

## Background

The Nigerian economy is driven largely by crude oil. Crude oil accounts for more than 95% of Nigeria's exports and foreign exchange earnings. The real sector of the economy accounts for a paltry 1% of total exports. Until recently, the negative effects of this lopsided and fragile economic structure were not immediately felt as they were masked by oil windfalls. The sharp decline in crude oil prices since the last quarter of 2014 has exposed the vulnerability of our substantially mono-product and undiversified economy, leading to a deep recession in the second quarter of 2016. Combining with declining oil prices is a host of other challenges in the oil sector, including sabotage of oil export terminals in the Niger Delta and effects of long term underinvestment. This has negatively impacted government revenue and export earnings, as well as the fiscal capacity to prevent the economy from contracting.

In a bid to revive the economy, the current administration had, as a short-term move, developed the Strategic Implementation Plan (SIP) for the 2016 Budget of Change which featured 6 Strategic Intervention Areas (SIA) one of which was improving the "Ease of Doing Business" and making Nigeria more attractive as an investment destination. In order to effectively implement its strategies, Government put in place a number of policies. These included the liberalisation of the exchange rate regime, elimination of subsidies for refined petroleum products, implementation of the treasury single account, establishment and constitution of the Presidential Enabling Business Environment Council ("PEBEC") and intensification of the fight against corruption. As a further development from the SIP, a medium term plan, christened the Economic Recovery & Growth Plan 2017 – 2020 (the "ERGP" or the "Plan"), was unveiled by the Vice President on behalf of the Federal Government and is being carefully explained and its implementation co-ordinated by the Ministry of Budget and National Planning ("MBNP").

## Key Objectives

The ERGP seeks to assure sustained inclusive growth. In attaining this vision, the Plan has three strategic objectives:

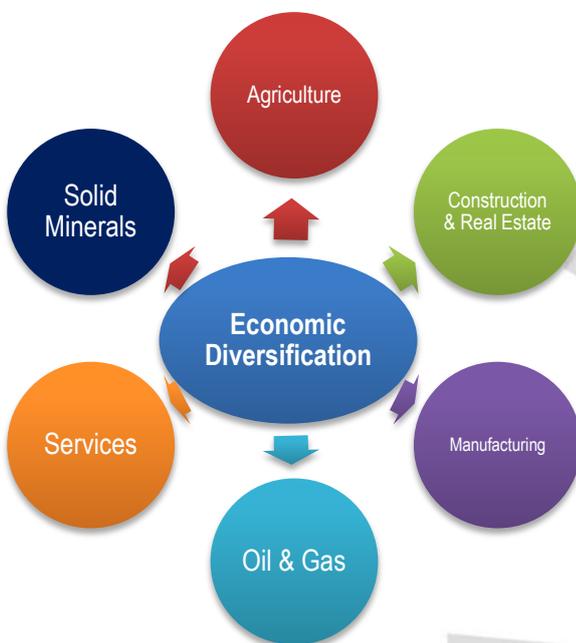




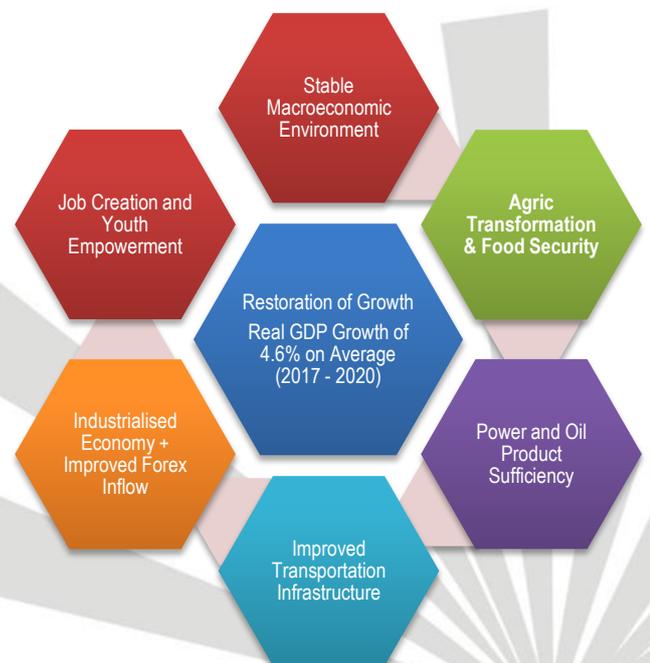
### Key Action Points

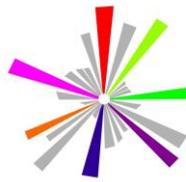
<b>Stabilize the macroeconomic environment</b>	<ul style="list-style-type: none"> <li>• Align and coordinate monetary, trade and fiscal policies</li> <li>• Accelerate non-oil revenue generation</li> <li>• Drastically cut costs by reducing overhead and recurrent expenditure</li> <li>• Privatised selected public enterprises in order to reduce fiscal burden on government</li> </ul>
<b>Achieve agricultural revolution and food security</b>	<ul style="list-style-type: none"> <li>• Recapitalise the BoA to provide single-digit interest rate credit to small farmers</li> <li>• Facilitate access to inputs (fertilisers, high-yield and disease-resistant seedlings, etc.)</li> </ul>
<b>Achieve power and petroleum product sufficiency</b>	<ul style="list-style-type: none"> <li>• Invest in transmission infrastructure</li> <li>• Encourage private sector investment in generation and distribution capacity</li> <li>• Intensify ongoing efforts to ensure that peace returns to the Niger Delta</li> </ul>
<b>Improve transportation infrastructure</b>	<ul style="list-style-type: none"> <li>• Review legal and regulatory framework for PPP / the grant of concessions</li> <li>• Concession 4 major airports to improve infrastructure maintenance and operational efficiency</li> <li>• Concession major dual carriageways</li> </ul>
<b>Effect MSME-focussed industrialisation</b>	<ul style="list-style-type: none"> <li>• Improve ease of doing business</li> <li>• Accelerate the implementation of the National Industrial Revolution Plan</li> </ul>

### Six Priority Sectors



### Promised Outcomes





## How May the ERGP Impact Your Business?

### General

#### INVESTMENT OPPORTUNITIES

- Acquisition of selected public enterprises/assets, set to be privatised
- Acquisition of FG stake in JV oil assets
- Acquisition of FG equity in NNPC refineries, pipelines and depots
- Participation in PPPs, concessions and guarantee arrangements for critical projects such as roads, rails, seaports and airports
- Participation in Family Homes Fund (to operate as a PPP), with expected fund target of N1 trillion

#### INCENTIVES

- Fiscal incentives for investment in R&D
- Incentives for PE and venture capital investors
- More incentives for non-oil exports

#### LEGAL AND REGULATORY

- CBN may review capitalisation of financial institutions
- Increased enforcement of gas flare-reduction requirements
- Legal and regulatory framework for PPP and concession arrangements to be reviewed
- Enforcement of IP rights to be enhanced
- FG to crackdown on piracy of artistic works

#### AGRICULTURE

- BoA to be recapitalised to provide single-interest rate credit to small farmers through micro-finance banks
- Funding to prioritize higher value crops (e.g. cocoa, legumes, etc)
- FG to extend Anchor Borrowers Programme to all States
- FG to expand scope of NIRSAL
- One-stop shop in each LGA to facilitate access to inputs (fertilizers, high yield and disease-resistant seedlings, etc.)

#### MANUFACTURING

- Bol to provide low cost lending to manufacturing firms
- Solid Minerals Development Fund to be established
- Special Economic Zones to be established to provide dedicated infrastructure for hub productivity
- Incentives for industrial hubs to be reviewed

#### Energy

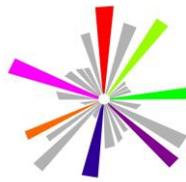
- LPG intervention fund to be established, to the tune of N60bn
- Gas pricing structure to be reviewed, to incentivise investment in gas-to-power supply and infrastructure

#### Real Estate

- Federal Mortgage Bank of Nigeria to be recapitalised from N2.5bn to N500bn
- Family Homes Fund (to operate as a PPP) to be established, with expected fund target of N1 trillion

#### MSME

- Access to N250bn CBN MSME fund to be enhanced



BANWO & IGHODALO

## How B&I May be of Help

