Hon. Minister, senator Udoma Udo udoma's 's remarks at the presentation of the Regional Economic Outlook Report for Sub Sahara Africa at the 2018 IMF/World Bank Groups Meetings in Bali, Indonesia on October 10, 2018

Thank you for the opportunity to join you today at the presentation of the IMF's Regional Economic Outlook Report for Sub-Saharan Africa. I must appreciate Mr. Abebe Selassie for the presentation.

I am happy to note that the IMF expects improved growth for Sub-Saharan Africa in 2018. Sub-Saharan Africa is expected to grow by 3.1%, up from 2.7% in 2017. The direction of movement is encouraging, although, given our generally high rate of population growth, we need much higher growth for our people to really feel the impact of the improved growth.

We appreciate that, given the size of the Nigerian economy, developments in Nigeria have a significant effect on the overall performance of Sub-Saharan Africa. Our initial projections were that we would grow at more than 3% in 2018. However, due to some oil production challenges in Q2 2018 - which are being resolved – and reduced agricultural output due to some local communal conflicts between herdsmen and farmers as well as flooding in the agricultural belt – we have had to reduce our own projections to 2.1%. The good news is that action is being taken to resolve these challenges.

We notice that the IMF's projection for Nigeria is 1.9% this year, which is slightly lower than ours. However, given that Nigerian growth for 2017 was only 0.8%, even if Nigeria achieves only 1.9% this year, as forecast by the IMF, that is a significant improvement on the 2017 numbers. The direction of movement in Nigeria is clearly very positive.

It will be recalled that following the collapse of crude oil prices from 2014, which culminated in our sliding into recession in 2016, we developed a robust Medium-Term Plan – the Economic Recovery and Growth Plan for 2017 to 2020 – which was launched in early 2017. The Plan focuses on five strategic areas: Macroeconomic Stability, Economic Diversification and Growth Drivers, Competitiveness, Social Inclusion and Jobs, as well as Governance and other Enablers.

The Plan is working.

- We have been able to bring down inflation from 18.7% in January last year to 11.2% by August this year. Our aim is to bring inflation down to single digits by the end of the Plan period in 2020.

- The exchange rate market has been stabilized through the introduction of the Investors and Importers foreign exchange window. We have also been able to build up our external reserves from $27 billion in 2016 to about $44s billion by early this month.

- Our current account, as a ratio of GDP, has moved from a deficit of 3.2% in 2015 to a surplus of 2.8% by end of last year. And this is built on export growth, including significant growth in non-oil exports, that has resulted in the country recording a consistently positive trade balance since the fourth quarter of 2016.

- The ERGP targets both oil and non-oil. With specific reference to the oil sector, it would be recalled that due to disruptions by militant activity, at some point in 2016, oil production was as low as 1 mbpd. Through positive engagements with the communities in the Niger Delta, we have improved the environment for oil production. Apart from technical hitches, from time to time, we are now able to produce up to 2 mbpd and take advantage of the more favourable international oil prices. Our target is to produce 2.3 mbpd.

* Overall, the implementation of the various initiatives in the Plan resulted in moving us out of recession to a positive growth path. Our GDP grew from -1.6% in 2016 to 1.5% by the second quarter of this year, with the non-oil sector growing at 2.05% - the highest growth in the sector since the fourth quarter of 2015. As I mentioned earlier, we remain confident in our growth projection of 2.1% by the end of the year.

With the implementation of the ERGP, we are better placed, today, to withstand any external shocks than we were in 2015 when we came in as an Administration. As you have seen, these actions that we have taken have helped us to build buffers and appropriate measures to safeguard us from any external shocks.

Notwithstanding the up-coming elections in February next year we are continuing to focus on the delivery of our programmes and policies. We have been directed by our President, Muhammadu Buhari, not to be distracted by the noise of the electioneering. We also have an ERGP Implementation Team that is working very hard to deliver on the Plan’s outcomes.

As indicated in the IMF's presentation, one of the downside risks to growth prospects in the sub-region, is security**.** In Nigeria, tackling security is one of the three policy thrusts of the current Administration. In this context, Government has been able to degrade the capacity of the Boko Haram insurgents and bring stability to the affected region. We are implementing a humanitarian response plan to resettle the victims and return them safely back to their homes. Schools have re-opened and farming and other activities are being restored.

We are also strengthening cooperation with our neighbours to deal with these security problems, including trans-border crimes.

With respect to the problem of debt-vulnerabilities, I agree with the IMF that it is an issue that requires constant monitoring. Even though we, in Nigeria, have one of the lowest debt levels among African peers, we realise that we need to improve our revenues to bring down our debt service to revenue ratios to more comfortable levels. Accordingly, we are intensifying efforts on domestic revenue mobilization and maintaining fiscal discipline. We are broadening our tax base through policy reforms such as the tax amnesty programme 'VAIDS'. This, amongst other measures, has resulted in the number of taxpayers rising from 13 million in 2015 to over 19 million. We are also deploying technology in tax and customs' collections to automate processes and enhance efficiencies.

We are also on track to shifting our domestic debt portfolio to longer term maturities. And our external debt is primarily concessional borrowing, representing 54% of our external debt as at June 2018. Debt Sustainability Analysis is conducted annually to reaffirm that our Public Debt Stock is sustainable. In Nigeria, our borrowing is being utilized principally to fix our infrastructure.

I also agree with the IMF that appropriate policies are needed to enhance the resilience of the region from all forms of vulnerabilities, create more jobs for the rising youth population and raise per capita income. From the report, it is projected that Sub Saharan Africa needs to create about 20 million jobs annually over the next decade to absorb its rising population.

In Nigeria's ERGP, we target to create about 15 million jobs by 2020. We intend to achieve this principally through stimulating the private sector. Our aim is to make Nigeria a more investment friendly place, a more attractive place for people to do business. We conducted sector specific labs, what we referred to as the ERGP Focus Labs, to bring potential investors and government officials together to seek to remove the bottlenecks and impediments impeding investment projects. We identified over $22 billion of potential investments which could be unlocked, if we can remove some of these impediments.

We also introduced the Social Investment Programme with annual allocations of N500 billion (equivalent of $1.6 billion) in each of our budgets since 2016. We are committed to implementing policies and programmes that promote social inclusion and deliver growth that is more diversified, inclusive and sustainable. We are increasing investments in human capital. As an example, since 2015, at the Federal Government level, we have quadrupled our capital allocation to education and health. We are determined to make progress towards meeting the Sustainable Development Goals (SDGs), as indicated in the report presented.

With regard to private investment inflows, I do agree with the policy advice by the IMF that we need to put in place sound macroeconomic policy management to mitigate the risks associated with volatile capital flows. That is why, in Nigeria, we are focusing on attracting FDI through reforms in the business environment to make it more attractive to investors. (Have to also encourage portfolio investors.

We also set up the Presidential Enabling Business Environment Council (PEBEC) charged with implementing targeted reforms to remove bottlenecks to investment.

Finally, I agree that we must prepare for the Fourth Industrial Revolution where advancements in artificial intelligence, robotics, self-driving vehicles, and nanotechnology may be disruptive (of creating jobs). In my view, the best way to prepare for it is to place emphasis, as the ERGP does, on investments in broadband and digital technology. We must also educate and train our people, particularly our young people, to enhance their capabilities to understand and respond to these new technologies. We must prepare our people for this brave new world, and if possible, find a way to leap-frog. An example is mobile money where many African countries have advanced further than some Western countries.(e.g. Kenya (inclusion).

I must, once again, thank Mr. Abebe Selassie for a very useful presentation.