



TRANSFORMING NIGERIA'S ECONOMY

BEING OPENING SPEECH

By

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at

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at

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Protocols

I am pleased to welcome you all to this Retreat on the National Economic Recovery and Growth Plan. You have all been invited to work with us as we continue our journey to transform the Nigerian economy. This retreat is intended to provide an opportunity and a platform for a variety of stakeholders from across the entire spectrum of national life to consult and exchange views on a medium term economic plan for Nigeria. We are at a critical juncture in our national development trajectory, and it is quite reassuring that so many of you have taken time out of your very busy schedules to be here today. I would really like to express sincere appreciation to you all for this level of commitment and patriotism.

2. Before I delve into some of the substantive things that will engage us over the next two days, let me first of all clear the air on some matters. One or two commentators have said that the Federal Government does not have an economic programme. This is not true. The Administration laid out a clear economic vision and direction, over the short term, in the President's 2016 Budget Speech, as well as in the Strategic Implementation Plan for the 2016 Budget of Change.

3. As you all know, the Strategic Implementation Plan (the SIP) is anchored on four policy fundamentals: (1) Investing in Critical Infrastructure; (2) Embracing the Private Sector; (3) Fostering Social Inclusion and Job Creation; and (4) Improving Security and Tackling Corruption. The execution and monitoring of these fundamental objectives are prioritized in six thematic areas, namely: (a) Policy, Security and Governance; (b) Diversification of the Economy; (c) Power, Rail and Roads; (d) Oil and Gas Reforms; (e) Ease of Doing Business; and (f) Social Investment.

4. The SIP is a fairly detailed plan and contains a total of 34 key actions selected for immediate implementation. Many of these are already yielding results. For example:

- Reforms in Agriculture have started yielding fruit as there has been noticeable growth in that sector. This welcome growth will help us to achieve the goals we have set for ourselves of self-sufficiency in rice by 2018 and wheat by 2019, and to become a net exporter of a number of other agricultural products over the medium term.
- We committed to adopt a roadmap to stimulate investment into the solid minerals sector, which has been done. Here again we are noticing growth in that sector.

- We said we would take action to improve Nigeria's business environment; and now the President has set up a Presidential Council on Enabling Business Environment. This is designed to achieve the target set by the SIP of moving Nigeria at least twenty places up the World Bank Ease of Doing Business Index within one year so as to attract more domestic and foreign investments.
- We committed to launching a **Made in Nigeria** campaign, and as you know that was the focus of the 2016 Nigeria Economic Summit held in early October.

5. The Strategic Implementation Plan was intended for the short-term. In his Foreword to the SIP, President Buhari stressed two things. The first was that the 2016 Budget was the means by which the Federal Government intended to reflate and reposition the economy. Secondly, he said that a more comprehensive medium term plan involving extensive consultations would be delivered before the end of the year. This explains why we are gathered here. Some of the actions outlined in the SIP included the development of sector roadmaps. These have since been concluded and launched for Agriculture, Solid Minerals, Water Resources and Petroleum Resources, and will be incorporated in the medium term development plan.

6. One good thing about the discussion about a blueprint is that it has created support for the planning process which cannot

always be taken for granted. Nevertheless, it is helpful to note that the National Economic Recovery and Growth Plan will play a signaling role, while also promoting coherence and coordination. In other words, by putting government strategies, directions, policy priorities and intended initiatives in one place, other stakeholders are better able to take their own strategic economic decisions. In addition, economic actors in various sectors will be guided by commonly derived objectives in the plan which promote coordination and prevent duplication and needless dissipation of scarce resources. The planning process of course also provides an opportunity to review the trajectory of the economy, especially in the context of regional and global developments.

7. In order to succeed in this exercise, it is important that we gain a clear appreciation of where we are, how we got there, where we want to go, what has been done and what needs to be done. We are all aware that the Nigerian economy is in recession, having contracted by -2.06% in the second quarter of this year, following similar negative growth of -0.36% in the first quarter. This situation was further compounded by a rise in inflation to 17.9% by end of September 2016. Our foreign reserves declined from about \$37.3bn in the second quarter of 2014 to \$24.74bn at the end of September 2016.

8. It is important to understand the origins of our present predicament, not as part of a political blame game but rather to learn from past missteps and also to identify what needs to be done. Of course, the immediate cause is quite evident, which was mainly the collapse of oil prices from \$114 per barrel in mid-2014 to as low as \$28 per barrel by February this year. This sharp decline in oil prices was further compounded by the loss of up to 1.1m barrels per day in crude oil production due to sabotage. Such acts of vandalism also affected gas supplies to power stations and thus electricity supply. In other words, for most of this year we have been grappling with a triple shock of prices, production and power.

9. Quite unlike the situation in 2008 the economy has not been so easily able to shrug-off the triple shock. At that time Nigeria had significant fiscal and external buffers to withstand the exogenous shocks and internal haemorrhage as our foreign reserves, and savings in the excess crude account, amounted to over US\$ 50 billion. This time around, our over-dependence on oil for foreign exchange and revenue earnings and an import dependent consumption model has been laid bare by the lack of fiscal buffers. The lessons we can draw from the recent past is that it is important to build up fiscal buffers, undertake an aggressive investment driven model and diversify from our reliance on oil and gas for foreign exchange earnings and government revenue.

10. Very broadly, this is what the Federal Government has sought to do in the context of the actions that it has taken this year. We have made our immediate priority to stimulate and revitalise the economy. We are constantly looking at ways to develop and build social safety nets to mitigate the effects of currency weakness and repricing of petroleum products. Hence our social investment programmes. We have also taken the decision to avoid laying people off and are focusing instead on increasing non-oil revenues and ensuring greater transparency and efficiency in the use of available resources. The desire to stimulate demand by putting money in peoples' hands motivated our three interventions to assist States and Local Governments to pay staff salaries and wages. In addition to improving inclusion, our social intervention programmes will also help to serve the same purpose.

11. At the same time, tools like the Treasury Single Account, an integrated payroll system and an efficiency unit have helped to promote transparency and institute expenditure controls. As you know the Ministry of Finance has already identified and eliminated over 45,000 unjustified entries from the payroll. In the same vein, we have reduced losses to the treasury arising from the fuel subsidy regime. It will be recalled that PMS was liberalized on the 12th of May 2016. Immediately this was announced, consumption dropped by 30%, resulting in a saving of US\$4.5 million a day

from the elimination of false subsidy claims. Furthermore, this reform has eliminated fuel queues. We are also, as promised in the SIP, promoting a more flexible, market related, foreign exchange regime. With regard to oil production, we have intensified the use of dialogue to reduce the disruptions to oil production in the Niger Delta. Indeed, the Ministry of Petroleum Resources has indicated that oil production has improved significantly in recent weeks. We are now producing over 2 million barrels per day.

12. These short term policy considerations were linked to other priorities in the SIP which place emphasis on diversification; power, roads, and rail; oil and gas reforms; ease of doing business; and social investments. It is now of course time to translate these short-term interventions into a longer term framework that will boost growth while at the same time restructuring the economy over the medium term.

13. Distinguished Ladies and Gentlemen, this Ministry, and indeed, the whole of the Economic Management Team has been working very hard since we released the SIP. On the basis of the SIP we developed a Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP). This was completed in August and involved extensive consultations with top economists, the organised private sector, civil society, as well as the State Governors. We also developed Medium Term Sector Strategies

(MTSS) for the large spending Ministries. These are all inputs to the 2017 Budget. In preparation for the 2017 Budget we also organised a Ministerial retreat which was chaired by His Excellency, President Muhammadu Buhari. Our intention now is to bring all this work together as part of a comprehensive medium term plan. As His Excellency, President Buhari, had promised, this last stage will involve extensive consultations. And that is the purpose of this Retreat. It is one of a number of consultations we will have before we launch the Plan. We shall also hold consultations with the States, our Development Partners and the National Assembly.

14. Distinguished Ladies and Gentleman, a lot of preparatory work has gone into this Retreat. At this Retreat, you will be presented with all the sectoral plans that we have developed, supported by relevant data. After preliminary consultations within the Economic Management Team and with partners from the private sector and academia, we are proposing that work in this Retreat should take place across five thematic areas, namely: macroeconomic policy; economic diversification and growth; competitiveness; jobs and social inclusion; and governance.

- **Macroeconomic stability** will be the foundation of our economic success. We want to have coordinated fiscal and monetary policies, and an economy with low inflation, stable exchange rates, and strong economic growth.

- **Economic diversification**, as I have said on several occasions, is crucial for Nigeria. If there is any lesson we take from this current recession, it is that Nigeria's future should look beyond oil.
- Building **competitiveness** of our private sector is another priority of this Administration, and so we will continue to improve the Ease of Doing Business and also invest in our infrastructure, especially power, roads, rail and ports. It is important that the national narrative should be focused on competitiveness and growth.
- We also have a thematic group focused on **jobs & social inclusion**, which will look at how we create jobs and build strong safety nets for the poor and vulnerable in our nation.
- And finally, we have a **governance** group looking at various enablers – such as governance, security, human capital, coordination with State Governments etc. – which will be crucial for implementing this plan.

15. We are emphasising jobs and social inclusion because of the need for direct interventions to create jobs while tackling poverty and inequality. The thematic group on governance has a major task on its hands because it will have to think deep and hard about implementation. In my view, there is sometimes a great deal of emphasis on drawing up blueprints and not enough attention being paid to plan execution and implementation.

16. Above all, I wish to charge participants to be candid but also innovative in coming up with proposals and ideas to be included in the economic recovery and growth plan. The ideas that are contributed and adopted by thematic groups will be captured in a draft document which will be shared in consultation with various groups, including Federal and State governments, the private sector, and our development partners. We have invited you here to work with us in **transforming the Nigerian economy**. We want a final product that we can all be proud of and which will achieve the desired results and stand the test of time.

17. Let me assure you that we will deliver on the recommendations of the Plan. In spite of the very challenging circumstances we have recorded some commendable successes in executing the Strategic Implementation Plan. The Administration of President Muhammadu Buhari is an administration that is focused on results and we will deliver for Nigerians.

18. I thank you for your kind attention.