



GOVERNMENT'S CURRENT ECONOMIC REVITALIZATION EFFORTS

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By

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1.0 Introduction

- The Nigerian economy is in recession.
- Government is working to turn this crisis into opportunity to restructure, reset, reposition and diversify the economy for sustained economic growth.
- Strong partnership required between public and private sector to revamp the economy.



2.0 State of the Economy: Issues and Challenges

❑ The main challenges in the economy include:

- Low Crude oil price compounded by production shut-ins resulting from vandalism of oil facilities.
- Insurgency in parts of the North East
- Inflation, stemming mostly from increase in electricity tariffs and PMS prices in the first half of the year
- Foreign Exchange (FX) scarcity

❑ These challenges constrained fiscal operations, real sector activities, and the external accounts.



2.1 State of the Economy: Issues and Challenges..../2

❑ As a result of the aforementioned setbacks:

- Contraction in growth (-2.24% in Q3)
- High unemployment rate (13.9% as at Q3)
- Higher inflation rate (18.55% as at December 2016, from 18.48% in November 2016). This shows a slowing-down in the month-to-month inflation trend
- Foreign reserves were down to as low as \$24.8 billion as at 1st December 2016 but have inched up to N\$27.3 billion as at 17th January 2017
- Weak corporate sector performance resulting from lower credit quality and rising non-performing loans.



3.0 2016 Budget Performance

S/ N	Description	FY Budget	Q3 Target	Actual (as at Q3 2016)
1.	Real GDP Growth (% , YoY)	4.37		-1.55
2.	Oil Production (mbpd)	2.2		1.81
3.	Oil Price (\$pb)	38		42.09
4.	Inflation Rate (%)	9.81		17.85
5.	Exchange Rate (N/\$)	197		305
6.	Revenue (N'trillion)	3.86	2.89	2.17 (75%)
7.	Expenditure (N'trillion) out of which;	6.06	4.55	3.58 (79%)
	• Capital Expenditure (N' trillion)	1.77	1.33	0.75* (56%)
8.	Fiscal Deficit/GDP (%)	-2.14		-1.44

* Capital spending as at end of October 2016 was N753.6bn.

SOURCES: 2016 Appropriation Act; NBS Q-Reports; OAGF.



4.0 The Economic Recovery & Growth Plan (ERGP)

- ❑ A Strategic Implementation Plan (SIP) for the 2016 Budget was developed early in 2016, which laid down government's key socio-economic development aspirations and strategies, as a pre-cursor to a fuller medium-term plan.
- ❑ The Medium Term Economic Recovery and Growth Plan (ERGP 2017 - 2020) is being finalised to address current economic challenges, restore growth, and reposition the economy for sustained inclusive growth.
- ❑ The ERGP is different from the previous plans and visions that have been developed and not effectively implemented.

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4.1 The Economic Recovery & Growth Plan (ERGP)..../2

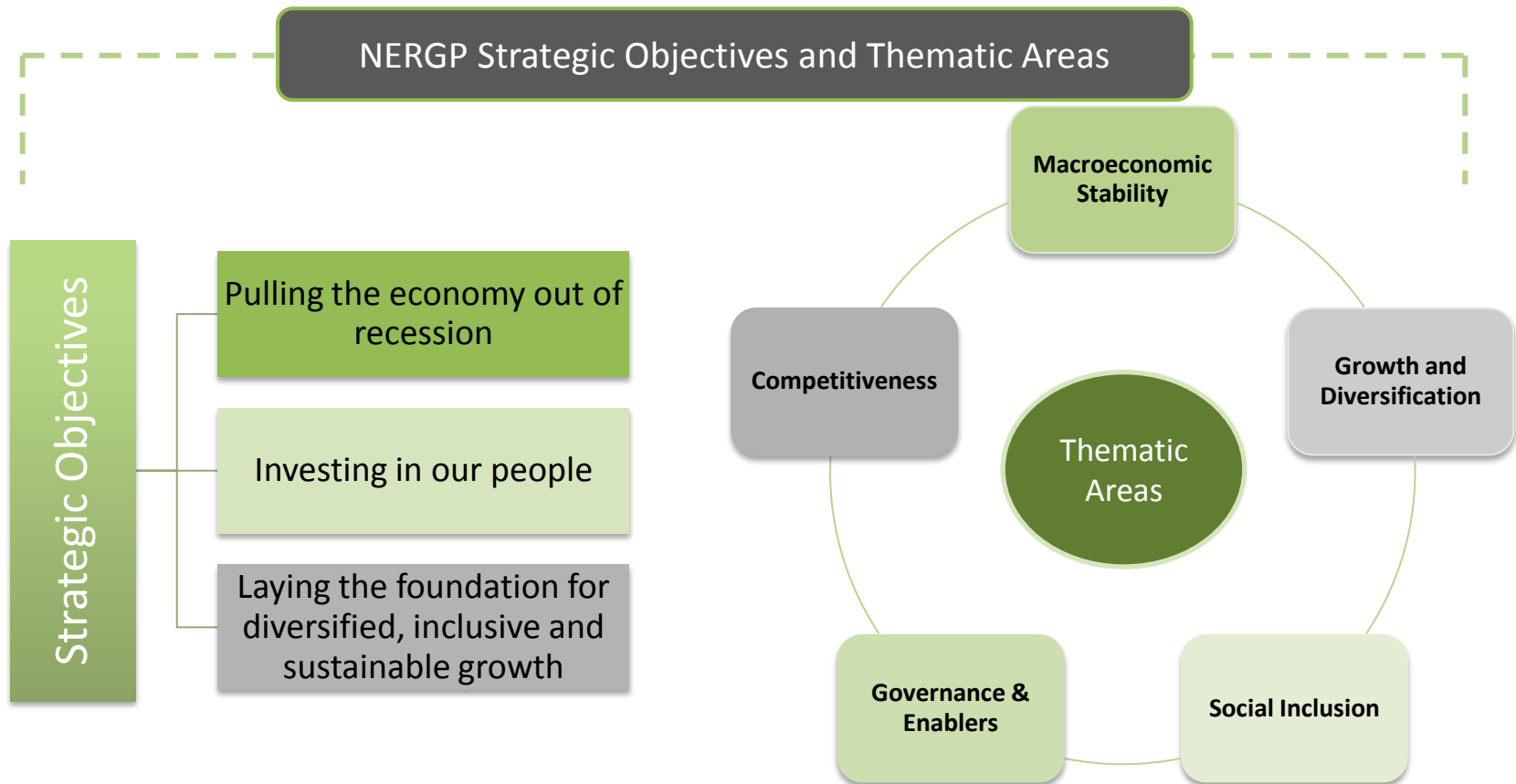
❑ Implementation of the ERGP will be driven by:

- Strong political will;
- Close partnership and strong collaboration between public and private sectors, especially in the areas of Agriculture, Manufacturing, Solid Minerals, Services and Infrastructure;
- Rigorous implementation plan (for instance, the ERGP forms the basis of the 2017 Budget); and
- Delivery Unit

❑ The ERGP builds on the existing 2016 SIP, and contains strategic objectives and enablers required to revive the economy.



4.2 The Economic Recovery & Growth Plan (ERGP)...../3





4.3 Economic Recovery & Growth Plan (ERGP).../4

- ❑ 59 Strategies have been developed for implementation to achieve the strategic objectives of the ERGP.
- ❑ 12 of these strategies have been prioritized based on their importance to the success of the plan:
 - Restore oil production to 2.2mbpd and reach 2.5mbpd by 2020
 - Privatize selected assets
 - Accelerate non-oil revenue generation
 - Drastically cut costs
 - Align monetary, trade and fiscal policies
 - Expand Infrastructure especially Power, Roads and Rail
 - Revamp the 4 existing refineries
 - Improve Ease of Doing Business
 - Expand social investment programmes
 - Deliver on agricultural transformation
 - Accelerate implementation of National Industrial Revolution Plan using Special Economic Zones
 - Focus on priority sectors in order to generate jobs, promote exports, boost growth and upgrade skills



4.4 Economic Recovery & Growth Plan (ERGP).../5

❑ Key Industrial and Trade Policy Initiatives include:

- Resuscitation of the Export Expansion Grant geared towards providing export policy orientation for foreign exchange earnings diversification and global competitiveness;
- Strengthening the Presidential Enabling Business Environment Committee (PEBEC) to facilitate the improvement of the country's business environment;
- Leveraging ICT to improve global competitiveness of the country
 - i. Establishment of an ICT Ecosystem
 - ii. Expansion of Broadband coverage
 - iii. Establishment of “Innovations and Experience” centres and ICT clusters

❑ Enhancing support to Micro, Small and Medium Enterprises to maximise their contribution to growth, employment and export earnings

❑ Promoting the policy of Made-in-Nigeria



5.0 The 2017 Budget

- ❑ The 2017 Budget proposal reflects many of the reforms and initiatives in the ERGP

- ❑ The 2017 budget is designed to expand partnership between public and private sector as well as development capital to leverage and catalyse resources for growth; In this regard, the budget makes provision, among others, for:
 - N100bn contribution to a privately-managed Social Housing Fund
 - N50bn contribution toward development of Special Economic Zones
 - N12bn counterpart funding for the 2nd Niger Bridge



5.1 The 2017 Budget..../2

- ❑ Key objectives of the 2017 Budget, consistent with the ERGP, include:
 - focus on critical on-going infrastructure projects such as roads, railways, power, ICT, etc., that have quick positive effects on the economy; N2.2trn Capital expenditure provision is highest in Nigeria's history;
 - utilizing Special Economic Zones and Industrial Parks as vehicles to accelerate domestic economic activity for innovation and wealth creation;
 - contributing to food security and creating platform for agro-business in agriculture supply chains through the Agriculture Green Alternative Plan;
 - establishing a Social Housing Fund to deepen the mortgage system and expand its availability across all states of the Federation;
 - encouraging and stimulating the growth of small and medium scale industries for innovation, job creation, productivity and wealth creation; measures to be taken include N15bn recapitalisation of BOI and BOA, as well as start-up of Development Bank of Nigeria (DBN);
 - Stimulating exports by resolving outstanding EEG claims, and re-establishing the programme as a Tax Credit scheme, with an initial provision of N20bn.



6.0 Key Budgetary Reform Initiatives to Improve the Revenue Base of the Country



Joint Venture
Cash-Call

JV operations to be subjected to a new funding mechanism, which will allow for Cost Recovery. Additional oil-related revenue include: Royalty Recovery, Marginal Field Licenses, Early licensing renewals, etc.



Treasury
Single Account

Sustaining the use of TSA to monitor the financial activities of over 900 MDAs from a single platform.



Taxes

Broaden the tax base, improve effectiveness of revenue collecting agencies, improve tax compliance, etc.



Customs

Reducing leakages by tackling trade misinvoicing and introduce single window to drive customs efficiencies.



Independent
Revenue

Ensure that all MDAs (particularly revenue generating MDAs) present their budget in advance, and remit their operating surpluses as required by the FRA



IPPIS

Extension of the Integrated Personnel Payroll Information System (IPPIS) to all MDAs.



7.0

Some Key Allocations in the 2017 Budget

❑ Power

- N18.7bn for the construction of 3,050mw Mambilla hydropower project
- N7.12bn for the completion of power evacuation facility for 400mw Kashimbila hydropower plant.

❑ Housing

- N41bn federal government National Housing Programme nationwide.

❑ Works

- Over 65 roads & bridges construction and rehabilitation projects across the 6 geo-political zones of the country.
- N20bn nationwide intervention fund for roads.
- N31.5bn for the rehabilitation/reconstruction and expansion of Lagos – Shagamu - Ibadan dual carriageway sections I & II in Lagos and Oyo states.

❑ Mines & Steel Development

- N1.0 billion for the establishment of mega regulatory agency for the sector
- 2.58 billion for detailed mineral resources evaluation, equipping National geoscience laboratory and other projects.



3.5

Some Key Allocations in the 2017 Budget.../2

❑ **Transportation**

- N213.14bn for various railway projects (Lagos-Kano, Calabar-Lagos, Kano-Kaduna, Ajaokuta-Itakpe-Warri, Kaduna-Idu) / counterpart funds and other rail projects
- N3.03bn for the construction of terminal building at Enugu airport.
- N2.08bn for airside rehabilitation of Abuja airport.
- N2.47bn for the construction of an inland river port and supply of cargo handling equipment at Baro, Niger state.

❑ **Water Resources**

- N18.86 billion for water supply schemes nationwide.
- N14.3 billion for construction and rehabilitation of dams nationwide.

❑ **Agriculture & Rural Development**

- N6.5bn Rural Roads and Water Sanitation programme
- N2.61bn Promotion and Development Of Wheat Value Chain
- N4.13bn Guaranteed Minimum Price payment.



4.0 What Role for the Private Sector?

- As a Government, we are determined to get out of this recession and back on the path of growth
- This will require strong partnership and collaboration with the private sector
- While government is committed to finding the resources to invest on infrastructure and create a favorable business environment, the private sector is encouraged to invest in some of our infrastructure being concessioned through PPPs
- Private sector is also encouraged to take advantage of the very attractive and competitive incentives for investment in various sectors of the economy, especially
 - Agriculture
 - Solid Minerals
 - Building and Construction



Thank You!