OVERVIEW OF THE ECONOMIC RECOVERY AND GROWTH PLAN & THE 2017 BUDGET

Presentation to the APC National Working Committee

By

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Wednesday, 5\textsuperscript{th} July, 2017
Outline

1) Introduction
2) Vision and Principles of ERGP
3) Broad Objectives of the Plan
4) Key Execution Priorities
5) Outlook and Major Deliverables
6) ERGP - Annual Budget Link
7) Overview of the 2017 Budget
8) Conclusion
This Administration inherited an economy that was in a very bad shape

High insecurity; massive corruption, unemployment, poor infrastructure, import dependent economy, and other structural weaknesses.

APC promised to bring “CHANGE” to Nigerians. In its manifesto it seeks, inter alia, to:

- Maintain sound-macroeconomic policy environment, Bring permanent peace to the Niger Delta and other conflict prone areas, Make ICT, Manufacturing, Agriculture and Entertainment key drivers of the economy, Support economic diversification, promote industrialization, create at-least one million jobs annually, etc.

During the campaign President Muhammadu Buhari promised three things:

- To tackle the security challenges
- Fight Corruption, and
- Fix the broken economy

Mr. President has remained irrevocably committed to delivering on these three promises
In terms of economy, the earliest action was the development of the SIP in 2016—a compendium of strategic initiatives and enablers required to stabilize the economy.... followed by the ERGP (2017-2020)

Strategic Implementation Plan 2016
- Short-term Plan for Implementing the 2016 Budget of Change
- Outline priority actions to put the economy on a path of sustainable and inclusive growth
- 34 key actions selected for immediate implementation
- Sectoral plans also developed for agriculture, solid minerals, oil & gas, and water resources sectors

Nigeria’s Economic Recovery and Growth Plan
- Medium-term Plan for 2017-2020, developed through an extensive consultative process
- It builds on previous Plans (e.g. the SIP, NIRP, NIIMP, etc), including sectoral Plans...and captures the Key Promises of the APC
- Contains bold actions required to tackle the current challenges and build a more resilient economy
- Designed to get the economy out of recession unto a path of diversified, sustainable and inclusive growth
Sustained inclusive growth, sustainable diversification of production, and maximum welfare for the citizens, beginning with food and energy security.
2.0 The Vision and Principles...

Principles of ERGP

- Focusing on tackling constraints to Growth
- Leverage the Power of the Private Sector
- Uphold core values
- Promote national cohesion and social inclusion
- Allow markets to function
3.0 Broad Objectives …/1

Objectives underpinned by good Governance and effective Delivery
3.1 How do we achieve the objectives?

To achieve this objective, the Plan outlines initiatives to ensure:
- Macroeconomic Stability
- Economic Diversification

Growth to be driven by six key sectors: Agriculture, Manufacturing, Solid Minerals, Services, Construction and Real Estate, and Oil and Gas...and by leveraging science, technology and innovation

This objective will be achieved by, amongst other things,:;
- Investing in infrastructure
- Improving the Nigerian business environment

These are underpinned by forging a strong partnership with the private sector

The Plan will invest in the Nigerian people through:
- Increasing Social Inclusion
- Job Creation and Youth Empowerment
- Human Capital Development

...because development is about the people
4.0 Key Execution Priorities

To achieve the objectives of the ERGP, FGN will focus on 5 Execution Priorities and categories of initiatives to kick start the economic recovery.
5.0 Outlook and Major Deliverables

4.6% average real GDP growth rate over the Plan period reaching 7% by 2020

Crude Oil Output of 2.2 mbpd by 2017 rising to 2.5 mbpd in 2020

11.23% unemployment rate by 2020 from 14.2% in Q4 2016

Agriculture average annual growth rate of 6.9% over the Plan period

Single digit inflation rate by 2020 from 18.6% in December 2016

At least 10 GW of operational electricity capacity by 2020

Over 15 million direct jobs by 2020 - created in agriculture, manufacturing, construction, services, etc.

**Others include:**
- Self sufficiency in rice and wheat in 2018 and 2020, respectively
- Manufacturing Sector average annual growth of 8.5%, peaking at 10.6% by 2020;
- 60% reduction in imports of refined petroleum products by 2018 and net exporter of refined crude by 2020

**As Mr. President has repeatedly said, our aim is to optimize local content, build a self-reliant economy where we grow what we eat, consume what we make and produce what we use.**
Effective Implementation – a critical factor for success of ERGP

Some measures designed for effective delivery:

- **Delivery Unit** being set up at the Presidency to work with MBNP
- **Dedicated Labs** to be set up for some of the key initiatives
- **Task forces** being set up on the key execution priorities
- **ERGP-IP** currently being developed to ensure effective M&E

Greater synergy between the Plan and our Annual Budgets...

- Possible through the merger of planning and budgeting functions in one Ministry
- ERGP’s initiatives will be captured in annual budgets
- Only Projects captured in the Plan are admitted into the Budgets

Plan-Budget Link

There is a framework to ensure a strong link between the ERGP and the annual budgets spanning the lifetime of the Plan
6.1 ERGP Implementation & the 2017 Budget

- 2017 Budget – the first in the life of ERGP Implementation
- The 2017 Budget Macro Framework derived from the ERGP
- Much of the capital provision in the 2017 budget is directed at projects that are aligned with the core execution priorities of the ERGP
7.0 Overview of the 2017 Budget

Key Assumptions & Macro Framework for 2017 Budget

- Oil Production: 2.2 mbpd
- Oil Price: $44.5/b
- Exchange Rate: N305/$
- Inflation Rate: 15.74%
- GDP Growth Rate: 2.19%
- Nominal GDP: N107.96 trillion
- Nominal Consumption: N87.95 trillion
### 7.1 Overview of the 2017 Budget Framework

#### Highlights of Revenue Framework
- Total FGN revenue in 2017 is projected at N5.08 trillion, exceeding Executive proposal by 2.9%
- Oil revenue projections (41.7%) of FGN Revenue Budget. 6.9% higher than Executive Proposal
- 11% of projected revenue expected from recoveries of looted/ misappropriated funds and fines.

#### Highlights of Expenditure Framework
- 2017 FGN spending estimated at N7.441 trillion.
- Debt Service and Provision to retire maturing bond to local contractors were retained at N1.66 trillion and N177.46 billion, respectively.
- Recurrent (non-debt) spending is almost held constant N2.99 trillion.
- However, capital expenditure (including capital in transfers) grew by 5.3%.
- Thus, additional revenues were deployed to capital

#### Highlights of Financing Framework
- Overall budget deficit is N2.356 trillion which represents 2.18% of GDP.
- Projected deficit is within 3.5% of GDP threshold stipulated in the Fiscal Responsibility Act (FRA) 2007.
- Budget deficit is to be financed mainly by borrowing N2.32 trillion.
  - Domestic sources - N1.25 trillion
  - Foreign sources - N1.06 trillion
- A total of N35 billion expected as revenue from sales of government property and privatization proceeds.
## 7.2 Major Expenditure Allocations (N’billion)

### MDAs Proposal Passed Variance

#### Recurrent

<table>
<thead>
<tr>
<th>MDAs</th>
<th>Proposal</th>
<th>Passed</th>
</tr>
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<tbody>
<tr>
<td>POWER, WORKS &amp; HOUSING</td>
<td>34.87</td>
<td>32.82</td>
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<td>INTERIOR</td>
<td>482.37</td>
<td>472.6</td>
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<td>DEFENCE</td>
<td>325.87</td>
<td>330.54</td>
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<tr>
<td>EDUCATION</td>
<td>398.01</td>
<td>398.69</td>
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<tr>
<td>HEALTH</td>
<td>252.86</td>
<td>252.85</td>
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<tr>
<td>AGRICULTURE</td>
<td>31.79</td>
<td>31.75</td>
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<tr>
<td>YOUTHS &amp; SPORTS</td>
<td>78.03</td>
<td>89.32</td>
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<tr>
<td>SCIENCE &amp; TECHNOLOGY</td>
<td>27.81</td>
<td>27.79</td>
</tr>
<tr>
<td>SOCIAL INTERVENTION</td>
<td>350.00</td>
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</table>

#### Capital

<table>
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<tr>
<th>MDAs</th>
<th>Proposal</th>
<th>Passed</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>POWER, WORKS &amp; HOUSING</td>
<td>529.34</td>
<td>553.71</td>
<td>24.37</td>
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<td>INTERIOR</td>
<td>63.26</td>
<td>63.76</td>
<td>0.5</td>
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<tr>
<td>DEFENCE</td>
<td>140.00</td>
<td>139.29</td>
<td>(0.71)</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>142.00</td>
<td>151.92</td>
<td>9.92</td>
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<tr>
<td>HEALTH</td>
<td>51.32</td>
<td>55.61</td>
<td>4.29</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>262.00</td>
<td>241.71</td>
<td>(20.29)</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>91.65</td>
<td>103.79</td>
<td>12.14</td>
</tr>
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<td>WATER RESOURCES</td>
<td>85.15</td>
<td>104.24</td>
<td>19.09</td>
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<td>INDUSTRY, TRADE &amp; INVESTMENT</td>
<td>80.86</td>
<td>81.73</td>
<td>0.87</td>
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<tr>
<td>SCIENCE &amp; TECHNOLOGY</td>
<td>37.33</td>
<td>41.70</td>
<td>4.37</td>
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<td>SOCIAL INTERVENTION</td>
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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.

A new Social Housing Programme
- N100 billion provisioned for a new Social Housing Programme towards a N1 trillion fund

Special Economic Zone Projects
- N46 billion for Special Economic Zone Projects to be set up in each of the geo-political zones to drive manufacturing / exports.

Export-Expansion Grant (EEG)
- N16 billion voted for the revival of EEG in the form of tax credits

Recapitalisation of Bank of Industry (BOI) and Bank of Agriculture (BOA)
- N15 billion provisioned to support these development finance institutions to support Micro, Small and Medium Scale Enterprises (MSMEs)
7.4 Some Major Initiatives in the 2017 Budget...

- **Special Intervention Programme**
  - N500 billion for FGN Special Intervention Programme (including Home Grown School Feeding Programme, Government Economic Empowerment Programme, N-Power Job Creation Programme, Conditional Cash Transfers and Social Housing Fund)

- **Rail Modernization Programme**
  - N148bn mostly for counterpart funds on projects to be financed by China for various railway projects (Lagos-Kano, Calabar-Lagos, Kano- Kaduna, Ajaokuta-Itakpe-Warri, Kaduna-Idu) and other rail projects

- **Settlement of MDAs Electricity Bills**
  - N40 billion service-wide provision to settle reconciled outstanding electricity bills of FGN institutions as part of strategy to revamp the ailing power sector

- **Programme to reverse outbound medical tourism**
  - N9 billion for joint venture investments in tertiary institutions with Nigeria Sovereign Investment Authority.
The Budget also focuses on critical on-going infrastructure projects that have quick positive effects on the economy;

**Power**
- N9.5bn Rural Electrification projects in Federal Universities
- N10bn for the construction of 3,050mw Mambilla hydropower project
- N10.02bn for the completion of power evacuation facility for 400mw Kashimbila hydropower plant

**Housing**
- N28 bn Federal Government National Housing Programme nationwide

**Works**
- Over 65 roads & bridges construction and rehabilitation projects across the 6 geo-political zones of the country.
- N10bn for the rehabilitation/reconstruction and expansion of Lagos – Shagamu - Ibadan dual carriageway sections I & II in Lagos and Oyo states.
- N13.19bn Dualization of Kano-Maiduguri Road, Sections I-V
- N10.63bn Rehabilitation of Enugu-Port Harcourt Dual Carriageway, Sections I - IV
### Works (cont’d)

- N7bn for the Construction of 2nd Niger Bridge including access roads phases 2A & 2B
- N7.12bn for the Dualization of Abuja-Abaji-Lokoja Road
- N9.25bn for the Dualization of Obajana Junction to Benin Road Phase 2 Sections I – IV
- N7.5bn for the Rehabilitation of Onitsha-Enugu Dual Carriageway
- N7bn for the Construction of Bodo-Bonny Road with a Bridge Across the Opobo Channel
- N3.3bn for the Rehabilitation of Ilorin-Jebba-Mokwa-Bokani road
- N3.5bn for the Dualization of Odukpani-Itu-(SPUR IDIDEP - ITAM) – Ikot Ekpene Federal Highway Lot 1: Odukpani – Itu Bridgehead
- N1.5bn for the Dualization of Kano-Katisna Road Phase 1
- N2.24bn for the Dualization of Suleja-Minna Road, Sections I & II
- N2.3bn for Gombe-Numan-Yola Phase II (Gombe – Kaltungo)
- N2.7bn for Construction of Kano Western Bypass
Transportation

- N2.03bn 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.

Health

- N4.1 billion for procurement of routine vaccines and devices.
- N4.8 billion for Global Fund and GAVI counterpart funding
- N4.8 billion Polio Eradication Initiative

Water Resources

- Over N100 billion for water supply, rehabilitation of dams, and irrigation projects nationwide

Agriculture & Rural Development

- N6.5bn for Rural Roads and Water Sanitation programme
- Over N20bn for Promotion and Development of Value Chain across different commodities
- N4.13bn Guaranteed Minimum Price payment.
Mines & Steel Development
- N2.1 billion for concessioning of Ajaokuta Steel Company
- N450 million for the establishment of mega regulatory agency for the sector

Niger Delta
- N6.55 billion for dualization of East-West Road {Sections 1 to 5 covering Warri – Kiama – Ahaoda – Port Harcourt – Eket – Oron - Calabar}.
- N3 billion counterpart fund contribution for East-West road

Regional Interventions
- N76.7 billion for reintegration of transformed ex-militants under the Presidential Amnesty Programme.
- N45 billion North East intervention fund.

SDGs
- N25.9 billion for SDGs conditional grants and social safety nets.
- N9 billion for SDGs Special Projects
- N12 billion for SDGs Special Intervention Project 1
- N8 billion for SDGs Special Intervention Project 2
8.0 Conclusion

- Implementation of the 2017 Budget will be targeted at achieving the objectives of the ERGP and delivering on the promises of the APC...and of Mr. President

- As a Ministry, We will continue to Strengthen our Monitoring and Evaluation Framework - covering physical inspection/verification as well as Impact Assessment of projects/programme implemented by MDAs

- The ERGP is a Plan for all Nigerians and we need the cooperation of all for its success

- Particularly, the support of the party’s hierarchy is required to ensure delivery of the Plan’s objectives starting with the 2017 Budget.
Thank You!