AN ASSESSMENT OF THE IMPLEMENTATION OF NIGERIA’S ECONOMIC RECOVERY AND GROWTH PLAN (2017-2020)

The Economic Recovery and Growth Plan (the “Plan”) is a comprehensive medium-term plan for the years 2017 – 2020 which was propounded by the administration of President Muhammadu Buhari. The implementation of the Plan began following Nigeria’s slump into a recession in 2016, with the country experiencing a record low Gross Domestic Product (GDP) growth rate of -2.36 per cent in the third quarter of 2016, according to Nigeria’s National Bureau of Statistics (NBS). The Plan was designed to lift the nation out of the threshold of the recession and position the country for sustainable economic growth, diversification of industries and global competitiveness.

The Plan has three broad strategic objectives that will help achieve its vision of inclusive growth. They are:

1. Restoration of economic growth
2. Investment in our people
3. Building a globally competitive economy.

In addition, the Plan also provided key execution priorities for the implementation of its objectives and ideologies. The key execution points are:

1. Stabilizing the macroeconomic environment
2. Achieving agriculture and food security
3. Ensuring energy sufficiency (power and petroleum products)
4. Improving transportation infrastructure
5. Driving industrialization focusing on Small and Medium Scale Enterprises.

This Focus Report examines government’s implementation of the Plan thus far, in line with the stated execution points.

1. STABILIZING THE MACROECONOMIC ENVIRONMENT

In formulating the Plan, the Federal Government took into consideration the factors that led to the deterioration of the economy in 2016 and created a document aimed at preventing the recurrence of the economic slump. The regularization of the macro-economic elements of the economy such as the inflation rate, Gross Domestic Product (GDP), employment rate etc. was therefore identified as a pre-requisite for sustainable economic growth in the country.

The Plan for instance aims to increase Nigeria’s GDP by stabilizing the economy through the alignment of monetary and fiscal policies; the acceleration of non-oil generating revenue; drastically cutting expenditure and; through private selected public enterprises/ assets. In order to achieve these objectives, the Plan enumerated two polices, namely:

i. The Fiscal Policy
ii. The Monetary Policy
The Fiscal Policy:

Fiscal challenges affecting public finances at the federal, state and local government levels served as a major catalyst for the 2016 recession which the country experienced. Some of the policy objectives include the following points listed below:

- Improve overall Federal Government revenues by increasing revenues from oil production and targeting non-oil revenue sources (This would be discussed in detail below)
- Increase the tax base by raising the VAT rate for luxury items from 5 to 15 per cent from 2018, while improving CIT and VAT compliance to raise 350 billion annually.
- Increase tax to GDP ratio from the current 6 per cent to 15 per cent during the period.
- Improve the budget preparation and execution process, focusing on increasing allocation to capital projects and improving the quality of capital spending, with a view to attaining a ratio of Capital Expenditure (CAPEX) to total budget of 30-35 per cent.
- Re-balance the portfolio of domestic to foreign debt from 84:16 to 60:40 and make arrangements to pay off hidden Federal Government debt.

Below is an overview of how the current administration has fared in the achievement of the objectives listed above:

- **Increase tax base through VAT:** The Federal Government has announced its intention to increase the tax on luxury goods in order to generate more revenue for the nation, however it is yet to implement this policy or identify the goods and services that would be included in this tax bracket. The proposed increase in tax should be a welcome policy as Nigeria’s 5% VAT tax is one of the lowest rates in the world. Comparatively Ghana has a VAT rate of 15%, Egypt 10%, Mauritius 15%, Morocco 20%, Namibia 15%, South Africa 14%, Tanzania 18% and Zimbabwe 15%. Across the continent, developed countries such as France, United Kingdom, Romania and Ukraine have VAT rates of 20%. Furthermore, an increment in VAT should not have an impact on the less privileged as basic food items and other necessities will be exempted from this tax.

- **Increase tax to GDP ratio from the current 6 per cent to 15 per cent during the period:** Most countries in the world tend to rely on taxation as a source of sustainable revenue mainly because taxes are more predictable than other sources of revenue in the economy. The tax to GDP ratio weighs the amount of tax collection to the nominal GDP and at 6.1%, Nigeria has one the lowest tax to GDP ratios in the world. There are several contributing factors to the abysmally low tax rate in Nigeria such as the lack of expansion of tax net, poor compliance to tax regulations, bureaucratic tax procedures and disregard of transparency and accountability from the government. The most obvious solution to this problem of low taxation rate is an increase in taxes, however without established efficient structures for the proper collation and collection of these funds, the nation will not reap the full benefits of any tax policy.

The government has established a few initiatives to encourage the proper collation and collection of taxes such as the Implementation of the Integrated Tax Administration System (ITAS); Enforcement of compliance with tax obligations by government officials;
and more recently the Voluntary Asset and Income Declaration Scheme (VAIDS). Whilst these initiatives are novel concepts to increase revenue generated from taxes, the government has often defaulted in the effective implementation of these initiatives and properly educating the public. However, there is renewed hope for the country due to the recently established Voluntary Asset and Income Declaration Scheme. The VAIDS is a time-limited opportunity for taxpayers to regularize their tax status relating to previous tax periods and pay any taxes due. In exchange for fully and honestly declaring previously undisclosed assets and income, tax payers will benefit from forgiveness of overdue interest and penalties, and the assurance they will not face criminal prosecution for tax offences or tax investigations. The Federal Inland Revenue Service aims to raise the current tax rate to 20% by the year 2020.

- **Improve the budget preparation and execution process, focusing on increasing allocation to capital projects and improving the quality of capital spending, with a view to attaining a ratio of Capital Expenditure (CAPEX) to total budget of 30-35 per cent:** The 2017 fiscal year total budget amounts to N7.298 Trillion with a capital expenditure budget of N2.24 Trillion including the capital in statutory transfers.

In 2017, the Federal Government released a total of N 1.2 Trillion to finance capital projects in the 2017 Appropriation Act. The Debt Management Office (DMO) stated that the release of such a large amount of capital over a six-month period is a demonstration of the commitment of the present administration to prioritise improvement in infrastructure in order to stimulate economic growth and development. The DMO assured the public that more funds were yet to be released as the 2017 budget was only finalised in July 2017 and thus was still being implemented.

Furthermore, President Mohammed Buhari presented the proposed national budget for the 2018 fiscal year to the National Assembly in November 2017. The budget total is N8.612 trillion which is 16% higher than 2017 estimates, while the “total federally-collectible revenue” was estimated at N11.983 trillion. The budget allocates Capital Expenditure of N2.428 trillion (excluding the capital component of statutory transfers). The key spending allocations from that figure includes N555.88 billion for power, works and housing; transportation which is to get N263.10 billion; and special intervention programmes which will get N150.00 billion. Others are defence which has N145.00 billion; agriculture and rural development which takes N118.98 billion and water resources with N95.11 billion.

Yet again, the onus rests on the Federal Government to adequately execute its agenda and ensure that these funds are repatriated to the ministries, departments and agencies, and other industry participants as at when due. Thereafter, the onus shifts to the relevant ministries, departments and agencies to be transparent in the execution of their respective spending allocations.
Re-balance the portfolio of domestic to foreign debt from 84:16 to 60:40 and make arrangements to pay off hidden Federal Government debt:

According to the NBS, the nation’s foreign debt had risen to $15.05 Billion while the domestic debt portfolio was N14.06 Trillion as at Q2 2017. Comparatively, this represents an increase of the nation’s debt from $11.41 Billion and N14.02 Billion for the foreign and domestic debts respectively at the conclusion of 2016. The NBS in its report on Nigerian Domestic and Foreign Debt (June 2017) stated that the Federal Government was responsible for 74% of the foreign debt while the states and Federal Capital Territory (FCT) were responsible for the remaining 26%.

Overall, the external debt has risen to a record high of 15,352.13 USD Million in Q3 2017 from 15,050 USD Million in Q2 2017. External Debt in Nigeria averaged 7521.67 USD Million from 2008 until 2017, reaching an all-time high of 15,352.13 USD Million in the Q3 2017. The International Monetary Fund (IMF) predicted that Nigeria’s debt to GDP ratio will increase by 100 per cent: from 12.1% in 2015 to 24.1% in 2018. These figures are alarming because Nigeria’s debt portfolio is now growing faster than its GDP. Nigeria’s public debt data, which comprises federal and state governments debt combined, shows that debt has been growing at double-digit, compared to the growth of GDP at single digit. In 2013, debt grew at 33% compared to GDP growth of just above 5%. This pattern was repeated in 2014, 2015 and 2016, with debt growing by 12%, 12.5%, and 17.5%, respectively, while GDP growth has remained in single digit with growth rate of 5%, 6.5%, 2.5% and negative growth in 2014, 2015 and 2016, respectively.

According to statistics collated by the DMO, Nigeria’s public debt profile rose to N17.3 trillion at the end of 2016, compared to N12.6 trillion in 2015 and N11.2 trillion in 2014. External debt stood at US $11.4 billion while domestic debt stood at N13.8 trillion.

Although the recession was a contributing factor to the nation’s high debt portfolio, especially due to the fact that the Federal Government released an influx of foreign exchange into the economy in an attempt to curb the effects of the recession; ease the fears of the stakeholders and attract more foreign investors to the country, the government has a duty to be pro-active in order to avoid rendering the country’s debt unsustainable.

ii. The Monetary Policy:

The primary objective of the Plan’s monetary policy is to encourage growth without increasing price volatility. Price stability reduces uncertainty for households and businesses and enables them to plan. However, given the slow growth in 2016, the current challenge is how to balance price stability with growth objectives. In addition, in order to further reduce price volatility, the Government needs to act quickly in order to strengthen the resilience of the banking sector.

Policy objectives:

- Reduce inflation to single digit by 2020.
- Maintain a competitive exchange rate.
- Boost foreign exchange reserves.
- Help banks to embark on aggressive debt recovery efforts.
Below is an overview of how the current administration has fared in the achievement of the objectives listed above:

- **Reduce inflation to single digit by 2020:** According to the NBS, the inflation rate as measured by the Consumer Price Index Report (December 2017) has dropped to 15.37% in December 2017 which is in contrast to the 15.90% recorded in November 2017. Furthermore, the report states that the drop in inflation rate resulted in the 11th consecutive disinflation in headline year-on-year inflation since January 2017.

- **Maintain a competitive exchange rate:**
  The Central Bank of Nigeria (CBN) has been making efforts to strengthen the Naira, introducing a new foreign exchange (forex) policy aimed at the convergence of official and parallel market rates while also repeatedly making interventions in the market. The CBN also established special forex windows for small and medium enterprises as well as for investors and exporters as a measure of support for businesses. The Nigerian Autonomous Foreign Exchange (NAFEX) established for investors and exporters has particularly been commended as a successful move, with the inflow of over $10 billion in foreign investment in the first four months of its introduction.

- **Boost foreign exchange reserves**
  Nigeria’s foreign reserves has risen from $30.8 billion in April 2017 when the Plan was launched, to $40.4 billion in January 2018, a development which the CBN attributes to the strategic management of forex demand by various sectors of the economy. By emphasising local production and import substitution while restricting access to forex by importers of 41 items, the apex bank has been able to reduce the pressure on Nigeria’s external reserves. The accretion to the external reserves has also been helped by the gradual rise in crude oil prices, Nigeria’s major source of foreign exchange earnings.

2. **ACHIEVING AGRICULTURE AND FOOD SECURITY**

Since 2015, agriculture has become a major player in the nation’s economy due to the renewed focus on the sector as a viable source of income and the inevitable need for the Federal Government to diversify its sources of revenue across non-oil related sectors due to the instability of oil prices. The Plan projects that the agricultural sector will maintain an average growth rate of 6.9% over its duration. Furthermore, it proposes that the sector will boost economic growth by expanding crop production, livestock rearing, fishery and the forestry sub sectors. Investment in agriculture will drive food security by achieving self-sufficiency in tomato paste (in 2017), rice (in 2018) and wheat (in 2020). 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.

The agricultural sector grew to 29.15% in 2017 Q3 which is an improvement on the 22% growth rate it achieved in Q2 2017. The increase in GDP is due to a steady increase in productivity in crop production, livestock rearing, forestry, and fishing. One of the contributing factors to the steady growth of the agricultural sector is its increased productivity and the prohibition of the importation of certain food items by the Nigeria Customs Service such as live or dead birds; pork and beef;
birds’ eggs; refined vegetable oils and fats; canned or beet sugar and chemically pure sucrose; cocoa butter, powder and cakes; spaghetti/ noodles; fruit juice in retail packs; and waters.

Furthermore, the Central Bank of Nigeria released a list of forty items that are ineligible for forex sale in the Nigerian forex market in order to encourage local production of the food items on the list. The list includes: rice, margarine, palm kernel/palm oil products/vegetables oils, meat and processed meat products, vegetables and processed vegetable products, poultry chicken, eggs, turkey, and tomatoes and tinned tomatoes.

Nonetheless the sector is plagued by four main challenges: limited access to financing and input for farmers; serious threat of climate change on yield; limited access of agricultural output to the national and international markets; and security threats to agricultural investment including cattle rustling, kidnapping, and destruction of farmlands by herdsmen.

In an attempt to alleviate the issue of financing for farmers and prospective farmers, the federal government launched several programmes and schemes such as the: Growth Enhancement Support Scheme (GESS), Commercial Agriculture and Credit Scheme (CACS), Anchor Borrowers Programme, and the Nigeria Incentive-based Risk-sharing System for Agricultural Lending (NIRSAL).

The GESS was launched with a view to aiding the resource constrained farmer through the provision of incentives to encourage the critical actors in the fertilizer value chain to work together to improve productivity, household food security and the income of the farmer. Upon its implementation in 2012, the Federal Government had a target goal of registering five million farmers for each year for four years that will receive GESS on their mobile phones. As of mid-2015, 14 million farmers had registered in the scheme. Furthermore, the Federal Government has been consistent in the provision of mobile phone to farmers in order to encourage the effectiveness of this scheme.

In view of enhancing the effectiveness of the Commercial Agriculture Credit Scheme (CACS) and mitigating the risks faced by financial institutions and investors in financing the agricultural sector, the Central Bank of Nigeria reviewed the Guidelines of the CACS, thus making it a requirement for the Nigerian Agricultural Insurance Corporation (NAIC) to provide insurance cover for all agricultural facilities/ projects undertaken through the scheme in line with the NAIC Act. Furthermore, since its inception in 2009, the Central Bank of Nigeria has provided the sum of N501 Billion to the CACS.

Notwithstanding the fact that the Federal Government has taken measures to aid the sector, there is still room for innovative growth and development. The agriculture sector is a key economic asset with greater potential; but its value chain is highly underdeveloped. In 2016, agriculture accounted for 24% of the GDP and although it makes up a sizeable portion of economic activities in Nigeria, the sector’s impact on government and export revenue is relatively small, accounting for only 4.8% of total foreign earnings in 2016.
3. ENSURING ENERGY SUFFICIENCY

The Federal Government’s approach to attaining energy sufficiency comprises of incremental power generation, creating a conducive environment for investment in local refining capacity, maximising gas potentials for power projects as well promoting private sector involvement in the various aspects of the energy sector.

Under the Plan, the government intends to address notable challenges in the sector to unlock its potentials. For the power sector, specific mention is made of issues relating to governance, funding, legal, regulatory, and pricing issues across the three main power segments of generation, transmission and distribution, and ensuring stricter contract and regulatory compliance.

It is the hope of the present administration that by addressing the highlighted issues as well as improving the energy mix to ensure significant generation of renewable energy, the sector would be able to deliver at least 10,000 megawatts (MW) of electricity to Nigerians compared to the average of 4000 MW generated in 2016, a year before the launch of the Plan.

Concerning the oil and gas sector, government expressed its intention to ramp up production of crude oil and gas while adding value in the downstream petroleum sector.

In the last 8 (eight) months of the launch of the Plan, Nigeria has recorded mixed results in the energy sector, reflecting the necessity of sustained dialogue and consultation on government policies. While there has been a marked improvement in customer experience of power supply to support official claims of a rise in power generated daily to an average of 7,000MW from 4,000MW in 2016 as a result of government’s implementation of the incremental power policy under the Plan, not enough has been done to boost local refining of crude oil or address the issue of governance in the petroleum sector.

The prolonged fuel scarcity that characterised the end of the fourth quarter of 2017 and the early weeks of the first quarter of 2018 was largely due to a shortage in supply caused by significant drop in refined oil imports. The rise in global crude oil price forced an increase in the landing cost of refined petrol and the inability of independent oil marketers to import at prevailing prices and sell at a profit within the price band issued by the Petroleum Products Pricing Regulatory Agency (PPPRA) in the absence of subsidy payments meant only the Nigerian National Petroleum Corporation (NNPC) was saddled with the responsibility of importing petrol for local consumption needs. The attendant pressure coupled with inadequate logistics resulted in fuel scarcity, an obvious drawback on the path of fulfilling the objective of energy sufficiency as stated in the Plan.

As part of the promise to boost local refining capacity, the government under the Plan set an ambitious target of reducing petroleum product imports by 60 per cent by 2018 and make Nigeria a net exporter by 2020. In context, the NNPC places Nigeria’s national daily consumption for petrol at between 30-33 million litres while refining output is 36 percent of the installed 455,000 barrels per day capacity. When converted, the refineries produce about 19.1 million litres of the possible 53 million litres of petroleum products. Only a fraction of that output is for petrol as the refineries also produce diesel, kerosene and other petroleum products. It is thus clear that local refining cannot meet our daily consumption needs for petrol.

The government has increased awareness around investment in modular refining but more efforts need to be dispensed in that regard while the enabling environment for investment in large scale refineries like Dangote Refinery in Lagos and Petrolex Refinery in Ogun State need to be
strenthened. The Dangote Refinery will cover Nigeria’s local consumption needs at full capacity production but more needs to be done in ensuring the existence of an enabling environment.

Concerning the desired restoration of oil production to 2.2mbpd and increase production to 2.5 mbpd by 2020, notable efforts at peace-building in the Niger Delta and repairs of vandalised oil assets has seen a steady rise in oil production from about 1.3 mbpd in June 2016 to about 2.25 mbpd in January 2018, taking condensates into consideration and 1.8mbpd without condensates. With the gradual rise in crude oil price to around $70, government’s projections, under the Plan of an increase in export earnings and revenues by an additional N800 billion annually may be on course.

A visible drawback in the implementation of the Plan’s objectives for the petroleum sector however lies in the failure of the government to harmonise executive and legislative efforts for the passage of a comprehensive petroleum industry bill (PIB). Due to contentions over provisions of the bill, it has been split into four parts, the first of which is the Petroleum Industry Governance Bill (PIGB) that was passed by the Nigerian Senate in May, 2017 and by the Federal House of Representatives in January, 2018. While it is hoped that a harmonised version of the bill will be ready for presidential assent before the end of the first quarter of the year, there are still concerns about the fate of other fundamental aspects of the original PIB.

Beyond the PIB however, the Ministry of Petroleum Resources has introduced a number of policies in the last one year, such as the National Petroleum Policy, launched in July 2017, which to a large extent mirrors the PIGB as far as restructuring the industry is concerned while also stressing the intention to promote accountability in the sector. At about the same time, the government also unveiled a new National Gas Policy which documents government’s desire to transform Nigeria from a crude oil export-based country to an oil and gas-based economy while also indicating plans to maximise gas supply for electric power production.

As the Plan enters its second year of implementation, we expect to see more determined effort on the part of government to initiate and execute plans contained in the policy documents referred to among others, in order to achieve energy sufficiency.

4. IMPROVING TRANSPORTATION INFRASTRUCTURE

There has been increased investment in transportation infrastructure across the country in line with government’s desire to address the inadequacy of Nigeria’s transport infrastructure stock in comparison to the size of the economy. Understanding that deficient transportation infrastructure constitutes a major cost and constraint for both large and small businesses, the Plan postulates that increased investments in strengthening Nigeria’s infrastructure will make a significant contribution towards building a competitive economy.

It acknowledges that Nigeria’s total infrastructure stock (road, rail, power, airports, water, telecoms, and seaports) represents only 35 per cent of the country’s GDP and that Nigeria needs to invest USD3 trillion in infrastructures over the next 30 years. The government however admits that funding remains a critical challenge and proposes to leverage on private sector capital through public-private partnerships, special purpose vehicles, investment funds, and various guaranty arrangements.
The government also plans to borrow up to $30 billion over the course of three years to meet its financial obligations towards such major transportation infrastructure projects as the priority segments of the Coastal Railway, the Lagos-Kano Railway and the Abuja Mass Transit Rail line.

In implementing its plans for transportation, the government issued N100 billion Islamic bonds in October 2017 thereby raising funds for the completion of 25 road projects across the country. It has also obtained loans to meet the partner-funding requirement for the rail projects being built with the support of China. Efforts have also been made to increase investment in the maritime and aviation sectors. A dry inland port was commissioned in Kaduna in January 2018 while the remodelling of major airports in Lagos, Abuja and Port-Harcourt have reached advanced stages.

Notwithstanding the increase in infrastructure investment, policy support remains critical to the sustainable growth of the sector and this is presently inadequate. Policy initiatives to be implemented under the Plan include the review of the Infrastructure Concession Regulatory Commission Act (ICRC Act) to resolve conflicting legislation with the Bureau of Public Enterprises and Bureau of Public Procurement Act as well as strengthen the Commission’s regulatory mandate; completion of the road sector reforms to establish a Road Authority and a Road Fund to enhance best world practice in the administration of road network development; and approval of the Tolling Policy to ensure that some of the major dual carriageways can be concessioned for maintenance and tolling.

While not much progress has been made in respect of the planned amendment of the ICRC Act, the Federal Government in October 2017 approved the establishment of the Road Trust Fund which also significantly entails a PPP arrangement that allows private sector operators to collectively fund the building of federal roads in exchange for tax credits. Earlier in June 2017, the Nigerian Senate passed a bill to establish the Federal Road Authority (FRA) to replace the Federal Road Maintenance Authority (FERMA) but the Federal House of Representatives is yet to give its concurrence to the bill. The FRA is a semi-autonomous road agency, which would be responsible for the professional management of federal roads in the country, involving planning, design, construction, rehabilitation and maintenance, thereby ending the duplication of functions between FERMA and the Highways Department of the Ministry of Works. According to the Minister of Works, “the passage of the bill will bring permanent solution to the challenges of funding and management of roads in the country”. He also noted that the creation of the FRA was in line with international road management best practices.

The government is still consulting on the National Tolling Policy but has at different times expressed its readiness to re-introduce tolls to achieve its objective of road concessions under the Plan. The planned concession of some major airports is also still being discussed but no definite timelines have been announced.

Overall, there has been some visible improvement in policy introduction and implementation for transportation infrastructure in Nigeria but more needs to be done in 2018 to accomplish the goals of the ERGP.

5. **DRIVING INDUSTRIALIZATION FOCUSING ON SMALL AND MEDIUM SCALE ENTERPRISES.**

The Plan contains government’s promise to strengthen small-scale businesses and promote industrialisation through the reduction of bottlenecks, increased availability of foreign exchange
and greater domestic value addition. Government particularly planned to accelerate implementation of the National Industrial Revolution Plan (NIRP) through Special Economic Zones (SEZs) while placing significant focus on priority sectors of the economy such as manufacturing, the service industry, the telecommunications and information and communications technology services (ICT) sector, the creative industries, especially music and film industries, as well as the financial services and tourism sectors.

Since the launch of the Plan, the government has through the Federal Ministry of Industry, Trade and Investment (FMITI) and the Presidential Enabling Business Environment Council (PEBEC) initiated reforms of major agencies affecting small and medium enterprises (SMEs) including the Corporate Affairs Commission (CAC) and the Federal Inland Revenue Service (FIRS) to ensure simpler processes and promote ease of doing business.

The government has similarly paid more attention to improving access to credit for SMEs through multiple institutions such as the Central Bank of Nigeria (CBN), the reorganized Bank of Industry (BoI), Development Bank of Nigeria (DBN), Bank of Agriculture (BoA), and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) among others. In June 2017, efforts to improve access to credit got legislative support through the enactment of the Credit Reporting Act 2017 and the Secured Transactions in Movable Assets Act 2017.

A number of the agencies mentioned above, among others, have also initiated different programs to provide training and grants for young entrepreneurs. The Government Enterprise and Empowerment Programme (GEEP) implemented by the Bank of Industry (BoI) for instance provides loans of up to N100,000.00 (One Hundred Thousand Naira) for 1.6 million market traders, artisans, cooperatives, youth and farmers across the country. The loans are repayable over a six-month period. The BoI also gives young entrepreneurs the opportunity to access funds for business actualisation and expansion through its Youth Entrepreneurship Support Programme (YES). The CBN has also been providing ample support for agriculture investors and SMEs through its Anchor Borrowers Programme, the Agricultural Credit Guarantee Scheme Fund (ACGSF) and its Commercial Agriculture Credit Scheme which offers some guarantees and an interest rate of 9.0 percent.

While the government’s various interventions to promote industrialisation and strengthen SMEs and are commendable, not enough impact has been made. The NBS GDP Report for the third quarter of 2017 indicates that the non-oil sector grew by -0.76 percent in real terms which is lower by -0.79 percent point compared to the third quarter of 2016 and -1.20 percent point lower than in the second quarter of 2017. The contribution of the non-oil sector to GDP was 89.96 percent which was also lower than the 90.96 percent recorded in the third quarter of 2016.

The figures above indicate government needs to continue to review its approach in providing support to SMEs while also addressing other infrastructural challenges generally affecting business performance.

In addition, while the government through top officials such as Vice President Yemi Osinbajo and Minister Okechukwu Enelamah, has repeatedly indicated its commitment to implementing the NIRP and establishing special economic zones, deliberate effort has to be made to translate the commitment into action. In this regard, the Federal Government can also do more to support
state governments establishing industrial parks through the provision of necessary guarantees and waivers where required.

CONCLUSION

In conclusion although the ERGP has lofty ambitions about how to improve Nigeria’s productivity across all sectors, it however fails to provide a structure for the adequate execution of the objectives stipulated in the Plan.

The major threat to the successful implementation of the ERGP is the political risk. Nigeria’s experience over the years has shown that implementation of Development Plans suffers neglect whenever there is a change in government. The success of the ERGP will depend not only on how well it is implemented through the penultimate and ultimate election years (2018 and 2019), but also on the commitment of the succeeding administration to see it through to the terminal year. A cursory look at Puerto Rico’s Fiscal and Economic Growth Plan (FEGP) proves that in order to ensure the success of the country’s FEGP, the National Parliament of Puerto Rico passed the Fiscal Responsibility and Economic Revitalisation Bill into law. The FRER Act established a Board independent of government, with oversight authority over most government entities having powers to levy sanctions for non-compliance with measures contained in the FEGP.

In the same vein, Nigeria needs an enabling law to back up the ERGP. With elections in 2019 fast approaching, the government seems to be racing against time given the fact that the ERGP was late on arrival. The idea of setting up a Delivery Unit in the Presidency to assist the Ministry of Budget and National Planning in overseeing the ERGP implementation is good but not sufficient. If the Delivery Unit is not a creation of the law, it lacks the capacity to discharge its duties. Therefore, the Federal Government as a matter of urgency, should present a bill to be known as the “Economic Recovery and Growth Bill” to the National Assembly. This bill should address all issues specific to the ERGP which focuses on annual budgets and the three-year Medium-Term Expenditure Framework.