commercial credit for MFIs at the risk free rate of return. Every micro-finance institution faces the following two challenges:

i. How to cover its cost of operations from the interest income it earns;

ii. How to ensure the capital growth of its portfolio remains apace of inflation.

These solutions can easily and immediately be implemented in Nigeria through:

i. The establishment of an independently managed endowment fund, for supplementary income to cover the MFIs cost of operations;
ii. Indexing a portion of investments to the USD (Brady Bonds, for instance) to militate against any sudden devaluation of the Naira.

The MFIs role as an NGO is crucial to its effectiveness as a rural intermediator and the importance of accessing donor funds - for the continuance of capacity building and educating the poor-cannot be overstated. However, the development programs of MFIs constitute operating costs, which should be separated from the institutions lending programs. Management Information Systems that distinguish between these programs are crucial in determining whether commercial credit is being profitably utilized by the MFI. This is the time for collaborative action in creating a policy environment conducive to micro-finance activities. The Central Bank requirement that banks invest 10% of their profit before Tax in small and medium scale enterprises[5] should thus be welcomed as a step in the right direction.

Micro-finance programs involve many small transactions each necessitating painstaking technical support, and thus resulting in higher transaction costs, high risk (as defined by the absence of collateral) and comparatively low returns. Much of the micro-finance work, and its corresponding cost, is done with a development objective and could not be achieved by an organization with a profit motive.

However, significant leverage is afforded an MFI by gaining access to commercial credit, in terms of minimizing its dependence on donor grants and allowing for the expansion of the MFI's loan portfolio in accordance with the demand of its clientele (loan beneficiaries), and based upon its strategic plan. Also crucial to the growth of the

industry, is the function of inter-mediating and building linkages between the micro-finance industry, the formal banking sector, the private sector and the government.

Conclusion:
The micro-finance industry has established itself well enough to build mutually beneficial relationships with the private sector, and access commercial credit. The members of CDMR may wish to consider outsourcing and centralizing immediate efforts to establish linkages between MFIs and relevant interest groups as a catalyst for the growth of the industry.

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CHAPTER TEN

CULTISM VERSUS FREEDOM AND LEARNING IN EDUCATIONAL INSTITUTIONS IN NIGERIA

Permit me to begin this reflection by expressing profound gratitude to the Rector, the management and the entire staff and students of the Akanu Ibiam Federal Politechnic Uwana Afikpo. Your invitation expressed through your co-ordinator Mr. C.E. Okoli conveyed vividly your desire to share our vision and hopes, our aspirations and limitations and I feel privileged but humbled even as I accepted to be guest lecturer at today's unique occasion. I congratulate the organisers of this First Polytechnic Seminar and wish the deliberations success. Long live the immortal memories of Sir Akanu Ibiam. Long live the Federal Polytechnic Uwana. I still believe that light outweighs all darkness and the vicissitudes of the present cannot dampen the courage of all who work and dream for a better world. We are all part of this dreaming team, which makes the dream real, and our hopes concrete. Sir Dr. Akanu sustained such a dream till his death. We are the heritage! May God bless his soul.

The Reality Of Conflicts And Crises: We need not look far to discover that all around us, there are a number of conflicts and crisis of varying dimensions. It is not that these conflicts are new, perhaps they manifest in other forms, but in our times and in our country Nigeria, they seem to have assumed alarming and disproportionate levels, leading to deaths, agony, wars, stress and social disorder. We find these conflicts, call it crisis in the dialetics of contradictions between governments and their citizens, between trade unions and employers, between the social and racial groups and classes, between ethnic group within our country and in the age gap of the youth and the elders.

Paper delivered by Obiora F. Ike at the Maiden Polytechnic Seminar organised by the Federal Polytechnic Uwana Afikpo Ebonyi State on 5th April 2000.

The educational institutions reflect also these contradictions in manifold ways. Crisis and conflicts have led to recent deaths in Nigeria in February and March 2000 of over one thousand innocent citizens in a faked religious crisis between Christians and Muslims over the attempted introduction of the Sharia penal code on the level of state criminal justice system in Kaduna state. The tensions, even as we share this lecture within the Nigerian State do not seem to lessen but have assumed greater dimensions, costing lives, leading to social upheaval and the general destruction of lives, property and the peace of the *"bonum commune"*.

But why, why these destructions, people ask? For people of good will everywhere, for me as a Christian, this situation poses very important questions: 'What should be our attitude to the conflicts in which we find ourselves and which we see around us? Should we take sides or must we always remain neutral? Does it concern us? How do we manifest it? This, in my opinion is the crux of the matter during this seminar on *Cultism versus freedom and learning in education institutions*. Where do we stand?

The Challenge Of Truth: I desire to reflect in this context on a matter, which bears great relevance to the topic under discussion. It has to do with the confusion of the present times and the lack of certainty, call it perhaps the lack of a definite and sure orientation to guide people's lives and societal destiny. There were times, in those days, when people were sure of their beliefs and the customs of their fatherland. Today it is fashionable to question everything including oneself. People these days postulate the position that: the old certainties are gone. Virtue is gone. Truth is gone. Shame is gone. Integrity and credibility are gone.

The traditional answers seem redundant. Thorny questions occur with ever increasing frequency. Today, the vocabulary of right and wrong, of duty, and the neglect of duty, of sin or of shame has become difficult to use. Our age is confronted by decisions, which previous generations did not have to face. The problem is exacerbated by the fact that many people have rejected the traditional sources of ethical illumination.

Yet a further source of complication is the new global and pluralistic environment. We live in a meeting point and global village environment, people say. Culture is a thing of the past, they believe. John Scally in his editorial to the book: *"Ethics in Crisis"*, Veritas, 1997, Dublin p. 9 has demonstrated that:

> *"Although pluralism is not new, the scale of it in contemporary society is marked by an almost bewildering proliferation of opinions, believes and world views. This pluralistic ambience is potentially of great value to ethics, bringing a more vigorous intellectual confrontation with basic ethical problems and a more open and public debate about ethical questions".*

In the light of the moral diversity, and the proliferation of moral languages issuing from our plural and global world, what must remain central to humanity after the fact of relativity is acknowledged? Nothing? Something? What? Several questions emerge: Could legislation cover these ambiguities in life? Are any ethical principles universally applicable, what are they? How do we cope with the contending characteristics of our age, its evident cultural pluralism, its rapid social change, its linguistic distrust of authoritarian and centralistic claims? This is the challenge young students face as they leave home for the first time and enter tertiary institutions. Some lose all they got from their parents in one week or semester.

They imbibe the new slogans, loose their roots and end up as the bird called "bat", neither here nor there. Some join bad company and lose direction.

> *"There is no such thing as truth", they teach even the little ones. "Truth is bondage". Believe what seems right to you. There are as many truths as there are individuals. Follow your feelings. Do as you please. Get in touch with yourself. Do what feels comfortable".*

This is the language of the times and they speak thus who prepare the jails for the young. For, those who undermine the truth perform the work of tyrants.

THE PHILOSOPHY OF NIHILISM:

Permit me to offer a modest rational explanation about the confusion and the crisis in which our society finds itself. It is an excursion into philosophy. Philosophy itself is the love of wisdom and the search for meaning in life. As "Philos" (love) it has continued as an art and as "Sophia (wisdom) it has remained a science, to provide the intellectual and rational "humus soil" upon which theories and actions are founded.

The problems of the present, the cultism existent in university premises and institutions of learning need rational explanation and receive such in what philosophers call *Nihilism* (from the Latin meaning - *nothingness*). Friedrich Nietzsche the German philosopher of the 18th century spent much of his time on this idea. It is only through Nihilism - the strange denial of truth and the faked belief in nothing positive or good - that we can explain the failed leadership of the Nigeria state after forty years of survivalistic Machiavellian of political experimentation. Nihilism helps us also to explain the lack of intellectual vigour in high institutions which push students, rational beings to a cultic condescension of drinking human blood, planning evil, and lashing out harm on people instead of healing society by a productive salvific ingenuity. And what do they gain by the sadistic infliction of pain? Nothing. This nihilism manifests itself in other untruths, which has led the Nigerian state to failed orientation of values evident in the socio-psychological cultural and historical realities of the country. Failed utilization of resources and personnel as well as the cult of mediocrity and meanness. Tribalism, ethnicism and religious syncretisms and bigotry. The corruption of the entire system with bribery, inducement and mistrust, civil service, the aimed forces, business and industry, educational social and cultural institutions, civil and state.

The question of "having more" instead of "becoming more" and being and having, essence and existence," (J.P Satre) is noticeable in random acquisition of property (having) even where the acquirer

remains dwarf in his/her personal, spiritual and intellectual development. But one is rich in material acquisition of titles, honour, and land. How fulfilled? The "anything goes" philosophy of life lacking in any principles, standards or values, apparent lack of patriotism and coherent consistent principles of life. Financial misdirection, false investments, misappropriation, materialism and in fact inferiority complex. These and many more are the banes of our society. How else could one explain a life-style that cannot stand the test of truth, of value, of liberty and the future, except to resort to nihilism as a philosophical hermeneutic, an interpretation of a paradigmatic phenomenon of cultism and its attendant scenario.

The word **nihilism** comes from the Latin, which literally means ***"nothingness".*** According to Peter A. Angeles in the dictionary of philosophy, nihilism in epistemology is:

> *"The denial of any objective and real ground or state of truth; The theory that nothing is knowable. All knowledge is illusory, worthless, meaningless, relative and insignificant. No knowledge is possible. Nothing can be known".*

The psychological and philosophical states in which there is a loss of all ethical, religious, political, social values. The sceptical denial of all that is regarded as real or unreal, knowledge or error, being or non-being. Illusory or non-illusory; the denial of the value of all distinctions. Nihilism in ethics refers to the theory "that moral values cannot be justified in any way not by reason, by God, by intuition, by consciences, or by the authority of the state, or law".

Moral values are: Expressions of arbitrary and capricious behaviour Expressions of loose feelings and reasonless social conditioning: and They are worthless, meaningless and irrational.

Metaphysical Nihilism is the theory that:

- The universe is meaningless and without a purpose:
- Human life and its activities are of no value or significance'
- Nothing is worth existing for

Political Nihilism is the belief that: Social organisation is so corrupt that its destruction is desirable. Sometimes coupled with a form of anarchism whereby no constructive alternative forms of organisations are advocated. Do we not experience this in secret cult activities? The Greek philosopher Gorgias propounded an extreme form of scepticism sometimes referred to as nihilism, which denied the possibility of knowledge and doubted whether anything existed as nothing can be said to exist. The stronger nihilistic version is that - Nothing exists.

> *"If anything did exist, we would not be able to know it, and if we were able to know it we would not be able to communicate it" (Peter Angeles Dictionary of Philosophy p. 259)*

Having used the word *scepticism,* it may be useful to clarify its origins as a "state of doubting, a state of suspension of judgement; a state belief or unbelief". Scepticism ranges from complete, total disbelief in everything, to a tentative doubt in a process of reaching certainty. It is my firm conviction that aberrations persistent in our society and environment owe their origin to this form of nihilism, which is the lack of standards, values, meaning, and a philosophy of life that is positive in content. A wrong understanding of the universe, of the creator, of man shall lead to a failed action in the world. The consequence of course is clear emptiness, nothingness. It is the origin of idleness, destruction and cultism. An idle mind, they say is the devil's workshop.

Cultism in Educational Institutions: Susan Oduah (JMJ) in her book entitled *Catch them Young,* (1999, Makurdi, Onaivi Printing and Publishing Company) has literally and systematically dissected the phenomenon of cultism in education institutions. In four chapters, she asks the questions and offers the answers to the topics:

> *What is secret cultism orientation' The dilemma of secret cultism; the devils disguise; spiritual implications; the devil; myth or reality; the clues/signs of a cultist; How to get out; and prevention of membership!*

She notes in her preface that:

> *"Secret cultism among the youth is indeed a canker-worm that has eaten deep into the moral fabric of our society. It has spread rapidly, feeding on the youthful exuberance of students on campuses to the touts in motor parks and now has finally, come to settle its ugly bulk at the very doorsteps of our homes". (Ibid, preface p. v).*

Several books and articles on this phenomenon exist. An in-depth study of the worships of these confraternities, helps one discover their weaknesses, their sources of motivation their false promises and emptiness, their need for salvation; their methods of operation and the trap set for unsuspecting youth which still has a potential to be used to set them free. This is the task of a seminar of this nature.

Many cult members want to come out. They have discovered the futility of it all. They need help. There is a way out and there are helpers. All is not lost. This is their chance and they must make use of it. Nothing will happen to those who decided to come out. Fear is not an answer. Doubt is not a way. An enlightenment campaign is the sure way to their real freedom. Even the Senate of Nigeria, the National Assembly and the Presidency of Chief Olusegun Obasanjo have joined in this anti-cult campaign. Recently many cult members have renounced their memberships and are still in good shape. Many were lured or threatened into them. They need freedom, liberation from sin, from cultism, from fear, from death, from the devil. If African slaves in the America have got freedom, Nigeria youth under domestic cultic influence need also this freedom. Let them have it. Let us help them. The time for the truth has come. This truth is based on standards. There is meaning in existence. It is a unique chance. Students, staff and other people are challenged to make use of this opportunity. A stitch in time saves nine. Opportunity sometimes comes but once. Nihilism is neither an option, nor a way.

SECRET CULTISM: According to Oduah Susan,

> *"a secret cult is made up of regular youth who for one reason or another come together and take a blood*

vow (cutting the thumb and other acts) promising to "watch one another's back". As with any other organisation, they have rules with which they carry out their activities and when any member fails to adhere to any of them, punishment is meted out to the person. The larger community feels that a person who becomes a member of a secret cult is stooping low but research has proven to the contrary because these persons actually think that they are achieving a level which is above that of other people".

It is a total brainwash scheme, accompanied by a show of comradeship, which is of course false, which changes the ideologies of an individual, deceives them into perceived gains after becoming secret cult members some of which include promises of:

- Job opportunity after school
- Assurance of having legal counsel in case of trouble
- Exam leakage assistance
- Connection to the top.

At any rate, the promises are empty. They are not fulfilable because they are based on falsehood. Hard work not cultism is the road to success anywhere in the world.

AWAKENING FROM NIHILISM: With the benefit of insight, the 20th century, which produced great technological and communication successes for mankind, chased away various forms of diseases and made the universe a global village. Yet the 20th century failed to offer to a yearning humanity, a deeper meaning of life and a deeper spiritual awareness on the truths that guide mankind. Having arrived at the moon, many believed that they had overtaken God. A generation wrong about the mysteries of God would almost certainly be wrong about mankind. Materialism tended to replace spiritual wealth. No other century witnessed two grand style world wars costing humanity over one hundred million lives and as much as the same number in refugees and displaced people. The 20th century gave humanity novel weapons of mass destruction, including the atomic bombs, the hydrogen bombs, and various forms of ballistic

missiles, biological and chemical weapons and made human life look cheap. As we open a new chapter in a new millennium, it is imperative to look into our past mistakes in the historical epoch just gone and to make amends. The unexamined life, according to the sage Socrates, is not worth living. The world definitely must have drawn four painful lessons from the ashes of the 20th century: as Michael Novak writes in his Templeton Address to receive the peace prize.

Fidelity to truth: Even under conditions of nihilism, *Fidelity to truth is better than cowardice.* If we remain faithful to the truth, inner liberty is obtained.

Dictatorship is empty: The boast by dictators that dictatorship is more vigorous than "decadent democracy" was empty. *Participatory Democracy is better than one-man rule.* Hitler, Stalin, Mussolini, Idi Amin, Bokassa, Doe, Abach, Babaginda and Buhari have been exposed. Dictatorships lead to concentration camps in manifold forms and Nigeria until recently is a case in point.

Economic Freedom: The claim that socialism is morally superior to capitalism and better for the poor has been proved empty and we have become the witnesses. An open liberal market economy brings the best in human beings and their ingenuity more than a communist rigid planned economic system, which creates slavery, poverty, and stagnation.

Neutrality is a betrayal: Vulgar relativism and its subjective culture so undermines the culture of liberty and knowledge that it is preferable to take a position on an issue than to remain neutral.

LESSONS:

Even for those unsure whether there is a God, a truth is different from a lie. Torturers can twist your mind, even reduce you to a vegetable, but as long you retain the ability to say yes or no as truth alone commands, they cannot own you. The prison literature of our century abundantly testifies that the endless scroll of honour in our century went to those personalities who even before the stake insisted on their identity as free men and women, refusing to compromise truth for whatever they believed and refusing to cheapen their positions by just

signing to keep quiet or tell a lie before they are freed. By accepting torture in the face of its alternative, we have such great names today as Andrew Sakharov, Maximilian Kolbe, Vaclay Havel, Anthony Enahoro, Nelson Mandela, Lech Walesa, and Julius Nyerere, to mention but a few.

Like Michael Novak has clearly demonstrated;

> *"To obey truth is to be free, and in certain extremities, nothing is more clear to the tormented mind, nothing more vital to the survival of self-respect, nothing so important to one's sense of remaining a worthy human being, of being no one's log, part of no one's machine, and register to death against the kingdom of lies - nothing is so dear as to hold to truth". In fidelity to truth lies human dignity.*

Alexander Solzhenitsyn had this insight in 1970 upon receiving the Nobel Prize in his address said that: *"One single truth is more powerful than all other weapons in the world, communism advancing everywhere, truth would prevail against the lie: and that those who clung to truth would overturn tyranny"* He was correct. We are the witnesses today. We must learn that we human beings do not own the truth. Truth is not "merely subjective", not something we make up, or choose, or cut to today's fashions or to tomorrow's pragamtism. We obey the truth. We do not "have " the truth. Truth owns us, truth possesses us. Truth is far larger an deeper than we are. Truth leads us where it will. It is not ours for mastering. Truth is the light of God within us. In obeying truth, a man becomes aware of participating in something greater than himself, which measures his inadequacies and weaknesses.

Challenges on freedom: One point that many ardent souls of our time most passionately disseminate, for example, is vulgar relativism, what I call "Nihilism with a happy face". For them it is certain that there is no truths only opinion: , my opinion, your opinion. They abandon the defence of intellect. There being no purchase of intellect upon reality nothing else is left but preference, and will is everything. They retreat to romance of the will. Vulgar relativism is an invisible

gas, odourless, deadly that is now polluting every free society on earth. It is a gas that attacks the central nervous system of moral striving. This most perilous threat to free society today is neither political nor economic. It is the poisonous, corrupting culture of relativism. The people know this while the intellectuals do not. If our intellectuals knew this, they would be sounding the alarm. Freedom cannot grow and it cannot even survive in every atmosphere or clime. In the wearying journey of human history, free societies have been astonishingly rare. The ecology of liberty is more fragile than the biosphere of earth. Freedom needs clean and healthful habits sound of one human to another. Freedom needs entire rain forests of little acts of virtue, tangled loyalties, fierce lives, and undying commitments. Freedom needs particular institutions and these in turn need peoples of particular habits of the heart. There are two types of liberty: One a pre-critical emotive, whimsical liberty proper to children. The other critical, sober, deliberate response and proper to adults. Liberty is not the freedom to do what you wish but it is freedom to do what you ought. Human beings are the only creatures on earth that do not blindly obey the laws of their nature, by instinct, but are free to choose to obey them with a loving will. Only humans enjoy the liberty to do what we ought to do or not to do it. It is this second kind of liberty, critical adult liberty that lies at the living core of the free society. It is the liberty of self-command, a tolerable mastery over one's passions such as bigotry, ignorance, and self-deceit. It is the liberty of self-government in one's own personal life. For how, James Madison once asked, can a people incapable of self-government in private life prove capable of it in public life? If they cannot practice self-government over their private passions, how will they practice it over the institutions of the republic? Can there be a free society among citizens who habitually lie, who malign, who constantly cheat, who do not meet their responsibilities, who cannot be counted on, who bribe or corrupt and shirk difficulties, who flout the law or who prefer to live as serfs or slaves, content in their dependency, so long as they are fed and entertained. Freedom requires the exercise of conscience; it requires the practice of those virtues that include courage, courtesy, ingenuity, and respect for

individual choice, a patient regard for hearing evidence on both sides of the story.

The question for our millennium is whether we can survive the most insidious and duplications attack from within, from those who undermine the virtues of our people, doing in advance the work of "the father of lies", the devil. If one hundred million inner policemen guard a people composed of one hundred million citizens - that is, by hundred million self-governing consciences, then the number of policemen on its streets may be few. For a society without inner policemen, on the contrary, there aren't enough policemen in the world to make society civil. Can all the sufferings of our ancestors on behalf of liberty have been endured that we might be as we now are?

CONCLUSION

What must we do? What we must do is self-control, self-government; self-command; openness to the future; openness to God.

Nihilism builds no cities. Great cultures are built by vaulting aspiration, truth, love of justice and realism. We must learn again how to teach the virtues of our ancestors; the commandment of God, the teachings of Jesus Christ, which celebrate virtue, character and nobility of soul. It is a constant struggle to maintain a free and a sane society on the political, cultural and economic levels. The cultural struggle will be the one that will take the stage most strongly in the new millennium. This is the challenge posed on all who are involved in the education of the youth in our country. It is a generous challenge and a fulfilling one at that. It gives me joy to be called to join in this new rebirth of a new nation, a new people in a new time. It is my joy to invite you all to join the bandwagon as we begin this new journey.

I thank you all for you rapt attention and look forward now to our sharing of ideas for mutual benefit.

CHAPTER ELEVEN

GUIDELINES AND ISSUES IN FORMULATING AND FINANCING FOOD SECURITY IN NIGERIA

INTRODUCTION AND SCOPE:

At the World Food Summit (WFS) in 1996, the United Nations (UN) Food and Agricultural Organization (FAO) defined Food Security as *"food that is available at all times, that all persons have means of access to it, that is nutritionally adequate in terms of quantity, quality and variety, and that it is acceptable within the given culture"*. (Refer: FAO (1995) Elements for possible inclusion in a draft declaration and plan of Action on Universal Food Security; FAO, Rome).

No definition is perfect, but this definition provides a helpful basis for policy. Agricultural production, consumer health, nutrition, employment and trade policy all affect food security. To ensure food security entails a consideration of both national and household levels of supply and distribution of, and access to food. It is a complex issue, which is often defined in simplistic ways. The definition of food security as a country's access to world markets for food is deeply inadequate, yet so widely accepted in some government and multilateral circles that many NGOs and farm organizations have turned to other phrases to capture more precisely what they mean by food security. For these organizations, building food security by relying on imports paid for by exports is a problematic and risky strategy that forecloses the potential of agricultural production as an engine of development.

Obiora F. Ike&Ndidi N. Edozien, presented at the Human Development Network of the UNDP (United Nations Development Programme), Nigeria Lagos/Abuja Roundtable, October, 2002.

Thus the term "food sovereignty" has entered NGO vocabulary. No need is greater than that for food. Although no single panacea exists that would tackle world hunger and promote food security within shortest period, some necessary elements have been identified. This eradication of hunger is synonymous with the eradication of poverty. The complexity of these issues demands a more sophisticated approach, perhaps expressed in the modern concept of "Food Security". Food security refers to the sum of those factors determining whether a man or women, the family, village, clan, country and the geographical region are going to get enough to eat. (Refer: Alamgri M & Arora P; Providing Food Security for all, IFAD Studies in Rural Development, No. 1, 1991, 9. xvii).

SCOPE: This reflection examines policy guidelines and issues involved in financing food security in Nigeria. It seeks to elucidate the selected items in an integral and comprehensive manner. The intention of the analysis and recommendations is to help decision makers and all stakeholders move towards effective joint action. This will assure that measures for food security and trade policies actually work to reduce poverty and inequality. Another important component is to ensure that those directly affected by policies on food security are consulted in the policy formulation process. People's participation in their own development assumes a pivotal position in the ensuring discussions. Food security is not just a question of producing more food, but of having more food produced by the poor themselves. This means generating remunerative employment at the grassroots levels, in the neglected, deprived rural areas, where hunger persists. Informed ethical opinion has highlighted the urgency of ending hunger and achieving food security and speaks strongly on the values that should underpin global economic relations and structures. Taking an ethical perspective means asking what the impact of policies will be on the poor. This requires a "poverty proofing" of policies, considering their potential impact on the poor and vulnerability before they are implemented and assessing the impact on people. The rationale for building a fair and just-rules based international trading systems helps to avoid a descent into "beggar-my-neighbour" trade policies. Hence food insecurity must be a

central concern in identifying a global ethic; and because in most developing nations, agriculture is the direct and indirect base for the livelihoods of the largest share of the population, agricultural policies are a vital component of this search for balance between poverty and power in international relations. *"Any type of development that does not promote human rights and access to food for all is not really worthy of mankind"* (John Paul II, *Solicitudo Rei Socialis*, n.33).

A vital component of the integrated policies necessary to tackle poverty are agricultural policies. To guarantee food access for all and contribute to measures in formulating policy and guidelines for its financing, this reflection identifies therefore:

i. The importance of an enabling policy environment for the issues of food security to be comprehensively discussed
ii. The scope and extent of agricultural activities that require financing, commencing with the needs of the subsistence farmers to those of highly mechanized farms managed by the private or public sector, including Multi National Corporations (MNCs).
iii. The involvement of banks and development agencies, including government funds for identified agricultural projects that lead to overall provision and guarantee of food security. This will include appropriate terms of financial services rendered by financial service providers, with the relevant expertise to ensure the successful take off and management of agricultural projects.

Food is life: Food is not just another commodity. Food is life. Statistics on world hunger are well known and shed light on the extent of human suffering:

- Roughly one quarter of humanity, live on less than $1 per day;
- 2.3 billion people lack access to safe drinking water;
- Over 1 billion people live with hunger as a daily reality, without access to education, decent housing and jobs;
- The issues of human rights remain ideals for more than half of the world's population.

(**Source**: United Nations Social Summit Background Information, Earth Action Parliamentary Alert, February, 1995).

Put differently, every 3.6 seconds, someone dies of hunger, and three-quarters of these are children under the age of 5 years. Famine and wars cause just 10 percent of these deaths. The majority of the deaths are from the slow grind of malnutrition, as families just cannot get enough to stay alive. And the majority of the victims are children.

No Development without Food Security: It has been sufficiently established by research that there can be no meaningful development without food security for the people. The guarantee of sufficient food for humankind is only possible if the impulses and sound planning, basic goodwill and productive action propel values that motivate the decisions of stakeholders. One of the most basic human rights is the right of access to food and it is on this right that many others depend. No issue is more central to the work of development organizations (NGO's), States and national policies, families and communities than food security in our world. Without indepth analysis and concrete action based upon an understanding of the facts on ground, our vision and work at providing food security could become narrow and frustrating. This is particularly relevant in the critical and far-reaching task of policy formulation.

Poverty, Power and food insecurity are linked: The scandal remains that there is plenty of food in the world for every one to have enough to eat. In this context, the persistence of poverty and hunger are thus ultimately political, social, economic and ethical challenges to entire humanity. Poverty eradication is essential to improve access to food. Power, imbalances and poverty are at the core of food insecurity in our world. Nowhere are these most stark than in the area of food, trade policies and agricultural agreements entered into by developed industrialized countries and developing countries in a lopsided manner. The World Trade Organization is a political rather than an economic forum. At its heart lies an uncomfortable contraction between economic theory and practice. On the one hand, the WTO espouses free trade theories, arguing that the main beneficiaries of liberalization are consumers and producers in the countries that liberalized it. If WTO members acted on this basis, there would be a stampede of delegations offering to liberalize their economies. In practice however, delegations operate as mercantilists, trying to exact

minimum trade liberalization from their trading partners, while minimizing their own. Under structural adjustment programmes, the South has been obliged to liberalize unilaterally. A simple version of the role of Structural Adjustment Programmes in changing trade policy goes this way: owing to excessive borrowing (and rash lending by northern banks) in the 1970s and the rapid increase in interest rates in the early 1980s, many developing countries found themselves trapped by unsustainable levels of debt. The indebted countries came to depend on the IMF and the World Bank for capital, and these institutions forced on them a series of economic policy changes, called Structural Adjustment Programmes, which oriented developing economies to servicing world trade and increased their dependence on access to developed country markets. However, much less was done to open up access to markets in the North. The WTO agreements then locked these changes into trade policy in the South, but without changing the fundamental power dynamic of the world economy, which makes the poor countries serve the wealthy. (Refer: Food Security and the WTO; Troacaire, Ireland, P. 5). The present imbalance with developing countries lacking the resources and the negotiating capacity to present their case to the international organizations on agriculture is a case in point. The current United Nations High Commissioner for Human Rights, Mary Robinson has rightly identified Issues of Food Security as belonging to fundamental basic human rights and established a link between power and powerlessness in this discussion. *"The imbalance between powerlessness is at the heart of the search of a global ethic"*

ISSUES INVOLVED IN FORMULATING POLICIES FOR FINANCING FOOD SECURITY

Generally speaking, it is practically impossible to develop policies and formulate strategies for financing food security without properly appreciating the various issues involved. All too often, we are made aware of the gap between the perceptions of policy makers and the lived reality of farmers in specific cultural contexts. (Source: Pottier, J.; *The Social Dynamics of food Security*; Blackwell polity Press, 1999).

Sub Saharan Africa's persistent food insecurity and vulnerability to famine reflects failures of understanding as much as failures of intervention. Food security aims to contribute towards an improved understanding for more effective food security policy and financing. Food insecurity is no longer seen simple as a problem of agriculture and a failure of food production at the national level, but instead as a failure of livelihoods to guarantee access to sufficient food at the household level. The issues involved are many and we mention them here under:

People –Centered Development and Community Based Approach to Food Security: People's participation in development is gradually being recognized yet it is still commonplace for projects to be predesigned with little more than token consultation with those farmers for whom they are intended. It is necessary therefore in financing food security to place in the middle the policy formulation issues which refer to the role of people in their own development such as: participatory technology, helping farmers identify their own problems and choose their own solutions, soil and water conserving, farming techniques, use and spread of traditional techniques, strengthening existing local institutions of farmers in the villages, training of extension workers, ensuring continuity via community organizations, use of process approach in needs, assessments and surveys, participatory planning, training in awareness raising and traditional agricultural techniques such as local seed varieties, strengthening women's position in agriculture, government commitment to policy and action on agricultural extension services.

Land is Life: When farmers own the land, they produce more. Increase in output occurs under agrarian reform programs where land reform in favour of the people has taken place. Nigeria needs to re-visit the Land Use Act of 1976 because it seems to have taken land away from the people and handed it over to the local and state governments occupied by people who have no link, either spiritually or socially with the land. They are simply government agents and only for a short while in authority. Their policies about land have long term effects long after they have abandoned their political seats. Many conflicts arise out of the land distribution policies adopted by

these government agents. Land, which in traditional society was considered "sacred", has gradually entered into the "commercial terrain". People seem to be alienated from the land upon which their ancestors have lived for centuries and anonymous governments, sometimes imbued with corrupt tendencies have removed people's authority over their own native lands. This has created tensions and led to several crisis points in Nigeria. The Land Use Act or decree has directly and indirectly affected farming and productivity. It needs a re-visiting for in financing food security, these issues are important.

Human Resources remain key to Agricultural development: Ancient African wisdom acknowledged in traditional culture that Knowledge is power. The experience of rural people especially small holders of agricultural farms seems currently relevant in designing policy and guidelines on agriculture. Human resources remain key to agricultural development. The ability to build upon the attributes of traditional agriculture and create a linkage to modern agriculture, allowing cultural adaptations and agreeable farming methods within international best practices remains a useful option in designing policies as envisaged. This has implications for the method used in policy formulation, namely: *not top-down, but bottoms-up models of development, with the people at the centre of their own development.* The role of small farmers to guarantee livelihoods through subsistence agriculture, known as household food production is crucial in this enterprise. Support therefore for subsistence farmers is an important element in financing food security in Nigeria.

Managing Soil Fertility and Environmental Planning: In designing guidelines for the formulation of financing policies in agriculture, there is need to look into the matters concerning environmental planning and the management of soil fertility according to ancient wisdom and new scientific discoveries. Negative and careless attitudes to the environment either by deforestation and toxification are antithetical to agricultural productivity since they undermine the quality of land and quantity of arable land. There is need to create clear-cut demarcations between farmlands and land designed for other uses such as housing, industry and recreation. In all circumstances, agricultural land should receive

a deserving priority attention. Furthermore, managing soil fertility is critical for increasing the productivity of arable farmland. Intercropping seems a scientific basis of traditional agriculture (that is the practice of growing two or more crops at once on the same field). Other forms include shifting cultivation, crop rotation and land fallowing which were and could still be veritable means of managing soil fertility thereby enhancing productivity.

Water Supply: Life without water is unthinkable and this applies even with more force to agricultural productivity. It must remain the cardinal aim of planners and all stakeholders to ensure that water supply either by irrigation, stream enhancement, pipe-borne water, rain water harvesting, and overall improved water supply to both urban and rural areas be made a priority in budgetary planning. Improved food security without an aggressive and effective, cost effective programme of water supply would amount to lip service. Irrigation and other means of natural and artificial supply of water to farms must supplement rainwater in order to achieve a truly and thoroughly enhanced agricultural productivity. Policies therefore on water supply must recognize that this is applicable not only to cover desert regions, but also the dry seasons of rain-forest regions, urban and peri-urban farm work, all in an attempt to achieve all year round saves in food production. Particularly in Nigeria is the issue of water supply of paramount importance.

Access to Markets and Food Marketing: It is a fact of sound reason that if farmers and smallholders have access to markets for their products where they could sell more of their products, they would increase their productivity and quality because they profit directly from this opportunity. The cycle of food security would not have completed without a diagram showing distribution of agricultural products, namely the markets. This means that access to markets is crucial and central to any anticipated food security. It opens up social markets. Financing policies and guidelines shall therefore argue for the increase of rural development and infrastructure programmes through such projects as access to telecommunication services, improved rural electrification supplies and increase on network or

feeder roads running into rural areas and the hinterlands where food production is paramount.

Agro-ecology and Bio-diversity: This is the science, which considers erosion control, soil and water conservation, protection of trees and wildlife and other measures all in services of sustainable agriculture. The discipline provides the basic ecological principles of how to design, study and manage agro-eco-systems that are productive and natural, resources-conserving, culturally sensitive, socially just and economically viable. Use of compost for recycling of manure used, as fertilizer is one measure in this consideration.

Mono-Cropping as a problem: Mono-cropping makes farmers to produce and export goods to market other than the food security needs of the people involved in food production. This applies to cash crops such as tea, cotton, cocoa, coffee and other crops produced primarily in developing countries where food insecurity is most prevalent. Could a nation be said to act wisely if it voluntarily satisfies the food needs of another country and become import dependent for food needed by its own population?

Provision of Appropriate Technology and Adaptable Tools: If agricultural tools such as tractors, spare parts and machinery are manufactured and assembled abroad and only imported into the developing countries, how could these developing economies grow into self-reliance in agricultural enterprise by over dependence on foreign machinery. If the basic tools and equipment needed for daily agricultural production are produced at local levels, including training of manpower for maintenance and spare parts, this would go a long way to support the much needed provision of appropriate technology and adaptable tools for long term services in the food security needs of the nation. Policy guidelines in financing food security in Nigeria must take note of these issues in the policy formulation strategies.

Information Systems, Intervention Strategies and the Role of Civil Society: Improved agricultural productivity needs improvement in management information systems which have positive impact on our knowledge of nutritional and intervention strategies. This implies of course access to educational and scientific materials on success stories already experienced elsewhere. How can these be brought to

bear on our own economy to guarantee food security? How would matters of organization, education on appropriate technologies, logistics and managements be addressed, not only by the organizations and donor institutions in the implementation of a comprehensive Food Security programme in a developing nation such as Nigeria? These and many other issues remains congruent in the search for meaningful policy guidelines in the provision of rural livelihoods, food security and national policy formulation.

FOCUS ON NIGERIA:

Nigeria is Africa's most populous country. It is a country with large potential for social and economic development. Nigeria has land, labour and capital, the ingredients for a dynamic economy. Agriculture has been said to be the mainstay of any nation. Unfortunately, with all its resources in human, material, natural, technical and other wealth, many Nigerians do not have enough food to eat. Citizens are hungry and many children die young of malnutrition. The country is agriculturally under -productive, imports food and lacks adequate modern technology and services in providing food at affordable prices for many of its citizens. One loaf of bread costs Naira 40, much more than one litre of petrol, which costs Naira 26. The opposite is the case in most nations of the world, for bread is basic while the use of car is not. How then should the ingredients for car be cheaper than that for bread? The generality of citizens eat bread more than they use a car. This must be fundamentally wrong and would need urgent attention to correct. Food must be accessible to all because it is a basic human need.

Experts have done research on the country and government after government has identified the ills of the nation some of which include: *"lack of basic education for the majority of the people; lack of basic health care, clean water and sanitation; lack of jobs and housing and an overall poverty rise in the standards of living for the populace"* (UNDP Country Reports on Nigeria, 2000 and 2001).

Each administration blames the past, and pledges to correct the mistakes. When they leave power, the masses might have become poorer but the members of the administration have joined the *"nouveau riche"*.

The Basic Problems: The question of finding a formula to redeem the country from complete political, economic social and moral collapse has been uppermost in the minds of many Nigerians. A cursory reflection into the daily realities will reveal some of the basic problems. Some of these are structural and complicated. Others are man made. In either case, these problems are solvable if identified and well tackled.

There is first of all, the colonial heritage, with all its implications.

- The increasing dependence and reliance on foreign economic assistance overtly and covertly;
- Agriculture is neglected both by the governments and the citizenry;
- Roads, transport and allied infrastructure are deteriorating;
- Industries are operating at extremely low capacity;
- Exports are declining;
- Lack of basic technology and underusage of trained manpower required for a diversification of the economy;
- Lack of political will and leadership (or is it incompetence) to carry out required reforms. This has led to the cult of mediocrity which positions sycophants in positions of power instead of experts and charistimatic leaders who could deliver;
- Ill-thought government policies and political instability has continued;
- The institutions addressing these problems are bloated, highly inefficient and corrupt;
- Lack of transparency and accountability of public funds;
- Non-reliable statistics of population figures are not reliable, making long term economic planning arbitrary.
- Ethnic, social and religious bias which are manipulated by power brokers leading to a rising problem in social cohesion and normal coexistence.

Nigeria represents a country where issues of Food Security could be effectively tackled. The eradication of hunger is synonymous with the eradication of poverty. The conquest of hunger demands of intelligence, good will and political courage. It also entails removing

the tight web of barriers, constraints and handicaps that make people poor and prevent them from eating to their fill. Leadership is called for!

The Causes of the Problems: There are several factors at play, namely:

- The internal policy and leadership ability of Nigerian politicians and policy makers at the centre
- The role of the citizenry in participating fully in their own development and future
- The structure of the global international market
- The protectionist policies of the main industrialised food producers
- The distribution of landholding and access to land and equipment
- The state of the environment
- Access to funds, loans, capital and financing for agricultural purposes in both small and large scale farms through financial intermediaries and service providers
- The international climate of "selfishness" and the growing lack of solidarity in global trade.

Attempts Towards Solution: A research carried out in a book titled: *Providing Food Security For All* by Mohiuddin Alamgir and Poonam Arora under the International Fund For Agricultural Development (IFAD) in 1991 has shown that:

> *"In order to increase significantly the production of food in those parts of the world where it is most needed – the developed industrialised countries would be required to provide USD 200 billion every year. This is the amount of money the OECD countries annually spend on subsidizing their farm produce at the expense of developing countries* (Ref. IFAD Studies in Rural Development, No. 1, 1991,p.xvii).

The foregoing raises three key challenges for Food Security and Financial Policy:

- To redress imbalances in the international trading system, which affect food security, and to make trade rules work for development and poverty reduction goals.
- To reach the United Nations target for aid to Gross National Production ratio of 0.7% by year 2007 is a challenge.
- To reach the goal of the World Food Summit Commitment of halving world hunger by 2005. **(Refer**: Sophua Murphy: Institute of Agriculture and Trade Policy: Food Security and the WTO; A CIDSE-TRAOCAIRE Document; Catholic Justice, Development and Peace, Ireland, 2001)

The World Trade Organisation (WTO) and the Agreement on Agriculture (AOA): The WTO was established on 1 January, 1995 by an agreement negotiated within the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The Uruguay Round of negotiations lasted from 1986 to 1994, lurching from crisis to crisis, often because of the agriculture negotiations. The creation of the WTO, proposed once the Uruguay negotiations were underway, established a permanent forum for trade negotiations. The GATT was first signed in 1947 but was not recognized in law as an international organization, although it had a small secretariat based in Geneva to service trade negotiations and agreements. The WTO is home to a series of trade agreements, including the most recent version of GATT, but also agreements on agriculture, services, intellectual property rights (IPR) and other issues that were never previously included in international trade rules. The WTO works by consensus, on the basis of several sectors. The General Council is the governing body where every member is represented, although in practice, many of the poorest countries find it hard to ensure adequate representation. The agreement's key concepts are couched in specialist terminology. The Agreement on Agricultural (AOA) has three so-called pillars:

- Increase Market access.
- Reduce Domestic support.
- Reduce Export subsidies.

In an attempt to implement these policies, the AOA has triggered the following:

- The promotion of industrial model of Agriculture intellectual property rights and subsidy flexibility that has jeopardized food security in developing countries which must compete in an increasingly global market.
- The liberalization of Agriculture and Food Trade.
- Legitimisation of the use of subsidies in industrialized countries.
- The global food chain is increasingly distorted by the disparities in power between global agribusinesses on the one hand, and farmers/consumers on the other.

The WTO Agreement on Agriculture (AOA) and major issues of concern to Nigeria: The AOA of the WTO leave many issues of concern for developing countries and these need to be challenged. There is continuing protectionism and **double standards** by the developed, industrialized world, which promotes an **industrial model** of agriculture that has left the more productive, sustainable and local methods out of the system.

i. poor households and communities in developing countries suffer and small farm holders are disappearing. They cannot compete and have no lobbying or negotiating power.

ii. The problems of implementing the URUGUAY Round Table Including the difficulties of implementing so many agreements in so short a time have several consequences, such as the so-called "Trade Related Intellectual Property Rights" (TRIP's).

iii. Many of the poorest countries rely on preferential access to developed country markets, which has in many cases been eroded by the AOA and other free trade.

iv. Also, the **use of subsidies** for Agriculture has been legitimized in the industrialized economics, while narrowing the options available to developing nations. Besides, **power disparities** exist between the agribusiness on the one hand (which have power, patent and finance) and farmers/consumers on the other hand. This is driving the liberalization of agriculture and the food trade in direction

inimical to the public interests. Many developing countries of Africa have unilaterally liberalized their trade regimes (often as part of Structural Adjustment Programme), in reforms they are prevented minimal or little from reversing by the World Trade Organisation (WTO). There has been reciprocal liberalization by the North. The Western nations have introduced "Special and Differential" Treatment (S&D) which are Exemptions into the agreement, enabling them to increase their support to farmers. This leads to dumping of subsidized food on the world market with damaging effects on southern producers. Under the Agreement on Agriculture (AOA), World Food Prices in fact have fallen, but Net Food Importing by developing countries has increased and they, have failed to reap the benefits, partly, because of **Corporate Control** of the global food business.

Trade, Food Security and Justice are linked to Human Rights: With regard to these Agreements, one must state that Trade Policy and Food Security are fundamental matters of justice and Human Rights. Although the current system of multilateral rules was agreed upon formally by the signing nations, the terms were designed by a small number of economically powerful states primarily to promote their own economic interest. This has led to food insecurity. Nowhere is change more vital than in relation to the World Trade Organization's Agreement on Agricultural (AOA). Agreement born out of such unequal circumstances cannot represent a fair balance of interests. This inequality brings into question the legitimacy of current trade agreement and the approach to trade liberalization on which they are based The WTO, as the international body primarily charged with overseeing trade policy has come under heavy criticism. The World Trade Organization (WTO) must change from one that sees trade and trade liberalization as ends in themselves to one that places trade at the services of human development. Today's trade rules and the system that the richest countries have put in place work against the poor countries of the world. They ensure food insecurity and hunger in our world. Nations and peoples need to work for pro-poor policies. However, the international goal of halving the

population of people in the world living on less than one dollar a day by 2015, lifting 600 million people out of absolute poverty – cannot be achieved without trade policies and rules which give poor people in developing countries a chance.

Some Recommendations on WTO's Agreement on Agriculture:

v. The WTO should state publicly that the achievement of the 2015 poverty reductions target is an explicit objective of its work.

vi. The AOA should be reformed to:

- Reduce excessive levels of domestic support and export subsidy in the developed countries that seriously understand poor countries trading on world market, thereby artificially reducing world prices.
- Increase access for developing countries exports to developed country markets by small farmers.
- Increase flexibility for developing country governments to Protect and Support Small Farmers and the production of food security crops.
- Give extra help to those poor countries that have seen their preferential trade agreements eroded by broader tariff reductions.
- Overhaul the Marrakesh Decision and make it operational by using a given world food price to trigger access to international aid for food purchases.

iii. The Trade Related Intellectual Property Rights (TRIP's) agreement is in urgent need of reform because it restricts public access to genetic resources and undermines food security in developing countries. In particular, governments that want to ensure that intellectual property rights regimes genuinely benefit poor people and communities in developing countries should seek to:

- Use the current substantive renewal of Article 27.3 (b) of TRIP's to exclude all life forms from patenting and remove the requirements for plant variety production.

- Ensure consistency between TRIP's and the provisions of the convention on Biological Diversity, ensuring free and fair access to genetic resources, prior informed consent and benefit sharing.
- Stop the development and commercial application "Terminator Technology".

iv. Bring the agriculture negotiations to PRO-POOR conclusions. This means taking an ethical perspective and drawing on what the impact of policies will be on the poor. This requires a "poverty – proofing" of trade policies before they are implemented.

vii. Introduce impact assessment as a central activity, both in reviewing past activities, agreements and policies and in designing any new agreements and policies.

viii. Broader institutional reform of the WTO to ensure greater transparency and more equal participation by developing countries members.

ix. A greatly enhanced role for Special and Differential Treatment (SDT) for developing countries, focusing on measures to end poverty and food insecurity.

Conclusion And Recommendations On Food Security Financing: In the introduction to this paper, mention was made of the scope of this reflection in 3 major areas. At the conclusion therefore of the reflection, it seems logical to summarize what the paper has tried to x-ray and address comprehensively from the onset of this project in the itemized areas to:

- The importance of an enabling policy environment for the issues of food security to be comprehensively discussed.
- The scope and extent of agricultural activities that require financing, commencing with the needs of the subsistence farmers to those highly mechanized farms managed by the private or public sector, including MNC's. What is remaining and shall be done now is to look into the third and final proposal for the work, namely.
- The involvement of banks and development agencies, including

government funds for identified agricultural projects that lead to overall provision and guarantee of food security. This will include appropriate terms of financial services rendered by financial service providers, with relevant expertise to ensure the successful takeoff and management of agricultural projects.

The Involvement of Banks: Market based solutions are part of the response of banks and major players in the industry of financial institutions to issues of financing food security. Banks often deal with financial transactions that are secure, offer appropriate terms for financial services rendered and give relevant expertise much of which are market oriented with the profit motive paramount. It is not clear whether banks include the social and development dimensions in serious and core value focus as they do business as financial service providers. It is this situation that merits urgent and immediate attention both for the banks, in their own internal self re-evaluation of their essence and soul, for the regulators of the industry, including organs of the central bank and government agencies, and also of the pressure groups and faith communities within the civil society to remind banks of their proper role and responsibility in the overall provision and guarantee of food security in the country.

Banks render appreciable financial services within a community. Rightly understood, financial services are about enabling people to amass usefully large sums of cash. They can be divided into two main types: first, those that build up cash reserves through forgoing income. Saving does this by making deposits out of income now and forgoing its current use in order to draw a sum from these savings in the future. Insurance performs a similar function. It allows the client to buy access to a future lump sum. Loans work in a similar way, but in reverse: they are lump sums, which are given now in return for income forgone in the future. The second main type of financial service allows assets to be converted into and out of lump sums of cash. Mortgages and pawns are the main examples of such services. These among other functions are an attempt at summary for the purpose of banks.

In Nigeria, banks are yet to fully play their full role in supporting the development policy measures of government, development

organizations, Non-governmental organizations, community development associations, the civil society at large, faith based organizations, rural people, the poor and the larger society to achieve overall economic, social and human development for the people. There seems to be a criticism of the private sector practitioners, particularly the banks, holding them partially responsible for the problems of underdevelopment, instead of being part of the solution, a pitiable and unhealthy situation that calls for urgent remedy in Nigeria.

Banks in other countries play a much more inclusive and positive role in this regard. It is not only in their mandate to do this, it must be part of their calling, vocation and value orientation, even if self interest commands that this be done. That many Nigerian banks are still slow in toeing this line of responsible banking gives room for wonder. It is simply presumable that banks have a measure of understanding of their essence and role within a community, of the challenges that arise from being socially responsible and of investing ethically, and of the overall profit for mutual benefit of the common good which such practice yields both on the short and long term for the stability of the country. In financing food policy initiatives in Nigeria therefore, banks have a renewed call to be active and responsible. Existence of Agricultural Banks, Community Banks, Commercial Banks, and Financial Institutes must make Interest Rates for agriculture very low.

The Involvement of Development Agencies: From the 1950s, governments and international aid donors subsidized credit delivery to small farmers in rural areas of many developing countries. It was assumed that poor people found great difficulty in obtaining adequate volumes of credit and were charged high rates of interest by monopolistic moneylenders. Development finance institutions, such as Agricultural Development Banks, were responsible for the delivery of cheap credit to poor farmers (Susan Johnson and Ben Rogaly, Micro Finance and Poverty Reduction; Oxfam, 1997, p. 5).

These institutions attempted to supervise the uses to which the loans were put, and repayment schedules were based on the expected income flow from the investment. Returns were often overestimated. For example, calculations would be based on agricultural yields for

good years (Adams and Von Pischke, 1992). As a result, loans were often not repaid. The creditability and financial viability of these subsidized credit schemes were further weakened by the use of public money to waive outstanding and overdue loans at election time. A dependence on the fluctuating whims of governments and donors, together with poor investment decisions and low repayment rates made many of these development finance institutions unable to sustain their leading programmes. Credit provision for poor people was transitory and limited. With the benefit of hindsight, development and aid organizations are better positioned to give the lead in developing models and raising issues, which serve the provision of food security within the country.

The role of developing organizations include that of capacity building; enhancing networking for stakeholders to meet and dialogue; training and workshops for the public; targeted funding of particular activities which have overall impact on the lives of the people, working with credible organizations, among other aims. One must evaluate whether aid and development organizations would not have stronger impact, working in collaboration with NGO's, CBO's, Faith based organizations, civil society groups, rural dwellers among other stakeholders. These reach the target of people and pro-poor development strategies. The top-bottom model of reaching out to government in a lopsided manner in order to reach the people, places much funds and expertise at the hands of corrupt officials in government circles who are unable to "download" what they have received to the real beneficiaries. One must also question whether the structure of government business as is currently envisaged is popular, fair, just and equitable in the Nigerian polity! A bottoms-up approach would be much more effective and result oriented in the planning of future strategies by development and donor organizations.

Government Funds: Much of what must be said of governments has been said. Government makes the laws and creates an ennobling environment for people to go about their lawful businesses within the community. It is a good government's duty to provide for the common good, guarantee security of lives and property; provide an atmosphere of peace and tranquility for democracy to thrive; provide

responsible and accountable governance known as 'good governance'; use the tax-payers' money responsibly and accountably to construct and build urban and rural infrastructure that allow access for the provision of agricultural products, whether they be roads or other utilities such as water, electricity, telecommunications, transportation, education, health facilities among other basic needs for the people. Government has no big business in business. Government however, has paramount responsibility in providing such regulatory environment for the populace to thrive in their potentials, resources and environment in an atmosphere of peace and order. On maters of Food Security so far, the Nigerian Governments so far have developed many 'theoretical policies', which have suffered in their 'implementation'. Good leadership can make this happen Reduce CBN's Interest Rate Regimes (influence low interest rate); pressure banks by rules and sanctions to invest in agricultural areas; customer's duty exemption for agricultural equipment; speedy clearance of import equipment at the ports etc.

Informal Financial Services and Self Help Efforts: Recent micro finance interventions have made use of a range of design features. They have focused on reaching the poor by keeping loan sizes small, targeting women, adopting group-based lending systems, and mobilizing small and frequent savings deposits, and have tended to set interest rates at higher levels than in the past. Such interventions have demonstrated that rural agricultural dwellers and poor people can and do repay loans, that they have the ability to save and repay at higher rates. With time, one must look into matters concerning organizational structure, management and staffing to ensure sustainability of the provider. One must also think of moving from the informal to the formal level of economic activity. The best help is self-help and the ability of local groups and communities to organize themselves, whether by finding activities, land structures, agricultural self-help support and other activities need to be encouraged.

Other Financial Intermediaries and Non-Governmental Organization: The first task for an NGO proposing to intervene is to find out which services are already available to people and which additional ones they would find most useful. To do this, the financial

intermediary or NGO must understand for whom, under what circumstances, and to what degree these services support or undermine livelihood strategies. This background information allows the design of financial services to be connected to an analysis of poverty and well-being, and at the same time establishes which existing services poor people may wish to retain, and which should therefore not be undermined by any new intervention. The issue of financial sustainability must be taken seriously on the long term for it ensures the long-term provision of financial services to their users.

In summary, the elements of an effective approach to micro finance in agricultural projects that would assist in the overall aim of guaranteeing Food Security for all has five main points which are not exhaustive but definitely include the following for success:

- Investigate existing financial services available in the locality.
- Assess what specialist knowledge and the provider requires skills.
- Understand local social, political and economic structures, and macro-level trends.
- Consider how the provision of services can be sustained in the long term.
- Continually asses the impact on poverty reduction rather than take them for granted.

CHAPTER TWELVE

THE ROLE OF BUSINESSES IN ALTERNATIVE DISPUTE RESOLUTION

INTRODUCTION

It is a pleasure to participate in the launch of the ADR 2000 Campaign. We congratulate the Negotiation and Conflict Management Group (NCMG) for its initiative on Alternative Dispute Resolution (ADR) as a tool for promoting a culture of peace in Nigeria. The business community is a central pillar in any society and it is an honour to be called upon to speak on the relevance of the ADR 2000 Campaign to the Nigerian business community. Your project is a welcome one and shall definitely complement the myriad of ongoing activities in this area. It is without reservation and with much conviction therefore, that we endorse this initiative to integrate a culture of mediation amongst peoples, corporations and governments in our country. By so doing, alternative, peaceful means of conflict resolution will be introduced into the legal system and mainstream business practices in Nigeria. This will help save time, energy, money, resources and unnecessarily stressful situations.

Conflict as a Social Reality: Let me immediately address though in cursory manner, the issue of conflicts as a social reality historically. Most of you would agree with me that conflict is a reality in daily human experience. It is also a reflection of the diversity and complexity of human societies world-wide, spread as it were, between the haves and have-nots, the different races of humanity, between governments and trade unions, the generation gap and the dialectics of tension caused by power tussles and sometimes class struggles.

Paper present by Ndidi N. Edozien, Executive Director GBF at the documenting of the Alternative Dispute Reosolution (ADR) campaign 2000, organized by Negotiation and Conflict Management Group (NCMG), held at the Nigerian Law School, on October 26, 2000.

Without doubt, 'the fact of a world-wide conflict encompasses the lives of so many people that the reality of conflict cannot be doubted' (Ike, Obiora, ***Church and Society in Dialogue***, 1992, p. ii). In acknowledging its existence therefore, we accept that the objective should not be to eliminate conflicts as such, but to galvanise its potential into something good. This is possible because conflict is just as likely to be adaptive and constructive as it could be maladaptive and destructive, thus giving room for the possibility of a transformation of conflicts into a positive good for society. An integral responsibility of society therefore, of which the business community is a central part, is to understand and diminish those forms of conflict that dehumanize, destroy and degrade its members materially and spiritually (Prof. Okwudiba Nnoli). This would give room for a business climate where investment is possible, the economy is buoyant and wherein human rights and dignity are preserved.

Inadequacies of existing practices of Litigation: In our society, many cases of conflicts end in the Courts, which normally could have been treated at other mediative levels. The organizers of this workshop in their invitation letter refer to this phenomenon with the following observations:

1. The congestion in our law courts and its attendant cost burden (time and money) on litigants.
2. The need to speed up the transition from a culture of war, violence and win-lose to the culture of peace, dialogue and accommodation.
3. The greatest dividends of our cherished extended family structure, which fosters support, but also reconciles comprehensively, recreates mutual understanding and makes harmony, come alive again.

With the above points, one would immediately agree that there is an urgent need to further develop forms of conflict management, preventive conflict action and mediative instruments that ensure a culture of peace in our seemingly controversial and explosive, cultural and competitive business environment. The legal system, in unilateral action would be overburdened with this challenge.

One wonders how African societies survived before the coming of the colonialists from Europe and America. Professor Ike maintains in his book: ***Church and Society in Dialogue*** - that ancient pre-literary African societies possessed the ability to settle conflicts to promote the common good and create harmony for society. Nigerian law was thus always in existence as 'uncodified rational reasoning' and complies with the definition of St. Thomas Aquinas as 'an ordinance of reason for the common good, promulgated by the competent authority who has care for the community: In traditional society, such as among the Igbo of Nigeria, this was described as the OMENALA - the customs of the people. It is with the 'Omenala' that legal cases were settled in Chinua Achebe's acclaimed novel ***'Things Fall Apart'***, widely praised for its representation of the traditional way of life of the Igbo people before the arrival of the British in the 19th century.

Examples of Peaceful Dispute Resolution in Nigerian Culture: Chinua Achebe's acclaimed portrayal of Igbo traditional practices in the famous book ***'Things Fall Apart'*** (1955) appropriately and accurately describes the suitability and existence of alternative dispute resolution in Nigerian indigenous cultures even applicable today. Permit me to cite just two examples:

- Okonkwo and Asugo - a case of formal justice: 'Treat equals alike'.

In a case of informal justice portrayed in ***Things Fall Apart,*** Okonkwo, the offender, was made to apologise to Asugo, the Plaintiff, before the village assembly, for calling him a "woman" one of the greatest insults that could be made against an Igbo in that day. Achebe refers to the village assembly, as: *"the Igbo man's birth right, the guarantee of his rights and shield against oppression'.* **(Achebe, Things Fall Apart, p. 12 - 13).**

Professor Ike, in his work "African Legal Reasoning and Traditional Jurisprudence" explains this incident as a portrayal of "how the personal worth of an individual is regarded in Igboland and how people take seriously the formal element contained in the notion of justice: "treat equals equally".

* Odukwe and Uzowulu - a case of Legal Justice in Igboland

In this instance the "Egwugwu" were called upon to resolves a marriage case. The Igbo people presume it that the Egwugwu consult with the spirit world, the highest and last judge in existence. The supremacy and justness of their verdicts was supposed to be just and impartial. Their ruling on the referred case was as follows:

> *"We have heard both sides of the case", said the eldest Egwugwu. "Our duty is not to blame this man or to praise that, but to settle the dispute". He then addressed Uzowulu the complainant: "Go to your in-laws with a pot of wine and beg your wife to return to you. It is not bravery when a man fights a woman". Then he turned to the defendant, Odukwe and delivered his judgement thus "If your in-law brings wine to you, let your sister go with him".* **(Achebe, Things Fall Apart, p. 65).**

Professor Ike mentions this case as one of legal justice in preliterate Igbo society, observing that 'the formal sense of justice... remained the same, but the material element in justice differed". He adds: In summary, Achebe's words in ***Things Fall Apart***, very clearly define what may be termed as the noble ideas of the ADR 2000 Campaign: *"to ensure the reign of justice, rights and order both in the public and private sectors of social life".*

The Role of Businesses in Alternative Dispute Resolution: The executives and members of the Growing Businesses Foundation, a national outfit based in Lagos and founded to actively promote Corporate and Individual Philanthropy and encourage socially responsible businesses and individuals in the economic development of communities, have recognized the importance of dialogue and collaboration amongst businesses in building our society. Thus it is that competing businesses have been able to collaborate for the good of society, through the Growing Businesses Foundation; Union Bank, UBA, Gulf Bank in the banking industry, Chevron and Exonmobil in the oil industry, amongst others. As we have learnt from the Niger Delta Region, poor communication between businesses and communities ultimately impacts negatively upon the profitability of the business sector. The neglect of society in pursuit of profit has an

adverse impact upon businesses and philanthropic community development efforts and ultimately threatens national peace and economic progress. Michael Novak in his recent book 'Business as a Calling' provides a quintessential example of the potentially devastating influence of profit-driven businesses on communal conflict in the Homestead Steel Strike of 1862, USA Andrew Carnegie and the management of Homestead rather than aiming for a mutually agreeable resolution with the strikers, approved action to 'break the Union'. The result was virtual warfare between townspeople (including women and children), and resulted in the calling of the National Guard to restore order and enforce the peace. (Novak, Michael: **Business as a Calling**, p. 61). Unfortunately, the legal system often reinforces such negative behaviour by seeking to establish 'winners' and 'loser' over promoting mediation, dialogue and the peaceful resolution of conflicts.

Six elements emerge which need serious study in our attempt to advocate for alternative dispute resolution in the Nigerian business sector. These include:

a. The need for ongoing dialogue among businesses as a basis for reduced tension and crisis. Once people are in dialogue, evidence shows there are opportunities to clarify misunderstandings without conflict. Unfortunately, when dialogue fails, litigation is often the next step, even in instances where mediation would have sufficed. There is need for ongoing dialogue among businesses and communities to build mutual trust and understanding. This is also the principle of communication for peace.
b. The need to spell out contractual obligations and mutual agreements clearly and in understandable language for both parties. Often, the lack of clearly spelt out terms of reference and ambiguous language leaves room for later problems interpretation and consequently in litigation.
c. The need to exhaust traditional means of conflict resolution, some of which include the role of the elders and community leaders; the role and scope of religion and traditional customs; the role of the age grade and friends of the actors; the role of the family,

whether extended or intimate; the place of measures which encourage debate, consensus and democratic behaviour.

d. The cultivation of a democratic culture and the abrogation of a military-like, insensitive and arrogant leadership or political elite, which takes decisions without consulting the people.
e. The application of restorative justice in conflict resolution and dispute settlement. This implies the ability to settle differences afterwards by reconciliation.
f. The need to identify preventive methods in conflict minimisation to avoid later outbursts. 'A stitch in time saves nine', they say. Early detection of conflict leads to the prevention of conflicts in the long run and guarantee social peace, which is an aim in itself for most societies.

Conclusion:

This paper has tried in a short but cursory manner to endorse the attempt made by the Negotiation and Conflict Management Group (NCMG) to initiate and promote an alternative dispute resolution concept into our Nigeria vocabulary for peaceful co-existence which must not always end in litigation. There is need for social peace and harmony in our society. This is not always guaranteed by the Law Courts. The courts have their rightful place in a society but are sometimes overburdened with cases, which must not necessarily come to the courts for adjudication; the courts interpret and adjudicate over law and order, not necessarily over the peace and harmony of a social group. This must be created and enhanced by the people themselves. A culture of non-violence, inter-cultural tolerance, democracy and mediation is part of the new dimension, which our society could take to arrive at the much-desired peace in our country. Nigeria is a multi-cultural, multi lingual and multi ethnic society. We can live together in peace and harmony. But we have to re-learn the principles and methods that could enhance this life-style. It is possible. Much of the conflict in Nigeria may be traced to the lack of a democratic culture in the country. State violence accounts for many conflicts for example, when land is taken away from the owners by the fiat of a decree; when peoples' properties are denied them; when might becomes right; when the rule of law is flouted with impunity;

when development programmes are not executed and poverty is spread, leading the citizens to engage in a rat race for scarce resources; when arrogance in the usage of State power is made a way of life and power becomes an end in itself. The essence of a democratic culture is mutual tolerance and consensus building in the pursuit of common concerns. Military rule in Nigeria induced a commandist and authoritarian culture guided by the belief that matters are best resolved by decisions taken without consulting relevant stakeholders, and imposed upon the people. The impracticability of such policies eventually eroded what the peace can manage, resulting in many of the crises we experience today. Examples abound of land, boundary adjustments and other conflicts that end in the law courts, although these are not equipped to resolve the fundamental issues at stake in many such conflicts. Peace is not automatic. It needs time and a culture to groom and grow. It is necessary to encourage peaceful co-existence among individuals, communities, businesses and governments. The referred co-existence must be nurtured by painstaking efforts at involving ordinary people in decision-making and not just as consumers of policy but, more importantly, as authors of policies. As a case in point, the petrol crisis of June 2000 and the consequent strike exposed the gap in communication between the executive, the legislature and the trade unions representing the people. Alternative dispute resolution focuses on the cultivation of an attitude of patient negotiation, seeking mutual accommodation over immediate solutions. It requires patient dialogue, negotiation, mediation, trust and tolerance, capable of directing the people's energy into reaching consensus in personal, public and communal dispute matters. This is the consensus dictate, found in many ancient cultures of Nigeria but which have gradually faded away by the invasion of European legal systems, military aberrations and modern reasoning that lacks patience in mediation and dialogue.

I hope the contributions made in this paper will assist in the furtherance of the goals of the NCMG towards promoting alternative dispute resolution in Nigeria. Thank you for your patient attention as I look forward to constructive dialogue on this matter.

CHAPTER THIRTEEN

Caux Round Table (CRT): Principles for Business and Positive Change

The Caux Round Table is a global network of senior business leaders who are determined to make a difference by taking action on issues affecting society. It advocates positions on economic, social and environmental issues, and serves as a catalyst for positive change.

THE CAUX ROUND TABLE: PRINCIPLES FOR BUSINESS

Introduction:

The Caux Round Table (CRT) believes that the world business community should play an important role in improving economic and social conditions. As a statement of aspirations, this document aims to express a world standard against which business behaviour can be measured. We seek to begin a process that identified shared values, reconciles differing values, and thereby develops a shared perspective on business behaviour acceptable to and honoured by all. These principles are rooted in two basic ethical ideals: Kyosei and human dignity. The Japanese concept of kyosei means living and working together for the common good, enabling cooperation and mutual prosperity to co-exist with healthy and fair competition. *"Human dignity"* refers to the sacredness or value of each person as an end, not simply as a means to the fulfilment of others' purposes or even majority prescription. The General principles in Section 2 seek to clarify the spirit of kyosei and *"human dignity"* while the specific stakeholder principles in Section 3 are concerned with their practical application. In its language and form, the document owes a substantial debt to The Minnesota Centre for Corporate Responsibility. The Centre hosted and chaired the drafting committee, which included Japanese, European, and United State representatives.

Business behaviour can affect relationship among nations and the prosperity and well-being of us all. Business is often the first contact between nations and, by the way in which it causes social and economic changes, has a significant impact on the level of fear or confidence felt by people worldwide. Members of the Caux Round Table place their first emphasis on putting one's own house in order, and on seeking to establish what is right rather than who is right.

SECTION ONE: PREAMBLE:

The mobility of employment, capital, products and technology is making business increasingly global in its transactions and its effects. Law and market forces are necessary but insufficient guides for conduct. Responsibility for the policies and actions of business and respect for the dignity and interests of its stakeholders are fundamental. Shared values, including a commitment to shared prosperity, are as important for a global community as for communities of smaller scales.

For these reasons, and because business can be a powerful agent of positive social change, we offer the following principles as a foundation for dialogue and action by business leaders in search of business responsibility. In so doing, we affirm the necessity for moral values in business decision-making. Without them, stable business relationships and a sustainable world community are impossible.

SECTION TWO: GENERAL PRINCIPLES:

Principle One:

The Responsibilities of business: Beyond Shareholders Toward Stakeholders. The value of a business to society is the wealth and employment it creates and the marketable products and services it provides to consumers at a reasonable price commensurate with quality. To create such value, a business must maintain its own economic health and viability, but survival is not a sufficient goal.

Businesses have a role to play in improving the lives of all their customers, employees, and shareholders by sharing with them the wealth they have created. Suppliers and competitors as well should expect businesses to honour their obligation in a spirit of honesty and

fairness. As responsible citizens of the local, national, regional and global communities in which they operate, businesses share a part in shaping the future of those communities.

Principle Two:
The Economic and Social Impact of Business: Toward Innovation, Justice and World Community. Businesses established in foreign countries to develop, produce or sell should also contribute to the social advancement of those countries by creating productive employment and helping to raise the purchasing power of their citizens. Businesses also should contribute to human rights, education, welfare, and vitalization of the countries in which they operate. Business should contribute to economic and social development not only in the countries in which they operate, but also in the world community at large, through effective and prudent use of resources, free and fair competition, and emphasis upon innovation in technology, production methods, marketing and communications.

Principle Three:
Business Behaviour: Beyond the Letter of Law, Toward a Spirit of Trust: While accepting the legitimacy of trade secrets, businesses should recognise that sincerity, candour, truthfulness, the keeping of promises, and transparency contribute not only to their own credibility and stability but also to the smoothness and efficiency of business transactions, particularly on the international level.

Principle Four:
Respect for Rules: To avoid trade frictions and to promote freer trade, equal conditions for competition, and fair and equitable treatment for all participants, businesses should respect international and domestic rules. In addition, they should recognise that some behaviour, although legal, may still have adverse consequences.

Principle Five:
Support for Multilateral Trade: Businesses should support the multilateral trade systems of the GATT/World Trade Organisation

and similar international agreements. They should cooperate in efforts to promote the progressive and judicious liberalization of trade and to relax those domestic measures that unreasonably hinder global commerce, while giving the due respect to national policy objectives.

Principle Six:
Respect for the Environment: A business should protect and, where possible, improve the environment, promote sustainable development, and prevent the wasteful use of natural resources.

Principle Seven:
Avoidance of Illicit Operations: A business should not participate in or condone bribery, money laundering, or other corrupt practices; indeed, it should seek cooperation with others to eliminate them. It should not trade in arms or other materials used for terrorist activities, drug traffic or other organised crime.

SECTION THREE: STAKEHOLDER PRINCIPLES:

Customers: We believe in treating all customers with dignity, irrespective of whether they purchase our products and services directly from us or otherwise acquire them in the market. We therefore have a responsibility to:

- provide our customers with the highest quality products and services consistent with their requirement;
- treat our customers fairly in all aspects of our business transactions, including a high level of service and remedies for their dissatisfaction;
- make every effort to ensure that the health and safety of our customers, as well as the quality of their environment, will be sustained or enhanced by our products and services;
- assure respect for human dignity in products offered, marketing, and advertising; and
- respect the integrity of the culture of our customers.

Employees: We believe in the dignity of every employee and in taking employee interests seriously. We therefore have a responsibility to:

- provide jobs and compensation that improve workers' living conditions;
- provide working conditions that respect each employee's health and dignity.
- be honest in communications with employees and open in sharing information, limited only by legal and competitive constraints;
- listen to and, where possible, act on employee suggestions, ideas, requests and complaints;
- engage in good faith negotiations when conflict arises;
- avoid discriminatory practices and guarantee equal treatment and opportunity in areas such as gender, age, race, and religion;
- promote in the business itself the employment of differently abled people in places of work where they can be genuinely useful;
- protect employees from avoidable injury and illness in the workplace;
- encourage and assist employees in developing relevant and transferable skills and knowledge; and

- be sensitive to the serious unemployment problems frequently associated with business decisions, and each other in addressing these dislocations.

Owners/Investors: We believe in honouring the trust our investors place in us. We therefore have a responsibility to:

- apply professional and diligent management in order to secure a fair and competitive return on our owners' investment;
- disclose relevant information return on our owners/investors subject to legal requirements and competitive constraints;
- converse, protect and increase the owners'/investors' assets; and
- respect owners'/investors' requests, suggestions, complaints, and formal resolutions.

Suppliers: Our relationship with suppliers and subcontractors must be based on mutual respect. We therefore have a responsibility to:

- seek fairness and truthfulness in all our activities, including pricing, licensing, and right to sell;
- ensure that our business activities are free from coercion and unnecessary litigation;
- foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability;
- share information with suppliers and integrate them into our planning processes;
- pay suppliers on time and in accordance with agreed terms of trade; and
- seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.

Competitors: We believe that fair economic competition is one of the basic requirements for increasing the wealth of nations and ultimately for making possible the just distribution of goods and services. We therefore have a responsibility to:

- foster open markets for trade and investment;

- promote competitive behaviour that is socially and environmentally beneficial and demonstrates mutual respect among competitors;
- refrain from either seeking or participating in questionable payments or favours to secure competitive advantages;
- respect both tangible and intellectual property rights; and
- refuse to acquire commercial information by dishonest or unethical means, such as industrial espionage.

Communities: We believe that as global corporate citizens we can contribute to such forces of reform and human rights as are at work in the communities in which we operate. We therefore have a responsibility in those communities to:

- respect human rights and democratic institutions, and promote them wherever practicable;
- recognize government's legitimate obligation to the society at large and support public policies and practices that promote human development through harmonious relations between business and other segments of society;
- collaborate with those forces in the community dedicated to raising standards of health, education, workplace safety and economic well being;
- promote and stimulate sustainable development and play a leading role in preserving and enhancing the physical environment and conserving the earth's resources;
- support peace, security, diversity and social integration;
- respect the integrity of local cultures; and
- be a good corporate citizen through charitable donations, educational and cultural contributions, and employee participation in community and civic affairs.

Obiora F. Ike, graduate of universities in Enugu, Bonn, Innsbruck, London and the Sourbonne is a Catholic Priest, Professor of Social Ethics, History and African Studies and is the Executive Director, Catholic Institute for Development Justice and Peace (CIDJAP) Enugu Nigeria.

Ndidi Nnoli Edozien, graduate of the London School of Economics and Political Science is an Economic Consultant, currently a Fellow at the Reinhard Mohn Fellowship, Bertelsmann International Germany (2002/2003) and doctoral degree Research candidate at the University of Frankfurt. Ndidi is the Founder and Executive Director of the Growing Businesses Foundation(GBF), Lagos, Nigeria

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