

Nigeria's Economic Recovery and Growth Plan

Moses Ojo
moses.ojo@panafricancapitalplc.com

The Economic Recovery and Growth Plan (ERGP) is a short term economic development document that covers 2017 to 2020 which was built on the Strategic Implementation Plan for the 2016 budget, it was formulated to address the various dimensions of the current economic challenges the nation is facing. It provides a clear roadmap of strategic policy actions and enablers required to revive the economy and place it on the path of sustainable growth and development. The document focuses on three strategic objectives:

- Restoring Growth
- Investing in our People
- Building a Globally Competitive Economy

Restoring growth: In order to restore growth, the Plan focuses on achieving macroeconomic stability and economic diversification. Macroeconomic stability will be achieved by undertaken fiscal stimulus, ensuring monetary policy stability and improving external balance of trade. Similarly, in order to achieve economic diversification the policy document focuses on the key sectors driving economic growth with focus on agriculture, manufacturing and key services by leveraging science and technology.

Investing in our people: The ERGP was designed to invest in the Nigerian people by increasing social inclusion, creating jobs and improving human capital base of the economy.

- **Social inclusion:** Provision of support to the poorest and most vulnerable members of the society by investing in social programmes and providing social amenities. The targeted programmes are expected to reduce regional inequalities, especially in the north-east and in the Niger Delta.
- **Job creation and youth empowerment:** The interventions to create job are a core part of ERGP which aims to reduce unemployment and under-employment, especially among the youth. The partnership for job creation will also focus on the policies required to support growth and diversification of the economy by placing emphasis on Made-in-Nigeria, public procurement which takes account of local content and labour intensive production processes. Accordingly, all capacity building and skills acquisition interventions will be targeted at youth-dominated sectors such as ICT, creative industries and services. Furthermore, the Plan has provision for concerted efforts to encourage youth to venture into other labour intensive sectors such as agriculture and construction.

- **Improved human capital:** The Federal Government will invest in healthcare and education to fill the skills gap in the economy and to meet the international targets set under the United Nations' SDG. The Plan will improve the accessibility, affordability and quality of healthcare and it will roll out the National Health Insurance Scheme across the country. It is design to guarantee access to basic education for all, improve the quality of secondary and tertiary education and encourage students to enrol in science and technology courses.

Building a globally competitive economy: The Plan aims to tackle the obstacles hindering the competitiveness of Nigerian businesses, notably poor or non-existent infrastructural facilities and the difficult business environment. It will improve competitiveness by investing in infrastructure and improving the business environment.

- **Investing in infrastructure:** The ERGP emphasises investment in infrastructure especially in power, roads, and rail, ports and broadband networks. It builds on ongoing projects and new ones that will be identified and implemented by 2020. Considering the huge capital layout required to address the massive infrastructure deficit in the country, the private sector is expected to play a key role in providing critical infrastructure, either directly or in collaboration with the government under public-private-partnership (PPP) arrangements.
- **Improving business environment:** Nigeria's difficult and often opaque business environment adds to the cost of doing business and it is a disincentive to domestic and foreign investors alike. The Plan will build on the efforts of the Presidential Enabling Business Environment Council (PEBEC) and track progress using the metrics of the World Bank's Doing Business Report. The target is to achieve a top 100 ranking in the World Bank's Doing Business index (up from the current ranking of 169).
- **Promoting digital-led growth:** To make the Nigerian economy more competitive in the 21st century global economy, its industrial policy must be linked to a digital-led strategy for growth. The Plan will build on The Smart Nigeria Digital Economy Project to increase the contribution from ICT and ICT-enabled activity to GDP. This is enabled through significantly expanding broadband coverage, increasing e-government, and establishing ICT clusters, starting in the SEZs. Government will also drive a programme to build skills in the sector, focusing on training IT engineers in software development, programming, network development and cyber security.

Key Execution Priorities

To achieve the objectives of the Plan, key execution priorities must be undertaken:

- **Stabilising the macroeconomic environment:** Low inflation, stable exchange rates, aligning monetary, trade and fiscal policies, accelerate non-oil revenue generation, drastic cost-cutting exercise and privatisation of selected public enterprises/assets. The inflation rate is projected to trend downwards from the

current level of almost 19% to single digits by 2020. It is also projected that exchange rate will stabilise as monetary, fiscal and trade policies are fully aligned.

Furthermore, real GDP is projected to grow by 4.60% on average over the Plan period, from an estimated contraction of 1.54% recorded in 2016. It is projected to improve significantly to 2.19% in 2017, getting to 7.0% at the end of the Plan period in 2020.

- **Achieving agricultural and food security:** Deliver on agricultural transformation and national self-sufficiency in rice production by 2018 and wheat in 2019/2020. Agriculture will continue to be a stable driver of GDP growth with an average growth rate of 6.9% over the Plan period. This will be achieved by boosting expansion in crop production, fisheries, livestock and forestry. Thus, by 2020 Nigeria is projected to become a net exporter of key agricultural products such as rice, cashew nuts, groundnuts, cassava and vegetable oil.
- **Ensuring energy sufficiency (power and petroleum products):** The Plan will address issues of governance, funding, legal, regulatory and pricing across the main segments of generation, transmission and distribution. Ensuring strict compliance with regulatory guidelines, the Plan aim to optimise delivery of 10 GW of operational capacity by 2020. Also, the Plan aims to increase power generation by optimising operational capacity, encouraging small-scale projects and build more capacity over the long term and investment in transmission infrastructure.

Specifically, the Plan aims to increase oil production to 2.2 mbpd in the short term and 2.5 mbpd by 2020 to increase export earnings and government revenue by an additional N800 billion annually. In addition, to reduce petroleum products imports by 60% by 2018 and to become a net exporter by 2020 through improved local refining for self-sufficiency.

- **Improving transportation infrastructure:** By placing transportation infrastructure as one of its key execution priorities, effective implementation of this Plan is projected to significantly improve the transportation network (road, rail and port) in Nigeria by 2020. Given the scale of investment required to deliver the outcome strong partnership with the private sector is expected to result in completion of strategic rail networks connecting major economic centres across the country, as well as improved federal roads network, inland waterways and airports.
- **Driving industrialisation focusing on small and medium scale enterprises:** One major strategy to achieve this is to accelerate implementation of the National Industrial Revolution Plan (NIRP) through Special Economic Zones (SEZs). The

focus will be on priority sectors to generate jobs, promote exports, boost growth and upgrade skills to create 1.5 million jobs by 2020. Furthermore, strong recovery and growth in the manufacturing sector is also anticipated, particularly in agro-processing and food and beverages manufacturing. Ongoing strategies to improve the ease of doing business will boost other manufacturing sector activities including light manufacturing. From the estimated negative growth rate of 7.84% in 2017, its growth is expected to rebound in subsequent years with annual average growth rate of 8.48% over 2018 to 2020.

On the whole, Nigeria is expected to witness stability in exchange rate and the entire macroeconomic environment, the country should also witness major improvements in economic performance which should result in the following: a.) reduction in importation of food items and refined petroleum products. b.) improved power supply. c.) higher quality transport infrastructure. d.) expansion in the level of industrial production. e.) improved competitiveness. f.) greater availability of foreign exchange. g.) job creation. h.) reduction in the level of poverty. i.) greater inclusiveness in the spread of the benefits of economic growth.

In our view, the document presents a bold Plan that is expected to bring the economy out of recession and to place it on the pedestal of sustainable growth going forward. It addresses all the major areas that needed to be the focus of policymakers; however the political will to see the Plan through will be the critical success factor to its implementation. Moreover, since the term of this Administration will end by 2019, we are not too optimistic with the extension of the Plan till 2020 which might hamper the achievement of the objectives of the document if there was a change of political leadership. Also, the achievement of the key priorities might be hindered by political activities which may likely start to build up from 2018 ahead of the general election in early 2019. Finally, a period of about three to four years which the Plan covers might not be sufficient to achieve all the numerous objectives highlighted in the Plan.

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