



SUBSIDY REINVESTMENT FUND: A VERITABLE AVENUE FOR INFRASTRUCTURE PROVISION

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Outline

- Introduction
- Background to Subsidy Reinvestment Fund
- The Subsidy Reinvestment and Empowerment (SURE) Programme
- Implementation Strategies for Infrastructure Projects under SURE Programme
- Implementation Challenges
- Conclusion



Objectives of the Presentation

- Share with this distinguished audience background on the imperative for subsidy reinvestment Fund.
- Provide information on the SURE Programme.
- Seek buy-in of the States to provide support for the SURE programme and to initiate complementary intervention programmes for infrastructure development.



Introduction

- Infrastructure refers to socio-economic facilities that enhance economic production and quality of life.
- Infrastructure facilities include road, rail, aviation, water transport, sewage and water supply, power, drainage, housing and ICT.
- Infrastructure is generally referred to as enabler of development.
- The quantity and quality of infrastructure impact on production, improve competitiveness of the economy, create jobs and assist in poverty alleviation.



Background to Subsidy Reinvestment Fund

- NV 20:2020 is a long term development plan that aims at making Nigeria one of the 20 largest economies in the world by 2020 with a minimum GDP of US\$900 billion and per capita income of not less than US\$4000 per annum.
- Nigeria's Vision 20: 2020 (NV 20:2020) as economic transformation blueprint recognizes the importance of infrastructure.
- It identifies the current state of infrastructure in the country as a challenge that must be addressed towards actualization of NV 20:2020.



Background to Subsidy Reinvestment Fund (cont'd)

- The immediate policy focus towards the realization of NV20:2020 is in threefold:
 - increasing the quantity and quality of government infrastructure spending, with a view to achieving accelerated infrastructural development within the first three years while ensuring that maximum value is derived from such expenditure.
 - development of a framework for joint financing of infrastructure projects between the Federal and state governments as well as between multiple state governments.
 - private investments will continue to be encouraged, and policy focus will be on creating the environment for infrastructure investments in Nigeria to be competitive and attractive, building on the framework for infrastructure concession now in place with the enactment of the ICRC Act.



Background to Subsidy Reinvestment Fund (cont'd)

- NV 20:2020 is to be implemented through 3 Implementation Plans:
 - First National Implementation Plan (2010-2013)
 - Second National Implementation Plan (2014-2017)
 - Third National Implementation Plan (2018-2020)
- In the 1st NIP (medium-term plan)
Government is dedicating significant resources to rehabilitation, maintenance and expansion of its infrastructure assets.



Background to Subsidy Reinvestment Fund (cont'd)

- Infrastructure projects in the 1st NIP include:
 - Power
 - rehabilitation of power installations,
 - expansion of generation, transmission and distribution networks;
 - widening of the scope of the independent power projects
 - feasibility studies for alternative energy sources;
 - Roads (rehabilitation, expansion and construction of roads)
 - Rail (standardization of rail tracks and railway development)
 - Air (rehabilitation and upgrading of airport facilities)
 - Inland waterways (dredging of waterways)
 - Development of ports



Background to Subsidy Reinvestment Fund (cont'd)

- The 1st NIP is the nucleus of the Transformation Agenda of this Administration
- The Transformation Agenda serves as a framework for actualization of the Federal Government's development agenda for the period 2011-2015.
- Infrastructure is one of the areas that is receiving attention of Government in the Transformation Agenda.
- Key infrastructure projects in the power, transport, oil and gas, and information technology sectors are being implemented
- The Sovereign Wealth Fund was also established to make resources available for infrastructure development



Background to Subsidy Reinvestment Fund (cont'd)

- Current stock of infrastructure is inadequate to meet economic growth target set under NV 20:2020.
- Infrastructure deficit was underscored in the 2011 Mid-Year Monitoring and Evaluation Report by NPC.
- As at June 2011 electricity generated was 3903.9MW while only 32% of Federal roads was in good condition.



Background to Subsidy Reinvestment Fund (cont'd)

- The total proposed investment under the Transformation Agenda in the power, housing, ICT, oil & gas, sea & river ports, rail, roads & bridges, aviation, water resources, FCT and Niger Delta sectors is about N7.64 trillion.
- The Transformation Agenda identifies 3 sources of funding:
 - On-budget public funding
 - Off-budget public funding
 - Private resources.
- The off-budget sources include Sovereign Wealth Fund, special intervention Funds, FGN bonds through the Debt Management Office, low interest concessional loans and credit.



The SURE Programme

- The Subsidy Reinvestment Fund is a special intervention fund of FG's share of the proceeds on withdrawal of subsidy on petrol.
- The Fund is to finance the Subsidy Re-investment and Empowerment (SURE) programme.
- The objectives of the SURE programme are to:
 - mitigate the effects of the petroleum subsidy discontinuation on the population, but particularly for the poor and vulnerable segments;
 - accelerate economic transformation through investments in critical infrastructure projects, so as to drive economic growth and achieve NV 20:2020; and
 - lay foundation for the successful development of a national safety net programme that is better targeted at the poor and most vulnerable on a continuous basis.



The SURE Programme

- The SURE programme is consistent with the NV 20:2020 and Transformation Agenda priorities of investment in critical infrastructure and safety net to spur economic growth and alleviate poverty.
- The SURE programme is to be implemented over a period of 3-4 years.
- N180 billion is estimated to be Federal Government's share in 2012.



The SURE Programme: Components of SURE Programme

- The SURE Programme has 8 components
 - A. Social Safety Net
 1. Maternal and Child Health,
 2. Works/Women and Youth Employment Programme
 3. Urban mass Transit
 4. Vocational Training Scheme
 - B. Niger Delta Development
 - C. Road Infrastructure



The SURE Programme: Components of SURE Programme

D. Rail Transport

E. Water and Agriculture

1. Irrigation

2. Urban Water Supply

F. Power

G. Petroleum/NNPC

H. Information and Communication
Technology (ICT)



The SURE Programme: Infrastructure Projects

- Power
 - Large hydropower project (2,600MW)
 - Medium and small hydropower projects (140.25MW)
 - Counterpart funding for Coal power projects
- Transport
 - Road
 - Completion of dual carriageways and bridges
 - Completion of road networks in Niger Delta
 - Rail
 - Construction of standard gauge
 - Rehabilitation of narrow gauge
 - Urban light rail (Abuja)



The SURE Programme: Infrastructure Projects

- Petroleum
 - Construction of new Greenfield refineries
 - Pipeline reinstatement
- Water and Irrigation
 - Revitalization of irrigation projects
 - Completion of Urban Water Supply projects
- ICT Infrastructure
 - Boosting broadband connectivity
 - Extending connectivity to all tertiary institutions



The SURE Programme: Road Projects

Project	Length (km)	Zone
Abuja-Abaji-Lokoja Dual Carriageway	200	NC
Benin-Ore-Sagamu Dual Carriageway	295	SS/SW
Kano-Maiduguri Dual Carriageway	510	NW/NE
Onitsha-Enugu-Port Harcourt Dual carriageway	317	SE/SS
Oweto Bridge	2	NC
Second Niger Bridge	2	SS/SE



The SURE Programme: Rail Projects

Project	Length (km)	Zone
Lagos-Ibadan Standard Gauge (dual)	174	SW
Abuja-Kaduna Standard Gauge	187	NC/NW
Port-Harcourt-Umuahia-Enugu-Makurdi-Lafia-Kuru-Kafanchan-Jos-Bauchi-Gombe-Maiduguri	2,119	SS/SE/NC/NE
Zaria-Funtua-Gusau-Kaura Namoda	221	NW
Lagos-Ibadan-Ilorin-Jebba-Minna-Kaduna-Zaria-Kano	1,124	SW/NC/NW
Abuja Light Rail	52	FCT



Implementation Strategies

- Board constituted to oversee the implementation of the projects contained in the SURE programme.
- Relevant MDAs set up project implementation units (one for each project sector).
- NPC to monitor and evaluate implementation of the projects
- Savings from the partial removal of subsidy to be shared among the three tiers of government
- The FCT, States, and Local Governments are expected to develop similar framework for utilization of their share of subsidy savings for infrastructure development
- With subsidy reinvestment Fund the FG will like to urge the States to implement their prioritized infrastructure projects so as to complement the FG programme for infrastructure development.



Implementation Challenges

- Resource mobilization: FG's inability to effect total subsidy withdrawal has reduced the revenue that will be available for SURE programme. The scope of intervention of the SURE programme is therefore being revised
- Having sub-national governments to initiate complementary programmes for infrastructure development



Conclusion

- Deficit in infrastructure poses a challenge to the actualization of the NV 20:2020 in general and the Transformation Agenda in particular
- Budgetary allocation to infrastructure projects is inadequate
- The SURE programme provides additional resources to finance infrastructure development
- States as partners in development are enjoined to complement FG effort on infrastructure development by investing a considerable share of their proceeds accruing from subsidy removal in the same vein.





**THANK YOU
FOR YOUR KIND ATTENTION!**

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