

Policy Advisory Council Report

National Economy Sub-committee

May 2023

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Summary of details of the Sub-Committee

Sub-Committee:	National Economy
Members:	Senator Tokunbo Abiru (Chair) Dr Yemi Cardoso Samaila Zubairu Dr Doris Anite
Consultants:	KPMG
Date:	May 17, 2023

EXECUTIVE SUMMARY

The President-Elect has established a Policy Advisory Council to support the delivery of sustainable and inclusive economic growth

Nigeria has the potential to become a major player in the global economy by virtue its human and natural resources endowments. However, the country is faced with major challenges:

1. Rising unemployment and underemployment
2. Inadequate infrastructure and poor access to markets.
3. In-country security challenges impacting on investments.
4. Low skill levels impacting labour productivity.
5. Low-capacity utilization of the manufacturing sector due to the reduction of consumer demand which has resulted in the closure of some businesses, adding to the level of unemployment

Furthermore, the outlook remains fragile given Nigeria's high population growth rate and declining GDP per capita.

There is an urgent need to implement high-impact initiatives to grow the economy at a GDP average growth rate of 7% per annum in order to achieve a \$1 trillion GDP in next eight years.

Our 8-year Targets and Aspirations

01

Double the economy ~\$1tn
(\$450Bn)

02

Achieve 7% Average Annual
GDP Growth Rate (3.25%)

03

Lift 100 million people out of
poverty

04

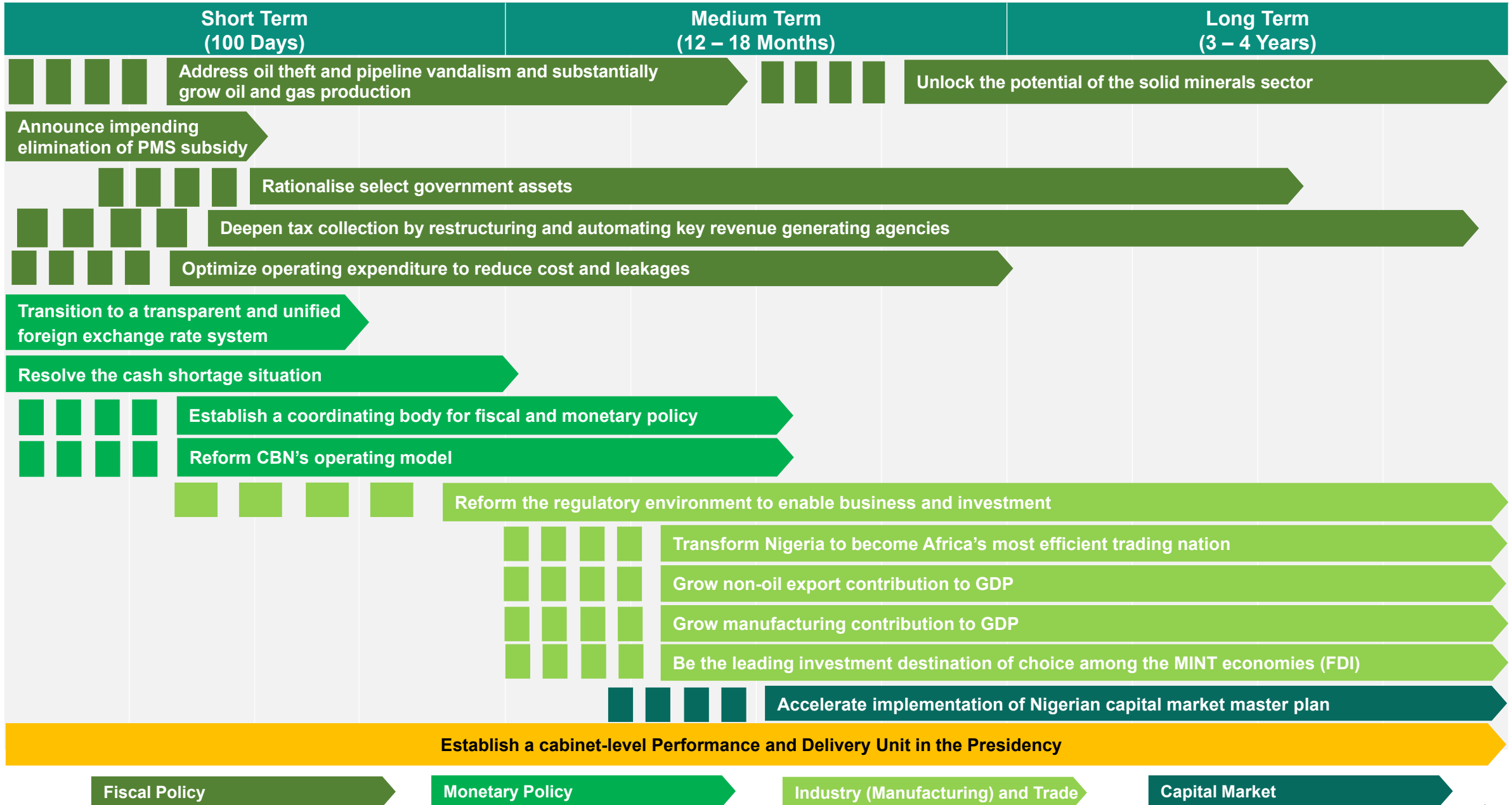
Create the enabling environment
to generate over 50 million jobs

05

Deliver sustained inclusive
growth

(xx) Current Value

Overall Economic Reform Road Map



Critical Success Factors for the Economic Transformation Agenda

Passage of an Emergency Economic Reform Bill to grant the President special powers to drive the economic reform agenda

01

Strong political will to take tough decisions and implement necessary reforms

02

Establishment of a Presidential Performance and Delivery Unit headed by a cabinet-level Minister with direct reporting to the President, to coordinate the execution of major initiatives

03

Establishment of a strategic co-ordinating organ to ensure alignment of monetary and fiscal policies; to be chaired by the President and include the Vice President, Minister of Finance, CBN Governor, Minister of Trade & Investment, and Chief Economic Adviser to the President. The Chief of Staff to the President may be in attendance

04

Appointment of qualified and committed persons onto the economic management team, including the leadership of relevant MDAs that are critical to the overall economic reform agenda. This will send a strong message on the FGN's commitment to implementing bold and progressive policies to transform the economy

05

Leadership accountability and modelling of the right behaviours (led by the President) based on a new social contract with Nigerians

06

Strategic communication with the citizenry and engagement with key stakeholders to generate consensus and buy-in.

07

1. Declare a state of emergency in revenue generation and national security.
2. Transform FIRS, Customs, NIMASA, etc into the Nigerian Revenue Service to collect all direct and indirect taxes and levies on behalf of the Federal Government.
3. Reform the Central Bank.
4. Implement Civil Service reform/ Oronsaye Report.
5. Make interim leadership appointments (to be ratified later by the National Assembly).
6. Temporary increases in fiscal circuit-breakers, e.g. debt limits, later ratified by the National Assembly.

Proposed recommendations and action plans required to deliver on the targets and aspirations



Fiscal Policy

Address Oil Theft and Pipeline Vandalism and Substantially Grow Oil and Gas Production

- Deepen and expand the coverage of security contracts in the Niger Delta and deploy special security forces.
- Increase visibility of production volumes by deploying technology to track crude oil production.
- Implement technologies to ensure effective tracing of stolen Nigerian crude.
- Ramp up production capacity to 4m barrels from offshore and onshore assets within 4 years and grow crude oil revenue and savings into ECA and NSIA
- Formalise illegal refineries and encourage modular refineries to create economic opportunity for the Host Communities.
- Aggressively grow domestic refining capacity to 2 million barrels per day in the next 8 years, including modular refineries.
- Fast-track implementation of the Host Community Trust Fund in line with the PIA.
- Implement measures to double LNG production from 22m MTPA to 40m MTPA in 8 years
- Convert the JVs to IJVs and divest from 55-60% to 40-49% equity to generate liquidity, transform governance and streamline NNPC's involvement in the sector.

Eliminate PMS Subsidy

- Restate commitment and deploy strategic communications to reassure stakeholders.
- Design and deploy non-cash palliatives to cushion the effects subsidy removal.
- Effect increase in minimum wage.
- Work with NNPC and other private sector players (Dangote, BUA, etc.) to increase refining capacity.
- Implement one-off Personal Income Tax reliefs for low-income earners for up to one year.
- Effect bullet removal of PMS subsidy.



Fiscal Policy (Cont'd.)

Rationalise Select Government Assets

- Set a policy directive that all proceeds from sale of assets must be used to settle existing FGN debt obligations
- List the shares of strategic and profitable NNPC subsidiaries.
- Privatise, concession or sell down FGN's stake in corporate assets to partners and other investors (possibly with a buyback option) to generate liquidity in the short to medium terms (focus on sub-optimal assets e.g., NNPC refineries).
- Leverage blockchain to create and provide access to a Government land registry.
- Regionalise and concession the power transmission grid.
- Move to a well-functioning, market-oriented power sector.
- Carry out a forensic review of the outstanding balances and utilisation of Federation funds e.g Stabilisation, Natural Resources development fund, ECA, etc.

Deepen Tax Collection by Restructuring and Automating key Revenue Generating MDAs

- Identify, map, consolidate and automate the revenue collection function across key Revenue Generating Agencies.
- Implement end-to-end automation of all taxes and levies and deploy big data analytics to improve collection.
- Institutionalise independent revenue assurance and audit.
- Implement tax harmonization to eliminate multiple taxation, improve collection and compliance.
- Mobilise the required political will to drive zero tolerance for tax evasion.
- Broaden the tax net by creating incentives for transitioning the informal sector players.
- Design & implement balanced incentive-linked performance measures to drive the desired behaviour in Revenue Generating Agencies.
- Develop and implement a new social contract framework to encourage voluntary tax compliance.
- Implement measures to aggressively grow PIT at the Federal and Sub-national levels.

Proposed recommendations and action plans required to deliver on the targets and aspirations



Fiscal Policy (Cont'd)

Optimize Operating Expenditure to Reduce Cost and Leakages

- Implement the Oronsaye report on the rationalisation of MDAs.
- Implement e-governance solutions in strategic MDAs.
- Optimise overheads by sharing services across MDAs.
- Implement budgeting policy to progressively increase allocation to capital projects over time.

Unlock the Potential of the Solid Minerals Sector

- Conduct geospatial mapping exercise to identify locations of minerals that can be harnessed for the growth of the economy.
- Collaborate with State Governors and Security agencies to address the security challenge confronting the sector.
- Develop a Mining Industry Roadmap to reposition the sector and attract large international players.
- Implement a framework to formalise and legitimise illegal mining activities.



Monetary Policy

Transition to a Transparent and Unified Foreign Exchange Rate System

- Announce readiness to address multiple exchange rates and reduce the gap between the official and parallel market rates.
 - Model the potential impact of a harmonised exchange rate regime on the economy and quantify the amount of foreign reserves required to adequately support the policy, based on:
 - Backlog of unmet FX demand and associated obligations;
 - Estimate of future FX demand for the year; and
 - An additional contingency reserve.
- Review the CBN balance sheet and ascertain the true position of Nigeria's external reserves.



Monetary Policy (Cont'd)

Transition to a Transparent and Unified Foreign Exchange Rate System (Cont'd)

- Aggressively grow FX supply & build external reserves, including securing funding support from the Multilateral Agencies and DFIs at concessionary rates
 - An estimate of \$50-\$60 billion in reserves, with a monthly inflow of at least \$6bn-8bn\$/month from export earnings and other forms of capital inflow, will be required to support the policy at an exchange of N500-N600/\$.
- Remove all FX intermediation windows and allow the banks as primary dealers to supply the FX market through a willing-buyer-willing-seller model
 - Raise the capital requirements of BDCs to ensure only strong, well-capitalized and automated BDCs are allowed to operate e.g Travelex.
- Introduce an effective exchange rate management system, viz the crawling peg.
- Implement policies to eliminate the barriers to attracting increased Nigeria's diaspora remittances.
- Set up strategic meetings and engagements with top emerging market/frontier investors to share the new monetary policy and build confidence in the economy.
- Generate FX revenue by implementing a strategy to make Nigeria a preferred destination for Business Process Outsourcing.
- Increase brain export capacity and generate FX earnings by providing access to power, broadband and training for the youth.

Reform CBN's Operating Model

- Explore opportunities to strengthen the CBN governance structure and refine its operating model to enable it to operate efficiently and reduce its costs.
- Review, rationalise and transfer the quasi-fiscal operations of the CBN that are incompatible with core monetary policy management. Specifically, amend the CBN Act to substantially curtail the CBN in performing the following functions:
 - Overlapping roles with other regulatory agencies such as oversight of Collective Investment Schemes carried out by the CBN and Securities and Exchange Commission
 - Development finance function, such as the N-Power programme and SME lending. These responsibilities should be transferred to other agencies that have the capacity and expertise to carry out these functions effectively.
 - Banking supervision responsibility (prudential and consumer protection functions), which should be transferred to a separate regulatory authority that has the expertise and resources to ensure the stability and safety of banks and the banking system.

Proposed recommendations and action plans required to deliver on the targets and aspirations



Monetary Policy (Cont'd)

Reform CBN's Operating Model (Cont'd)

- Establish a strategic economic policy co-ordinating organ which will meet monthly to ensure alignment of monetary policy and fiscal policy. The body, chaired by the President, should comprise the Vice-President, Minister of Finance, CBN Governor, Minister of Trade & Investment, and Chief Economic Adviser to the President. The Chief of Staff may be in attendance.
- Engage and mandate CBN to return to an orthodox monetary policy regime:
 - Anchor market rates to the Monetary Policy Rate (MPR)
 - Normalize the CRR and make the rate uniform for all banks
- Working in partnership with the Debt Management Office (DMO), agree a plan of action to return Nigeria to Emerging Market Bond indices

Transform Nigeria to Become Africa's Most Efficient Trading Nation

- Implement the National Single Window Trading Platform Project to streamline the import and export processes and grow trade.
- Prioritize the build-out of rail infrastructure along selected rail routes for agricultural and trade logistics.
- Provide incentives to facilitate the establishment of warehouses via PPP arrangements for exports, imports and transit locations outside the ports
- Decongest the area up to 4km around the ports and designate them for cargoes, roads and railway.
- Enforce the Presidential directive on 48hr clearance of goods at seaports in line with Executive Order 001
- Redefine the performance measures of key agencies of government to emphasise trade facilitation.
- Set up a whistle blowing mechanism that enables and empowers transporters to report and escalate issues with the various authorities while transporting food and other critical items. Implement stringent sanctions on all reported cases.



Industry (Manufacturing) and Trade

Grow Non-oil Export Contribution to GDP

- Relaunch the concessioning of Kano and Calabar Free Trade Zones, and establish new export processing zones that create capacity to generate exports amounting to at least 20% of total export revenues.
- Review and restructure existing incentives, waivers and tariffs to plug leakages and boost key sectors of the economy.
- Develop and implement a comprehensive, transformational program to support export-quality assurance.
- Establish dedicated seaport and airport export terminals, with sufficient capacity to process/handle the target volume of exports and upgrade the access roads to export terminals.
- Develop and implement backward integration programs for strategic sectors to enable import substitution and reduce exchange rate induced inflation that affects the economy.
- Fast-track the revitalization of the National Commodity Exchange with regional trading centers.
- Facilitate investment in the entertainment industry in collaboration with the private sector, leveraging the \$600 million loan facility administered by the Bank of Industry.

Grow Manufacturing Contribution to GDP

- Provide incentives, including partnerships with strategic trading partners, to accelerate the growth of key sectors (Light Electronics Assembly, Garments, Fertiliser; Refined Sugar, Oil Palm, Automotive), ultimately generating target output in excess of \$50 billion annually.
- Domesticatise at least 50% (valued at \$17bn) of the value chains of the three largest manufacturing sub-sectors by contribution to GDP, i.e. Food & Beverages, Chemicals & Petrochemicals and Textile, Apparel & Footwear.
- Launch a consumer credit scheme for housing and consumer goods (such as automobile, furniture etc.) via the following options:
 - Utilization of 20% of the Cash Reserve Fund of N5trillion (N1trillion), in CBN, set aside to promote long-term (20-30 year) mortgages and affordable consumer credit
 - Leverage pension funds of N9 trillion
 - Review the PENCUM regulations to allow increased investment of pension funds in the mortgage asset class.

Proposed recommendations and action plans required to deliver on the targets and aspirations



Industry (Manufacturing) and Trade

Grow Manufacturing Contribution to GDP (Cont'd)

- Subsidize interest rate with a maximum of 5% via tax incentives for commercial banks by granting tax exemptions on interest income earned from mortgages.
- Work closely with the cement industry/ building association to train a minimum of 100,000 artisans per annum.
- Digitize the land registry and create a one-stop shop to facilitate approval process for land registration in each state.
- Pass a foreclosure law (for mortgage and consumer credit) to deepen credit penetration.
- Implement an Ease of Doing Business Program targeted at long-running, high-impact pain points.
- Establish a Special Investment Vehicle to enable investment in the manufacturing sector in collaboration with the private sector.
- Make power-for-industry a competitive advantage for manufacturing in Nigeria by reducing the cost of gas for industry to the cheapest amongst MINT economies.
- Expand the local manufacturing of pharmaceutical products and vaccines to meet at least 70% of Nigeria's demand within 8 years.
- Establish a program in collaboration with the private sector for the local production of key industrial equipment that can substitute at least \$2bn of imported machinery and equipment.

Be the Leading Investment Destination of Choice among the MINT Economies (FDI)

- Identify high priority FDI target nations, ensure completion of bilateral investment agreements and conduct priority sector-themed investment roadshows led by Mr. President to attract quality investments from targeted countries.
- Implement an Investment Promotion Strategy aimed at securing funding from Multilateral Finance Institutions such as European Investment Bank, New Development Bank, Islamic Development Bank, International Finance Corporation, etc.
- Expand the NIPC Single Window Investors' Portal for easy accessibility of investible opportunities (to include e-OSIC, e-PSI, Investment Profiling, iGuide and other Investment promotion platform).
- Strengthen the provisions of the Intellectual Property Protection Act especially for targeted investment opportunities and promote public awareness.



Industry (Manufacturing) and Trade (cont'd.)

Drive a Fundamental Reform of the Regulatory Environment to Enable Business and Investment

- Identify and target key regulators/agencies that have significant touch points across each of the strategic economic sectors for radical enterprise transformation and organizational repositioning, including the implementation of eGovernment initiatives. Target agencies for reform:
 - Oil and gas: NUPRC, NMDPRA, NNPC
 - Power: NERC
 - Telecommunications/ Broadband: NCC, NITDA
 - Financial Services/ FINTECH: CBN, SEC
 - Creative/ Entertainment: NBC, Nigeria Film Corporation
 - Construction/ Real Estate: Federal Mortgage Bank, PENCOM
 - Cross cutting: NEPZA, NAFDAC, Customs, FIRS, NPA, CAC



Capital Market

Accelerate Implementation of Nigerian Capital Market Master Plan

- Issue long-term, high yielding debt securities (such as Special Purpose Bonds) for dedicated/ specific projects/ initiatives such as Agriculture, Industrial related initiatives.
- Facilitate increased participation of pension funds and insurance companies in the capital market.
- Collaborate with fintech companies to introduce new capital market products such as multi-issue structured products, special financial bonds to facilitate the interest of SMEs.
- Incentivise the issuance of, and participation in Environmental, Social, and Governance compliant products.
- Issue SUKUK bonds as a strategy to raise capital for government projects and collaborate with the SEC to make the Certificates tradable on the stock market.
- Set up of a national commodity exchange with regional trading centers.
- Review the Non-Banking Financial Company Regulation (NBFC) to unlock credit to key segments of the private sector including mortgages, agriculture, etc.
- Facilitate creation of investment products in collaboration with Fund Managers to attract the Diaspora and retail investment in local securities.
- Strengthen and enforce the regulation to protect the shareholders and investors.

INTRODUCTION

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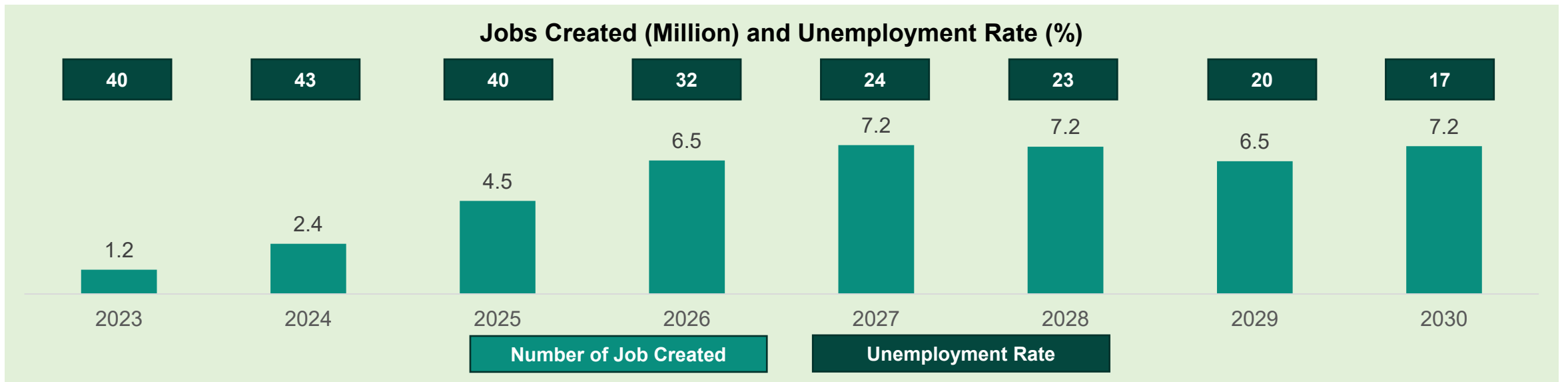
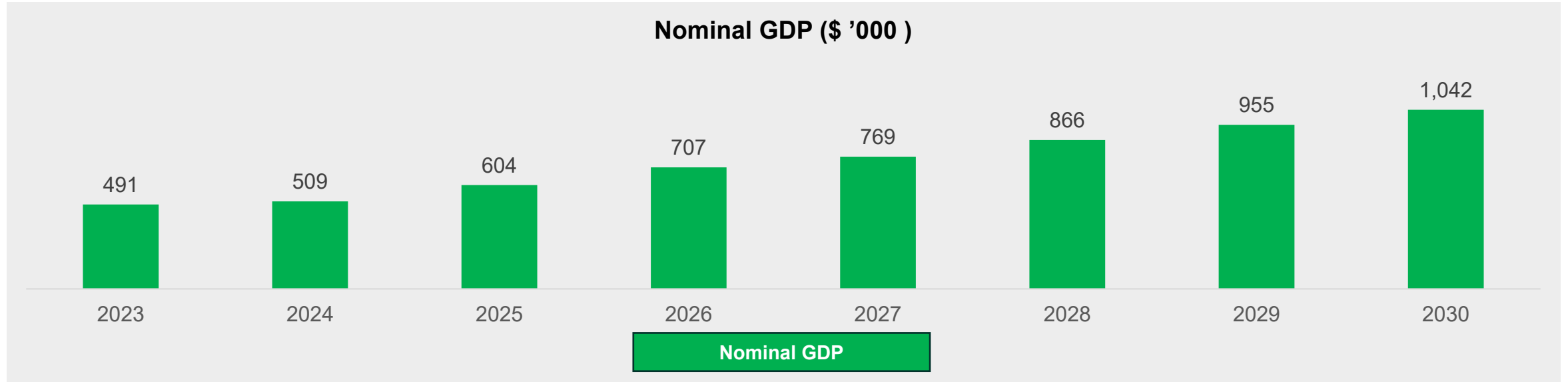
Create the enabling environment
to generate over 50 million jobs

05

Deliver sustained inclusive
growth

(xx) Current Value

Economic growth under the new administration will be inclusive, creating millions of new jobs over the next 8 years



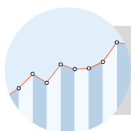
The following tools shall be deployed to deliver on our targets and aspirations



FISCAL POLICY

Vision/desired state for the National Economy

Fiscal policy is aimed at achieving the following targets and strategic objectives:



Revenue

- Revenue to GDP ratio of **22%** (7.96%)



Expenditure

- Capital expenditure as a % of GDP: **25%** (4.1%)
- Budget Deficit as a % of GDP: **3%**, N5.98Trn (4.78%)



Debt

- Debt as a % of GDP **40%** (N77Trn - ~38% of GDP)

Key Issues and Root Causes

- Suboptimal oil and gas production and revenue
- Existence of numerous waivers and exemptions impacting revenue performance and growth
- Lack of a commercial orientation within the MDAs

- High cost of governance
- Duplication of functions leading to excess spending
- Limited deployment of technology to drive service delivery

- High debt servicing cost
- Excessive reliance on Ways and Means financing

Action Areas

Address oil theft, pipeline vandalism and substantially grow production

Deepen tax collection by restructuring and automating key Revenue Generating Parastatals

Rationalise select government assets

Eliminate PMS subsidy

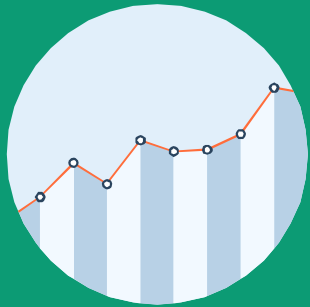
Optimize operating expenditure to reduce cost and leakages

Mobilise debt financing for infrastructure development

Compendium of Refined Action Plan

Initiatives to create a fiscal environment that drives growth

0 -18 Months



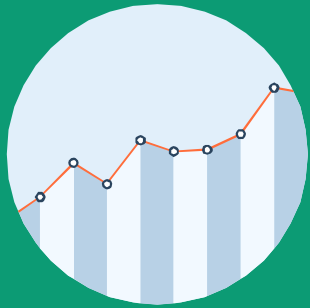
Revenue

Address Oil Theft, and Pipeline Vandalism and Substantially Grow Oil and Gas Production

- Deepen and expand the coverage of security contracts in the Niger Delta and deploy special security forces trained and equipped to operate in the Niger Delta.
- Engage NNPC and other operators to increase visibility of production volumes using digital technology for data capture at the wellhead, flowstations and export terminals to trap up to 90% of total crude oil production
- Implement fingerprinting and other technologies to ensure effective tracing of stolen Nigerian crude – Develop and implement a coherent security architecture for the entire Eastern and Western zones
- Review PIA fiscal terms and engage operators to **ramp up production capacity to 4m** barrels from offshore and onshore assets within 4 years and grow crude oil revenue and savings into ECA and NSIA
- Engage OPEC to revise Nigeria's oil production quota to aggressively grow revenue
- Engage key agencies to develop and invest in common crude evacuation infrastructure for the sector
- Aggressively **grow domestic refining capacity to 2 mbpd in next 8 years**, including modular refineries
- Formalise and legitimize illegal refineries and organise the institutional framework that engages all stakeholders and the host communities
- Facilitate accelerated implementation of the provisions of the PIA on Host Community Trust Fund
- Convert the JVs with IOCs & other parties to IJVs and divest FGN interest from 55-60% to 40 – 49% (as in NLNG) to generate liquidity to fund infrastructure development, transform governance and streamline NNPC's involvement in the sector Implement measures to increase gas production to drive revenue growth
 - Double gas production for **LNG from 22m MTPA to 40m MTPA in 8 years**

Compendium of Refined Action Plan

Initiatives to create a fiscal environment that drives growth



Revenue

Unlock the Potential of the Solid Minerals Sector

36-48 months

- Conduct geospatial mapping exercise to identify locations of minerals that can be harnessed for the growth of the economy.
- Collaborate with State Governors and Security agencies to address the security challenge confronting the sector.
- Develop a Mining Industry Roadmap to reposition the sector and attract large international players
- Implement a framework to formalise and legitimise illegal mining activities.

Deepen tax collection by restructuring and automating key Revenue Generating MDAs

12-18 months

- Identify, map, consolidate and automate the revenue collection function across key RDAs.
- Institutionalise independent revenue assurance and audit over all revenue processes.
- Accelerate the end-to-end automation of all taxes and levies, leveraging big data analytics across various platforms.
- Implement tax harmonization, including legal and administrative reforms, to eliminate multiple taxation and improve collection and compliance
- Mobilise the required political will to drive tax morale by ensuring zero tolerance for tax evasion.
- Broaden the tax net by creating incentives for transitioning the informal sector players.
- Design & implement balanced incentive-linked performance measures to drive the desired behaviour in Revenue Generating Agencies.
- Develop and implement a new social contract framework to encourage voluntary compliance.
- Implement measures to aggressively grow PIT at the Federal and Sub-national levels.

Compendium of Refined Action Plan

Initiatives to create a fiscal environment that drives growth



Revenue

Rationalise Select Government Assets

12-36 Months

- Privatisise, concession or sell down FGN's stake in corporate assets to partners (with possible buyback option) to generate liquidity in the short to medium terms (focus on sub-optimal assets e.g., NNPC refineries).
- List the shares of strategic and profitable NNPC subsidiaries, including NEPL, NNPC Trading, NGIC and NGML
- Leverage blockchain to create and provide access to a central land registry to unlock dead capital
- Regionalise and concession the transmission grid to private investors to attract investment to expand the Grid capacity to 30,000 MW.
- Accelerate implementation of a well functioning and market-oriented power sector.
- Set a policy directive that all proceeds from sale of assets must used to settle existing FGN debt obligations
- Carry out a forensic review of the outstanding balances and utilisation of Federation funds, e.g Stabilisation, Natural Resources Development Fund, ECA, etc.

Compendium of Refined Action Plan

Initiatives to create a fiscal environment that drives growth



Expenditure

Eliminate PMS Subsidy

0 -18 Months

- Restate commitment to eliminating PMS subsidy in the inaugural speech
- Deploy strategic communications to engage stakeholders on the business case for subsidy removal.
- Design and deploy non-cash palliatives such as public transport vouchers, education, and healthcare support, etc. to ease the impact of the subsidy removal.
- Effect increase in minimum wage as part of the strategy to cushion the impact of subsidy removal.
- Implement one-off Personal Income Tax reliefs for low-income earners for up to one year.
- Work with NNPC and other private sector players (Dangote, BUA, etc.) to increase refining capacity
- Effect bullet removal of PMS subsidy in line with Section 205 (1) of the PIA

Optimize Operating Expenditure to Reduce Cost and Leakages

12-18 Months

- Implement the Oronsaye report on the rationalisation of MDAs
 - Eliminate duplication of offices/functions
 - Reposition autonomous relevant MDAs to become commercially oriented entities)
- Implement e-governance solutions in strategic MDAs to improve efficiency and transparency & reduce cost of governance
- Optimise overheads by sharing services across MDAs and maximizing the use of Federal Government Infrastructure and support services
- Implement budgeting policy to progressively increase allocation to capital projects.

Key Success Factors

01

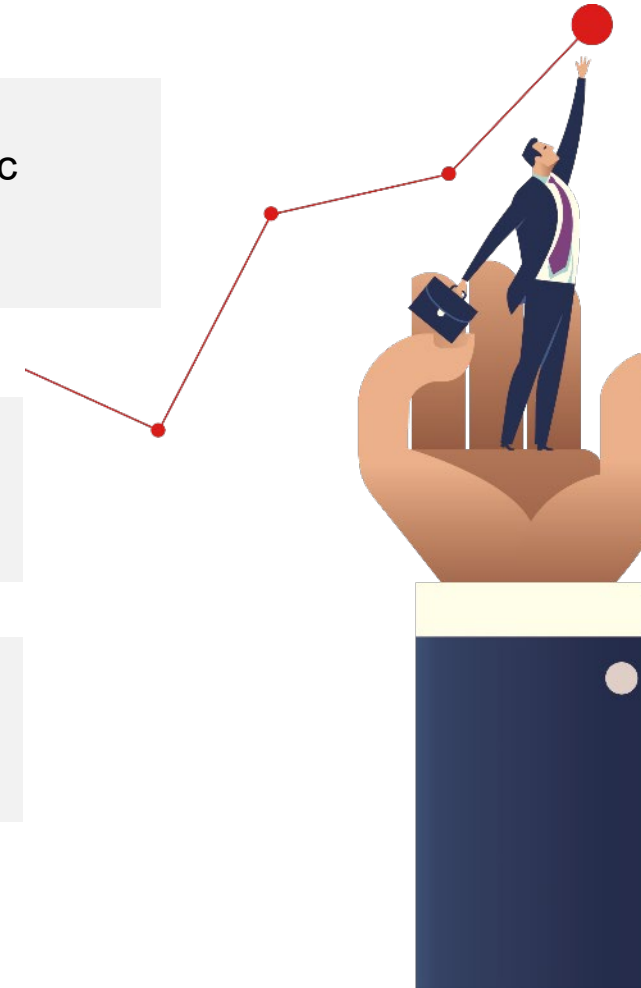
Appointment of qualified and committed persons onto the economic management team, including leadership of relevant MDAs that are critical to the overall economic reform agenda. This will send a strong message on the FGN's commitment to implementing bold and progressive policies to improve economic growth.

02

Revamp the existing security arrangement in the Niger Delta

03

Robust engagement with stakeholders in the Niger Delta to reduce distrust and build a stronger relationship with the communities.

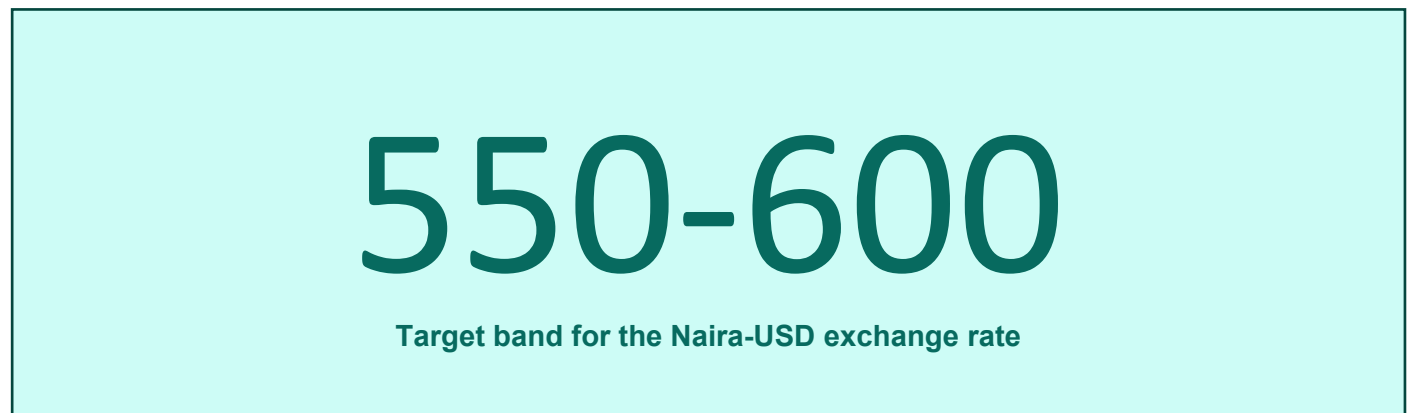
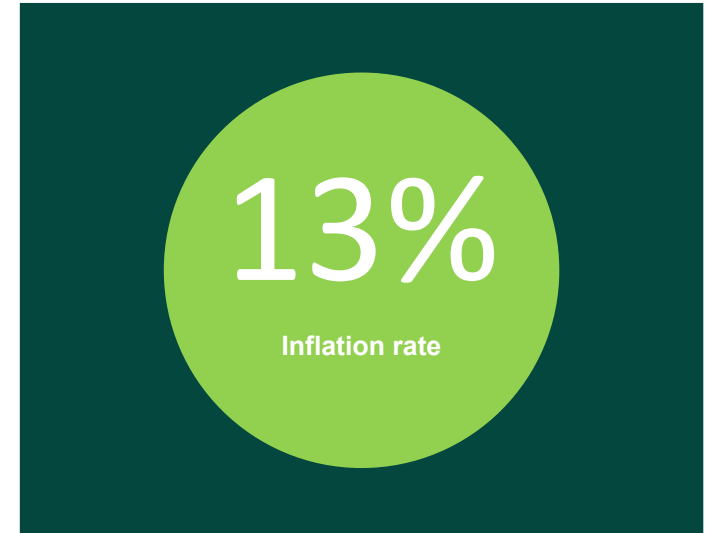
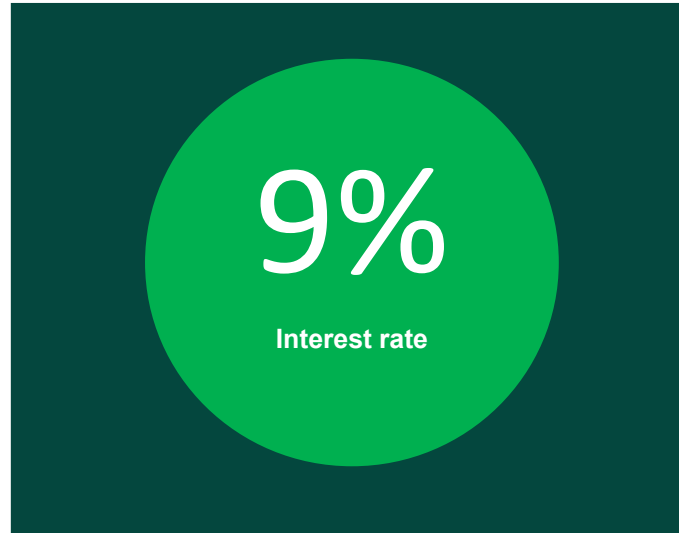


MONETARY POLICY

Vision/desired state for sub-committee priority area

Monetary policy is aimed at achieving the following vision and strategic objectives

- Achieve price stability to foster sustainable economic growth
- Harmonise and stabilise the Naira exchange rates
- Reduce interest rate to drive investment



Key Issues and Root Causes

Many key structural issues have plagued the Nigerian monetary environment



Exchange Rate

The existence of multiple exchange rates

FX supply shortages remains a challenge leaving the gap between the official and parallel window

Low Foreign Direct & Portfolio Investment and Capital Importation due to a lack of investor confidence



Inflation Rate

Insecurity in the North which has impacted agricultural output and increased food prices

Significant high cost of transportation of produce from the farm gate to markets

Import dependency leading to imported inflation due to Naira devaluation



Interest Rate

Limited availability of credit facilities impacting cost of borrowing

High operating costs and high-risk environment leading to high interest rate premiums

Compendium of Refined Action Plan

Initiatives to create a monetary environment that drives growth



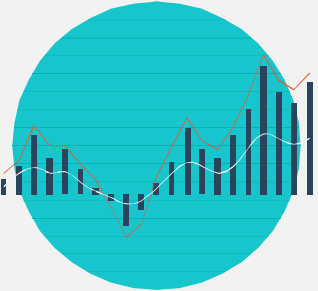
Transit to a transparent, unified and market-determined exchange rate system

12-18 Months

- Announce readiness of the administration to address issue of multiple exchange rates and the gap between the official and parallel markets in the President’s Inaugural Speech
- Review the CBN balance sheet and ascertain the true position of the Nigeria’s external reserves
- Model the potential impact of a harmonised exchange rate regime on the economy and quantify the amount of foreign reserves required to adequately support the policy, based on
 - Backlog of unmet FX demand and associated obligations;
 - Estimate of future FX demand for the year; and
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- Aggressively grow FX supply & build external reserves, including securing funding support from the from the Multilateral Agencies and DFIs at concessionary rates
 - An estimate of least \$50-\$60 billion in reserves, with a monthly inflow of at least \$6bn-8bn\$/month from export earnings and other forms of capital inflow, will be required to defend the Naira at an exchange of N500-N600/\$.
- Remove all FX intermediation windows and allow the banks as primary dealers to supply the FX market through a willing buyer/willing seller model
 - Raise the capital requirements of BDCs to ensure only strong, well capitalized and automated BDCs are allowed to operate e.g Travelex
- Introduce an effective exchange rate management system, viz the crawling peg

Compendium of Refined Action Plan

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12-18 Months

Transition to a transparent, unified and market-determined exchange rate system (Cont'd)

- Implement policies to eliminate the barriers to attracting increased Nigeria’s Diaspora remittances
- Set up strategic meetings and engagements with top emerging market/frontier investors to share the new monetary policy and build confidence in the economy
- Generate FX revenue by implementing a strategy to make Nigeria a preferred destination for Business Process Outsourcing
- Increase brain export capacity and generate FX earnings by providing access to power, broadband and training for youth.



12-18 Months

Reform CBN’s Operating Model

- Explore opportunities to strengthen the CBN governance structure and refine its operating model to enable it to operate efficiently and reduce its costs, given the expected significant future reduction in its interest earnings arising from the reduction in Way and Means facilities, going forward (CBN charges the FGN at MPR +3% on the outstanding obligations).

Compendium of Refined Action Plan

Initiatives to create a monetary environment that drives growth

12-18 Months

Reform CBN's Operating Model (Cont'd)

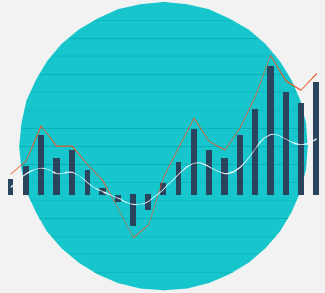
- Conduct a detailed evaluation of CBN's current quasi-fiscal operations. Review, rationalise and transfer the operations that are incompatible with the core monetary policy management to the relevant fiscal authorities. Specifically, amend the CBN Act to substantially curtail the CBN in performing the following functions
 - Overlapping roles with other regulatory agencies such as oversight of Collective Investment Schemes carried out by the CBN and Securities and Exchange Commission
 - Developmental finance function, such as the N-Power programme and SME lending. These responsibilities should be transferred to other agencies that have the capacity and expertise to carry out these functions effectively.
 - Banking supervision responsibility (prudential and consumer protection functions), which should be transferred to a separate regulatory authority that will have the expertise and resources to ensure the stability and safety of banks and the banking system.
- Establish a strategic economic policy co-ordinating organ which will meet monthly to ensure alignment of monetary policy and fiscal policy. The body, chaired by the President, should comprise the Vice-President, Minister of Finance, CBN Governor, Minister of Trade & Investment, and Chief Economic Adviser to the President. The Chief of Staff may be in attendance.
- Engage and mandate CBN to return to an orthodox monetary policy:
 - Anchor market rates to the Monetary Policy Rate (MPR)
 - Normalize the CRR and make the rate uniform for all banks
- Working in partnership with the FGN Debt Management Office (DMO), agree a plan of action to return Nigeria to Emerging Market Bond indices



Compendium of Refined Action Plan

Initiatives to create a monetary environment that drives growth

12-18 Months



Resolve the cash shortage situation

- Extend the December 31st, 2023, deadline to December 31st, 2024 (if required).
 - Bring in new notes through the deposit money banks by 5% monthly and take out the old notes through the deposit money banks by the same 5%.

Key Success Factors

01

The appointment of a capable Chief Economic Adviser to the President

02

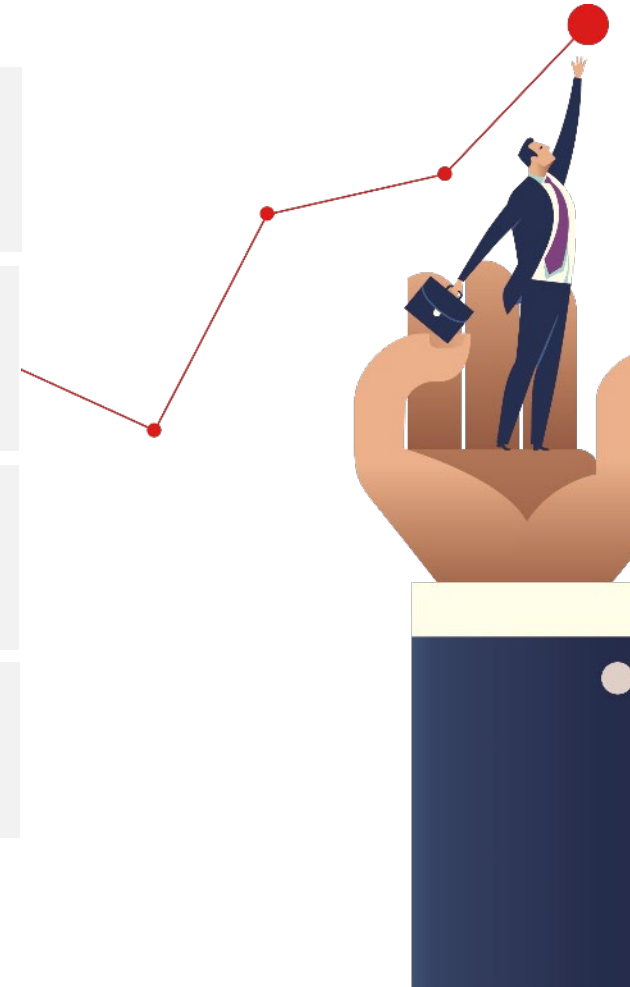
Increased domestic patronage of locally produced goods and services

03

A more effective National security architecture which increases trade and investment

04

Elimination of trade barriers in areas where Nigeria has competitive advantage



MANUFACTURING AND TRADE

Key Segment Issues and Root Cause Analysis

Some of the root causes of inefficiency and lack of competitiveness in the sector include

- 01 Economic sabotage by rogue actors, which causes damage to the country's trade infrastructure, disrupts supply chains, and affects overall trade performance.
- 02 Lack of competitiveness in the manufacturing sector due to high production costs, which affects the country's ability to compete in the global markets
- 03 Low ease of doing business ranking which hinders the growth of the trade sector and discourages foreign investment.
- 04 Significant infrastructure challenges and high cost of energy impacting manufacturing cost



Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



**Transform Nigeria
to become Africa's
most efficient
trading nation**

Transform Nigeria to become Africa's most efficient trading nation

0-18 Months

- Implement the National Single Window Trading Platform Project to facilitate product valuation and classification, provide information, minimise human discretion and streamline the import and export processes
- Prioritize the build-out of rail infrastructure along selected rail routes for agricultural and trade logistics
- Enter into Preferential Trade Agreements with key countries to grow and improve market entry and cost of trade.
- Provide incentives to facilitate the establishment of warehouses via PPP arrangements for exports, imports and transit locations outside the ports
- Decongest the area up to 4km around the ports and designate them for cargoes, roads and railway.
- Enforce the Presidential directive on 48hr clearance of goods at seaports in line with Executive Order 001
- Redefine the performance measures of key agencies of government to emphasise trade facilitation.
- Set up a whistle blowing mechanism that enables and empowers transporters to report and escalate issues with the various authorities while transporting food and other critical items. Implement stringent sanctions on all reported cases.

Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



Grow Non-oil export contribution to GDP

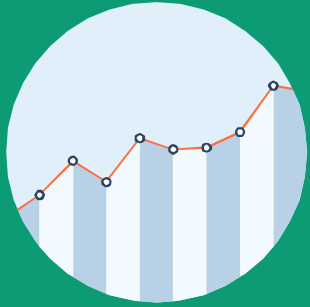
Grow Non-oil export contribution to GDP

12-36 Months

- Relaunch the concessioning of Kano and Calabar Free Trade Zones, and establish new export processing zones that create capacity to generate exports amounting to at least 20% of total export revenues
- Review and restructure existing incentives, waivers and tariffs to plug leakages and boost key sectors of the economy e.g. Agriculture, Manufacturing, Entertainment and Tourism etc.
- Establish an \$ 8billion export financing facility sized to support the targeted \$40 billion worth of exports including a Made-in-Nigeria for export program
- Develop and implement a comprehensive, transformational program to support export-quality assurance
- Execute country-specific strategies for accessing each of the top 10 target markets
- Establish dedicated seaport and airport export terminals, with sufficient capacity to process/handle the target volume of exports and upgrade the access roads to export terminals
- Reengineer the export procedures and documentation covering key parties - including CBN, NPA, Customs - with KPIs and SLAs that are consistent with global standards of cost and time; along with sanctions for defaulting parties

Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



Grow Non-oil export contribution to GDP

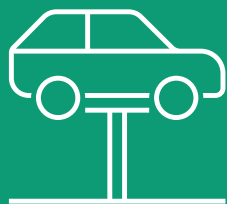
Grow Non-oil export contribution to GDP (Cont'd)

12-36 Months

- Establish technology hubs in partnerships with multilateral institutions and private investors across the 6 geopolitical zones.
- Develop and implement backward integration programs for strategic sectors to enable import substitution and reduce exchange rate induced inflation that affects the economy. Target major FX-consuming commodities /items such as raw sugar, oil palm, automotive, NPK fertilizer, light electronics, wheat and cassava starch.
- Fast-track the revitalization of the National Commodity Exchange with regional trading centers.
- Establish national cold chain storage infrastructure across the 6 geopolitical zones in collaboration with the private sector.
- Facilitate investment in the entertainment industry in collaboration with the private sector, leveraging the \$600 million loan facility administered by the Bank of Industry.

Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



Grow Manufacturing Contribution to GDP

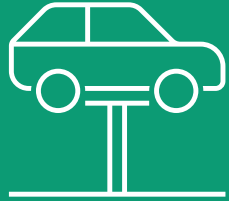
Grow Manufacturing Contribution to GDP

12-36 Months

- Provide incentives, including partnerships with strategic trading partners, to accelerate the growth of key sectors (Light Electronics Assembly, Garments, Fertiliser; Refined Sugar, Oil Palm, Automotive), generating target output in excess of \$50 billion annually.
- Domesticatise at least 50% (valued at \$17bn) of the value chains of the three largest manufacturing subsectors by contribution to GDP, i.e., Food & Beverages, Chemicals & Petrochemicals and Textile, Apparel & Footwear.
- Launch a consumer credit scheme for housing and consumer goods (such as automobile, furniture etc) via the following options:
 - Utilization of 20% of the Cash Reserve Fund of N5trillion (N1trillion), in CBN, set aside to promote long term (20-30year) mortgages and affordable consumer credit
 - Leverage Pension fund of N9trillion
 - Review the PENCOR regulations to allow increased investment of pension funds in the mortgage asset class.
 - Subsidize interest rate with a maximum of 5% via tax incentives for commercial banks by granting tax exemptions on interest income earned from mortgages.
 - Work closely with the cement industry/ building association to train a minimum of 100,000 artisans per annum
 - Digitize the land registry and create a one-stop shop to facilitate approval process for land registration in each state
 - Pass a foreclosure law (for mortgage and consumer credit) to deepen credit penetration.

Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



Grow Manufacturing Contribution to GDP

Grow Manufacturing Contribution to GDP (Cont'd)

12-36 Months

- Implement an Ease of Doing Business Program targeted at long-running, high-impact pain points, specifically - export processing; billing & collection of corporate taxes and levies by State Governments; product valuation and classification by the NCS; and accessing foreign exchange
- Establish a Special Investment Vehicle targeted at enabling investment in the manufacturing sector in collaboration with the private sector
- Make power-for-industry a competitive advantage for manufacturing in Nigeria by reducing the cost of gas for industry to the cheapest amongst MINT economies
- Expand the local manufacturing of pharmaceutical products and vaccines to meet at least 70% of Nigeria's demand within 8 years
- Establish a program in collaboration with the private sector for the local production of key industrial equipment that can substitute at least \$2bn of imported machinery and equipment

Compendium of Refined Action Plan

Initiatives to boost industry (manufacturing) and trade



Be the leading investment destination of choice among the MINT economies

Be the leading investment destination of choice among the MINT economies (FDI)

12-36 Months

- Identify high priority FDI target nations, ensure completion of bilateral investment agreements and conduct priority sector-themed Investment Roadshows led by Mr. President to attract quality investments from targeted countries
- Implement an Investment Promotion Strategy aimed at securing funding from Multilateral Finance Institutions such as European Investment Bank, New Development Bank, Islamic Development Bank, International Finance Corporation, etc.
- Expand the NIPC Single Window Investors' Portal for easy accessibility of investible opportunities (to include e-OSIC, e-PSI, Investment Profiling, iGuide and other Investment promotion platform)
- Strengthen the provisions of the Intellectual Property Protection Act especially for targeted investment opportunities and promote public awareness

Compendium of Refined Action Plan

Transform the regulatory environment to enable investments

- Identify and target key regulators/agencies that have significant touch points across each of the strategic economic sectors for radical enterprise transformation and organizational repositioning, including the implementation of eGovernment initiatives

High Growth Sectors whose regulators/agencies we will target for reform are

Oil and gas	Power	Telecommunications / Broadband	Financial Services/ FINTECH	Creative/ Entertainment	Construction/ Real Estate	Cross-cutting
NUPRC, NMDPRA, NNPC	NERC	NCC	CBN, SEC	NBC, Nigeria Film Corporation	Federal Mortgage Bank, PENCOR	NEPZA, NAFDAC, Customs, FIRS, NPA, CAC

Attributes of a well-functioning regulatory environment:



Key Success Factors

01

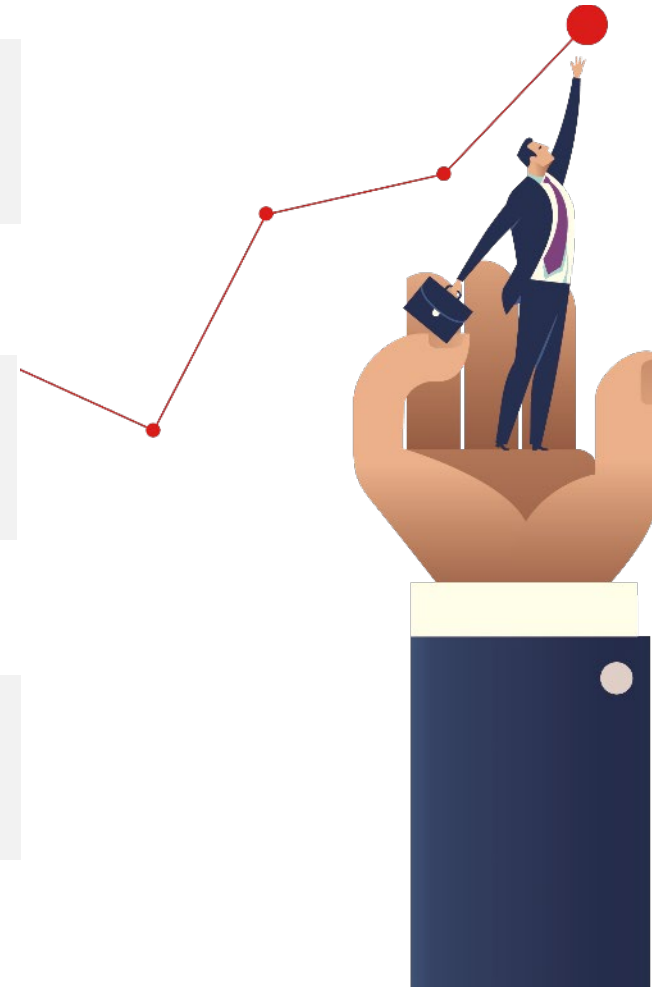
A strong infrastructure base that improves manufacturing cost-competitiveness

02

An efficient NEPZA that develops additional free trade zones.

03

Nigeria positioned as an attractive destination for foreign investment with a favorable investment climate, and improved ease of doing business.



CAPITAL MARKETS

Key Segment Issues and Root Cause Analysis



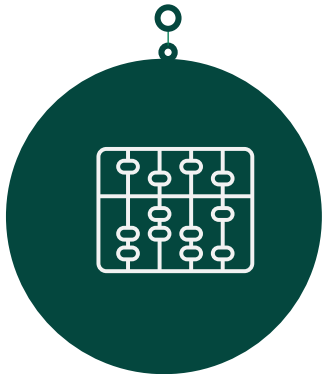
Macroeconomic Challenges

- Macroeconomic pressures and operating environment challenges have negatively impacted the performance of the market resulting in poor liquidity in the capital market



Data insufficiency

- Lack of accurate data for strategic decision making



Multiple taxation and conflicting regulation

- Existence of multiple taxation and conflicting regulation

Compendium of Refined Action Plan

Initiatives to strengthen the capital market and mobilise capital for development



Grow market
capitalisation to GDP to

25%

(14.3%)*

*N28.6 Trillion as at 9th May 2023

(xx) Current Value

Accelerate Implementation of Nigerian Capital Market Master Plan

12-18 Months

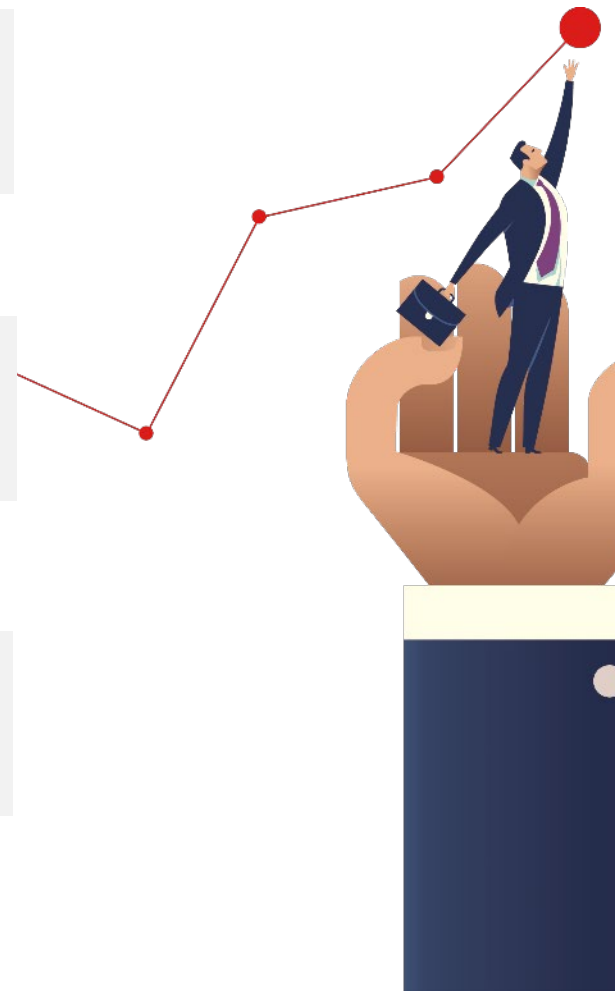
- Issue long-term, high yielding debt securities (such as Special Purpose Bonds) for dedicated/ specific projects/ initiatives such as Agriculture, Industrial related initiatives
- Facilitate increased participation of pension funds and insurance companies in the capital market
- Collaborate with fintech companies to introduce new capital market products such as multi-issue structured products, special financial bonds to facilitate the interest of SMEs
- Incentivise the issuance of, and participation in Environmental, Social, and Governance compliant products
- Issue SUKUK bonds as a strategy to raise capital for government projects and collaborate with the SEC to make the Certificates tradable on the stock market
- Set up of a national commodity exchange with regional trading centers.
- Review the Non-Banking Financial Company Regulation (NBFC) to unlock credit to key segments of the private sector including mortgages, agriculture etc
- Facilitate creation of investment products in collaboration with Fund Managers to attract the Diaspora and retail investment in local securities.
- Strengthen and enforce the regulation to protect the shareholders and investors
 - Strengthen corporate governance and ethics
 - Punish market malpractices to deter improve compliance

Key Success Factors

01 Resolution and harmonisation of multiple foreign exchange rates to encourage capital importation

02 Increased investor confidence

03 Resolution of negative interest rates position



PERFORMANCE AND DELIVERY

Performance and Execution Unit

Similar to Ethiopia and other countries, it is important for us to have a well coordinated performance and delivery unit to accelerate implementation of strategic projects

Africa

- **Ethiopia** Presidential Delivery Unit
- Rwanda, Government Action Coordination Unit
- Senegal, Presidential Delivery Unit
- South Africa, Delivery Unit
- Ghana, Presidential Delivery Unit
- Kenya, Presidential Delivery Unit

Middle East

- **Saudi Arabia**, Central Delivery Unit
- Jordan, Prime Minister's Delivery Unit,
- Oman, Tanfeedh Delivery Unit

Europe

- **United Kingdom** Implementation Unit
- Albania, Delivery Unit
- Romania, Delivery Unit
- Serbia, Delivery Unit

Asia

- **India**, Delivery Monitoring Unit
- Indonesia, UKP4
- **Malaysia**, Performance management Delivery Unit
- Pakistan, Prime Minister's Delivery Unit

Oceania

- Australia, Premier's Implementation Unit



Performance and Execution Unit

Globally and in Africa, the mandate of the delivery unit tends to be anchored on 3 core levers...

Problem Solving **1**

- Problem-solve obstacles with relevant MDAs and develop solutions to overcome them.
- Provide technical support to facilitate execution and delivery
- Strengthening institutional capital with trainings and capacity building programs.

3 Coordination & Synergy

- Provide platform for effective coordination of Government priorities to deliver quick and high impact initiative that will accelerate economic growth
- Drive goal synergy among MDAs with similar objectives to achieve enhanced efficiency in delivering government mandates

2 Monitoring and Evaluation

- Develop detailed implementation plans and dashboards to track impact.
- Ensure decision-making is informed by high quality evaluation evidence by setting evaluation standards, directly monitoring departmental evaluation activities, and scrutinizing evaluation plans.
- Rigorously track and monitor strategy progress, outcomes and assess performance.
- Report progress to stakeholders and make information accessible to the public.

Performance and Execution Unit

Key Learnings from other jurisdictions

S/N	Key Learnings	Descriptions
1	Led by an outstanding leader at a Cabinet Minister level	<ul style="list-style-type: none"> The unit is led by an outstanding leader with strong implementation capability, of ministerial level, supported by staff from the private and public sectors, with less focus on committees. The unit is led and staffed with personnel with relevant core experience and proven track record in delivering strategic transformation projects
2	Report directly to the President	<ul style="list-style-type: none"> To facilitate decision making, clear roadblocks and resolve issues & challenges Report back to FEC, Vice President and President on progress on the priority areas on a monthly basis
3	Articulation of clear roadmap and workplan	<ul style="list-style-type: none"> Articulation of a roadmap (including implementation dashboard) with clear timetables and plans and clearly defined KPIs Implementation of performance monitoring and evaluation framework
4	Nimble with sectoral focus on implementation of Government priorities.	<ul style="list-style-type: none"> Sectoral focus on the implementation of government priorities in Finance & Economy Agriculture, Human Capital, Housing, Energy (Oil & Gas and Power), etc

Performance and Execution Unit

Key Learnings from other jurisdictions

S/N	Key Learnings	Descriptions
5	Consequence Management	<ul style="list-style-type: none"> • There must be severe consequence for failure to meet implementation objectives and deliver within agreed timelines. This will drive discipline in execution of Government policies and programs.
6	Performance Management	<ul style="list-style-type: none"> • Implementation of performance monitoring and evaluation framework • Independent policy and programme impact assessment
7	Communication and Impact	<ul style="list-style-type: none"> • The impact of the various strategic initiatives are communicated promptly and frequently through regular reports that are verifiable by independent organisations – such as international DFIs • Leverage various communication channels to broaden knowledge and impact

Thank you!