

MINISTRY OF BUDGET AND NATIONAL PLANNING

ECONOMIC RECOVERY AND GROWTH PLAN (ERGP) OPEN DAY:

FREQUENTLY ASKED QUESTIONS (FAQS) ANSWERED

What was the motivation behind the development of the ERGP?

When the administration came in the economy was on a downward slide as a result of the collapse of oil prices.

The ERGP was put together to get Nigeria out of recession and to, thereafter, transform the economy from one that is solely reliant on one commodity, petroleum, to a diversified, sustainable and inclusive economy.

The goal of the ERGP therefore is to optimize local content and empower local businesses through restoration of the economy on a sustained growth path, investing in our people and building a globally competitive economy. The Plan is driven by five fundamental principles namely:

- *Tackling constraints to economic growth;*
- *Leveraging the power of the private sector to drive economic recovery and sustained growth;*
- *Promoting national cohesion and social inclusion;*
- *Allowing markets to function optimally while strengthening Government regulatory oversight to minimize abuse; and*
- *Upholding core values that define the Nigerian society as enshrined in the 1999 Constitution, notably discipline, integrity, dignity of labour, social justice, religious tolerance, self-reliance and patriotism.*

It is the Buhari Administration's blueprint for building a new Nigeria where, as the President has put it, "we grow what we eat, consume what we make, and produce what we use."

To achieve the objectives of the Plan over the medium term, the ERGP outlines five key execution priorities, which focus on stabilizing the macroeconomic

environment; achieving agricultural transformation and food security; ensuring energy sufficiency (power and petroleum products); improving transportation infrastructure; and driving industrialization, focusing on Small and Medium Scale Enterprises (SMEs).

What is the Focus Lab all about? How did the activities around the Labs feed into the overriding purpose of the ERGP?

The ERGP Focus Labs constitute an important initiative introduced to facilitate the implementation of the Plan and consolidate the recovery of the economy. A Focus Lab simply consists of the bringing together of all relevant persons and parties in a single location to identify and remove the constraints and bottlenecks that impede progress in achieving defined objectives. The Labs can also help to translate high level plans into detailed operational activities, as they involve close collaboration between government agencies, the private sector and civil societies. Focus Labs can be useful in breaking down silos and forcing stakeholders to work together in an intensive environment with specific deliverables and timelines.

Who are the ERGP Focus Labs aimed at, and why?

The initial sets of labs were conducted in three selected areas of Agriculture and Transportation, Manufacturing and Processing, as well as Power and Gas. Our target was to mobilize at least US\$25 billion, or its equivalent in Naira, in private investments in those selected areas so as to create jobs for our people. The Labs aim to help investors overcome those challenges that fall within the responsibility of government, whether at the Federal or State level. It must be stressed that any concession granted to any investor in the course of the labs is not just for the benefit that investor, but for all other investors who meet the same qualifications, or wish to invest in the same sector.

The labs set a target of unlocking US\$25 billion of investment commitments. Why was the target not realised?

The focus of the Labs was to unlock projects and accelerate them towards completion. The Labs were about identifying and unlocking projects which will drive catalytic growth and impact that will contribute in increasing private investments and creating new jobs for Nigerians. It was not about generating funds, but more about what can be achieved through breaking down barriers

inhibiting investment. We have made reasonable progress towards achieving the target and we are confident in the process and the outcomes achieved so far.

How much exactly was unlocked and are these investment commitments from domestic or foreign investors?

There is a possibility of unlocking more than \$22.5 billion in investment commitments from a mix of global and local investors, and USD 10.9 billion of this sum represents projects categorised as 'Most Ready', and expected to be implemented within 18 months.

What was the level of participation from the private sector?

The Labs produced 67,200 man-hours of effort within a six-week period and involved 180 organisations including the relevant Ministries, Government agencies, authorities apart from private sector companies. Twenty (20) syndication meetings with subject matter experts including senior Government officials, corporates and entrepreneurs were also held during the Labs. Overall we had a very good response from the private sector with direct participation from over 300 companies of which 164 projects were ultimately selected.

What is the timeline to these investments coming on stream?

The investment commitments unlocked in this first wave of Labs are expected to come on stream in another 18 to 36 months, provided the government and the investors are able to sustain their respective levels of commitment.

What are some of the Early Priority Projects that have been identified?

Under the manufacturing and processing labs, a number of key projects have been identified in food manufacturing and the textiles as well as garments and leather industry. In the agriculture lab, there are projects in the rice, tomato and oil palm value chains as well as a special project in the form of a private sector out-grower support programme.

What was the process for determining selected projects and assessing their viability?

The Labs were designed as business accelerators and we solicited for expressions of interests from global and local investors. Adverts were placed in several

newspapers and there was also an online submission process. The objective for us was to align with the private sector on the projects that offer the most catalytic impact on investment and job creation. An evidence-based approach was adopted to determine the legitimacy and feasibility of projects and project owners were asked to provide various business and legal documents and complete standardized project forms, all of which were assessed in two rounds by the ERGP and Ministries' core teams to arrive at a final list of projects with different ratings.

How many direct jobs will be created from these projects?

With full implementation by both the government and the private sector investors, the USD 22.5 billion of investment commitment, represented by 164 projects spread across the 6 geopolitical zones of the country, are expected to create 513,981 jobs by 2020. These are however conservative numbers and may grow higher if the conditions precedent are met.

There is a tendency for private sector investment to be concentrated in particular parts of the country. Have you been able to identify projects in regions or states that are traditionally under-invested in?

By their nature certain investments will be focused in particular parts of the country, because of proximity to raw materials and other relevant infrastructure for example, but with 164 projects identified across the six geopolitical zones of the country, there is no part of the country that does not stand to benefit, either in direct increased investment, or in direct or indirect job creation or in increased economic activity.

Are these projects really 'new' or are you simply removing obstacles to existing projects?

The response we received from global and local investors to our request for expression of interest was overwhelming. Some of these were existing projects that had stalled and were brought into the Labs for problem solving, but there were also new projects or opportunities that stand to benefit from potential partnership or collaboration sought through the labs.

What tax incentives and guarantees have been made to investors under these Entry Point Projects?

The Labs were focused on solving problems and removing inhibitors to additional investment. In many instances where project owners might have been seeking concessions or tax incentives, the issues they faced were resolved in other ways. For example, a project owner seeking an exemption of duty on agricultural tractors due to high costs was able to gain access, through the labs, to supply of local tractors, hence eliminating the need to import and to request for duty exemption.

What are some of the core investment obstacles to be addressed by the government over the coming months?

Some of the obstacles have to do with delays in accessing required documentation from government departments and agencies or problems with obtaining land allocations from state governments. Another issue had to do with accessing raw materials and through the Labs we are now facilitating syndications to connect companies to suppliers.

Given the political cycle and fast approaching 2019 elections which we know can be a distraction, what is the timeline to addressing the identified obstacles and realising the indicated investment commitments?

For all the projects, implementation plans have been developed and documented with defined Key Performance Indicators (KPIs) and planned governance to track and monitor implementation. The timelines to project implementation differ per project but 2020 is the cut off point when we expect all projects to have come on stream. For some projects some of the obstacles identified are already being addressed.

Often the government shows commitment to addressing investment challenges in the short term only for the same or new problems to emerge further down the line. How are you ensuring that the identified inter-agency problems will be sustainably addressed?

As we earlier mentioned, implementation plans were developed for each project with budgets and KPIs identified. We are currently in the post-lab phase which consists of conducting syndication with all key stakeholders to obtain buy-in on the implementation programme and some Ministries have already signed Memoranda of Understanding asserting their commitments. In addition, the

Central Steering Committee chaired by His Excellency the Vice-President would continue to meet to sustain the implementation momentum.

Many of the obstacles to the progress of projects in key sectors are based on legislative or legal impediments. How are these being addressed and was the National Assembly involved in the labs process?

It is vital that all arms of government are involved in this process, as one of our core objectives is to remove some of the obstacles that exist across different government departments, and into the legislature. Accordingly we engaged with both houses of the National Assembly for their active participation in the Labs. The Ministry of Justice was also engaged and was involved in the Labs.

There are challenges in Nigeria that are not addressed in the ERGP. Security is an issue. What comfort can government give around security? Investors are troubled by increasing security challenges.

The just concluded Lab is just the first wave in a series of Labs. We expect to run more Labs; but the fact remains that with increased economic activities the wave of insecurity will drastically wane.

What decisions were made on electricity, gas and petrol tariffs, which are cross-cutting issues and fundamental obstacles to private sector investment today?

The focus of the labs was on identifying projects that would be catalytic in driving growth; naturally power and gas were two of the focus sectors for this first phase of Labs. The projects in these labs were focused on on-grid conventional and renewable solutions, as well as large-scale and small-scale off-grid. Through the Labs we expect to unlock a number of existing projects that have stalled representing about USD 1.6 billion in investment over an 18 month timeline.