

Nigeria- Vision 20:2020

THE FIRST IMPLEMENTATION PLAN (2010 – 2013)

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Year Implementation Plan for NV 20:2020
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Outline

Nigeria **Vision 20:2020**

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2	National Implementation Plan (NIP) for Nigeria's Vision 20:2020
3	Macroeconomic Framework
4	The First NIP Investment Programme (2010 – 2013)
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6	Conclusion

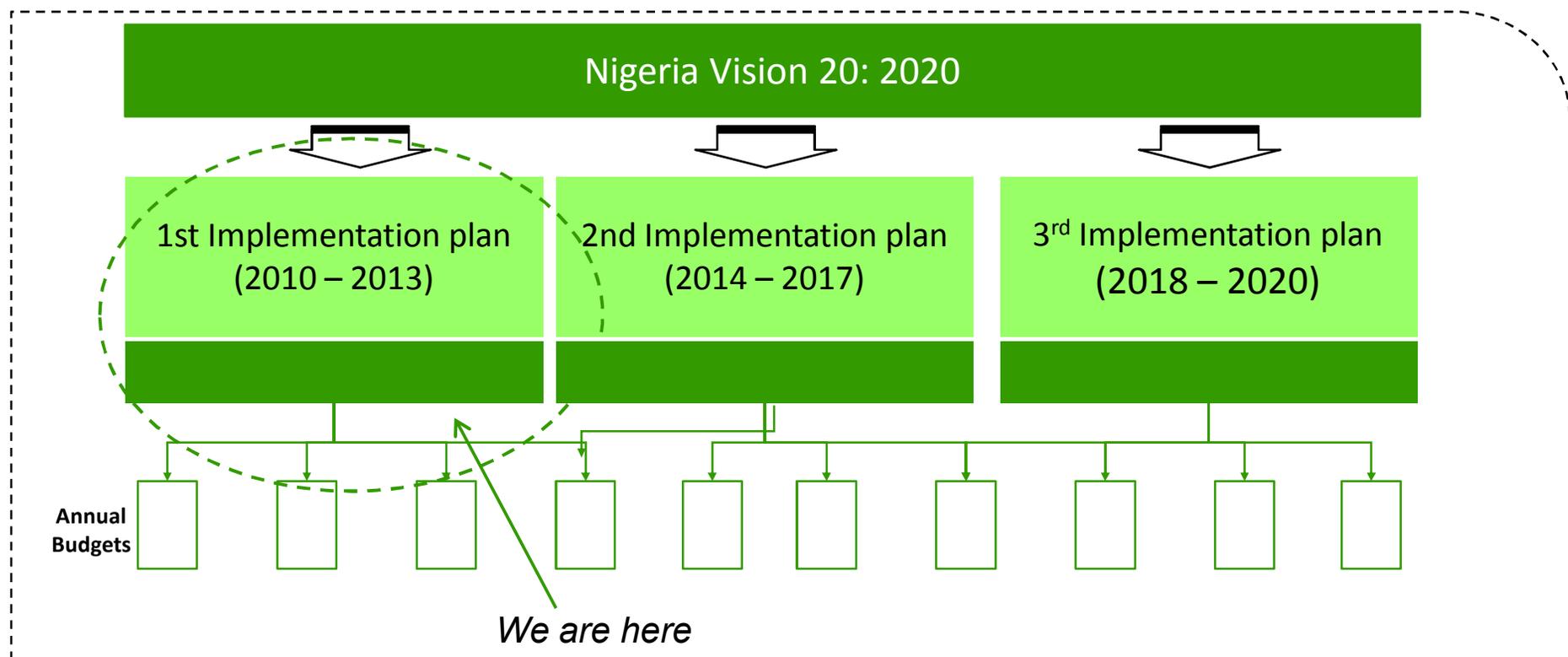
1. Introduction 1/5

□ Nigeria's Vision 20: 2020 (NV2020)

- Took 9 months to put together.
- Over 5,000 Nigerians participated.
- Technical and financial support from the private sector and development Partners.
- Approved by the Federal Executive Council- 14 Oct 2009
- Endorsed by the National Council of State- 08 June 2010
- Launched by Mr. President- 14 June 2010

1. Introduction *2/5*

- NV2020 is to be implemented through three medium term development plans
- First medium term plan (**NIP 2010-13**) being validated today



1. Introduction 3/5

- What kind of Plan is the NIP 2010-13?
 - Not Soviet-style central/command planning.
 - That system virtually collapsed.
 - Requires superhuman faculties and capacity
 - Not “Commanding heights” type, used earlier in Nigeria.
 - No “commanding heights” exclusively reserved for the government
 - A sound blend of government and market systems-
strategic/indicative planning

1. Introduction 4/5

- Extremely efficient, pure market system exists only in elementary economics text books
 - In reality market system prone to several weaknesses.
 - It is gender and class blind- issues of equality.
 - It is very unstable- subject to frequent and sometimes violent cyclical fluctuations.
 - Recent Global Financial Crisis
 - Consequences of its failure can be catastrophic
 - USA Gulf BP Oil Spill, Niger Delta Environmental Disaster.
 - Even greatest proponents of pure market system recognize its limitations
 - Moving closer to strategic planning
 - Warren Buffet et al. initiative to find alternatives to unstable market system.

1. Introduction 5/5

- The Success of Strategic Planning Experience
 - China, India vs. Soviet Union
 - Asian Tigers: Singapore, Malaysia, Indonesia
 - The results are obvious:

Country	Years of consistent strategic planning	GDP per capita US\$		Poverty Rate %	
		1975	1999	1975	1999
Malaysia	45	808	14,800	65	8
India	55	430	2,420	58	36
Singapore	40	2,505	27,597	-	-
Indonesia	40	1,504	2,046	60	14
Nigeria	15	454	325	47	70

2. The First National Implementation

Plan (1st NIP) (2010-13) 1/8

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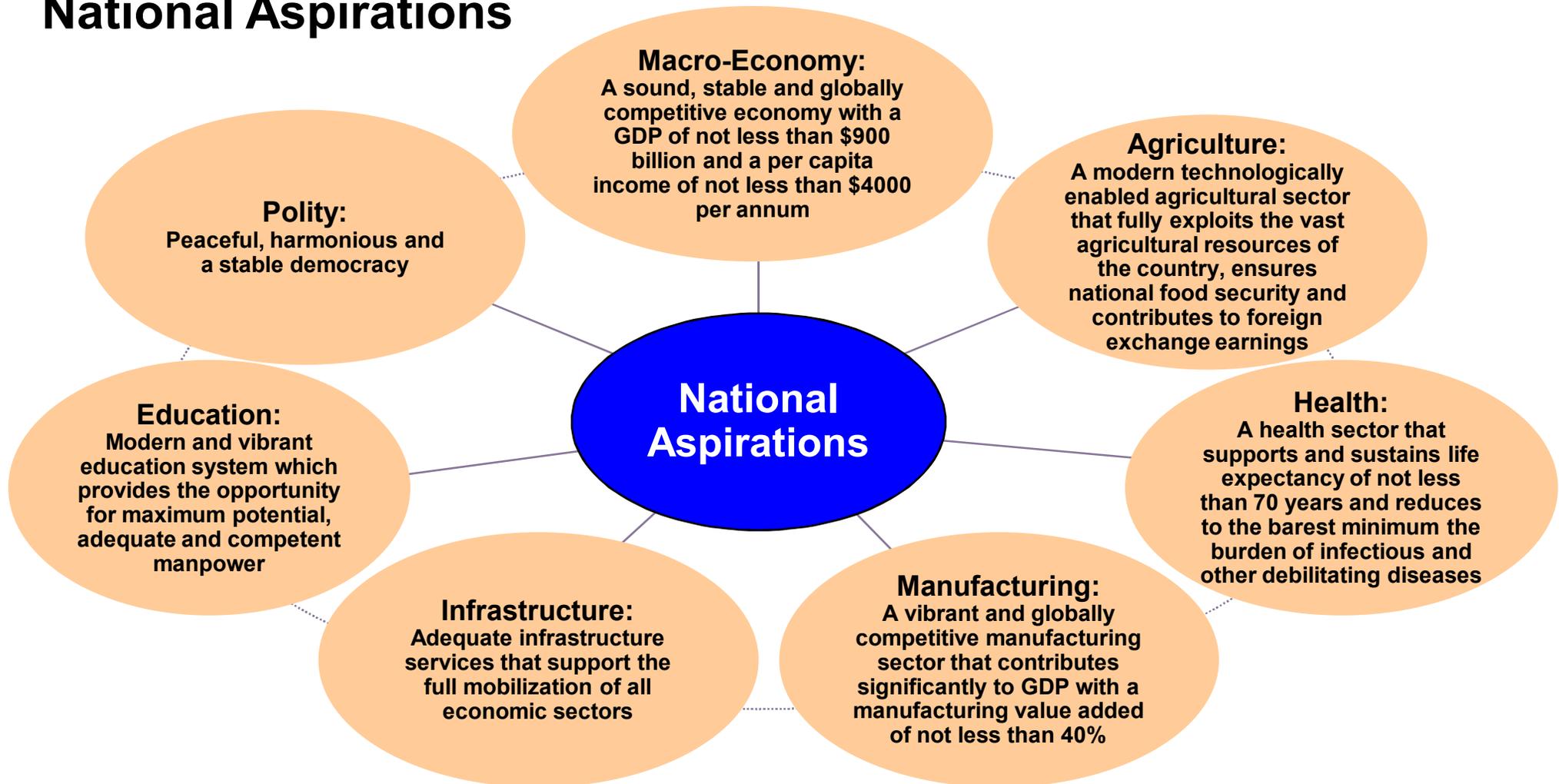
- Vision anchored on 2 specific targets, by 2020:
 - GDP of not less than US\$ 900 billion
 - Per Capita Income of not less than US\$ 4,000
 - From here on deriving the plan is almost mechanical.
- Growth, aimed at improvement in the quality of life of Nigerians
- People as the fundamental reason for growth.
- Achieving inclusiveness, equity and balanced development

2. The First National Implementation

Plan (1st NIP) (2010-13) 2/8

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National Aspirations



2. The First National Implementation Plan (1st NIP) (2010-13) 3/8

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- Central Working Group on 1st NIP inaugurated on 13 Nov 2009
- Theme of the 1st NIP (2010-2013): ***Accelerating Development, Competitiveness and Wealth Creation***
- 1st NIP
 - Focuses on laying the foundation for achieving the Vision
 - Contains the medium-term strategic policy direction, development priorities implementation strategies and expected deliverables
 - Contains summary of States' Investment Plans .
- Inclusive approach adopted in developing the Plan
 - Central Working Group (CWG) involving various experts from Public and Private Sectors: Academia, Civil Society, Development Partners and Special Interest Groups

2. The First National Implementation

Plan (1st NIP) (2010-13) 4/8

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□ CWG sub-divided into 8 sub-groups, in line with identified thematic areas, namely:

- i. macroeconomic framework - **macroeconomic model**
- ii. productive sector
- iii. human development
- iv. infrastructure
- v. knowledge based economy
- vi. governance
- vii. regional development
- viii. monitoring and evaluation

2. The First National Implementation

Plan (1st NIP) (2010-13) 5/8

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The Six main policy thrusts are:

- i. Bridging the Infrastructure gap to unleash economic growth and wealth creation
- ii. Optimising the sources of economic growth to increase productivity and competitiveness
- iii. Building a productive, competitive and functional human resource base, for economic growth and social advancement
- iv. Developing a knowledge-based economy
- v. Improving governance, security, law and order and engendering more efficient and effective use of resources to promote social harmony and conducive business environment for growth
- vi. Fostering accelerated, sustainable social and economic development in a competitive and environmentally friendly manner

2. The First National Implementation Plan (1st NIP) (2010-13) 6/8

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The Plan has 3 volumes:

	Volume One	Volume Two	Volume Three
Part I	Strategic Framework	Physical Infrastructure	Governance & General Administration
Part II	Macroeconomic Framework	Productive Sector	Regional/Geopolitical zone development
Part III	Implementation Arrangements, Monitoring & Evaluation and Financing Plan	Human Capital Development	States Investment Plans
Part IV	Proposed Investment Plan	Knowledge Based Economy	

2. The First National Implementation

Plan (1st NIP) (2010-13) 7/8

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- Close attention paid to **What Went Wrong** and **What We Need to Do Differently**
 - No commanding heights
 - Government as an enabler and catalyst
 - Review of policies, programmes, projects.
 - Continuing Reforms
 - Petroleum Sector Deregulation-PIB
 - Power Sector
 - Public Service
 - Governance and Institutions
 - Rule of law
 - Anti-Corruption
 - Electoral Reform
 - Removing Binding Constraints
 - Most abused terms
 - Politically sensitive
 - National security

2. The First National Implementation

Plan (1st NIP) (2010-13) 8/8

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- National Plan- incorporating State's plans
 - Respects Separation of Powers
 - Mutual Cooperation
 - Common template
 - Common Performance indicators and measurement
 - Need for synchronization
 - Same macroeconomy
 - Common security and governance issues
 - Need for zonal/regional development cooperation.
- What May Not Appear to be so Explicit
 - Importance of Security & Rule of Law
 - Critical to sustenance of both political and market systems.
 - Very important but treated outside the NIP
 - Electoral reform
 - Police reform
 - Security of lives and property.

3.0 Macroeconomic Framework

3.1 Review of Past Developments (1999-2009)

3.1.1 Real Sector Developments

- ❖ Performance of the Nigerian economy during the period 1999-2009 was mixed.
 - GDP grew at 6.5%, driven largely by non-oil sectors
 - was above the 3.2 average population growth rate
 - Agriculture dominant during the period

3.1.2 External Sector

- ❖ Sector recorded current account balance surplus during 1999 – 2008, except 2009 due to lagged effect of global crisis
- ❖ Nigeria exited the Paris club; since then has maintained low debt/GDP ratio
- ❖ Stable exchange rate recorded during the period

Table 1: Growth Rate of Real GDP by Broad Economic Activities at 1990 Constant Prices (per cent)

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Sector	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average		
												1999 - 2003	2004 - 2009	1999 - 2009
GDP	0.4	5.4	8.4	21.3	10.2	10.5	6.5	6.0	6.4	6.0	6.7	9.2	7.1	8.0
Agriculture	5.3	2.9	3.9	55.2	7.0	6.3	7.1	7.4	7.2	6.3	5.9	14.9	6.7	10.4
Building, Construction and Real Estate	3.8	3.9	8.7	3.7	6.2	1.0	11.6	12.4	12.4	12.5	11.7	5.3	10.2	8.0
Oil and Gas	-7.5	11.1	5.2	-5.7	23.9	3.3	0.5	-4.5	-4.5	-6.2	-1.3	5.4	-2.1	1.3
Health	1.7	1.6	1.6	0.8	2.0	1.8	10.0	10.3	10.3	10.3	10.0	1.6	10.3	6.3
Finance and Insurance	3.5	4.0	4.5	29.5	-9.6	2.7	2.8	5.0	5.0	4.8	4.0	6.4	4.1	5.1
Manufacturing	3.4	3.4	7.0	10.1	5.7	11.9	9.6	9.4	9.6	8.9	7.6	5.9	9.7	7.9
Mining and Quarrying	-7.4	11.1	5.3	-5.6	23.7	3.5	0.6	-4.3	-4.3	-5.9	-0.8	5.9	-1.4	1.9

Table 1: Growth Rate of Real GDP by Broad Economic Activities at 1990 Constant Prices (per cent) (cont'd)

Nigeria Vision 20:2020

Sector	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average		
												1999-2003	2004-2009	1999-2009
Other Services	16.2	7.0	4.3	12.5	3.7	29.1	9.9	10.8	10.9	10.9	13.5	8.7	13.8	11.5
Public Administration	1.7	1.6	1.6	18.1	0.0	10.8	4.0	4.5	4.5	4.4	4.4	4.6	5.4	5.1
Telecommunication and Postal Services	6.1	6.7	595.3	27.0	23.8	55.8	29.6	33.7	33.8	34.0	34.2	131.8	36.9	80.0
Transportation	4.0	3.5	4.7	17.4	1.2	49.9	6.3	6.9	7.0	7.0	6.9	6.2	14.0	10.4
Utilities	15.4	0.0	713.3	13.1	17.1	16.8	6.6	4.9	4.9	3.7	3.1	151.8	6.7	72.6
Wholesale and Retail Trade	2.5	1.6	2.5	6.5	5.8	36.7	13.5	15.3	15.2	14.0	11.3	3.8	17.7	11.3
Non-oil	4.4	2.9	10.0	33.8	5.8	13.2	8.6	9.4	9.5	9.0	8.3	11.4	9.7	10.4

Review of Past Developments (1999-2009)

3.1.3 Fiscal Operations

- Fiscal policy thrust of the Government has been focused on strengthening fiscal consolidation and promoting, employment, growth and development.
- Revenue from crude oil increased from 26.3 per cent of federally collectible revenue in 1970, to about 81.1 per cent of total federal revenue in the 1980s.
- Continuing challenges in fiscal institutions and capacity for all tiers of government as well as fiscal federalism, among the tiers.

3.2 Key Development Challenges

- Inadequacy of critical infrastructure,
- High level of youths and graduate unemployment
- Weak research for development and innovation
- Subsistence agriculture
- Minimal contribution of manufacturing sector to employment.
- Fiscal sector continues to be constrained by dominance of oil revenue
- Concerns with growth of sub-national debt

3.3 Global Economic Outlook

- ❖ Global environment been pertinent factor in Nigeria's development
- ❖ Steady recovery in global economy
- ❖ Major oil consuming nations intensifying efforts to lessen their dependence on oil
 - ❖ United States launched new energy policy that encourages alternative energy sources and fuel efficiency
 - ❖ While end of oil may not be in sight . Government must begin to visualise a world without oil or one not predominantly dependent on hydro-carbons
- ❖ Major challenge for macroeconomic management over the Vision period is achievement of a diversified economic structure, away from oil.
- ❖ Macroeconomic framework will focus on restoring and maintaining macroeconomic stability to position the economy on a sustainable and non-inflationary growth trajectory

Macroeconomic Framework 5/8

Nigeria Vision 20:2020

3.4 Macroeconomic Policy Strategies and Thrust

Key macroeconomic strategies to be anchored on the Three Pillars of the Vision, namely:

- I. Guaranteeing the productivity and well-being of our people
- II. Optimizing our key sources of economic growth; and
- III. Fostering sustainable social and economic development

The strategies will include the following:

- Achieving double digit growth rates and maintaining strong economic fundamentals
- Achieving significant progress in economic diversification
- Stimulating the manufacturing sector and strengthen its linkages
- Raising the relative competitiveness of the real sector
- Deepen the financial sector
- Massive investment in infrastructure and human capital
- Adoption of pragmatic fiscal, monetary, trade and debt management policies

Macroeconomic Framework 6/8

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3.5 Key Assumptions

Oil – production based on return of relative peace in the Niger Delta

Oil Price – conservative assumption of US\$60pbd as benchmark

A generous assumption:

2.5mbd @ \$100pb	=	\$250 million
for 365days in a year	=	\$91.3 billion
for the Plan period (4yrs)	=	\$365.0 billion
@ N150/US\$	=	N54.75 trillion

Taking 50% as FGN share = N27.375 trillion

allocating 35% of share to capital = N9.6 trillion

(using the ratio of the 2010 budget)

Macroeconomic Framework 7/8

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3.5 Key Assumptions

Oil – production based on return of relative peace in the Niger Delta

Oil Price – conservative assumption of US\$60pbd as benchmark

Exchange Rate and MPR - as presented by CBN

Population growth rate – as presented by National Population Commission

External Debt Figure – as forecast by DMO

Fiscal deficit – as prescribed by Fiscal Responsibility Act

But to attain our aspiration of being among the 20th economies there is need for quantum jump in both public and private sector investment.

Macroeconomic Framework 8/8

Table 2: Key Macroeconomic Assumptions

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ITEM	2010	2011	2012	2013
Crude Oil Production(mbd)	2.4	2.5	2.5	2.5
Crude Oil Price (US \$)	60.0	60.0	60.0	60.0
Real GDP Growth Rate (per cent)	8.2	10.9	11.8	13.1
CPI Inflation Rate (per cent)	9.5	9.0	8.5	8.0
Nominal Exchange Rate (per cent)	147.0	146.5	146.0	145.0
Population Growth Rate (per cent)	2.8	2.8	2.8	2.8
Growth in Non-Oil Exports (per cent)	29.0	29.5	30.5	31.0
External Debt (per cent Growth Rate)	2.0	2.8	0.2	-0.4
Monetary Policy Rate (MPR) (per cent)	6.0	6.0	6.0	6.0
Fiscal Deficit (per cent of GDP)	3.5	3.0	3.0	3.0

4. The 1st NIP (2010-13) Investment Programme

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- Total investment of N32 trillion required during the Plan period, distributed as follows:

Source	N'trn
FGN	10
States & LGA	9
Private Sector	13

- Sources of funding the investment, include
 - Federal Government
 - States and LGAs
 - Issuance of FGN Bonds
 - Deposit Money Banks
 - Development Partners
 - Private Sector
 - International Financial Institutions

4. The 1st NIP (2010-13) Investment Programme

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- Public sector funding insufficient
- Criticality of complimentary private sector funding (domestic and foreign)
- Financial sector's role in mobilizing funding

	2010 – 2013
Estimated Federally collected revenue (N' trillions)	16.3
Estimated Investment for FGN, States and LGA during plan period (N' trillions)	19.0
Shortfall (N'trillions)	2.7

- Projected revenue considers the revenue available to government for both capex and recurrent expenditure
- Projected investment is principally capex between 2010 – 2013 not including recurrent expenditure.
- Shortfall will be much higher if we add back recurrent expenditure and other costs.

4. The 1st NIP (2010-13) Investment Programme

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- FDI, though important and increasing (US\$20bn or N3tr in 2009), is not yet sufficient.
 - Concentrated in a few sectors (oil & gas, telecoms)
- Banking sector will be critical for funding NV20:2020
- The Need for Continued Fiscal Reforms
 - Reordering and Reprioritizing Expenditure:

Estimated Savings(2010-2013)

- | | |
|-----------------------------------------------|-----------------------|
| • PIB and cancellation of JVC calls- | N3.05 trillion |
| • Petroleum Subsidy - | N1.50trillion |
| • Others (MYTO, Tax & Other Concessions etc)- | N1.75 trillion |

4. The 1st NIP (2010-13) Investment Programme

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- Enhancing Revenue Collection
 - Revenue enhancing measures:
 - Audit of oil revenue remittances and financial activities of NNPC
 - Implementation of the Petroleum Industry Bill
 - Audit of non-oil revenue including IGR remittances and closer oversight of use of IGR
 - Ongoing enhanced drive by FIRS to improve tax collection, including implementation of the National Tax Policy
 - Ongoing review of Tariffs.
 - Correct Pricing for Petroleum Products, Power, Gas.
 - PPP as a viable option for reducing funding constraints
- Need to take tough decisions
 - Recent Eurasia survey on (Global Crisis) of countries published in Harvard Business Review
 - Ability to act 4 out of 5
 - Willingness to act 5 out of 5

5. Implementation Monitoring & Evaluation, Continuity and Consistency

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- Draft legislation ready to ensure consistency in implementation across different governments
- Successful implementation of sectoral policies and programmes requires tracking of inputs, output and outcomes.
 - Robust M&E framework developed and approved by the FEC
 - Similar M&E system to track implementation of states plans
 - Presently developed about 250 KPIs
 - Working with Microsoft to develop software for tracking and evaluation of projects and programmes.
 - Capacity building of Department of Planning, Research and Statistics in respective MDAs to commence
 - M&E Department in NPC to produce MDA, States quarterly and annual Country Reports in collaboration with MDAs and States

6. Conclusion

- First NIP derived from the Vision20:2020 document
- Involved wide consultation with all stakeholders
- NIP as veritable vehicle for achieving the Vision20:2020 aspirations
- Macroeconomic framework assumptions challenging, but achievable
- States and MDAs have bought into the Plan and exhibited high level of cooperation with NPC
- Budgetary process and reforms very vital for achieving the Plan
- M&E framework as veritable tool for tracking implementation.
- Appreciation to State Governments and Federal MDAs, National Vision Steering Committee, NTWGs, CWGs, SIGs and all others that assisted in the production of the NV202020 and the 1st NIP (2010-13)
- Appreciation also to members of the Organized Private Sector and Civil Society Organizations for attending this validation workshop

Thank You All