



NATIONAL DEVELOPMENT PLAN (NDP) 2021-2025

Volume I

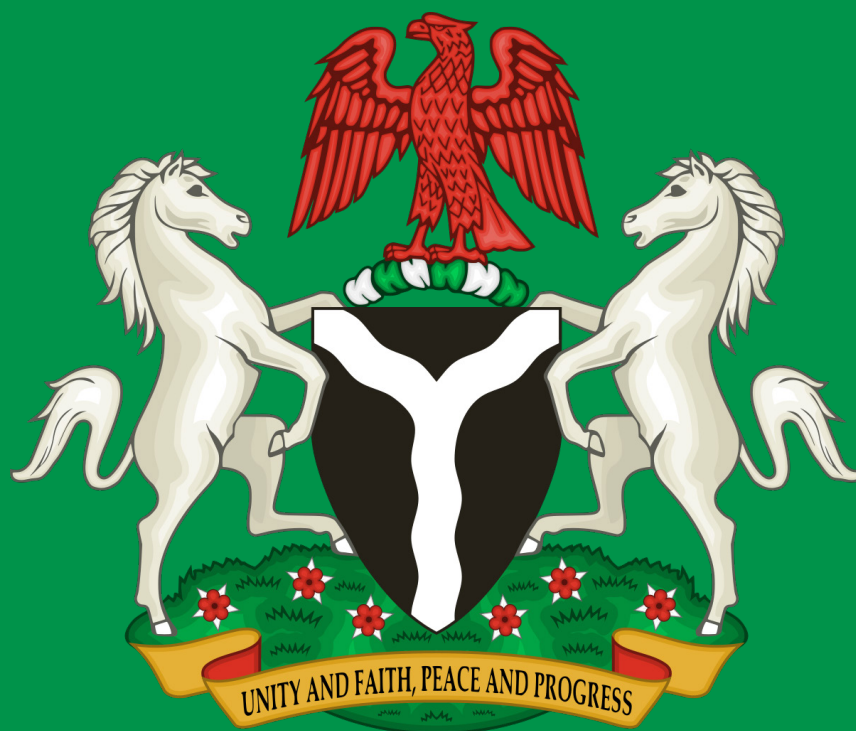


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**NATIONAL DEVELOPMENT
PLAN (NDP) 2021-2025
Volume I**





Federal Republic of Nigeria

FOREWORD

Nigeria's National Development Plan (NDP), 2021 – 2025 is a medium-term blueprint designed to unlock the country's potentials in all sectors of the economy for a sustainable, holistic and inclusive national development, developed by the different facet of the Private Sector, Sub-national Government, Civil Society Organization (CSO) and facilitated by the Federal Government of Nigeria. This was deliberately done for inclusiveness, participation and citizen engagement to ensure no one is left behind. The Plan is a successor to the Economic Recovery and Growth Plan (ERGP), 2017-2020, which elapsed in December 2020. The vision of the NDP, 2021-2025 is consistent with the pursuit of socio-economic transformation of our country as envisioned in the long-term aspiration of Nigeria, encapsulated in the Nigeria Agenda 2050. The Plan also builds on the achievements and lessons learned during the implementation of the ERGP.

The NDP 2021-2025, adopted an integrated and multi-sectoral development approach. The approach recognises the multi-faceted and interlinked nature of sustainable development, which calls for interventions to be tackled simultaneously through a coordinated approach to implementing development programmes. To achieve this, the Plan is guided by four strategic objectives, namely; establishing a strong foundation for a concentric diversified economy; investment in critical physical, financial, science and innovation infrastructure; building a solid framework and enhance capacities to strengthen security and ensure good governance; and enabling a vibrant, educated and healthy populace.

During the Plan period, government will focus on sectors with great potentials to generate jobs for our people and with multiplier effects on other sectors. We will continue to invest in critical infrastructure such as Power and alternative energy, Rail, Roads, and Housing and ensure macroeconomic stability, enhance business and investment environment, and improve the living conditions of Nigerians.

By 2025, the effective implementation of the Plan is expected to achieve average economic growth of 4.6 percent. Cumulatively it would have lifted 35 million people out of poverty and created 21 million full-time jobs. It would have also raised revenue to GDP ratio to 15 percent as well as improve health and education of the population.

To attain the objectives of the Plan, a total of N348.1 trillion investment commitment is required. The Government (Federal, States and LGAs) investment is expected to be N49.7 trillion, while the balance of N298.3 trillion will be funded by the private sector. A strong partnership between the public and private sectors is, therefore, imperative for successful delivery of the Plan outcomes. Government will also put in place a robust implementation framework that promotes performance and accountability. In this regard, the development Plan Implementation Unit and the National Monitoring and Evaluation system will be strengthened for assessment and tracking of government policies and programmes.

To deliver on the laudable initiatives contained in the Plan, concerted efforts and commitment of all stakeholders are required. I, therefore, enjoin all Nigerians to fully take ownership of this Plan and participate actively in its implementation to enable us realize Nigeria of our dream.

H.E. Muhammadu Buhari, GCFR
President and Commander-In-Chief of the Armed Forces
Federal Republic of Nigeria

PHILOSOPHY OF GOVERNMENT ON DEVELOPMENT

National development is the highest priority of the government. Government will unlock all constraints to ensure that economic growth is enhanced, inclusive and sustainable over the plan period and beyond to generate employment and reduce poverty.

The role of the government will go beyond the normal provision of the enabling environment to include the qualitative participation in vital sectors of the economy that will open opportunities for the private sector to be a major engine of growth.

Consequently, the philosophy of the government is to work with all stakeholders within and outside the country for the structural transformation of the economy to guarantee continuous improvement in the welfare and standard of living of all citizens.

EXECUTIVE SUMMARY

Introduction

This Plan was formulated against the backdrop of several subsisting development challenges in the country and the need to tackle them within the framework of medium- and long-term plans. These challenges include low and fragile economic growth, insecurity, weak institutions, insufficient public service delivery, notable infrastructure deficits, climate change and weak social indicators. Hence, the Plan seeks to invest massively in infrastructure, ensure macroeconomic stability, enhance the investment environment, improve on social indicators and living conditions, implement climate change mitigation, adaptation and resilience strategies, amongst others. Specifically, the Plan aims to generate 21 million full-time jobs and lift 35 million people out of poverty by 2025; thus setting the stage for achieving the government's commitment of lifting 100 million Nigerians out of poverty in 10 years. The country can achieve these targets through high quality economic growth and a more inclusive economy, leveraging its young workforce, and enhancing implementation capacity at national and subnational levels. With effective implementation, Nigeria will progress significantly on the path of unlocking its potentials in all sectors of the economy for a sustainable, holistic and inclusive national development.

Review of Previous Development Plans

This Plan builds on the foundation developed in Vision 20:2020 and the Economic Recovery and Growth Plan (ERGP). Lessons from the previous plans have guided the development of this 2021-2025 plan.

Vision 20: 2020, introduced in 2009, was Nigeria's long-term economic transformation blueprint. It aimed broadly at improving the living standards of its citizens and placing the country among the top 20 largest economies in the world. Other objectives included achievement of fiscal prudence, low inflation and increased availability of infrastructural facilities to spur economic growth. While some progress was made in achieving the Vision 2020 goals, the country's ranking, in terms of the size of the GDP, only improved marginally from 30th to 27th position during the period, as against the Vision's target of becoming one of the world's top 20 economies. A look at how the economy fared in terms of meeting its growth objectives showed mixed results and, in part, revealed why the target of becoming one of the top 20 economies in the world was not met. The Nigerian economy grew by 7.8% in 2010 but slowed from 2015 onwards because of the negative impact of exogenous shocks especially from the global oil market.

In 2016, historic terms of trade shock exacerbated by reduced oil production and prices as well as structural constraints, took a major toll on the Nigerian economy ahead of the design and implementation of the Economic Recovery and Growth Plan (ERGP). The ERGP, a Medium-Term Plan for 2017-2020 was developed to restore economic growth and achieve a more diversified and inclusive economy, following the economic recession.

Macroeconomic and structural policies as well as relatively higher oil prices supported Nigeria's exit from the 2016 recession. Growth performance, while below the ERGP's targets, was broadly in the right direction through 2017-2019 spurred by the implementation of the ERGP, increased oil prices and a recovery in agriculture and services.

In 2020, the economy was hit by triple shocks of the pandemic, fall in global crude oil prices and social conflicts. In response, the government undertook proactive measures to limit the impacts of these shocks on the Nigerian economy. Anchored on the government's Economic Sustainability Plan (ESP) during this period were policies comprising palliative measures, increased petroleum product prices and electricity tariffs, and fiscal and monetary policy support to various sectors. The fiscal and monetary stimulus packages contributed to the country's exit from recession in the fourth quarter of 2020 from the recession that occurred in the second and third quarters.

Plan Formulation Process

Government recognizes the need for a well thought out plan to guide the attainment of the Plan's objectives. It was in this context that on 9th September, 2020, President Muhammadu Buhari inaugurated the National Steering Committee (NSC) for the preparation of this Plan and Nigeria Agenda 2050. This Plan and Agenda 2050 succeed the Economic Recovery and Growth Plan, 2017 – 2020 and Nigeria Vision 20:2020 Economic Transformation

Blueprint, both of which terminated in December, 2020. The Committee was co-chaired by the Honourable Minister of Finance, Budget and National Planning, Dr (Mrs) Zainab Ahmed, for the Public Sector and Mr. Atedo Peterside for the Private Sector. The institutional framework had two levels below the NSC, which were the Central Working Group (CWG) and the Technical Working Groups (TWGs). The CWG coordinates the work of the 26 TWGs. The Planning process entailed:

- a participatory process involving a wide range of stakeholders was adopted to harvest inputs into the formulation of the plan. To ensure that the new plan remains a truly National Development Plan, all the 36 states of the Federation and Federal Capital Territory Administration as well as representatives of the Local Government Councils and Organised Private Sector, Youths, labour Unions, Traditional and Religious organisations, amongst others, were all involved in the preparation process.
- a data-driven approach as well as assessment tools were used in developing the plan. The outcomes of the assessment were then further validated and reviewed to ensure robustness.
- The Plan built an inclusion lens to every analysis and recommendation to drive broad-based economic development.
- Finally, implementation considerations are built on existing institutional structures and focused on ensuring applicability, while strategic measures were linked to clear indicators and targets to facilitate monitoring.

Vision, Mission and Objectives

Vision

To make Nigeria a country that has unlocked its potential in all sectors of the economy for a sustainable, holistic, and inclusive national development.

Mission

To effectively guide the implementation of programmes and policies that promote rapid multi-sectoral growth and development of Nigeria's economy.

Objectives

The associated broad objectives of the Plan are to:

- establish a strong foundation for a diversified economy, with robust MSME growth, and a more-resilient business environment,
- to invest in critical physical, financial, digital, and innovation infrastructure, (3) to build a solid framework and enhancing capacities to strengthen security and ensure good governance, and
- to enable a vibrant, educated, and healthy population.
- investing in the social infrastructure and services required to alleviate poverty, and
- promoting development opportunities across States to minimize regional economic and social disparities.

Macroeconomic outlook

The National Development Plan, 2021-2025, aims at accelerated, sustained inclusive and private sector-led growth. Critical macro-structural issues in the areas of concentric economic diversification, fiscal space to support higher economic and social expenditures and a stable macroeconomic environment remain. The robust macroeconomic framework developed for the plan enabled the projections in the areas of real sector, fiscal, monetary, and external sectors. The macroeconomic framework recognized that sectors have differing potentials for growth and thus identified and leveraged on those sectors with the highest potentials for stimulating the growth of the Nigerian economy.

Generally, the projections in the macroeconomic framework informed the design and strategic orientation of the

Plan. To this end, the overall target of the Plan is to achieve (1) a broad-based real GDP growth rate of about 5% on average during the plan period; (2) increased employment generation of about 21 million jobs; and (3) through an inclusive growth in lifting 35 million people out of poverty over the plan period (2021-2025). This will set the stage for achieving the government's target of lifting 100 million Nigerians out of poverty in 10 years under the National Poverty Reduction and Growth Strategy (NPRGS).

The expectation is that, barring debilitating negative domestic and external shocks, and with macroeconomic stability and effective implementation of policies, programmes and projects, the Plan will result in improved growth of the economy, notable employment generation and poverty reduction and enhanced welfare and living standards of the citizens

Size of the Plan

To accomplish the objectives, the Plan provides for the implementation of major infrastructure and other development projects across the six geopolitical zones and the opening up of opportunities for the rural areas to ensure balanced development and increased competitiveness. Government acknowledges that these critical infrastructure projects which also aim at income and employment generation and poverty reduction require massive capital investment and urgent implementation across the country. Consequently, the resources requirement for the implementation of the plan are significant.

Specifically, the attainment of the objectives of the Plan will require an investment commitment of about N348.1 trillion. It is estimated that the government capital expenditure during the period will be N49.7 trillion (14.3 percent) while the balance of N298.3 trillion (85.7 percent) is expected from the Private Sector. Of the 14.3 percent government contribution, FGN capital expenditure will be N29.6 trillion (8.5 percent) while the Sub-National Governments' capital expenditure is estimated to be about N20.1 trillion (5.8 percent). The successful implementation of this Plan will therefore be heavily dependent on a strong partnership between the private and public sector.

The country is moving along the path of the reforms required to unlock local content development, subnational concentric economic diversification, competitiveness, growth, and making moderate, incremental progress in poverty reduction and other human development indices in the medium-term. Furthermore, this Plan recognizes the youth population as a key driver of economic growth. Consequently, greater opportunities for young people, women and inclusion are featured in the integrated themes across the plan. Therefore, besides programmes and project implementation, the government will create an enabling investment climate and business environment, underpinned by a highly capable, motivated and well-resourced world-class public service. The rejuvenated public service will drive open, transparent and high-performance governance at all levels.

Financing the Plan

Provisions have been made in the Plan to ensure funding of the programmes and projects. In this direction, the financing strategy of the Plan seeks to: i) identify various funding sources for the plan and map out strategies to ensure that the expected funds are realised; and ii) ensure that adequate finance is available for implementing the Plan.

To finance it, Nigeria will generate revenue by broadening the tax base and enhancing the capacity of the private sector through creating investment opportunities and deliberate policy engagements and incentives. Funding sources including domestic borrowing, concessional foreign borrowing and securitisation will be explored. In addition, financial vehicles such as growth funds, securitization and public-private partnerships (PPP), will be set up. Of particular significance is a new initiative, the Nigeria Investment and Growth Fund, which will invest in commercially viable projects in sectors that will (i) promote growth; (ii) enhance local value-addition through backward, forward linkages; (iii) create employment opportunities; promote technological innovation and learning; and (iv) promote exports and exports diversification. An additional source of financing for the Plan which is private sector-driven is

the Infrastructure Corporation of Nigeria (InfraCo). Although it is a private sector initiative, it has the support of the Government.

Additionally, there will be focus on fiscal discipline through institutional compliance with the fiscal responsibility act, deliberate policy, and drastic reduction of inefficiencies in governance. Other measures that will be implemented include a deliberate policy to address inflation of contracts and high cost of projects with consequences for defaulting officers, and privatisation of some public enterprises that can be self-financing.

Plan Implementation

The success of this Plan will depend, to a large extent, on the establishment of a strong implementation mechanism and framework that promotes performance and accountability. The requisite mechanism and framework for the implementation of the government's activities will encompass robust coordination by the Planning arm of the Ministry of Finance, Budget and National Planning. To this end, the Budget and Planning Arm will be strengthened and enhanced to ensure continuity and professionalism in plan development, budgeting and execution. The Ministry also has the National Monitoring and Evaluation function and will coordinate with the state governments on the plan execution to involve data, monitoring and evaluation. This will require enhanced capacity for effective oversight, tracking and funding.

To this end, a Development Plan Implementation unit (PIU) that reports to NSC headed by the VP, with the HM/HMS Budget and National Planning as Vice Chair, will be established in the Budget and Planning Arm to promote overall coordination with the MDAs, private sector operators, CSOs, amongst others. The National M&E framework will be fully operationalized and Coordinated by the Budget and Planning Arm, for deliberate alignment of the National Budget with the Plan and deployment of technologies to drive a result-based implementation of the Plan in the country. It will equally focus on strengthening the national M&E system to ensure that reliable, timely statistics are generated for the assessment of the implementation of government policies and programmes.

The implementation framework will be supported by a financing strategy, a strengthened national economic management, citizen engagement and legislative changes. National economic management will be strengthened through the coordination of monetary, fiscal, trade, technology and industrial policies in a manner that recognizes and resolves any trade-offs or indeed, tensions, across these policies to maintain macroeconomic stability and the optimal growth trajectory. The government will also seek to develop an efficient communication strategy to create awareness among the stakeholders and their engagement in the implementation.

Structure of the Plan

The Plan is structured around seven cluster areas, namely: (1) Economic growth and Development (2) Infrastructure (3) Public administration (4) Human capital development (5) Social development, (6) Regional development and (7) Plan Implementation, Communication, Financing, Monitoring and Evaluation.

Under these cluster areas are chapters dealing with all aspects of the Nigerian economy, ranging from Agriculture and Food Security, Integrated Rural Development, Manufacturing, Oil and Gas, to Business Environment, Women and Gender Equity, Poverty Alleviation, Governance, Defence and Security, Environment and Climate Change, among others. There are 38 chapters in the Plan. All the sectoral chapters contain information on the review of sectoral performance as context, a statement of objectives and targets, challenges and opportunities of the sector, planned strategies, policies and measures. Finally, each of the 38 chapters has information on the planned investments to be made to achieve both the sectoral objectives and overall targets of the Plan.

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LIST OF ACRONYMS AND MEANING

| | |
|--------|--|
| AfCFTA | African Continental Free Trade Area |
| AFD | Agence Française de Développement |
| AFN | Armed Forces of Nigeria |
| AIS | Agricultural Integrated Scheme |
| ASM | Artisanal and Small-Scale Mining |
| AUC | African Union Commission |
| BASA | Bilateral Air Service Agreements |
| BHCPF | Basic Health Care Provision Fund |
| BOA | Bank of Agriculture |
| BOOT | Build, Own, Operate and Transfer |
| BVN | Bank Verification Number |
| CAC | Corporate Affairs Commission |
| CBN | Central Bank of Nigeria |
| CCHT | Culture, Creative, Hospitality and Tourism |
| CIMIC | Civil-Military Cooperation |
| CIPM | Chartered Institute of Personnel Management of Nigeria |
| CPI | Corruption Perception Index |
| CWG | Central Working Group |
| DAR | Decommissioning and Asset Retirement |
| DFID | Department for International Development |
| DFIs | Development Finance Institutions |
| DisCos | Distribution Companies |
| DPRS | Department of Planning, Research and Statistics |
| DVCs | Domestic Value Chains |
| EEG | Export Expansion Grant |
| EI | Energizing Economics Initiatives |
| EGDI | E-Government Development Index |
| EIA | Environmental Impact Assessments |
| EMIS | Education Management and Information System |
| EoDB | Ease of doing business |
| EPSRA | Electric Power Sector Reform |
| ERGP | Economic Recovery and Growth Plan |
| ESP | Economic Sustainability Plan |
| EU | European Union |
| FAAN | Federal Airports Authority of Nigeria |
| FDI | Foreign Direct Investment |

| | |
|----------|--|
| FHA | Federal Housing Authority |
| FIRS | Federal Inland Revenue Service |
| FMARD | Federal Ministry of Agriculture and Rural Development |
| FMBN | Federal Mortgage Bank of Nigeria |
| FMDQ | Financial Market Dealer Quotation |
| FMHADMSD | Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development |
| FMLP | Federal Ministry of Labour & Productivity |
| FMPW&H | Federal Ministry of Power, Works and Housing |
| FMYSO | Federal Ministry of Youths and Sports Development |
| FPI | Foreign Portfolio Investment |
| GCFR | Grand Commander of the Order of the Federal Republic |
| GCI | Global Competitiveness Index |
| GDP | Gross Domestic Product |
| GEEP | Government Enterprise and Empowerment Program |
| GenCos | Generating Companies |
| GHG | Greenhouse Gas |
| GIFMIS | Government Integrated Financial Management Information System |
| GIZ | Gesellschaft für Internationale Zusammenarbeit |
| GMPC | General Multi-Purpose Cards |
| GOEs | Government Owned Enterprises |
| GpiA | Gender Policy in Agriculture |
| GPPs | Gas Processing Plants |
| GSM | Global System for Mobile communication |
| GVCs | Global Value Chains |
| IASA | International Aviation Safety Assessment |
| ICDs | Inland Container Depots |
| ICRC | Infrastructure Concession and Regulatory Commission |
| ICT | Information and Communication Technology |
| IDPs | Internally Displaced Persons |
| ILO | International Labour Organization |
| IMAS | Inter-connected Mini-Grid acceleration scheme |
| IMO | International Maritime Organization |
| INDC | Intended Nationally Determined Contribution |
| InfraCo | Infrastructure Corporation of Nigeria |
| IOM | International Organization for Migration |
| IPP | Independent Power Plant |
| IPPIS | Integrated Payroll and Personnel Information System |
| ISPs | internet service providers |

| | |
|---------|--|
| LPLEL | Lekki Port LFTZ Enterprise Limited |
| LSEB | Lagos State Electricity Board |
| LV | low voltage |
| M&E | Monitoring and Evaluation |
| MACMOD | Macro-econometric Model |
| MAS | Mini-Grid Acceleration Scheme |
| mbpd | Million Barrels Per Day |
| MDAs | Ministries Department and Agencies |
| MFA | Ministry of Foreign Affairs |
| MHA | Management and Social Development |
| MIS | Market Information Systems |
| MO | Market Operator |
| MPC | Monetary Policy Committee |
| MRF | Modular Refinery Funding |
| MSME | Micro, Small and Medium Enterprises |
| MTT | Mass Transit Train |
| MV | Medium voltage |
| NABTEB | National Business and Technical Examinations Board |
| NACTEST | National Counter Terrorism Strategy |
| NAERLS | National Agricultural Extension and Research Liaison Service |
| NAF | Nigerian Armed Forces |
| NAFDAC | National Agency for Food and Drug Administration and Control |
| NAICOM | National Insurance Commission |
| NAPTIP | National Agency for the Prohibition of Trafficking in Persons NASSP National Social Safety Net Program |
| NBET | Nigeria Bulk Electricity Trading |
| NBFIs | Non-Bank Financial Institutions |
| NBS | National Bureau of Statistics |
| NBTE | National Board for Technical Education |
| NDPR | Niger Delta Petroleum Resources |
| NDR | Nigeria Development Report |
| NEDC | North East Development Commission |
| NEDI | Nigeria's Economic Diplomacy Initiative |
| NEET | Not in Education, Employment or Training |
| NEMA | National Emergency Management Agency |
| NEP | Nigeria Electrification Project |
| NEPA | National Electric Power Authority |
| NEPC | Nigerian Export Promotion Council |

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| NERC | Nigerian Electricity Regulatory Commission |
| NESP | Nigerian Energy Support Programme |
| NHIS | National Health Insurance Scheme |
| NHP | National Housing Programme |
| NICTIB | National Information Communications Technology Infrastructure Backbone |
| NIDCOM | Nigerians in Diaspora Commission |
| NIG-Fund | Nigeria Investment and Growth Fund |
| NIN | National Identification Number |
| NIPC | Nigerian Investment Promotion Commission |
| NIPP | National Integrated Power Project |
| NIRSAL | Nigeria Incentive-Based Risk Sharing System for Agricultural Lending |
| NIS | Nigerian Immigration Service |
| NLSS | Nigeria Living Standards Survey |
| NMRC | Nigeria Mortgage Refinancing Company |
| NNDP | Nigerian National Defence Policy |
| NOTAP | National Office for Technology Acquisition and Promotion |
| NPA | Nigerian Ports Authority |
| NPopC | National Population Commission |
| NSC | National Steering Committee |
| NSDS | National Strategy for the Development of Statistics |
| NSQF | National Skills Qualifications Framework |
| NSS | National Security Strategy |
| NSTIR | National Science, Technology and Innovation Roadmap |
| NUC | National Universities Commission |
| NYCN | National Youth Council of Nigeria |
| ODA | Official Development Assistance |
| OGS | Order Generation Systems |
| OHCSF | Office of the Head of the Civil Service of the Federation |
| OPEC | Organization of the Petroleum Exporting Countries |
| OSGF | Office of the Secretary to the Government of the Federation |
| OSH | Occupational Health and Safety |
| OSSA-SDG | Office of the Senior Special Adviser to the President on Sustainable Development Goals |
| PAGMI | Presidential Artisanal Gold Mining Initiative |
| PEBEC | Presidential Enabling Business Environment Council |
| PenCom | Pension Commission |
| PHCN | Power Holding Company of Nigeria |
| PHCs | Primary Healthcare Centres |
| PIA | Petroleum Industry Act |

| | |
|----------|--|
| PIB | Petroleum Industry Bill |
| PIFB | Petroleum Industry Fiscal Bill |
| PIGB | Petroleum Industry Governance Bill |
| PIU | Plan Implementation unit |
| PLWDs | People Living With Disabilities |
| PMIs | Primary Mortgage Institutions |
| PMS | Performance Management Systems |
| PPP | Public-Private Partnerships |
| PSC | Passenger Service Charge |
| PTFP | Presidential Task Force on Power |
| R & D | Research and Development |
| RBDAs | River Basin Development Authorities |
| REA | Rural Electrification Agency |
| REF | Rural Electrification Fund |
| RIFU | Regional Intelligence Fusion Unit |
| RIDRITCS | Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme |
| RMRDC | Raw Materials Research and Development Council |
| SALWs | Small Arms and Light Weapons |
| SDGs | Sustainable Development Goals |
| SDPs | State Development Plans |
| SEC | Securities and Exchange Commission |
| SGBV | Sexual and Gender-Based Violence |
| SMEDAN | Small and Medium Enterprises Development Agency of Nigeria |
| SO | System Operator |
| SON | Standards Organisation of Nigeria |
| SRGIs | Strategic Revenue Growth Initiatives |
| SSDS | State Strategy for the Development of Statistics |
| SSMP | States Statistical Master Plans |
| STEM | Science, Technology, Engineering, and Mathematics |
| STI | Science, Technology and Innovation |
| STRT | Senior Technical Review Team |
| SUBEB | State Universal Basic Education Board |
| TCN | Transmission Company of Nigeria |
| TSA | Treasury Single Account |
| TSCF | Trillion Standard Cubic Feet |
| TSP | Transmission Service Provider |
| TTPs | Truck Transit Parks |
| TVET | Technical and Vocational Education and Training |

| | |
|------|---------------------------------------|
| TWGs | Technical Working Groups |
| UBEC | Universal Basic Education Commission |
| UHC | Universal Health Coverage |
| URDB | Urban and Regional Development Boards |
| US | United States |
| VAT | Value Added Tax |
| VP | Vice President |
| VVF | Vesico Vaginal Fistula |
| WASH | Water, Sanitation and Hygiene |
| WEF | World Economic Forum |
| WTO | World Trade Organization |

INTRODUCTION

CHAPTER 1: PLAN CONTEXT AND FORMULATION PROCESS

Introduction

This Plan builds on some recent development plans such as the Vision 2020, Economic Recovery and Growth Plan (ERGP) and Economic Sustainability Plan (ESP) as reviewed below. The Plan took cognisance of the lessons learnt from these previous plans. Also reviewed in this Chapter are some relevant and important global and regional megatrends such as Fourth Industrial Revolution, Regional Trade, Green Economy, Knowledge Economy and Demographic shifts. Developments relating to these issues have effects on economic and social developments in Nigeria.

Vision 2020

Vision 20:2020, introduced in 2009, was Nigeria's long-term economic transformation blueprint aimed at improving the welfare and living standards of the population and to place the country among the top 20 economies in the world. The vision had as its targets a minimum GDP of \$900 billion and a per capita income of not less than \$4000 per annum.¹ Other objectives were to achieve fiscal prudence, low inflation and increased availability of infrastructural facilities to propel the economy. The implementation period was 2009 – 2020 with a series of Medium-term Plans, beginning with the First Implementation Plan, 2010 – 2013.

To realize the objectives of the Plan, substantial public and private sector investments were required. The three tiers of government and the private sector were to make investments in the various sectors totalling N31.95 trillion. The total public sector investment requirement for the four-year period was N19 trillion of which N10 trillion was Federal Government investment and the states and local governments were expected to invest the balance of N9 trillion. The private sector investment was projected at N12.95 trillion for an annual average of N3.24 trillion.

Some progress was made in achieving the Vision 2020 goals. Although Nigeria is not among the world's top 20 economies with respect to GDP size in 2020, it improved marginally from 30th position to 27th position during the period. The Nigerian economy grew by 7.8% in 2010 but slowed from 2015 because of the negative impact of exogenous shocks especially from lower and volatile oil prices. Indeed, in the last five years of the Plan period,

the economy experienced two recessions in 2016 and 2020 because of the remarkable decline in oil prices with the covid-19 pandemic being the key trigger in the latter year. In addition, the country has only been able to make some modest gains in social development. The human development index (HDI) increased from 0.47 score in 2005 to 0.54 score in 2019. In 2020, while the HDI remained at 0.54, Nigeria's ranking decreased to 161.

In the sphere of governance, Nigeria's corruption rating improved slightly. For example, the Corruption Perception Index (CPI) of the country decreased to 25 Points in 2020 from 26 Points in 2019. Despite the fact that the vision did well by identifying some fundamental constraints, among which are weak institutions and epileptic power supply, significant progress has not been recorded in tackling these items.

Overall, the NV20:2020 Economic Transformation Blueprint and its implementation Plan were well designed with clear goals, objectives, strategies and policy measures. In line with the strategy to develop infrastructure, the government increased its allocation for capital expenditure from 23% of the total budget in 2010 to 32% in 2020. However, the investment requirements to actualize the growth targets were rather enormous in the context of developments in the global oil market and extant challenges in enhancing domestic resource mobilisation.

The key factors that tended to hinder effective Plan implementation included exogenous negative shocks arising from the global oil market; inadequate/volatile financial resources; low absorptive capacity, especially for capital expenditure; low efficiency and effectiveness of public spending; binding infrastructure constraints, in particular, electricity; ineffective monitoring of plan implementation.

Economic Recovery and Growth Plan (ERGP)

The last phase of the Vision 2020 period was characterised by serious macroeconomic challenges and recession. In response, the Federal Government introduced the Economic Recovery and Growth Plan (ERGP).

The ERGP aimed at restoring economic growth and driving sustainable, accelerated development. It focussed on promoting national prosperity. The main objectives

¹Federal Republic of Nigeria, Economic Recovery & Growth Plan 2017-2020, 2017

were:

- Restoring growth through macroeconomic stability and concentric economic diversification;
- Investing in the Nigerian people through programmes on social inclusion, job creation, youth empowerment and improved human capital; and
- Building a globally competitive economy through investment in infrastructure, improved business environment, and promotion of the digital economy.²

The ERGP was an emergency recovery plan primarily formulated to pull Nigeria out of recession. It targeted a growth rate of 7 percent by the end of the year 2020, with an annual average real GDP growth rate of 4.62 percent between 2017 and 2020. This was to be mainly driven by the non-oil sectors. It emphasized bringing the inflation rate down to a single digit of 9 percent by the end of 2020 from the double digits of 18.6 percent in 2016.

Macroeconomic performance, while below the ERGP's targets, was broadly in the right direction. From a negative real GDP growth of -1.58% in 2016, the economy

grew gradually to 2.27% in 2019, however it declined to -1.92% in 2020, owing to the Covid-19 pandemic. Year-end inflation declined from 18.55% in 2016 to 11.98% in 2019, with the trend reversed in 2020 ending the year at 15.75% owing to supply constraints associated with the Covid-19 pandemic, higher transportation and processing costs, and challenging security conditions. Unemployment rate rose from 14.23% in 2016 to 33.28% in 2020 in view of lower real GDP growth. Total revenue increased from 5.5 percent of GDP in 2016 to about 7.9 percent in 2019, reflecting tax policy and administration measures including the widening of tax base through efforts to increase the number of taxpayers. Revenue as a percent of GDP, however, fell to 5.94 percent in 2020 due to the impact of the pandemic.

The government focused on infrastructure and social expenditures, culminating in an increase in consolidated public expenditure-to-GDP ratio of 11.80 percent in 2020 compared to 9.5 percent

Table 1-1: ERGP Macroeconomics Performance in 2016 - 2020

| PERFORMANCE INDICATORS | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--------|--------|--------|--------|--------|
| GDP, current market prices (N'trn) | 102.56 | 114.91 | 129.09 | 145.64 | 154.25 |
| Real GDP Growth (%) | -1.58 | 0.83 | 1.90 | 2.27 | -1.92 |
| of which Agriculture (%) | 4.11 | 3.45 | 2.12 | 2.36 | 2.17 |
| of which Industry (%) | -8.85 | 2.15 | 1.87 | 2.31 | -5.85 |
| of which Services (%) | -0.82 | 0.91 | 1.83 | 2.22 | -2.22 |
| Non-Oil GDP (%) | -0.22 | 0.47 | 2.00 | 2.06 | -1.25 |
| Oil GDP (%) | -14.45 | 4.69 | 0.97 | 4.59 | -8.89 |
| Inflation Rate (%): end-year | 18.55 | 15.37 | 11.44 | 11.98 | 15.75 |
| Exchange Rate (N/US\$) - Official | 305.22 | 306.31 | 306.92 | 306.95 | 381.01 |
| Domestic Oil Production (mbpd) (Daily ave.) | 1.82 | 1.89 | 1.92 | 2.03 | 1.78 |
| Unemployment Rate (%) | 14.23 | 20.42 | 23.13 | 28.21* | 33.28 |
| Public debt (N'trn) | 17.36 | 21.73 | 24.39 | 27.40 | 32.92 |
| External reserve (US\$'bn) | 25.84 | 38.77 | 43.12 | 38.60 | 35.37 |
| Total revenue (% of GDP) | 5.50 | 6.62 | 8.51 | 7.90 | 5.94 |
| Total Expenditure (% of GDP) | 9.50 | 12.01 | 12.79 | 12.62 | 11.80 |
| Overall balance (% of GDP) | 4.00 | 5.39 | 4.28 | 4.72 | 5.86 |
| Source: NBS, CBN; *Estimates | | | | | |

in 2016. Overall fiscal deficit for the general government increased from 4.0 percent of GDP in 2016 to 5.86 percent in 2020. The government had to rely on domestic and external borrowing, with the country's total public debt increasing from N17.36 trillion in 2016 to N32.92trn in 2020. External sector performance was inextricably linked to oil price and international financial market developments. The interbank exchange rate was relatively stable up to 2019 but rose sharply to end 2020 at N380.01/US\$1. The current account position was largely in surplus during the period under consideration with the exception of 2019 and 2020. During this period, external reserves rose from \$25.84bn in 2016 to peak at \$43.12bn in 2018 but fell to \$35.37bn in 2020.

The overall performance of the economy during the ERGP years was commendable, particularly as the trends were mildly positive for the greater part of the period. The reversal of the trends in 2020 is attributable to the adverse effect of the COVID-19 Pandemic on the crude oil market, government finances and foreign exchange earnings. In particular, the containment measures for the pandemic negatively impacted the domestic production and availability of goods and services, prices and aggregate demand. The promptness and efficacy of the government's fiscal and monetary policy responses to the pandemic led to the early exit from the recession, thus showing the economy's resilience. Going forward and leveraging on this resilience, the economy should improve in terms of job creation and fast-tracking infrastructural development. Unemployment and poverty have been on the increase as the economic growth rate has been lower than the population growth rate during the plan period. Also, the increasing cost of servicing debt continues to weigh negatively on the government's revenue.

The Economic Sustainability Plan (ESP) as Response to the Impact of Covid-19 on the Nigerian economy

COVID-19, which started as a health pandemic, triggered an economic crisis. Thus, the challenge was double-pronged - health and economic crises. Governments all over the world were faced with the difficult decision of bringing economic activities to a halt to curb the spread of the virus or continuing economic activities at the risk of the lives of their citizens. Given the prolonged nature of the crisis, the economic and human impact of the COVID-19 pandemic in Nigeria has been severe,

exacerbated by volatile global crude oil prices. Nigeria's economy, in particular the finances of the government at both the federal and subnational levels, is highly dependent on sales of crude oil in the global market.

In response to the above, the country developed a robust and well-articulated N2.3 trillion Economic Sustainability Plan (ESP) containing policies, projects and measures aimed at stimulating/ revitalising virtually every sector ranging from agriculture and food security, job creation/ retention to internal security. The ESP was to prevent a potentially deep recession and accelerate quick recovery of the economy. The main thrust of the plan was to respond to the challenges posed by the COVID-19 pandemic and to act as a transition plan between the ERGP and this Plan³. The ESP is anchored on the following main thrusts and principles:

- Implementing fiscal and monetary measures aimed at stimulating the economy and achieving quick recovery;
- Preserving and creating jobs using locally sourced materials;
- Protecting the poor and most vulnerable; and
- Cross-cutting imperatives such as nationwide broadband connectivity.

The ESP stimulus package consists to a large extent, of a combination of fiscal and monetary policies, sectoral interventions, and social programmes. The fiscal and monetary policies provided support to States, businesses, households and individuals through grants, tax relief, payroll support, tariff reductions, and direct support to the health sector. Examples of the programmes and measures are the following:

- Food for all to achieve increased agricultural production and food security and create 5 million jobs;
- Mass housing strategy to create jobs through homes - 1.8 million jobs and construction of 300,000 homes across the country;
- Energy for all through solar power strategy – solar power for 5 million households by 2023 and 250,000 jobs in the energy sector;
- Jobs for youths and women post-covid-19 through digital economy, National public works programme, empowerment schemes for women, etc;

³The section on macroeconomic developments lays out the economic and financial impact of Covid-19 on the Nigerian economy.

- Support for small businesses (MSMEs) including conditional grants and interest-free loans;
- Creation of 296,000 jobs through construction and rehabilitation of roads in the six geopolitical zones;
- WASH emergency response to covid-19 through fast-tracking the implementation of National WASH Programme and provision of safe water supply, sanitation and hygiene services in public places;
- Social Investment Programme – increased support to vulnerable individuals and households in the context of covid-19;
- Support to the aviation industry; and
- Programmes in the areas of Education, Science and Technology and Internal Security.

To complement the fiscal measures are the monetary measures by the Central bank of Nigeria which include:

- N1.0 trillion naira in loans to boost local manufacturing and production across critical sectors;
- Some movements towards unification of the exchange rates to maximise the naira returns to Federation Account Allocation Committee from foreign exchange inflows;
- reduction in interest rates on intervention facilities from 9 to 5 percent;
- Creation of N50.00 billion targeted credit facility for affected MSMEs; and
- N100.00 billion targeted facilities to the health sector, among others.

In implementation, these targeted facilities have since increased far beyond the initial provisions.

A common feature of these interventions is that they sought to create jobs, empower farmers and entrepreneurs, use up to 100% of local materials, conserve foreign exchange and provide guaranteed offtake of production, especially in Agriculture and Housing. Jobs for Youth and Women programmes bring together some of the key elements in this plan including road construction and maintenance, digital economy and education alongside the creation of a national public works programme that involves the employment of 774,000 youths. Government has shown commitment in the implementation of the programmes and measures. Consequently, the ESP contributed significantly to Nigeria's exit from the second recession within a very short time. However, some of the programmes and

measures have medium-term implications in terms of implementation: hence, they would be continued in the Plan.

Summary of Lessons Learnt from Previous National Development Plans

Some of the lessons learnt in the implementation of past National Development Plans include:

- Need to recognize the hierarchical relationship among a perspective plan, medium-term plan and the annual budget and hence adopt the perspective plan as the framework of the medium-term plan. This requires ensuring a proper linkage of the annual budget to this Plan during implementation.
- Need to adhere to a centralized plan implementation coordination mechanism (i.e., avoid multiplicity of coordinators)
- Need to adequately engage stakeholders and beneficiaries in the formulation and implementation of development plans and programmes through the adoption of a bottom-up approach.
- Need to develop the commitment and political will to implement plans in an effective and efficient manner, as poor implementation has been the bane in achieving plan outcomes in Nigeria.
- Need to rely more on domestic sources of finance but less on external sources, considering Nigeria's unpleasant experience with externally induced stimuli for development.
- Effective monitoring and evaluation of plans can aid plan discipline and implementation. There is the need for agencies contributing inputs into the M & E system to ensure proper coordination.
- To ensure a proper linkage of the plan to budgets and expenditure frameworks, there is a need for appropriate legislative backing as was contemplated under NV 20: 2020. It will help to curb plan indiscipline and distortions during plan implementation.
- Need for continuity, consistency and commitment to agreed policies, programmes and projects in order to enhance plan outcomes as well as avoid implementation of multiple competing plans.
- Need for capable and efficient administration as a strong and efficient administration is a sine qua non of successful planning.

This Plan therefore aims to address the shortcomings identified in the design and implementation of the ERGP 2017-2020 and other past National Development Plans.

Guiding context to the Plan: global and regional megatrends

Global and regional events affect economic and social developments in Nigeria. These megatrends present opportunities to accelerate growth and Nigeria must take advantage of the trends. Five megatrends were taken into special consideration in the design of the Plan:

- the fourth industrial revolution,
- regional trade,
- green economy,
- knowledge economy and
- demographic shifts.

Fourth industrial revolution

Science, Technology and Innovation (STI) continue to change the way goods and services are produced and traded. COVID-19 pandemic has further underscored the importance of the STI. Thus, Nigeria needs to be innovative in both new industries and traditional sectors to be able to compete in Africa and on a global scale. There are several opportunities that this presents for Nigeria, among which are:

- Increased innovation to enhance productivity and business cross-sectoral resilience;
- Quicker economic recovery from future shocks, especially MSMEs, as seen with the COVID-19 pandemic;
- Reduced start-up and operational costs for businesses in the ICT sector, thus, increasing efficiency;
- Increased FDI flow and job creation, with better infrastructure; and
- Innovation spill over effect to drive growth and innovation in other sectors, especially in health, education, energy, and agriculture.

However, some risks need to be mitigated such as;

- Rising incidences of cybersecurity breaches if digitization is not followed with appropriate stop gaps and legislation;
- Potential for data privacy breaches, with increased digitization of sensitive information, especially in healthcare and financial transactions, particularly

without data protection laws; and

- If Nigeria does not take advantage of the STI trend, there is a risk of increased business exits as companies and entrepreneurs avoid volatile regulations, and inadequate infrastructure and policies.

Regional trade

Several structural weaknesses must be overcome if Nigeria is to translate rapid growth and higher demand for commodities on a regional basis into rising employment and living standards. In particular, transport links as well as tariff and non-tariff barriers, raise the cost of doing business and affect both investment and internal trade.

The after-effects of the 2008 global recession include a rise in regional trading. The African Continental Free Trade Area (AfCFTA) is expected to build on this as it creates one of the world's largest trading blocs with a US\$3.4 trillion market. This provides a unique opportunity for member countries to increase regional trade by up to 50%.⁴ The opportunities this presents for Nigeria include:

- Larger market and increased revenue for local producers;
- Likely attraction of FDI, owing to comparative advantages, especially with a larger and cheap labour pool;
- Increased price competitiveness owing to the recent Naira devaluation, especially with agricultural commodities; and
- Opportunity to address smuggling at borders and formalize ongoing border trade to capture revenue.

On the other hand, risks that need to be considered are:

- Nascent and less competitive industries might suffer owing to non-competitive prices with open borders;
- Unprepared institutions might be inundated with the large flow of products into Nigerian borders, limiting the country's quality assurance and anti-smuggling initiatives.

Climate Change and the Green Economy

The global efforts to address the risks inherent in climate change has resulted in the imperatives of renewable energy driven by the Paris Agreement. Like other developing African countries, Nigeria is committed to a net-zero future, especially given our vulnerability to

the adverse effects of climate change. While all African countries have expressed commitment under the Paris Agreement, much greater support in developing and implementing robust energy transition plans is needed.

Greenhouse gas emissions potentially pose a significant global cost that will fall disproportionately on the poor. In Nigeria, these challenges have been seen through events such as increased flooding and erratic rainfall. This has the potential to affect food production patterns, availability of grazing areas and availability of water. The impact of climate change is global in scope and global solutions must be found, with due consideration to regional and national conditions.

Clearly, Nigeria will move towards climate adaptation by diversifying its energy sources away from fossil fuels and embracing the green economy to create new and sustainable economic activities. However, this global energy transition will be made inclusive, equitable and just, taking into account the different realities of various economies and accommodating various pathways to net-zero by 2050. Indeed, the ultimate goal of the global energy transition should be to achieve reliable net-zero carbon energy systems to power prosperous, inclusive economies. Nigeria will move towards a green economy to exploit its opportunities such as,

- Increased concentric diversification from an oil-based economy and unlocking new markets;
- Cleaner and safer environment with lower emissions from industrial and domestic activity;
- Higher energy penetration, especially for lower-income communities; and
- Increased resilience and sustainable development in the long-term.

Risks that will need to be considered include:

- Short-term job losses as unsustainable activities and processes are eliminated;
- Increased unemployment within groups of people lacking skills to thrive in the green economy;
- Risk of future economic instability if Nigeria does not move fast enough away from dependence on fossil fuels to a green economy, as major global

economies transition away from fossil fuels.

Knowledge economy

Considering ongoing rapid digitization and automation of work, human capital development is now more critical than ever before. Nigeria will prioritise the building of the skills base of its populace, and invest in science, technology and innovation to drive competitiveness and unlock the potential of various sectors. Nigeria will need to leverage the opportunities the knowledge economy presents:

- First, increased productivity and job creation, from a higher skilled workforce as well as R&D for innovative solutions in agriculture, manufacturing, and other key sectors; and
- The country's large workforce creates a unique opportunity to benefit from outsourced or remote jobs, as is the case with India's large and well-educated workforce.

Demographic trends

Nigeria's demographic profile will not only be predominantly youthful, but also a growing ageing population as life expectancy increases. This necessitates a twin focus on job creation to engage youth and improve healthcare to cater for potential rising incidences of non-communicable diseases and other ailments. Today the active labour force is about 40% of the population, with the proportion of children and the elderly comprising smaller shares. Internationally, demographic profiles such as these are often associated with rising incomes, faster productivity growth, higher savings and rising living standards. However, this can also lead to a difficult environment if young people find it challenging to get jobs, it can lead to a difficult environment, with severe consequences for economic, social and political instability, including violent upheavals.

Taken as baseline, the rate of youth unemployment of - 34.9% for people between ages 15-34, compared to 27.1% for the general population,⁵ a youth lens has been incorporated in developing this Plan. To maximise the benefits of this "demographic dividend", the country

will revise its educational curriculum to improve on educational standards, and access to further and higher education for the youths to acquire both vocational,

technical and professional skills so as to take advantage of the emerging jobs. Through this initiative, Nigeria will drive economic expansion and pursue policies and programmes to make for easier entry into the labour market, as well as greater labour mobility.

These various skills acquisition opportunities will ensure that job creation is not outpaced by growth in the working-age population. Nigeria will also provide improved nutrition through its food security programme and be proactive in its health development policy, against the background of the experience gained from the Covid-19 pandemic. Through the implementation of the Plan, therefore, the population time-bomb will be defused and the health needs of ageing population effectively taken care of, to ensure a stable society.

Formulation Process and Methodology

The President appointed the Minister of State for Finance, Budget and National Planning, Prince Clem Ikanade Agba in 2019 to draft a vision and national development plan. Subsequently on 9th September, 2020. His Excellency President Muhammadu Buhari, GCFR inaugurated the National Steering Committee (NSC) for the preparation of the National Development Plan (NDP) 2021 – 2025 and Nigeria Agenda 2050 to succeed the Economic Recovery Growth Plan 2017 – 2020 and Nigeria Vision 20:2020 that have terminated at the end of December, 2020.

The NSC is co-chaired by the Honourable Minister of Finance, Budget and National Planning, Mrs (Dr.) Zainab Ahmed, for the public sector and Mr. Atedo Peterside for the private sector. The committee is made up of captains of Industry; Representatives of the State Governors, one each from the six geopolitical zones, Representatives of the National Assembly, Honourable Ministers; Key Political Parties, Government Agencies; Labour Organizations; Youth Organizations; Women Society, Farmers' Association, ALGON, Traditional and Religious Leaders and Representatives of People with Special Needs. The institutional framework had two levels below the NSC, which are the Central Working Group (CWG) and the Technical Working Groups (TWGs). Twenty-six (26) TWGs were set up with experts across key thematic areas of the economy. The CWG is chaired by Dr. (Mrs) Sarah Alade with Ambassador Adeyemi Dipeolu as the deputy chair.

The NSC, being the apex of the institutional arrangement,

has the overall mandate of ensuring the success of this assignment by providing guidance to the CWG and TWGs towards the development of an implementable economic blueprint for the country. The CWG coordinates the work of the 26 TWGs to drive the development of an actionable plan aimed at tackling national challenges and transforming the national economic trajectory.

To ensure that the new Plans remain a truly National Development Plan, all the 36 states of the Federation and Federal Capital Territory Administration as well as representatives of the local government councils and organised private Sector, youths, labour unions, traditional and religious organisations among others are all involved in the preparation process.

This plan builds on the main priorities and programmes outlined by the NSC, CWG, the TWGs, as well as inputs from MDAs and States. It further builds on the lessons from previous plans in the following ways:

- Bottom-up process: A wide range of stakeholders were involved in the formulation of the plan. The TWG was composed of members across ministries, agencies, private sector and civil service organizations. This ensured that different perspectives were brought in and the plan reflects a broad-based and participatory process.
- Evidence-based assessment: A data-driven approach and assessment tools were used in developing the various segments of the plans. The outcomes of the assessment were then further validated and reviewed to ensure the integrity of the data used for the plan.
- Socially embedded: Recognizing that the plan can only be successful if it applies an inclusion lens to every analysis and recommendation, policies and strategies that drive broad-based economic growth and development across all populations were prioritized.
- Implementation framework: Implementation considerations build on existing institutional structures and focus on ensuring actionability, while strategic measures are married with clear indicators and targets to facilitate progress monitoring.
- The Framework is comprehensive and has the capacity to accelerate the attainment of various regional and global Agendas, including the AU Agenda 2063, ECOWAS integration Agenda and the Sustainable Development Goals 2030.

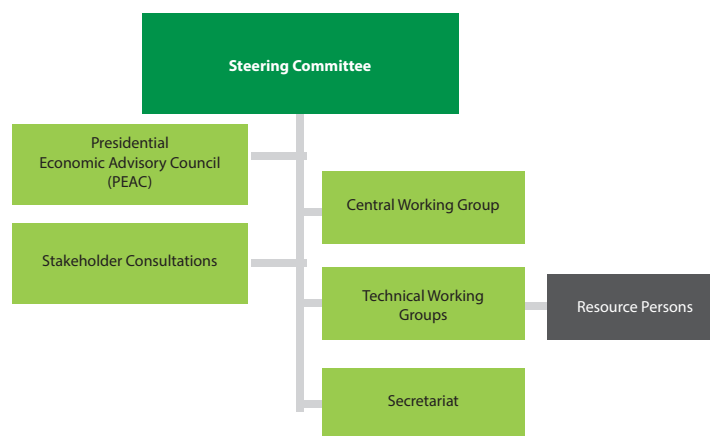


Figure 1-1: Institutional arrangement for the Plan development

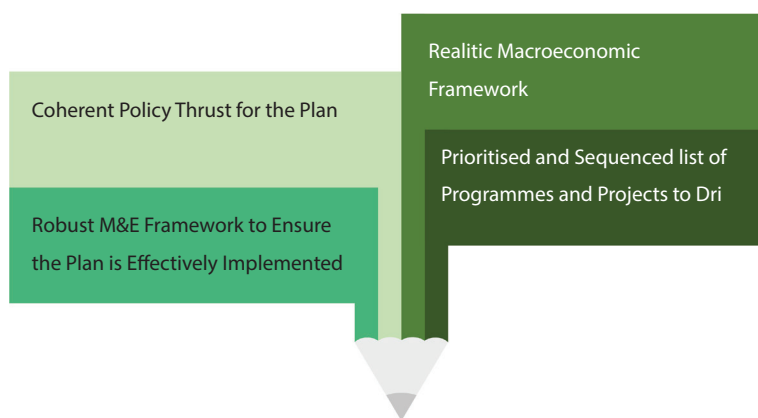


Figure 1-2: Pillars of the plan

Pillars of the Plan

The four pillars of the new Plan are:

- Coherent Policy Thrust for the Plan
- Realistic Macroeconomic Framework.
- Prioritised and Sequenced list of Programmes and Projects to drive annual budgets.
- Robust Implementation and M&E Framework to Ensure the Plan is Effectively Implemented.

Looking Forward

The National Development Plan 2021-2025 (NDP) aims to lift 35 million people out of poverty by 2025. Nigeria will make substantial progress towards achieving this overarching goal through accelerated, sustained, and inclusive economic growth, effective and expanded social-protection initiatives, improved governance structures at both the Federal and State levels, and deep engagement between the private and public sectors.

Twenty-two years after the resumption of democracy, too many Nigerians continue to live in poverty. While the government has put in place policy measures

and interventions to address the important issues of employment generation and poverty reduction, the unemployment rate is high especially for the youth population. Social sectors such as health and education will be further improved upon to have a modernized economy that can compete globally.

Government recognises the need for a well-thought-out plan to continue to guide the implementation of its policies, strategies, programmes and projects. It is therefore focusing on private sector-led growth to address the critical issues of job creation and poverty reduction.

This Plan envisions a country where the building blocks are put in place for everyone to attain their full potential. To eliminate poverty and reduce inequality, the economy must grow faster and in ways that benefit all Nigerians. The youth deserve better educational and economic opportunities, and the elimination of gender inequality requires focused efforts. Promotion of greater opportunities for young people and facilitation of gender equality are integrated themes throughout this Plan.

CHAPTER 2: STRATEGIC FRAMEWORK

The Plan Vision Statement

As with previous National Development Plans, this Plan is anchored on Chapter II of the 1999 Constitution of the Federal Republic of Nigeria,⁶ which sets out the Fundamental Objectives and Directive Principles of State Policy. In line with this Policy, the Plan is couched within a longer-term vision of Nigeria that sees it evolving into a country that has unlocked its potential in all sectors of the economy for a sustainable, holistic and inclusive national development. The mission of this Plan therefore is to guide the implementation of programmes and policies that promote rapid multi-sectoral growth and development of Nigeria’s economy.

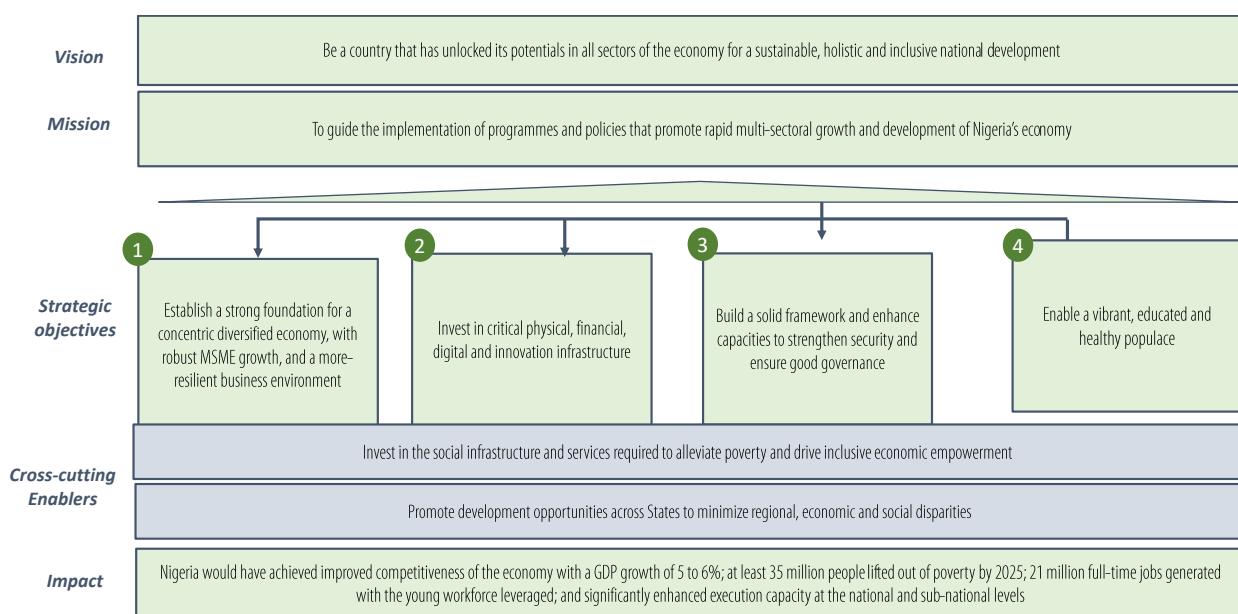


Figure 2-1: High Level Objectives and Strategic Framework for the Plan

The Plan Strategic Objectives

This Plan is guided by four strategic objectives, namely:

- Establishing a strong foundation for a diversified economy:** Nigeria, through this plan, aims to revitalise its economy by elevating key sectors that drive the bulk of Nigeria’s GDP. These include non-oil sectors such as agriculture (25% of GDP), manufacturing (9%), trade (16%), and the oil and gas sector (9%). Collectively, these sectors account for about 60% of Nigeria’s GDP. As Nigeria presses on with its economic revitalisation and diversification thrust; it is important to set the stage for the improved performance of sectors that do not currently drive the bulk of economic growth but have significant potential to do so in the future given the country’s human and

natural endowments, and global megatrends. These include culture, tourism, and creatives, ICT and solid minerals. Investing in support of MSME growth and strengthening the enabling business environment will be key to achieving these goals.

- Invest in critical physical, financial, digital, science, technology, and innovation infrastructure:** Further investments in infrastructure is critical for improved economic and social development in the country. These include physical infrastructure to facilitate livelihoods, business operations, and the movement of goods and people; financial infrastructure to support business growth and individual economic security; and digital, science, technology, and innovation infrastructure to introduce efficiencies and new ways of working and producing in the economy.

⁶See §13 - §24 of the 1999 Constitution of the Federal Republic of Nigeria

- Build a solid framework and enhance capacities to strengthen security and ensure good governance:** Ensuring good governance is a necessary enabler to promote equity and improve the overall efficiency of public service delivery. Addressing existing bottlenecks in Nigeria's governance structures, through strict accountability, as well as human and technological development, is an integral part of this plan to help build efficient, accountable, and trustworthy institutions to serve as an enabling backbone for overall socioeconomic development. Furthermore, the Plan recognizes and prepares for the reality that Nigeria's socio-economic aspirations can only be achieved within a context of peace, security and stability which enables the free movement of people, goods and capital and leads to sustained quality of life for all residents.
- Enabling a vibrant, educated, and healthy populace:** A healthy and educated population is the most critical input for long-term growth and development. Education plays a central role in improving quality of life by increasing productivity, driving inclusive economic growth, and ultimately alleviating poverty. Investing in people and making sure all Nigerians are given the educational tools to fulfil their potential is very essential. Health is recognized as a basic human right that every citizen should be able to enjoy living a socially and economically productive life.
- Promote development opportunities across States to minimize regional economic and social disparities:** Interventions to foster regional development and aid population management will be introduced to reduce uneven development across the country. These include investments in physical infrastructure and social services to reduce disparities in human development indicators and a targeted approach towards strengthening the economy that recognizes the comparative strengths of each State and provides opportunities for differentiation.

In the light of the foregoing, the plan is structured around six thematic areas:

The Objectives of the Plan are underpinned by two broad sets of cross-cutting enablers (as illustrated in Figure 2-1), namely:

- Invest in the social infrastructure and services required to alleviate poverty, drive inclusive economic empowerment, and reduce unemployment:** Inclusive growth requires Nigerians to live in an environment that allows them to thrive. Securing this requires providing social infrastructure, access to water and sanitation services; managing environmental resources and disaster situations; and ensuring adequate consideration for historically underserved populations (e.g., women, people with special needs). Against this backdrop, the Plan will also tackle unemployment – with a special focus on the youth. Alongside these efforts, the government will invest in expanded poverty alleviation and social protection programmes, to ensure that the most vulnerable are not left behind.
- Economic growth and development:** This thematic area focuses on critical sectors that currently drive economic growth and/or growth sectors in Nigeria namely agriculture, manufacturing, oil and gas, solid minerals and creative industry. Some of the proposed interventions include strengthening value chain linkages by promoting local sourcing and value addition; launching financial interventions to finance manufacturing expansion; increasing oil production through adequate investment in the upstream subsector while reducing the overall cost of production; creating linkages across the mineral sector and beyond for value addition to enhance local production and job creation; and increasing focus on the tourism sector through local asset maintenance and global marketing campaigns. Business environment initiatives such as leveraging technology to improve efficiencies and overall competitiveness will be initiated to support these interventions.
- Infrastructure:** The Nigerian infrastructure base covers 5 key sectors – transportation, power, housing, digital economy and capital markets. To drive economic growth, Nigeria will dedicate significant resources to the rehabilitation, maintenance and expansion of its infrastructure assets. This will include exploring innovative financing mechanisms for continued development of transport infrastructure; resolving value-chain specific constraints to unlock added energy for Nigerians by optimizing existing capacity; introducing and adopting low-cost production technologies and innovative affordable housing delivery methods. The digital economy ecosystem will be strengthened by increasing financial and technical support through local and foreign investment.

- **Public administration:** This thematic area covers governance, defence and foreign policy. The goal is to build strong and sustainable governance structures for efficient institutions that promote citizen participation and ensure accountability. Interventions implemented will include, among others, increasing border control and domestic anti-terrorism measures through bilateral security agreements and support to border control agencies; enhancing coordination between the various tiers of government, for improved public sector efficiency; and reinforcing Nigeria's regional and global leadership role through increased multilateral leadership.
- **Human capital development:** This thematic area covers education, health and nutrition. Major strategic measures will be aimed at improving human capital development by (i) improving the quality of education for the sector to meet international standards through teacher training and (ii) strengthening Nigeria's health system service delivery capacity, to significantly improve quality and become a healthier, more productive nation.
- **Social development:** This thematic area covers social infrastructure and social services such as water resources, environment protection, population and ID management, women affairs, youth and sports development. It also covers poverty alleviation and job creation which are core pillars to achieving the Plan's social development goals. Interventions will include designing a coordinated investment plan to secure required funding for water and sanitation management; supporting the economic empowerment of women by facilitating access to financing; strengthening existing population and ID management systems by supporting family planning measures and adopting technological tools. Underpinning social development measures will be job creation and poverty alleviation initiatives, such as diversifying revenue-generating streams to finance social protection initiatives and creating inter-sector linkages to unlock the potential of high growth sectors critical to achieving the job target.
- **Regional development:** Within this thematic area, the overarching strategic objective is the attainment of sustainable socio-economic development across all Nigerian regions to minimize regional economic and social disparity. The Nigerian government will pursue economic and social sustainability across

states by unlocking local production opportunities in areas of comparative advantage and putting quality social services in place.

The Critical Policy Priorities and Strategies

To achieve the stated objectives, the Plan revolves around the need to optimise the structure and potential of the Nigerian economy towards a sustained and inclusive growth, driven by increased productivity and macroeconomic stability. Policy actions will be generally directed towards the following:

- Prioritization and implementation of critical and strategic infrastructure projects that will directly raise production and productivity in the MSMEs, agriculture, manufacturing and service sectors, in line with rapid growth, revenue and foreign exchange diversification objectives. The focus would be on electricity, road/rail and other transport, and broadband internet connectivity.
- Continued supportive market-driven interventions for manufacturing, agriculture and MSME subsectors to encourage broader concentric diversification efforts.
- Enhancement of non-oil foreign exchange earnings by attracting FDI, improving diaspora remittances, raising productivity and promoting non-oil exports.
- Adoption of measures to diversify revenue and increase tax to GDP ratio by improving tax administration, integrating the informal sector, and widening the tax base.
- Reformation of the subsidy regimes for more fiscal space to fund priority economic and social programmes
- A unified and efficient foreign exchange market.
- Institutional reforms and measures to create a conducive environment for private economic activity,
- Prioritization of quality education, health, research and technological capacity building.
- Institutional reformation of economic sectors, public sector, law enforcement, judiciary, and secure property rights, including intellectual property.
- Implementation of social protection for the most vulnerable, backed by an effective M&E framework and impact assessment methods.
- A multi-pronged and multi-tiered approach to address the country's security threats and challenges.
- Institutional reforms and measures to ensure a market driven economy.
- Strengthen coordinating mechanism for plan implementation.

PART 1
ECONOMIC GROWTH AND
DEVELOPMENT

CHAPTER 3: MACROECONOMIC FRAMEWORK

Introduction

The Nigerian economy is on the path to sustained recovery following the recession in 2020 which was precipitated by the COVID-19 pandemic.

The recovery, though fragile, was facilitated by the implementation of the ERGP and the ESP to specifically target the challenges instigated by the pandemic. The fiscal and monetary policy measures put forward by the ESP are presently being implemented to ensure a swift return to macroeconomic stability, forestall job losses in the economy by delivering fiscal stimulus to support private businesses and provide necessary emergency assistance to vulnerable population segments. Resources are also targeted at funding critical infrastructure to support economic growth and stimulate the creation of jobs in productive economic sectors. This Plan, which succeeds the ERGP and ESP, builds on this foundation by promoting private sector investment in the economy, incentivizing the emergence of new and innovative sectors in the service industry, as well as promoting industrialization as a key driver of economic growth.

Macroeconomic Projections

The macroeconomic framework⁷ sets the parameters for the sector strategies and priorities for implementing the Plan. The framework

is guided by assumptions set to change the trajectory of the country towards a path of transformative and sustainable growth. In the near to medium term, the assumptions include the following:

- oil production of 1.86 mbpd to 2.38 mbpd;
- crude oil market price averaging US\$59.74pb to US\$52.42pb from 2021 to 2025 - a lower oil price of US\$40 is adopted as a budget benchmark to guide against oil price shocks and build fiscal buffers during periods of relatively high crude oil prices; and
- the population growth rate of 2.5 percent - which also serves as an input into the labour force growth rate.

Highlights of the macroeconomic projections

Table 3.1 shows the selected macroeconomic indicators for the 2021-2025 period.

Demand Side: Investment, consumption and exports are envisaged to be the engine of growth from the demand side. Real GDP is projected to grow by an average of 4.7 percent over the plan period from a contraction of -1.92 percent in 2020 owing to the twin shocks of COVID-19 pandemic and the decline in oil prices. To achieve this level of growth, the plan emphasises private sector-led growth, with private investment to grow in real terms on average by 5.1 percent within the period. Government will continue to facilitate the growth process with the provision of critical infrastructure germane to private sector development, with a focus on innovative technology-driven economic sectors. In line with the strategic vision for Nigeria, the Government's goal is to facilitate the significant growth of the private sector to address the high unemployment levels and relatively low level of competitiveness in the economy. In this connection, public investment is projected to grow, in real terms, at an average of about 14.4 percent while private consumption will grow by about 4.4 percent during the plan period. It should be noted that government investment is growing from a relatively small base, hence, the relatively high growth rate. But private investment will far outstrip government investment over the plan period in absolute terms and as a share of GDP.

Supply Side: The non-oil sector, which is expected to be the major contributor to overall growth, is projected to grow at an average of 4.9 percent. Non-oil sector growth will be driven by the industrial sector, which comprises the manufacturing, construction and non-manufacturing industrial activities, in line with the goal of building an industrialised Nigeria. Industrial growth is projected to grow by 8.3 percent on average in real terms. Service sector growth and agricultural sector growth of 4.0 and 2.6 percent respectively are projected over the same period. Thus, industry is projected to surpass agricultural sector performance with a contribution of 30.2 percent to GDP at the end of 2025, as a result of the

⁷Underpinned by complementary analytical techniques, the Plan is empirically guided by a macroeconomic framework based on a development planning-relevant macro-econometric model, the MACMOD-2019; a 2019 Input-Output model; and a Financial Programming and Policies (FPP) modelling tool. The MACMOD-2019 is "a medium-size macro-econometric model of the Nigerian economy constructed to provide a framework to link policies and targets by simulating interrelationships between policy initiatives." It is structured into six blocks: demand, supply, the monetary and financial sectors, and external, fiscal, and development sectors with a total of 157 equations. The MACMOD-2019 is linked to the Financial Programming and Policies modelling tool to generate additional variables and to ensure internal consistency among all sectors of the economy.

structural transformation of the economy. Growth will be driven by the development of productive capabilities in Domestic Value Chains (DVCs), in preparation for deeper integration into the higher value-added segments of Global Value Chains (GVCs). The strong improvement in manufacturing activities within the period is predicated on the development of backward linkages to the agriculture sector and forward linkages from the manufacturing sector to the broader Nigerian economy and to export markets.

Employment generation and poverty reduction:

Implementation of this plan will result in increased employment generation and a significant decline in poverty. The goal is the creation of jobs across all sectors of the economy and the reduction and eventual eradication of poverty. Government will sustain current efforts at improving the business and investment climate via the enhancement of the ease of doing business reforms, the fight against corruption and strengthening of institutions to lay a foundation for future growth. This will spur domestic production to sustain the projected growth path in all the sectors and lead to increases in hiring and entrepreneurial activities. Government will also continue to expand its current social investment programmes, which are designed for implementation by both the federal and subnational governments, to directly address the twin problems of unemployment and poverty in the country. These developmental programmes, along with the outcomes of economic growth and structural changes in the economy, are expected to lead to the creation of about 21 million new full-time jobs and the lifting of about 35 million people out of poverty over the plan period. The attainment of these targets will be a significant milestone towards achieving the government target of lifting 100 million

people out of poverty by 2030.

Fiscal: Enhanced fiscal performance is one of the main pillars of this plan. Government plans to spend not less than 30 percent of its expenditures on capital investment. To ensure the sustainability of this spending pattern while sustaining growth trajectories, recurrent expenditure of government will be maintained at optimal levels while a concerted effort will be geared towards domestic resource mobilization; especially in enhancing non-oil revenues to significantly decouple the economy from the impact of volatile oil prices. Current government efforts to improve revenue through the 'Strategic Revenue Growth Initiatives (SRGIs)' will drive the restructuring of the financial sources. These initiatives will achieve sustainability in revenue generation as well as, identify new revenue streams while enhancing existing ones and utilising people and technology effectively to achieve these objectives.

Under the new annual Finance Bills, existing tax laws will be amended and new tax laws will be introduced to reflect the emergence of new economic sectors. The plan envisages additional fiscal measures which include improving on current debt management strategies, ensuring value for money in capital budget implementation, encouraging greater private sector participation to ensure more efficient outcomes and ensuring synergy between the fiscal and monetary authorities for proper policy coordination. The federal government fiscal deficit is projected to improve from 3.9 percent of GDP in 2021 to 0.4 percent of GDP in 2025 because of these fiscal measures. This will support macroeconomic stability, reduce fiscal dominance and create room for interest rates to support the real sector.

Table 3-1: Selected Macroeconomic Projections, 2021-2025

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|---|--------|--------|--------|--------|--------|---------|
| REAL SECTOR AND PRICES (In % of GDP unless otherwise stated) | | | | | | |
| Real GDP Growth Rate (%) | 2.93 | 4.18 | 4.39 | 5.43 | 6.33 | 4.65 |
| of which Agriculture (%) | 1.24 | 2.46 | 2.43 | 3.22 | 3.71 | 2.61 |
| of which Industry (%) | 5.84 | 7.34 | 8.00 | 9.67 | 10.71 | 8.31 |
| of which Manufacturing (%) | 7.70 | 9.07 | 9.44 | 12.15 | 13.75 | 10.42 |
| of which Services (%) | 2.58 | 3.71 | 3.78 | 4.56 | 5.49 | 4.02 |
| Non-Oil GDP (%) | 3.48 | 4.37 | 4.53 | 5.61 | 6.57 | 4.91 |
| Oil GDP (%) | -3.30 | 1.93 | 2.74 | 3.09 | 3.22 | 1.54 |
| Gross National Disposable Income (GNDI) | 103.08 | 102.61 | 102.20 | 101.85 | 101.51 | 102.25 |
| Total Consumption (C) | 75.14 | 73.77 | 73.20 | 72.91 | 72.61 | 73.53 |

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|----------|----------|----------|----------|----------|----------|
| Private Consumption (Cp) | 66.61 | 64.79 | 64.23 | 63.91 | 63.64 | 64.64 |
| Government Consumption (Cg) | 8.53 | 8.98 | 8.97 | 9.01 | 8.97 | 8.89 |
| Gross National Savings | 27.95 | 28.84 | 28.99 | 28.93 | 28.90 | 28.72 |
| Gross Capital Formation (I) | 27.71 | 27.95 | 27.88 | 27.95 | 27.93 | 27.88 |
| Government Investment (Ig) | 3.35 | 3.77 | 3.90 | 4.10 | 4.43 | 3.91 |
| Private Investment (Ip) | 24.35 | 24.18 | 23.98 | 23.85 | 23.49 | 23.97 |
| CPI (percent change, 12-month Average) | 16.57 | 16.40 | 15.17 | 14.30 | 12.73 | 15.03 |
| CPI (percent change, End of Period) | 17.38 | 15.41 | 14.93 | 13.67 | 11.79 | 14.64 |
| Oil Production (mbpd) | 1.86 | 2.09 | 2.38 | 2.38 | 2.38 | 2.22 |
| Market Crude Oil Price (US\$pb) | 59.74 | 56.23 | 54.11 | 52.96 | 52.42 | 55.09 |
| Budget Benchmark Oil Price (US\$pb) | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 |
| Unemployment rate (%) | 27.19 | 24.32 | 22.21 | 20.63 | 19.56 | 22.78 |
| Number Out of Poverty (million) | 3.06 | 6.02 | 7.82 | 8.55 | 9.45 | 6.98 |
| Number of Full-Time Jobs Created (Million) | 1.95 | 3.61 | 4.69 | 5.13 | 5.67 | 4.21 |
| Labour Force growth rate (%) | -3.77 | 2.54 | 2.46 | 2.50 | 2.51 | 1.25 |
| Per Capita GDP (US\$) | 2,227.17 | 2,541.54 | 2,886.19 | 3,276.73 | 3,706.29 | 2,927.58 |
| EXTERNAL (In % of GDP unless otherwise stated) | | | | | | |
| Current Account, n.i.e. | 0.24 | 0.88 | 1.11 | 0.98 | 0.97 | 0.84 |
| Trade Balance | 2.92 | 3.93 | 4.34 | 4.25 | 4.23 | 3.93 |
| Capital and Financial Accounts (net) | -0.21 | -0.21 | -0.38 | -0.37 | -0.50 | -0.33 |
| Of which: FDI (net) | 0.37 | 0.37 | 0.42 | 0.42 | 0.47 | 0.41 |
| FPI (net) | 0.96 | 0.96 | 0.96 | 0.87 | 0.87 | 0.92 |
| Overall Balance | 0.04 | 0.68 | 0.73 | 0.61 | 0.47 | 0.51 |
| Net Factor Income Payment (Yf) | -1.25 | -1.15 | -1.05 | -0.96 | -0.87 | -1.06 |
| Exports of goods and services (X) | 13.65 | 14.19 | 14.15 | 13.76 | 13.45 | 13.84 |
| of which exports of goods | 12.62 | 13.05 | 12.77 | 12.12 | 11.48 | 12.41 |
| Imports of goods and services (M) | 16.49 | 15.92 | 15.23 | 14.63 | 13.99 | 15.25 |
| of which imports of goods | 9.70 | 9.12 | 8.44 | 7.87 | 7.25 | 8.48 |
| Stock of External Reserves (US \$'billion) | 36.63 | 40.36 | 45.04 | 49.57 | 53.63 | 45.05 |
| FISCAL – FGN (In % of GDP unless otherwise stated) | | | | | | |
| Revenue | 3.70 | 4.29 | 5.64 | 6.64 | 7.72 | 5.60 |
| of which oil | 1.12 | 1.15 | 1.10 | 0.93 | 0.80 | 1.02 |
| of which non-oil (including accrued government revenue & other govt. independent rev.) | 2.58 | 3.14 | 4.54 | 5.71 | 6.92 | 4.58 |
| Total Expenditure | 7.57 | 7.77 | 7.83 | 7.97 | 8.10 | 7.85 |
| Statutory Transfers | 0.28 | 0.29 | 0.29 | 0.27 | 0.25 | 0.28 |
| Non-debt recurrent expenditure | 3.14 | 3.39 | 3.68 | 3.85 | 4.00 | 3.61 |
| Debt recurrent expenditure | 1.85 | 1.80 | 1.55 | 1.46 | 1.36 | 1.60 |
| Capital Expenditure | 2.30 | 2.29 | 2.32 | 2.39 | 2.49 | 2.36 |
| Primary Balance | -2.13 | -1.82 | -0.75 | 0.02 | 0.89 | -0.76 |
| Deficit (-) or Surplus (% GDP) | -3.87 | -3.48 | -2.18 | -1.33 | -0.38 | -2.25 |
| Financing | | | | | | |
| Foreign (% of financing) | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 |
| Domestic (% of financing) | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 |
| Other Financing (% of financing) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Non-budget Oil Revenue (ECA), US\$'billion | 1.00 | 1.31 | 1.97 | 2.63 | 3.38 | 2.06 |

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|---|-------|-------|-------|-------|--------|---------|
| FISCAL - GEN. GOVERNMENT (In % of GDP unless otherwise stated) | | | | | | |
| Revenue | 7.78 | 9.04 | 11.18 | 12.87 | 14.75 | 11.12 |
| Total Expenditure | 11.88 | 12.75 | 12.87 | 13.11 | 13.40 | 12.80 |
| Recurrent Expenditure | 8.53 | 8.98 | 8.97 | 9.01 | 8.97 | 8.89 |
| Capital Expenditure | 3.35 | 3.77 | 3.90 | 4.10 | 4.43 | 3.91 |
| Overall Surplus (+)/Deficit (-) (% of GDP) | -4.10 | -3.71 | -1.69 | -0.24 | 1.35 | -1.68 |
| Public Debt | 22.06 | 22.22 | 20.55 | 17.77 | 13.94 | 19.31 |
| MONETARY (YoY %) | | | | | | |
| Net Domestic Credit (NDC) YOY growth rate | 15.24 | 18.90 | 11.31 | 8.91 | 6.75 | 12.22 |
| Government (NDCg) | 26.57 | 23.10 | 8.37 | -1.43 | -15.35 | 8.25 |
| Private (DCp) | 10.57 | 16.92 | 12.76 | 13.83 | 15.87 | 13.99 |
| M3 Growth YOY growth rate | 14.95 | 17.04 | 16.45 | 16.49 | 16.17 | 16.22 |
| Source: MFBNP, NBS, CBN and Macro Model Forecasts. | | | | | | |

External: This plan projects significant improvement in the external position of the economy. The plan recognizes the need to place Nigeria in an advantageous position as the AfCFTA is rolled out and Nigerian exporters face and overcome challenges in export markets with the goal of making the country's exports more competitive. The efforts to reduce the cost of doing business, increased public and private sector investments combined with expenditure switching policies are expected to stimulate exports and rebalance imports to support increased manufacturing activities. Although a backward integration strategy will be pursued to encourage the beneficiation of primary resources, there will still be a need for capital goods imports in the medium term, while the domestic capacity to produce capital goods is being developed. Consequently, there will be an improvement in the current account balance from -4.4 percent of GDP in 2020 to about 1.0 percent of GDP in 2025. With a current account surplus coupled with net capital inflows, there will be substantial accretion of foreign reserves, reaching about US\$53.6 billion in 2025, covering 10 months of imports.

Elaboration of the macroeconomic results

The Real Sector

On the demand side, this plan is structured to provide support for private sector-led growth through complementary and strategic fiscal policy interventions.

- The private sector will continue to be the key driver of growth in consumption and investment with

the government playing a facilitating role. Private consumption is projected to grow by 4.4 percent on average in real terms to sustain an average share of 64.6 percent of GDP within the planning period. Public consumption is expected to grow much slower, by an average of 1.0 percent, reaching 9.0 percent of GDP in 2025. Much of the new investment will originate from the private sector; however, the plan assigns a critical role to the government in complementing private-sector activities. The public sector will focus on implementing policies that crowd in the private sector. New infrastructure projects will either be privately funded or financed through PPP arrangements.

- Government will drive this realignment through initiatives such as the establishment of the Nigeria Infrastructural Company (Infraco) with an initial seed capital of one trillion naira and the continued rollout of the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme (RIDRITCS) by which private capital finances the construction of roads along key economic corridors and industrial clusters across the country. Public investment is projected to grow in real terms on average by 14.4 percent to N15 trillion in 2025 while private investment growth is projected at 5.1 percent growth to rise to about N77 trillion over the same period. This will raise the average contribution of private investment to about 25 percent of GDP within the plan period.

Table 3-2: Selected real sector indicators, 2021-2025

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|---|------------|------------|------------|------------|------------|------------|
| A. Indicators (In billions of naira - Unless otherwise stated) | | | | | | |
| Gross Domestic Product (at current market prices) | 179,460.52 | 209,914.24 | 244,342.48 | 284,343.46 | 329,664.08 | 249,544.96 |
| Gross National Disposable Income (GNDI) | 184,996.81 | 215,387.25 | 249,706.64 | 289,596.52 | 334,631.60 | 254,863.76 |
| Total Consumption (C) | 134,839.31 | 154,854.06 | 178,870.65 | 207,325.38 | 239,370.32 | 183,051.94 |
| Private Consumption (Cp) | 119,534.40 | 136,011.09 | 156,945.52 | 181,711.26 | 209,795.42 | 160,799.54 |
| Government Consumption (Cg) | 15,304.90 | 18,842.96 | 21,925.13 | 25,614.12 | 29,574.89 | 22,252.40 |
| Gross National Savings | 50,157.50 | 60,533.19 | 70,835.99 | 82,271.14 | 95,261.29 | 71,811.82 |
| Gross Capital Formation (I) | 49,720.57 | 58,677.26 | 68,116.02 | 79,484.98 | 92,067.10 | 69,613.19 |
| Government Investment (Ig) | 6,017.20 | 7,922.06 | 9,519.38 | 11,670.08 | 14,613.52 | 9,948.45 |
| Private Investment (Ip) | 43,703.37 | 50,755.20 | 58,596.63 | 67,814.90 | 77,453.59 | 59,664.74 |
| Exports of goods and services (X) | 24,491.66 | 29,793.88 | 34,572.25 | 39,138.33 | 44,351.10 | 34,469.44 |
| of which exports of goods | 22,645.64 | 27,390.88 | 31,213.78 | 34,459.97 | 37,858.07 | 30,713.67 |
| Imports of goods and services (M) | 29,591.02 | 33,410.95 | 37,216.44 | 41,605.23 | 46,124.44 | 37,589.62 |
| of which imports of goods | 17,411.30 | 19,141.85 | 20,621.20 | 22,368.41 | 23,907.44 | 20,690.04 |
| Gross Domestic Product (at 2010 constant market prices) | 72,866.45 | 75,921.82 | 79,259.27 | 83,562.23 | 88,854.32 | 80,092.82 |
| Gross Domestic Product (at 2010 constant basic prices) | 72,062.48 | 75,077.47 | 78,376.02 | 82,628.18 | 87,858.43 | 79,200.52 |
| B. Employment and Poverty | | | | | | |
| Size of Labour Force (Millions) | 67.05 | 68.75 | 70.44 | 72.20 | 74.01 | 70.49 |
| Labour Force growth rate (%) | -3.77 | 2.54 | 2.46 | 2.50 | 2.51 | 1.25 |
| Number of Full-Time Jobs Created (Million) | 1.95 | 3.61 | 4.69 | 5.13 | 5.67 | 4.21 |
| Unemployment rate (%) | 27.19 | 24.32 | 22.21 | 20.63 | 19.56 | 22.78 |
| Number Out of Poverty (million) | 3.06 | 6.02 | 7.82 | 8.55 | 9.45 | 6.98 |
| Per Capita GDP (US\$) | 2,227.17 | 2,541.54 | 2,886.19 | 3,276.73 | 3,706.29 | 2,927.58 |
| Source: MFBNP, NBS, CBN and Macro Model Forecasts. | | | | | | |

On the supply side, this plan forecasts an industrial sector-led expansionary path with significant support from coordinated fiscal and monetary policies to ensure a steady expansion in domestic production. (Table 3.2).

- Projected real growth trajectories are premised on improved supply-side sectoral performance driven by macroeconomic policy coordination: The Nigerian economy recovered earlier than projected from the 2020 recession as it experiences GDP growth of 0.1 percent was recorded in the 4th quarter of 2020 which was further consolidated by growth of 0.5 percent in the first quarter of 2021. On the back of this recovery, a multiplicity of fiscal and monetary stimulus packages will be introduced to further accelerate economic growth to 2.9 percent in 2021 and continue on the same path to 6.3 percent in 2025.

This growth outlook is premised on improved output performance in almost all economic sectors, especially agriculture, industry and services (see Table 3.2).

- Key economic sectors with strong intersectoral linkages and job creation potential are prioritised in the plan: While the agricultural sector faces downside risks that result from the increasing spate of insecurity, particularly in the agrarian regions of the country (North East, North West & North Central), the sector is expected to be relatively resilient in terms of its contribution to GDP and real GDP growth. With improved security prospects, effective and efficient government support and additional opportunities for private sector investment in the plan period, the agricultural sector will expand by 1.2 percent in 2021 and increase steadily until it reaches 3.7 percent growth in 2025 (see Table 3.2).
- As the binding growth constraints facing the manufacturing and construction sectors are addressed, both sectors would improve on the performance of the industrial sector going forward. To this end, there will be a rebound in the manufacturing sector to a growth of 7.7 percent in 2021, with a steady

rise to an average of 13.8 percent in 2025. Thus, the industrial sector will grow from 5.9 percent of GDP in 2021 and sustain this growth path on a rising trend to about 10.7 percent in 2025. Developments in the industrial sector will increase the share of industry in GDP and stimulate service sector growth through backward and forward production linkages. Growth in the service sector is expected to rise from 2.6 percent in 2021 to about 5.5 percent in 2025.

- This plan will place greater emphasis on non-oil sector growth to insulate the economy from exogenous commodity shocks and ensure exchange rate and fiscal stability. The outbreak of COVID-19 alongside its disruption of global supply chains has shown the need for countries to explore local sourcing of essential primary and intermediate inputs. An outcome of this strategy is the need for the development of DVCs with the prospect of linking up to GVCs in a strategic manner.
- Exploring backward and forward inter-sectoral linkages amongst the agricultural, services and manufacturing sectors would expand the country's industrial base by enabling the development of technological and export capabilities as well as local production systems and networks. This would create jobs in high value-added export sectors and increase foreign exchange earnings, thus ensuring a stable exchange rate, the build-up of external reserves and the upliftment of citizens from poverty. Consequently, the non-oil sector is projected to grow by 3.5 percent annually and sustain this growth trajectory on a rising trend to about 6.6 percent growth in 2025 (Table 3.2). The oil sector will grow in real terms by an average of about 1.5 percent.
- Synergy across all tiers of government will be required to actualise job creation goals: There will be a concerted effort to ensure coordination of socio-economic policies among the three tiers of government to support a thriving private sector for employment generation. Consequently, the number of new jobs to be created is projected to rise from 1.95 million in 2021 to 5.67 million in 2025. This will lead to an average net full-time employment creation of about 4.2 million per annum and cumulative job creation of about 21 million new full-time jobs (Table 3.2). The new jobs will be generated through a combination of several interventions, including the Social Investment Programme, but primarily as a result of accelerated economic recovery and increased private sector participation prompted by the implementation of the strategies and policies outlined in this plan. This job creation target will require the mobilisation of domestic and foreign resources through various channels including Direct Foreign Investment, Development Aid, Remittance flows and other sources, all facilitated by government policy actions.
- The government at all levels will commit about 1 percent of GDP per annum from 2022 to reverse the current unemployment trend in the country: This plan will prioritise investment in human development to provide equitable access to quality education and health services to all Nigerians. Social protection for the young, elderly and all vulnerable segments of the population is also at the core of this strategy. Given the high poverty and unemployment rates among the youth and women in the country, gender and youth-responsive approaches to development will be incorporated into the direct policy interventions of government and other partners to support the attainment of the relevant Sustainable Development Goals (SDGs). A multi-faceted approach will be adopted to support job creation including tools already in use such as cash transfers to vulnerable groups, incentives to support business growth and expansion, addressing structural factors undergirding high-interest rates and lack of access to finance, identification and expansion of existing industrial clusters in the country and attainment of macroeconomic stability. The expectation is a reduction in the unemployment rate from 33.3 percent in 2020 to 19.6 percent in 2025 (Table 3.2).
- Local Governments are also expected to contribute

Social Sector: Employment and Poverty Reduction

The government has set an ambitious target of lifting 100 million Nigerians out of poverty within a decade. Given this, the government's priority in this plan is to eliminate the binding constraints on sustainable job creation through the introduction of structural reforms to ensure concentric economic diversification, the emergence of a thriving and competitive private sector and the attainment of inclusive growth. Although the objective is to create jobs at every level of the employment ladder and across different sectors, attention will also be given to the current social investment programmes to prioritise human capital development via relevant capacity building programs targeted at women and youths.

to job creation efforts through the One-Product Initiative Targeting Youths and Women. The funds will be allocated from additional revenues to be mobilized from the local government areas as economic activities spread across the country. The fund will be used to build capacity, upgrade infrastructure in the production clusters in the local areas, acquire modern technology and encourage technology diffusion through learning by doing. The fund will also be used to promote research and development to understand the production processes and value-chains as well as improve access to finance. The products to be supported will be identified through product mapping and growth identification and facilitation based on the existing factor endowments in the local areas, comparative advantage and export potential, especially within the remit of the AfCFTA. The goal is to produce products of high quality which can generate domestic demand at a sufficient scale to reduce the unit cost of production, making them competitive in export markets.

- Nigeria will take bold steps to facilitate the growth of the social sector for the realization of this plan's goals. The industrial sectors to be prioritised for job creation include manufacturing, construction, utilities (water, electricity and waste management) and solid minerals and mining. In the social sector, jobs will be generated in health and education with the right incentives to attract domestic and foreign private investment. Development and revitalization of labour-intensive industries will be encouraged under the Plan and government regulation will be recalibrated to promote competition, support the emergence of new economic sectors, and protect the underserved segments of the population.
- Further diversification of exports and foreign exchange earnings will be pursued alongside social development to ensure inclusive growth and poverty reduction. Priority will be given to needed structural reforms and the elimination of binding constraints to growth, to ensure that the marginalised segments of the population can participate in the growth process. The target is to lift 3.1 million people out of poverty by 2021 with the numbers lifted out, rising incrementally to 35 million people by 2025. This is in line with the government target to lift 100 million Nigerians out of poverty within the decade.

The Fiscal Sector

At the centre of this plan is an emphasis on enhancing non-oil revenues to increase public infrastructure, scaling up social interventions, and reducing the fiscal deficit and debt service obligations (Table 3.3):

- The plan underscores the reduction of dependence on volatile oil revenues to finance the budget. Despite the recent recovery in oil prices, the government is cognizant of medium to long-term challenges in the international oil market, including the effect of shale oil production on a downward trend in oil prices and the global shift to renewable energy sources to power green and circular economies. In response, the fiscal framework for the 2021-25 period assumes a modest oil price benchmark of US\$40 a barrel. Daily oil production is projected to moderately increase from 1.86 mbpd in 2021 to 2.38 mbpd by 2025. Against this background, general government net oil revenue (Federal, State and Local Governments) is projected to reach a peak of 2.6 percent of GDP by 2022 and fall to 1.8 percent by 2025. This evolution brings to the fore the criticality of enhancing domestic non-oil revenue mobilization.
- Existing tax laws have been strengthened while new taxes are introduced in the Finance Bills accompanying the annual federal budgets since the 2019 budget cycle. The Finance Acts, signed into law following legislative approval, have introduced longstanding and critical amendments to outdated provisions and obscure language in our current tax laws. Progressive tax changes have been introduced to reduce the tax burden on low-income earners and MSMEs and to ensure that large corporations pay their fair share. Fiscal incentives and exemptions to support key sectors of the economy are also being monitored and scaled back when necessary to ensure value for money in exchange for tax expenditures. These initiatives will be carried forward in the plan period in support of the goal of raising tax revenues as a share of GDP to a level consistent with peer countries, focusing specifically on non-oil revenues.
- Efforts to improve revenues through the 'Strategic Revenue Growth Initiative (SRGIs) will be intensified as the focus shifts from improving revenue collection to ensuring tax compliance. The significant progress made by the revenue-collecting agencies (FIRS and Customs) to strengthen and improve non-oil tax revenue administration and collection will be leveraged to ensure that more citizens comply with

tax laws. The operational and collection efficiency of Government Owned Enterprises (GOEs) will also be optimized, restricting GOEs to 20% of their operating surplus provided the cost-to-revenue ratio of 50 percent is not exceeded. Technology and ICT solutions will be effectively deployed to ensure compliance and enhance existing and new revenue streams. The efforts to grow non-oil revenues (CIT, VAT, Custom duties, Independent revenues of the Federal Government and internally generated revenues of States) will result in total revenue reaching 14.8 percent of GDP in 2025 from 7.8 percent of GDP projected for 2021.

- The Fiscal Responsibility Act, 2007, Finance Acts and other enabling laws will be reviewed and amended accordingly in line with the current government's stance on remittances of revenue by MDAs and also to facilitate other relevant aspects of the SRGIs.
- Prudent management of resources will be achieved by an increase in PPP-funded capital projects and a significant reduction of non-critical administrative spending. As evidence of its commitment to

encouraging the expansion of the private sector and greater efficiency in public spending, the government will prioritise projects which can be funded through PPP arrangements over the plan period. Non-priority projects, typically of an administrative nature, will be de-emphasised while the completion of ongoing projects will continue to be prioritised. The government will continue to extend the roll-out of IPPIS, GIFMIS, the TSA and other technology-enabled solutions to ensure real-time management and tracking of government spending.

- Recommendations on civil service reforms will be implemented to cut the cost of running government through policies that facilitate merger and streamlining of overlapping MDAs functions and imposition of moratorium on the creation of new agencies. Going forward, the need to create new agencies will be rigorously evaluated; such that only when no agency exists that performs the same function that such need may be considered.

Table 3-3: Selected fiscal sector indicators, 2021-2025

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| A. Indicators (In billions of naira - Unless otherwise stated) | | | | | | |
| Gross Domestic Product (at current market prices) | 179,460.5 | 209,914.2 | 244,342.5 | 284,343.5 | 329,664.1 | 249,545.0 |
| FGN Total Revenue | 6,637.58 | 9,004.44 | 13,792.64 | 18,876.99 | 25,450.31 | 14,752.4 |
| of which oil | 2,011.02 | 2,421.99 | 2,688.49 | 2,635.77 | 2,625.82 | 2,476.6 |
| of non-oil (including non-oil FAAC & VAT Pool) | 1,491.57 | 2,091.43 | 3,723.33 | 5,683.96 | 8,183.76 | 4,234.8 |
| of which Independent and other revenue | 3,134.98 | 4,491.01 | 7,380.82 | 10,557.25 | 14,640.74 | 8,041.0 |
| FGN Total Expenditure | 13,588.03 | 16,314.80 | 19,129.32 | 22,662.14 | 26,713.96 | 19,681.7 |
| Statutory Transfers | 496.53 | 605.25 | 700.93 | 769.81 | 826.57 | 679.8 |
| Non-debt recurrent expenditure | 5,641.97 | 7,124.26 | 8,981.17 | 10,957.01 | 13,194.43 | 9,179.8 |
| of which Social Investment Fund(Recur.) | - | 113.41 | 183.20 | 309.94 | 475.34 | 270.5 |
| Debt recurrent expenditure | 3,324.38 | 3,783.18 | 3,783.18 | 4,138.65 | 4,476.19 | 3,901.1 |
| Capital Expenditure | 4,125.15 | 4,802.10 | 5,664.04 | 6,796.67 | 8,216.76 | 5,920.9 |
| of which Social Investment Fund (Cap.) | - | 453.65 | 732.78 | 1,239.77 | 1,901.36 | 1,081.9 |
| Share of Capital in Total Expenditure (%) | 30.36 | 29.43 | 29.61 | 29.99 | 30.76 | 30.0 |
| FGN Primary Balance | -3,826.07 | -3,813.85 | -1,840.18 | 66.83 | 2,925.87 | -1,297.5 |
| FGN Overall Surplus (+)/Deficit (-) | -6,950.45 | -7,310.36 | -5,336.69 | -3,785.15 | -1,263.65 | -4,929.3 |
| FGN Financing | | | | | | |
| Domestic (% of financing) | 45.00 | 45.00 | 45.00 | 45.00 | 45.00 | 45.0 |
| Other Financing (% of financing) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.0 |
| Non-budget Oil Revenue (ECA), US\$'billion | 1.00 | 1.31 | 1.97 | 2.63 | 3.38 | 2.1 |
| General Government Total Revenue | 13,957.31 | 18,984.30 | 27,326.43 | 36,596.94 | 48,632.94 | 29,099.6 |
| General Government Total Expenditure | 21,322.11 | 26,765.02 | 31,444.52 | 37,284.20 | 44,188.41 | 32,200.9 |

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|-----------|-----------|-----------|-----------|-----------|----------|
| Recurrent Expenditure | 15,304.90 | 18,842.96 | 21,925.13 | 25,614.12 | 29,574.89 | 22,252.4 |
| of which Social Investment Fund (Recur.) | - | 215.29 | 347.75 | 588.35 | 902.32 | 513.4 |
| of which One-LGA-One Product Initiatives (Recur.) | - | 92.90 | 129.75 | 172.02 | 226.94 | 155.4 |
| Capital Expenditure | 6,017.20 | 7,922.06 | 9,519.38 | 11,670.08 | 14,613.52 | 9,948.4 |
| of which Social Investment Fund (Capital) | - | 861.15 | 1,391.01 | 2,353.40 | 3,609.27 | 2,053.7 |
| of which One-LGA-One Product Initiatives (Cap.) | - | 371.60 | 519.02 | 688.09 | 907.78 | 621.6 |
| Share of Capital in Total Expenditure (%) | 28.22 | 29.60 | 30.27 | 31.30 | 33.07 | 30.5 |
| General Government Overall Surplus (+)/Deficit(-) | -7,364.79 | -7,780.72 | -4,118.09 | -687.26 | 4,444.53 | -3,101.3 |
| Total Public Debt | 39,585.26 | 46,634.94 | 50,219.36 | 50,528.11 | 45,957.21 | 46,585.0 |
| Domestic | 23,506.35 | 27,133.37 | 28,751.10 | 28,451.80 | 25,283.01 | 26,625.1 |
| Foreign | 16,078.91 | 19,501.57 | 21,468.26 | 22,076.31 | 20,674.20 | 19,959.9 |
| Source: MFBNP, NBS, CBN and Macro Model Forecasts. | | | | | | |

- Capital expenditure as a share of total expenditure is projected to rise to 33 percent in 2025 compared to 28 percent in 2021. Social intervention programmes targeted at the poor and job-creating programs and projects will be prioritised. On average, it is projected that about 1 percent of GDP will be spent by the federal, state and local governments on these programs and projects. Total general government expenditure as a ratio of GDP is projected to increase from 11.9 percent of GDP in 2021 to 13.4 percent of GDP in 2025.
- Key fiscal indicators are projected to improve in the near to medium term. The fiscal position for the general government is projected to improve from a deficit of 4.1 percent of GDP in 2021 to a surplus of 1.4 percent in 2025, reflecting mainly increased domestic resource mobilization. Public debt is projected to decline from 22.1 percent of GDP in 2021 to 13.9 percent of GDP in 2025. Adherence to the oil price based fiscal rule of a benchmark oil price lower than the futures price of oil (ranging between US\$52.4-59.7 during the period 2021-2025) would cumulatively yield additional revenues of about N3.9 trillion. It is expected that higher-than-expected revenues will be used to boost fiscal buffers, either by enhancing the excess crude account or reducing public debt and debt service. It will also provide the seed capital required for the launch of the Nigeria Investment and Growth Fund in line with the strategies underlying the national poverty reduction and growth strategy.

The Monetary Sector

- The monetary authorities will adopt a flexible and responsive monetary policy stance to stabilise prices, including foreign exchange rates, and oversee the monetary system and financial sector. The CBN will focus on managing the policy variables within its mandate and, by doing so, send clear signals to investors on the government's commitment to maintaining a predictable policy environment. Ongoing regulatory forbearance to banks, moratorium and interest rate reductions on credit facilities and targeted interventions for key sectors will be maintained as required. Unification of exchange rates and the elimination of arbitrage opportunities in the foreign exchange market due to the premium between the official and other exchange rates will also be a key priority. The CBN will continue to provide regulatory oversight to the financial sector to attain an optimal level of credit in the economy to spur real sector growth (Table 3.4). Maintaining the delicate balance between price stability and economic growth will remain a key goal of the CBN.
- Net credit expansion to the private sector in support of non-oil growth will be maintained over the period: Net domestic credit is projected to expand significantly over the plan period at an average annual growth rate of 14 percent. While the public sector restructures its debt portfolio towards external financing of its deficit and makes recourse to the domestic debt market for

a smaller portion of its financing requirements over time, credit expansion to the private sector will be prioritised. Monetary aggregates projected over the plan period will support the broad objectives of the plan while ensuring the core mandates of the CBN are realised. This includes ensuring the priority sectors

of government have access to credit to finance job creation and poverty reduction initiatives as well as ensuring the policy environment is favourable to the growth of new economic sectors such as the digital economy and other sectors it undergirds

Table 3-4: Selected monetary sector indicators, 2021-2025

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|---|------------|------------|------------|------------|-----------|-----------|
| A. Indicators (In billions of naira - Unless otherwise stated) | | | | | | |
| Gross Domestic Product (at current market prices) | 179,460.5 | 209,914.24 | 244,342.48 | 284,343.46 | 329,664.1 | 249,545.0 |
| Net Foreign Assets | 7,401.75 | 8,821.82 | 10,605.82 | 12,332.38 | 13,879.01 | 10,608.2 |
| Net Domestic Assets | 36,999.79 | 43,146.70 | 49,912.89 | 58,163.07 | 68,016.71 | 51,247.8 |
| Net Domestic Credit | 49,038.51 | 58,307.12 | 64,899.16 | 70,678.76 | 75,447.57 | 63,674.2 |
| Net Claims on Federal Govt. | 15,701.27 | 19,328.30 | 20,946.03 | 20,646.72 | 17,477.93 | 18,820.1 |
| Net Claims on Private Sector | 33,337.23 | 38,978.82 | 43,953.14 | 50,032.04 | 57,969.64 | 44,854.2 |
| Other Assets (Net) | -12,038.72 | -15,160.42 | -14,986.28 | -12,515.69 | -7,430.86 | -12,426.4 |
| Narrow Money M1 | 18,364.88 | 21,494.65 | 25,031.09 | 29,157.55 | 33,872.81 | 25,584.2 |
| Broad Money M2 | 43,341.28 | 50,727.57 | 59,073.59 | 68,812.09 | 79,940.15 | 60,378.9 |
| Broad Money M3 | 44,401.54 | 51,968.52 | 60,518.71 | 70,495.44 | 81,895.72 | 61,856.0 |
| Base Money (N' million) | 11,062.01 | 12,947.22 | 15,077.38 | 17,562.94 | 20,403.16 | 15,410.5 |
| Quasi Money (N' million) | 24,976.40 | 29,232.92 | 34,042.51 | 39,654.54 | 46,067.34 | 34,794.7 |
| B. Indicators (y-on-y growth, %) | | | | | | |
| Net Foreign Assets | 0.87 | 19.19 | 20.22 | 16.28 | 12.54 | 13.8 |
| Net Domestic Assets | 18.25 | 16.61 | 15.68 | 16.53 | 16.94 | 16.8 |
| Net Domestic Credit | 15.24 | 18.90 | 11.31 | 8.91 | 6.75 | 12.2 |
| Net Claims on Federal Govt. | 26.57 | 23.10 | 8.37 | -1.43 | -15.35 | 8.3 |
| Net Claims on Private Sector | 10.57 | 16.92 | 12.76 | 13.83 | 15.87 | 14.0 |
| Other Assets (Net) | -498.63 | 25.93 | -1.15 | -16.49 | -40.63 | -106.2 |
| Broad Money (M2) | 14.95 | 17.04 | 16.45 | 16.49 | 16.17 | 16.2 |
| D. Velocities and Multipliers | | | | | | |
| Income Velocity of Money (M1) | 8.90 | 8.90 | 8.90 | 8.90 | 8.90 | 8.9 |
| Income Velocity of Money (M2) | 3.77 | 3.77 | 3.77 | 3.77 | 3.77 | 3.8 |
| Income Velocity of Money (M3) | 3.68 | 3.68 | 3.68 | 3.68 | 3.68 | 3.7 |
| Money Multiplier (M1) | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.5 |
| Money Multiplier (M2) | 3.43 | 3.43 | 3.43 | 3.43 | 3.43 | 3.4 |
| Money Multiplier (M3) | 4.01 | 4.01 | 4.01 | 4.01 | 4.01 | 4.0 |
| Source: MFBNP, NBS, CBN and Macro Model Forecasts. | | | | | | |

The External Sector

- External balance is at the core of trade policy and foreign exchange management for the plan period. Exports of goods and services are projected to grow on average by 8.1 percent to contribute about 13.5 percent on average to GDP within the period, imports of goods and services contribution to GDP is projected to grow at about 11.1 percent over the same period. This explains the planned improvement in the trade balance over time and invariably supports a current account surplus. A key objective is to diversify the composition of exports to include manufactured goods and high value-added services as the digital economy expands. Shifts in the composition of imports will also support the attainment of this objective
- The outlook for the global oil market sector requires a proactive stance towards forestalling potential pressures on the Balance of Payments position. As Nigeria intensifies efforts to grow its non-oil sector exports, the composition of the balance of payments is expected to change over time. Nigeria will also be taking advantage of the opportunities offered by the African Continental Free Trade Area (AfCFTA) to explore new markets for its goods and service exports. Although these changes will fully unfold over the medium to long term, the expectation is for the non-oil component of exports to rise to about 2 percent of GDP by 2025 while oil exports as a percentage of GDP are expected to decline from 10.6 percent in 2021 to 9.5 percent in 2025. Exports of services are expected to rise from N1.9trn in 2021 to N6.5trn in 2025; representing an increase from about 1.0 percent in 2021 to close at 2 percent of GDP by 2025. As a result, Nigeria's current account balance will rise from N436.9bn in 2021 to N3.2trn in 2025. This will represent an improvement from 0.2 percent to 1.0 percent of GDP over the plan period.
- Foreign inflows are a key financing source for the initiatives under this plan and expansion of the private sector more broadly. Both foreign direct investment and portfolio inflows are critical to the development of the capacity of Nigeria's private sector to finance large-scale infrastructure projects. Emphasis will be placed on the transfer of knowledge, skills and capabilities in tandem with investment inflows. A stable exchange rate regime and policy environment to support the attainment of these objectives will be adopted.
- While envisaging a post-COVID-19 expansion and increased global opportunities, it is projected that the net capital and financial account transfers will continue to be positive, with some level of improvement over the plan period. This will largely be accounted for by inflows of workers remittances that will increase gradually from N8.1trn in 2021 to N12.8trn in 2025, averaging about 4.2 percent of GDP over the plan period. Remittances have been one of the major sources of foreign exchange inflows to the country and the monetary authorities will continue to offer incentives to encourage inflows.
- These improvements are expected to cause a gradual and consistent accretion to Nigeria's external reserves. It is projected that external reserves will rise from US\$36.6bn in 2021 to US\$53.6bn by 2025; sufficient to fund over 10 months of Nigeria's imports. This will place the monetary authorities in a good position to appropriately intervene in the foreign exchange market to achieve a relatively stable exchange rate during the plan period.

Table 3-5: Selected external sector indicators, 2021-2025

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|------------|------------|------------|------------|------------|-----------|
| A. Indicators (In billions of naira - Unless otherwise stated) | | | | | | |
| Gross Domestic Product (at current market prices) | 179,460.52 | 209,914.24 | 244,342.48 | 284,343.46 | 329,664.08 | 249,545.0 |
| Current account | 436.94 | 1,855.93 | 2,719.97 | 2,786.16 | 3,194.18 | 2,198.6 |
| Trade balance | 5,234.34 | 8,249.03 | 10,592.58 | 12,091.57 | 13,950.63 | 10,023.6 |
| Goods Exports | 22,645.64 | 27,390.88 | 31,213.78 | 34,459.97 | 37,858.07 | 30,713.7 |
| Oil & Gas | 19,090.61 | 21,695.32 | 25,186.74 | 28,103.25 | 31,178.23 | 25,050.8 |
| Non-Oil | 3,555.03 | 5,695.57 | 6,027.04 | 6,356.73 | 6,679.83 | 5,662.8 |
| Goods Imports | -17,411.30 | -19,141.85 | -20,621.20 | -22,368.41 | -23,907.44 | -20,690.0 |
| Services (Net) | -10,333.70 | -11,866.11 | -13,236.77 | -14,558.47 | -15,723.97 | -13,143.8 |
| Credit | 1,846.02 | 2,402.99 | 3,358.47 | 4,678.36 | 6,493.03 | 3,755.8 |
| Debit | -12,179.72 | -14,269.11 | -16,595.24 | -19,236.83 | -22,217.01 | -16,899.6 |
| Income(net) | -2,246.47 | -2,414.81 | -2,569.52 | -2,724.25 | -2,882.29 | -2,567.5 |
| Credit | 572.76 | 584.36 | 594.55 | 604.36 | 614.02 | 594.0 |
| Debit | -2,819.23 | -2,999.17 | -3,164.07 | -3,328.62 | -3,496.31 | -3,161.5 |
| Current Transfers Net | 7,782.77 | 7,887.82 | 7,933.68 | 7,977.31 | 7,849.81 | 7,886.3 |
| Credit | 9,022.70 | 10,288.62 | 11,532.22 | 12,850.63 | 14,274.64 | 11,593.8 |
| Inflows of Workers Remittances | 8,066.29 | 9,198.03 | 10,309.81 | 11,488.46 | 12,761.53 | 10,364.8 |
| Debit | -1,239.93 | -2,400.80 | -3,598.54 | -4,873.32 | -6,424.83 | -3,707.5 |
| Capital & Finance Account | -372.81 | -435.87 | -935.97 | -1,059.61 | -1,647.55 | -890.4 |
| Financial Inflows (liabilities) | 4,612.35 | 5,394.23 | 5,850.01 | 7,196.49 | 8,087.12 | 6,228.0 |
| Direct Investment | 1,242.36 | 1,453.06 | 1,812.15 | 2,108.74 | 2,607.75 | 1,844.8 |
| Portfolio Investment | 1,737.67 | 2,032.18 | 2,365.38 | 2,502.20 | 2,900.84 | 2,307.7 |
| Other investment liabilities | 1,632.32 | 1,908.98 | 1,672.49 | 2,585.55 | 2,578.53 | 2,075.6 |
| Financial Outflows (assets) | -4,985.16 | -5,830.09 | -6,785.98 | -8,256.10 | -9,734.67 | -7,118.4 |
| Direct Investment Abroad | -582.10 | -680.76 | -792.37 | -922.03 | -1,068.92 | -809.2 |
| Portfolio Investment | -15.01 | -17.55 | -20.43 | -23.78 | -27.56 | -20.9 |
| Other investment Assets | -4,388.05 | -5,131.78 | -5,973.18 | -7,310.29 | -8,638.18 | -6,288.3 |
| Reserve Assets | 64.13 | 1,420.07 | 1,784.00 | 1,726.55 | 1,546.63 | 1,308.3 |
| Overall Balance | 64.13 | 1,420.07 | 1,784.00 | 1,726.55 | 1,546.63 | 1,308.3 |
| MEMORANDUM ITEMS | | | | | | |
| Stock of External Reserves (US \$'billion) | 36.63 | 40.36 | 45.04 | 49.57 | 53.63 | 45.0 |
| Number of Months of Imports Equivalent | 9.62 | 9.64 | 9.99 | 10.13 | 10.26 | 9.9 |
| Source: MFBNP, NBS, CBN and Macro Model Forecasts. | | | | | | |

CHAPTER 4: AGRICULTURE AND FOOD SECURITY

Introduction

Agriculture has a long-standing role in Nigeria's economy and is the most significant contributor to overall GDP. The sector is also the mainstay of Nigeria's rural economy, given the significant participation of rural residents in agricultural activities to earn a living. The sector's performance, however, has been uneven in the last decade. For example, the 2020 growth rate at 2.2% compares poorly with the growth rate of 3.8% between 2010 and 2019. The preponderance of low-quality and inefficient technologies and inputs, coupled with inappropriate production practices, limited opportunities for developing industry linkages especially to the manufacturing sector and to export markets, and shortfalls in budgetary allocations, have adversely impacted the sector.

Nigeria's agriculture sector has the potential to be a key driver of growth, wealth creation and employment, given the country's viable agro-ecological zones, youthful population and potential to expand industry through forward linkages to the sector. The major strength of the agriculture sector in Nigeria lies in its diverse agro-ecological zones that support the production of various food and cash crops – including cassava, yam, beans, cocoa, and cashew – at relatively low costs. There is also a strong tradition of village-level farmers' associations, providing a platform for growth and innovation and a large pool of farmers. The output from the agricultural sector serves several purposes, including ensuring food security. In addition, the sector remains viable owing to the country's growing population, which creates a

significant domestic market as well as the opportunity to export primary produce and processed products to key international markets on the continent and beyond.

Review of Sectoral Performance 2017 – 2020

Nigeria has implemented a wide range of industry support programmes in inputs and agro-processing. The country has intervened in specific value chains such as, cropping, fisheries and livestock, as well as support services in agriculture research and extension. Efforts have been made to increase the availability of standard agriculture inputs and focus on processing key crops, including rice, cassava, and oil palm. Fertilizer production was revitalised, leveraging the Presidential Fertilizer Initiative for the domestic production of urea and importation of phosphate. There was also a concerted effort to facilitate the production of improved seeds, seedlings and stems for several crops, including (but not limited to) potatoes, vitamin A-enriched cassava, sesame, soybean and yam.

Table 4.1 shows that the agriculture sector's GDP rose from N23.95trn to N37.24trn between 2017 and 2020 and the sector accounted for 22% of the country's GDP on the average over the period. The sector is dominated by crop production at around 89% while other sub-sectors like livestock, fishing and forestry accounted for lower shares of the sector's output. It is also shown that the growth rate of the sector exceeded that of the total economy during the review period; even in 2020 when the entire economy recorded -1.9% contraction, the agriculture sector grew by 2.17%.

Table 4-1: Performance of the Agriculture Sector

| | 2017 | 2018 | 2019 | 2020 |
|--|-----------|-----------|-----------|-----------|
| Agriculture GDP (N'bn) | 23,952.55 | 27,371.30 | 31,904.14 | 37,241.61 |
| Of which (%) | | | | |
| -crop Production | 88.07 | 88.44 | 88.69 | 89.09 |
| -livestock | 8.24 | 7.48 | 6.61 | 5.70 |
| .-forestry | 1.07 | 1.00 | 0.90 | 0.76 |
| -fishing | 2.61 | 3.08 | 3.80 | 4.45 |
| Share of Agriculture in total GDP (%) | 21.06 | 21.43 | 22.12 | 24.45 |
| Agric. GDP Growth (%) | 3.45 | 2.12 | 2.36 | 2.17 |
| Total GDP Growth (%) | 0.83 | 1.90 | 2.27 | -1.92 |
| Source: National Bureau of Statistics (NBS) | | | | |

Challenges and Opportunities

The agriculture sector in Nigeria remains fragmented, with its potential hampered by poor farming practices, weak infrastructure and limited processing. Currently, the sector has a fragmented food ecosystem with high import dependence, resulting in food insecurity and malnutrition. Poor production practices, including limited use of improved inputs, heavy reliance on rainfed agriculture and little irrigation, low levels of mechanization and weak research-extension-farmer linkages, result in low yields. The rural economy, which accounts for up to 90% of food production in Nigeria, has a significant infrastructure deficit which results in post-harvest losses owing to poor storage and transportation infrastructure. In addition to weak infrastructure, limited processing and insufficient packaging culminate in the wastage of up to 20 percent to 60 percent of produced food and high cost of nutritious food, which eventually worsens malnutrition. The sector also faces many other challenges, some of which are:

- Macroeconomic instability which inhibits the overall sector performance, arising from high inflation rates and unstable foreign exchange rates affecting prices of inputs and machinery;
- Inadequate financing as key stakeholders across the value chain struggle to access affordable financing and patient capital, resulting in limited scale and low productivity;
- Disruptions as result of the conflict between farmers and herders and the continuing impact of the COVID-19 lockdowns;
- Climate change and environmental factors affecting agricultural productivity in some agro-ecological zones. Harsh weather conditions, including drought, desert encroachment, flood, and pests and disease, environmental degradation from oil exploration and gas flaring;
- Various constraints to land ownership and use as the land tenure system places significant constraints on the achievement of efficient agricultural production and physical development.

Despite these challenges, the Nigerian agriculture sector exhibits many opportunities. The sector still provides jobs and other means of livelihood to the majority of Nigerians. The country is endowed with arable land suitable for growing a variety of crops, both for domestic consumption and exports. There are various government policies and programmes targeted at further developing the sector and removing the current constraints. As evidence of the sector's resilience in both 2016 and 2020 when the entire economy recorded negative GDP growth, the agriculture sector's growth was positive.

Opportunities exist in linking the sector to other sectors of the economy, especially as a critical input source for the agro-allied industrial sector. Other sub sectors within the agriculture sector, such as livestock and fishing, equally have much potential for growth and value addition⁸. In addition, the AfCFTA provides a unique opportunity for the increased market uptake of Nigerian products. The AfCFTA will provide agricultural value chain actors with a more accessible export market that ensures wealth generation and job creation.

Objectives and Targets, 2021 – 2025

The broad objective of the agriculture Plan is to increase the sector's productivity to drive economic growth and meet domestic demand for food. By 2025, Nigeria's agricultural productivity is expected to increase as technology, innovation and climate-smart practices are introduced to ensure the continuous availability of affordable and nutritious food. As productivity in the sector rises over the long term, we expect the share of agriculture in GDP and employment to decline in the context of structural transformation.

The results framework below identifies various indicators linked to specific objectives to be achieved under this sector as presented in Table 4-2.

Table 4-2: Objectives and Targets of Agriculture and Food Security

| Objectives | Key performance indicators | Baseline | Target |
|--|---|--|--|
| Reduce post-harvest losses | The total amount of post-harvest losses from key value chains | 60 percent for all agricultural output | 30 percent of all agricultural output |
| Build a sustainable food production systems | Total arable land under cultivation | 34 million hectares ⁹ | 42 million hectares |
| Increase agricultural export volume | Share of agricultural exports in total exports | 4.37 percent ¹⁰ | 6.12 percent |
| Increase female participation in agriculture | Share of women in the population of women 15 years and above. | 19.6 percent ¹¹ | 25 percent |
| Improve national food security ranking | Increase National food security ranking to top 3 in SSA and top 50 in the world ranking | <ul style="list-style-type: none"> • 92 out of 104 countries • 13th of 28 countries in Sub-Saharan African | <ul style="list-style-type: none"> • Top 50 in the global ranking • Top 3 in SSA |
| Increase private sector investment in the agriculture sector | Bank credit allocation to agricultural activities/sector | 5.1 percent of total private sector credit | 10 percent of total private sector credit. |
| Increase food self-reliance through increased productivity | Share of foods in total imports (%) | 20 percent | 15 percent |
| Sources: NBS, NLSS, FMARD for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the objectives/targets

The strategies which are critical to realizing Nigeria's agriculture and food security goals include:

- Increase national agricultural productivity and reduce post-harvest losses.
- Production systems and technology to increase national output and productivity in priority crop value chains, including cassava, rice, maize, soybean, yam, and tomatoes, will be leveraged for climate adaptation in sustainable production practices.
- Development partners and extension services will be consulted to access relevant information, technology, and training to address current and future climate shocks.
- Relevant institutions such as the Nigerian Agricultural Insurance Corporation (NAIC) will be strengthened to increase insurance coverage for floods and post-harvest losses suffered by farmers.
- Existing legislation will be strengthened and necessary ones enacted for commodity exchange operations, warehousing, and trading of produce.
- The management and capacity of silo complexes at Lafia, Minna, Gusau, Dutsinma, Yola, Akure, and Ilesha and the National Reserve mechanism will be revamped to ensure efficiency, effectiveness, and transparency. Additionally, value chain actors will be

supported to reduce post-harvest losses via efficient storage, logistics, and development of market linkages.

- As part of measures to reduce post-harvest losses, the government will also prioritise developing critical rural infrastructure such as roads, reactivation of grain aggregation centres, off-grid energy solutions and ICT, as explained in a subsequent chapter on integrated rural development.
- Increase livestock and aquaculture productivity by implementing past transformation plans. The government will implement key policies including the National Livestock Transformation Plan (with key programmes on animal breeding and conservation, grazing reserves development, dairy value chain development and small ruminant development); the National Accelerated Fish Production Programme, and enforce the National Dairy Policy.
- The government will also eliminate the smuggling of fish and poultry by instituting policies for freshwater, deep sea, coastal fishing to curb illegal fishing and develop the blue economy generally. This will also include addressing related issues including; pests and diseases, upgrading abattoirs and slaughterhouses and establishing veterinary services.
- Strengthen value chain linkages by promoting local sourcing and value addition. Backward integration

⁹FMARD, 2017 and NAERLS, 2018

¹⁰NBS, 2020

¹¹NLSS, 2019

and local sourcing by manufacturing, food processing companies, and institutional buyers focusing on priority value chains. These linkages will be fostered to help strengthen the overall industry and create jobs. Additionally, there will be an increased focus on local processing and value addition to ensure the year-round availability and affordability of nutritious food.

- Existing institutions with a mandate to strengthen local businesses, such as SMEDAN, NIPC, NOTAP, NAFDAC, SON, RMRDC and their equivalents at the subnational level will be authorised to prioritise support for private sector R & D for key products.
- Agriculture research institutions will be strengthened with appropriate frameworks developed for the commercialisation of their research findings and produce.
- Inspection capacity at ports and quality management labs in central food processing states will be strengthened.
- Existing agriculture financing schemes and initiatives to support value chain actors in maintaining and scaling up their operations will be realigned, while ensuring inclusion for women and youth-owned agro-businesses. This will be achieved by working with current agriculture financing ecosystem actors, including microfinance and commercial banks and ensuring the reorganisation of existing institutions such as the Bank of Agriculture and National Agricultural Insurance Corporation, and credit programmes including the Anchor Borrower's Programme among others.
- Improve security across Nigeria's agricultural investments. A national policy and legislation for community policing and security that empowers farming clusters and associations to ensure security in their communities will be implemented.
- Ensure equity, capacity building, and inclusion of women and youth in agriculture and food security. Government will leverage the National Agricultural Gender Policy by the Federal Ministry of Agriculture and Rural Development, the National Gender Plan of the Federal Ministry of Women Affairs and existing youth initiatives by FMYSO, FMARD, FMLP as well as other similar agencies at the subnational levels to ensure the inclusion of women and youth in the agriculture sector.
- The digitization program of the Federal Ministry of Communication, Federal Ministry of Agriculture and Rural Development, and National Bureau of Statistics (NBS) will be utilised to promote the use of gender-sensitive data collection and gender statistics for evidence-based planning, policy, and programme design, implementation, and evaluation.
- Attain export competitiveness in high value and priority agricultural products. Government will strengthen NEPC's ability to facilitate market linkages to private sector exporters via targeted research, leveraging embassies and trade missions.
- Government will fully automate the exportation process for produce and food products from Nigeria to ensure transparency and accountability at the ports with a special window for agricultural products.
- NEPC and SON will partner with training institutions to provide targeted export training and capacity building through commodity associations focusing on standards.
- In partnership with financial service providers, the Government will raise awareness about funding opportunities for exporters, develop tailored financing instruments and provide incentives for the repatriation of proceeds from export sales.
- All Nigerian Embassies/High Commissions will have a trading desk, and clear targets to support Nigerian exports. NPA will also develop and implement a streamlined process for exportation in collaboration with all levels of government with clear and transparent steps including the creation of a special export logistics window for agricultural products.

Investment and Resource Allocation

To achieve the goals outlined for the agriculture sector, the estimated public investment is N1.46trn for the period 2021-2025. As the government repositions agriculture as a business and implements the strategies to unlock domestic and foreign investment in the sector, it is expected that private sector investment will equally account for a substantial part of total investment in the industry.

Conclusion

The agriculture sector remains a critical lever for ensuring economic development and the wellbeing of Nigeria's populace. With a focus on increasing sector productivity and value addition, Nigeria will transform agriculture into a more significant component of its concentric diversification agenda, resulting in inclusive growth and development.

CHAPTER 5: INTEGRATED RURAL DEVELOPMENT

Introduction

Approximately half of Nigeria's population live in rural areas. 52% of the rural population are classified as poor, compared to 18% of the urban population and 40% of the total population¹². Thus, the 'rural poor' constitute a significant proportion of the poor in Nigeria. Agriculture is the biggest driver of economic activity in rural areas, contributing 90% of food produced in the country. To meet poverty and inclusive growth objectives, Nigeria will need to promote rural development by enhancing economic activities and providing the required infrastructure in rural areas to drive investment in agriculture and other related sectors.

Owing to the conflation of rural development with agriculture, there is a tendency to neglect the sector in the allocation of resources and policy formulation to target the binding constraints to rural development. This conflation extends to the institutional arrangements that

target rural development in Nigeria and results in the location of rural development interventions in Ministries of Agriculture at the national and subnational levels. For this reason, it is difficult to extricate sectoral targets in rural development from agriculture sector targets. Thus, the government will, forthwith, define rural development targets separately from agriculture so that the sector performance can be distinctly monitored.

Review of Sectoral Performance

The Nigerian rural sector performs far below the urban sectors (Table 5.1). Specifically, the rural unemployment rate, poverty count, access to clean water and electricity recorded 34.5%, 52.1%, 42% and 41% as against urban values of 31.3%, 18%, 75% and 86% respectively. This evidence underscores the need for integrated rural development in Nigeria, such that as improvements are recorded in both the rural and urban sectors, the disparities between the two sectors are increasingly reduced.

Table 5-1: Relative Performance of Selected Rural Indicators

| | Rural | Urban |
|--|-------|-------|
| Unemployment Rate (%) | 34.5 | 31.3 |
| Poverty headcount rate (%) | 52.1 | 18.0 |
| Share of population with access to clean water (%) | 42 | 75 |
| Share of population with access to electricity (%) | 41 | 86 |
| Source: NBS; WHO and World Bank | | |

Challenges and Opportunities

Limited economic activities in rural Nigeria hinder the economic development and income earning potential of rural dwellers. Poverty and unemployment rates in rural areas are almost three times that of urban areas – in 2018, poverty rates were 52.1% and 18% for rural and urban areas, respectively. It can be traced to higher unemployment rates owing to generally limited economic opportunities in rural areas. Additionally, agriculture being the primary source of livelihood and income of rural dwellers is faced with limited productivity, poor access to the market, limited storage facilities and low technology adoption. Consequently, many smallholders' rural farmers suffer huge post-harvest food losses, which limit their overall livelihoods.

Infrastructure gaps further exacerbate the situation in rural Nigeria and limit the potential for critical sectoral linkages. Low electrification, poor road networks and shortage of ICT infrastructure are complementary factors that reinforce poor living standards in rural Nigeria and constrain critical linkages between communities and markets, which are essential in improving sectoral output and productivity in rural areas. Against this background, proper attention will be given to agricultural sector relevant infrastructure, including; good roads, off-grid power and storage capacity. This is to improve on-farm storage, reduce waste in the food distribution systems and increase access to markets for crops and livestock products.

¹²Nigeria Living Standards Survey, 2018-19

Furthermore, improved local processing capacity will increase the quality of certain high-value crop products produced in rural areas (e.g., ginger, sesame seed etc.) and help generate incomes for rural dwellers and foreign exchange for the country on a sustainable basis. Currently, inadequate infrastructure limits sectoral linkages, reinforcing poverty, unemployment, and low standards of living. Consequently, there is an increasing incidence of rural-urban migration as the rural population as a percentage of the total population fell from 85% in 1960 to 49% in 2019.

Climate change impacts and rising insecurity in rural areas are fuelling rural-urban migration and worsening livelihoods. The insurgency in the North-East and the clashes between farming communities and nomadic herdsman because of climate change effects has resulted in increased precarity as agricultural activities, the mainstay of these communities, are curtailed. Families have fled to urban areas where security can be guaranteed, leading to an increase in the urban poor.

Nigeria can tap the potentials of its rural areas to achieve broader economic gains. There is an opportunity to harness the significant human and natural endowments

in rural Nigeria to realise the country's wider economic development aspirations. It will entail prioritising infrastructure development to stimulate economic activity and build critical sectoral linkages. Economic activity in rural areas will extend beyond agriculture

to manufacturing, services, mining and other labour-intensive activities with the required infrastructure. With this foundation, the economic fortunes of rural Nigeria will improve, leading to increased national contributions.

Objectives and Targets, 2021 – 2025

The broad sectoral objective is to accelerate integrated rural development through infrastructure development and sectoral linkages. The government will adopt a holistic approach to ensure rural development by focusing on programmes and policies that harness the potential of the rural economy to create opportunities for its inhabitants. This will begin with developing critical rural infrastructure and progress with the development of sectoral linkages to create economic opportunities and improve livelihoods.

Table 5-2 presents the objectives, the performance indicators and the 2025 targets.

Table 5-2: Objectives and Targets of Integrated Rural Development

| Objective | Key performance indicators | Baseline (2020) | Target (2025) |
|--|--|---|-------------------------|
| Minimize disparity in economic development between rural and urban areas nationwide | Unemployment rate (%) | Rural 34.5 Urban 31.3 | 20.2 18.3 |
| | Poverty headcount rate (%) | Rural 52.1 Urban 18.0 | 44.5 15.3 |
| | Underemployment rate (%) | Rural 26.9 Urban 16.2 | 23.3 14.0 |
| | Inequality | Rural 32.77 Urban 31.94 | 29.5 28.0 |
| Minimise disparities in access to public services between rural and urban areas nationwide | Share of population with access to clean water (%) | Rural 42% Urban 75% | Rural 75% Urban 100% |
| | Share of population with access to electricity (%) | Rural 41% Urban 86% | Rural 75% Urban 100% |
| Increase rural transportation infrastructure | Rural roads constructed (km) | 20% increase in km of rural roads constructed | |

Source: NBS; WHO and World Bank for baseline data; targets are projections

Strategies and Policies for accomplishing the objectives/targets

The strategies which are critical to realizing Nigeria's integrated rural development goals are:

- Prioritise the development of critical rural infrastructure such as roads, off-grid energy, and

ICT facilities to begin a much-needed economic revitalisation. The intent is to support the emergence of other economic sectors such as light manufacturing, solid minerals and outsourced services. This will be achieved by employing the same broad strategies outlined in the chapters on infrastructure such as

- energy and transportation, but with a focus on rural areas. It will also entail leveraging existing infrastructure plans such as the National Integrated Infrastructure Master Plan 2015-2048 and the National Renewable Energy Action Plan, 2015-2030.
- Facilitate private sector investment to accelerate the provision of infrastructure in rural areas. Collective financing models for mechanisation and irrigation will also be introduced such that rural dwellers pay-as-they-use. PPPs to spur investment in rural housing, renewable energy, ICT, education around staple crop processing zones, and other strategic farming areas within the state will be facilitated. To benefit from economies of scale and increase the attractiveness of these investments, the interventions will be bundled to encourage private sector engagement and services at affordable prices.
 - Build sustainable livelihoods by improving agricultural productivity. Many rural settlements in Nigeria have economic potential in several sectors, including agriculture, agro-allied, solid minerals and light manufacturing. Given that many rural economies are agriculture-driven, the government will focus on improving agricultural productivity, quality and timely access to markets.
 - Strengthen linkages between agriculture and other sectors of the economy to enhance value creation and improve incomes for rural farmers. Digital access to markets for farmers in rural areas and the provision of digital financial services through private sector providers will be prioritised to improve productivity and create access to credit facilities. Intersectoral linkages within rural economies will be mapped out to identify precise opportunities to attract investments and enhance non-farm incomes towards improved employment generation and poverty reduction among rural dwellers
 - Enhance social inclusion primarily through education and healthcare. To further improve welfare, sustainability and overall quality of life in the rural areas, the government will also increase access to quality education and healthcare in rural areas. The education and skills systems will be linked with the comparative strengths of rural communities to ensure the alignment of skills and opportunities. Across rural communities, the federal, states and local governments will facilitate private sector innovations in building quality and affordable health centres, schools and skills development centres to improve

the living conditions of rural dwellers.

- Increase access to credit and other economic opportunities available to micro enterprises in rural areas. This is to ensure that rural integration is not limited to agriculture activities, thereby enhancing non-farm incomes, employment generation and poverty reduction among rural dwellers.

Investment and Resource Allocation

At present, the resource allocations to rural development by all tiers of government are delivered through a broad range of MDA budgets, especially the agriculture and rural development ministry, works and housing, power, health and several extra-budgetary programmes and initiatives. Going forward, a tracking mechanism to determine the allocations to rural development through federal, state and local government budgets will be developed by activating existing codes in the Chart of Accounts. Given the required investment in the sector, public spending will be enhanced by private sector financing; however, the government will still undertake significant investments in the sector in the short term due to the current incentive structure in the private sector. As the plan unfolds, the expectation is the realignment of incentives to encourage private investment.

Conclusion

Nigeria's rural economy has significant untapped economic potential which can help achieve the country's overall economic growth and development ambitions. In the years leading up to 2025, the government will implement the necessary measures to link rural communities to urban, regional, and global markets and support value chain development in agribusiness and other sectors. This is expected to diversify the Nigerian economy further, create jobs and reduce poverty in rural areas.

CHAPTER 6: MANUFACTURING

Introduction

Nigeria's manufacturing sector is among the largest in Africa, with numerous opportunities. However, the COVID-19 pandemic, which led to suppressed consumer demand and supply-chain disruption, resulted in a decline in actual manufacturing output in 2020. In addition, before 2020, the sector had continuously faced several structural challenges which had caused many manufacturing firms to shut down, limiting growth and investment inflows into the industry.

Perennial issues such as power supply, logistics bottlenecks, limited credit availability, and foreign currency scarcity have all affected the sector's performance over time. As a result, manufacturing sector growth has been stagnant (average of -0.6 percent between 2015 and 2019), while capacity utilisation has remained unimpressive.

Earlier national development plans recognised the potential of the manufacturing sector, not only as a major source of economic growth, but also an important driver of concentric economic diversification and structural change. Manufacturing is critical to Nigeria's industrialisation and advancement towards becoming a leading global economy in the coming decades. Nigeria's goal of becoming a top-20 global economy by 2020, however, was not achieved, in part due to a failure to address critical systemic barriers to improved manufacturing performance, which is required to sustain economic growth. Inadequate infrastructure, macroeconomic instability, insecurity, multiple taxation, and legislative and regulatory obstacles are now impeding the sector's growth.

Review of Sectoral Performance 2017 – 2020

Industrial activities across the globe generally declined in 2020 due to the COVID-19 pandemic. The combined factors of weakening consumer demand, supply chain interruptions, and rising inflation led to a 2.75 percent contraction in Nigeria's industrial output. Businesses that manufacture non-essential items had to close their doors across the country in the second quarter of 2020 due to the lockdown on account of the Covid-19 pandemic. As a result, input costs increased, sector-wide layoffs occurred, and exports decreased. Between 2017 and 2020, Nigeria launched a series of initiatives to alleviate manufacturing industry bottlenecks and promote industrialisation,

including the review of the Nigerian Industrial Revolution Plan (NIRP). The government prioritised resolving several manufacturing-related issues, from access to raw materials to export promotion. Over the last three years, several projects aimed at enhancing value chain resilience through market linkage programmes, particularly in the agriculture sector, have been launched. Among these programmes is one that assists out-growers of sugarcane and provides farm infrastructure projects. Farmers on sugar plantations have benefited from the programme by obtaining low-interest loans to cultivate sugarcane and supply it to sugar mills.

Additionally, there has been increased funding of the export expansion grant (EEG) fund to stimulate demand for locally manufactured goods and to ensure Nigeria's export-oriented businesses remain stimulated and competitive. Additionally, the EEG programme addressed inquiries from numerous organisations regarding pending grant claims by exporters. Various government agencies are implementing export market expansion programmes in line with their mandates, and often with the support of development partners. These initiatives have increased SME exporters' capacity to access specific export markets in the EU, the US, Asia, and Africa. Additionally, the programmes assist exporters in closing skills and knowledge gaps that impede their success in international markets and establish strategic market connections between Nigerian exporters and foreign customers.

The government has developed, populated and digitised an industrial database. This database will compile data on manufacturing industries across all states. It will increase manufacturers' awareness of challenges and market connectivity gaps. Other critical government programmes aimed at market integration and regulatory reform include the following:

- Industrial policy reforms and enabling business environment programmes focused on developing policies that ensure business growth for manufacturing companies.
- Promotion of non-oil exports through integrated Market Information Systems (MIS) and Order Generation Systems (OGS).
- Convening a National Council on Industry, Trade, and Investment to develop and implement policies and programmes to attract investment, boost

industrialization, increase trade and exports, and develop Small and Medium Enterprises.

Table 6.1 shows that Nigeria's manufacturing GDP increased from N10.04trn in 2017 to N18.90trn in 2020. As a share of GDP, the sector contributed 10.66 percent on the average during the review period. The manufacturing GDP which contracted by -0.21 percent in 2017, grew by 2.09 percent and 0.77 percent in 2018 and 2019 respectively. During the Covid-19 pandemic, the sector recorded a negative growth of -2.75 percent, worse than that of the entire economy which contracted

by -1.92 percent.

While there have been some successes, there have also been some challenges, such as funding gaps and process inefficiencies. The most important takeaway from the sectoral assessment is the need for increased budgetary allocation for infrastructure project funding, as several key industrialisation projects have been delayed owing to underfunding of infrastructure that foster investments in manufacturing activities. Additionally, there was inefficiency in government processes, with complaints about export procedures and documentation.

Table 6-1: Performance of the Manufacturing Sector (2017-2020)

| | 2017 | 2018 | 2019 | 2020 |
|---|--------------|--------------|--------------|--------------|
| Manufacturing GDP at current market prices (N'trn) | 10.04 | 12.46 | 16.78 | 18.90 |
| Manufacturing GDP as share of Total GDP (%) | 8.83 | 9.75 | 11.64 | 12.40 |
| Manufacturing GDP growth (%) | -0.21 | 2.09 | 0.77 | -2.75 |
| Total GDP growth (%) | 0.83 | 1.90 | 2.27 | -1.92 |
| Source: NBS | | | | |

Challenges and Opportunities

Poor infrastructure, particularly inadequate supply of energy and limited transportation options, is the primary barriers to manufacturing in Nigeria. Nigeria's infrastructure is inadequate to support the country's current and future attainment of its economic goals. For example, a significant gap in electricity supply necessitates investments in expensive energy generation solutions thereby inflating the cost structure of certain enterprises while crippling others. Similarly, inefficient and decayed transportation infrastructure hinder value addition to commodities and agricultural products while increasing operational costs of manufacturing firms.

In addition, port infrastructures are too weak to make Nigeria competitive. Freight of goods from the port to most parts of the country is arduous and attended with risks that further aggravate costs. This poor state of transport connectivity weakens ties between manufacturing and primary industries like agriculture. Besides weak infrastructure, key macroeconomic factors are negatively impacting Nigeria's manufacturing prospects:

- High interest and inflation rates: High interest rates prevent manufacturers from funding their operations, particularly in the absence of long-term facilities – manufacturers are frequently charged interest rates of up to 22-31% on commercial bank loans.

Additionally, the rise in inflation rates has resulted in a more precarious cost structure for manufacturing activities over the last decade.

- Volatile exchange rates: Exchange rate depreciation associated with lower oil prices over the past half-decade has also exacerbated manufacturing costs as many inputs are imported. Furthermore, the prevalence of multiple exchange rates and restricted access to foreign exchange further intensify the difficulties in the manufacturing sector.
- Long term funding: Most Financial institutions in Nigeria are unable to provide the much-needed long-term financing to adequately support the manufacturing sector. Development finance institutions, such as the Bank of Industry, are about the only institutions that can finance long-term projects of up to 10 years with moratorium opportunities due to their ability to raise long-term capital.
- Multiple taxation and levies: Enterprises, especially MSMEs, are confronted with taxes, levies, and tariffs from multiple agencies across the 3-tiers of government. These taxes drive up the overall cost of doing business and affect their abilities to meet obligations and operate in a sustainable manner.

Finally, policy and sectoral integration questions impose further constraints on the manufacturing sector—

inconsistencies and reversals in policy have hampered manufacturing progress. Frequent policy reversals have harmed several manufacturing sub-sector's ability to realise anticipated gains. This results in losses for manufacturers who have already made investments in the direction of the policy. Additionally, firms have expressed concern about an increasing cost structure due to regulatory pressure and multiple taxes, raising the need to review the manufacturing policy and regulatory landscape.

Nigeria's manufacturing sector can be revitalised by addressing these issues, thereby speeding up the country's industrialisation process.

Given the critical importance of an improved manufacturing sector to overall industrialisation, Nigeria will accelerate progress by removing manufacturing impediments and creating an enabling environment for large-scale industrial investment, while at the same time promoting the development of small and medium-sized manufacturing firms. The manufacturing industry provides numerous opportunities for growth and investment, including market access and export opportunities offered by the AfCFTA single market.

Subsectors such as agri-business and agro-allied provide opportunities to maximise the benefits of the country's agricultural resources by establishing an end-to-end integrated agriculture value chain, increasing domestic production to meet domestic demand and exports. Furthermore, Nigeria's large and youthful population and natural resource endowment provides enormous potential in local markets for light manufacturing, pharmaceuticals, oil refining, and petrochemicals.

Objectives and Targets, 2021 – 2025

The broad objective of the Plan in relation to the manufacturing sector is to improve the manufacturing climate, output and performance through improved infrastructure, stabilising the macroeconomy, and removing regulatory constraints. As part of its efforts to improve the business environment for manufacturing, the government will simultaneously improve infrastructure, deepen and expand existing enabling business environment reforms, and align fiscal and monetary policy to strengthen the economy. The objectives, key performance indicators and the 2025 targets are presented in Table 6-2.

Table 6-2: Objectives and Targets of Manufacturing and Industrialisation

| Objective | Key performance indicators | Baseline | Target |
|--|---|----------------|----------------|
| Increase manufacturing output | Increase in the contribution of the manufacturing sector to GDP | 11.64 per-cent | 13percent |
| Increase financing for manufacturing activities | Banks credit allocation to manufacturing activities/sector | N3.2 trillion | N 6.5 trillion |
| Improve value chain integration to promote domestic sourcing of manufacturing inputs | Share of manufacturing to total exports | 7.7 percent | 20 percent |
| Source: NBS for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the Objectives/Targets

Four strategies are critical to realising Nigeria's manufacturing goals.

- Increase infrastructure provision to alleviate bottlenecks in manufacturing: Infrastructure has widespread effects on manufacturing productivity and industrialisation. As a result, the government plans to expand Nigeria's infrastructure stock, beginning with energy and transportation infrastructure. It is expected that industries will have a steady energy supply by the end of the plan period.

Industrial locations will also be linked to multimodal transportation infrastructure covering rail, roads, air and seaports.

- Launch interventions to finance manufacturing expansion: Improve the availability and affordability of long-term single-digit financial facilities for Nigerian manufacturers. This will lower manufacturing's overall cost structure and potentially lower entry barriers, resulting in a surge in manufacturing activity across the country and increased economic output from the sector.
- Strengthen value chain linkages to primary sectors: Strengthen linkages between the agro-allied and

primary sectors to ensure raw material availability for manufacturing. This will be accomplished by implementing value chain development programmes and incentives to encourage local sourcing of raw materials in areas where Nigeria has a comparative advantage. There will be emphasis on fostering synergies among the Ministries of Industry, Trade and Investment and other relevant MDAs such as the Ministries of Agriculture and Rural Development and Ministries of Science and Technology, both at the federal and state levels, to implement initiatives that improve the productivity of value chains to provide critical input for manufacturing.

- Review existing manufacturing policies, laws and regulations to ensure business friendliness and trade. The government will take a comprehensive approach to the policies, laws, and regulations required to create a mutually reinforcing framework that promotes competitiveness and a business-friendly environment. Policies, rules, and regulations will all work in tandem to achieve export orientation of manufacturing activities. Through the Industrial Policy and Competitiveness Council, the government will provide the private sector with a channel to share feedback on its policies.
- Facilitate the development of industrial cities, industrial parks, and industrial clusters, while focusing on making hard infrastructure available within these industrial zones
- Leverage technology and other digital innovations to aid Nigeria's industrialisation process and competitiveness.
- Work with key partners, especially development finance institutions, to develop and expand the credit guarantee schemes available to players in the manufacturing sector, particularly the MSMEs.
- Strengthen state-owned development finance institutions by injecting additional equity capital towards enabling them to support enterprises more effectively.

Investment and Resource Allocation

To meet the stated goals, the government will optimise financing for various initiatives aimed at eliminating binding constraints in the manufacturing sector. In addition, the government will prioritise the promotion of investment in the industry.

Within the planning period, an estimated public investment of about N868.56bn is committed to complement private sector investment on this sector to achieve the objectives. Along with the Government's contribution to relevant ministries' capital expenditures, other government agencies involved in industrial development in the three-tiers of government will use their resources to prioritise initiatives aimed at fostering manufacturing growth and competitiveness. Government will demonstrate its commitment towards creating an enabling environment for private investment to thrive in the country. Furthermore, the implementation of the AfCFTA should attract significant private sector investment.

Conclusion

In the years ahead, Nigeria will facilitate the rebirth of the manufacturing sector by improving the enabling environment, crowding in additional capital, and strengthening value chain linkages. These initiatives are expected to accelerate the pace of the country's industrialisation, improve economic growth and foster value-added export orientation of manufacturing activities. Synergies and consolidation of efforts from all government ministries, departments and agencies involved in the sector's development is key to realizing the stated objectives. Successful implementation of initiatives and stated objectives will advance the performance of the manufacturing sector.

CHAPTER 7: OIL AND GAS

Introduction

The oil and gas sector plays an essential role in the Nigerian economy. The sector accounted for about 10 percent of GDP, 90 percent of export earnings and 60 percent of government revenues over the last 5 years. This shows evidence of an undiversified economy susceptible to terms of trade shock. However, the sector is poised for further growth, given its potential contribution to Nigeria's industrial development and the country's large endowment in oil and gas resources. Therefore, the plan is to properly tap this potential to increase its contributions and linkages to other industries in the wider Nigerian economy.

Review of Sectoral Performance 2017 – 2020

Nigeria targeted increased oil production and revenue from the sector through effective stakeholder engagement. Triggered by the recession of 2016, the government focused on positioning the oil and gas sector to contribute to economic restoration between 2017 and 2020. Policies were introduced to increase oil production and improve local refining through various programmes. For instance, the government successfully engaged stakeholders in the Niger Delta to end attacks on oil facilities. This was achieved through the execution of the Niger Delta Compact and Community Engagement Standard (CES).

Additionally, structures were established to encourage the development of modular refineries to increase local refining capacity. Opportunities for establishing modular refineries were created as part of Nigeria's strategy to reposition its oil and gas sector under the "Refineries and Local Production Capacity" initiative. The initiative aimed at supporting the development of the third party financed Greenfield and modular refineries with design capacity not more than 30,000bpd that are located within refinery clusters for effective operations and minimal environmental footprint. The preferred modular refinery model involves a private-sector-led partnership with equity participation from the state government or

its agencies, registered local cooperative societies, and regional refinery stakeholders' integration.

The government supported and encouraged the development of these modular refineries by approving duty-free imports of associated equipment. The government then licensed ten operators to establish modular refineries, including the Niger Delta Petroleum Resources (NDPR) 10,000 bp/d refinery in Rivers State, Walter Smith (Petroman) 5,000 bpd modular refinery in Imo State, and Opac 7,000 bpd facility in Delta State. Finally, a technical committee on Modular Refinery Funding (MRF) was established to develop an intervention funding programme for Modular Refineries investors to access a credit facility to resolve fund gaps faced by investors in the sector. This led to the commissioning of the Walter Smith refinery and the reduction of fuel shortages during festive periods.

Generally, the sector's performance has been mixed owing to the effects of dwindling global crude oil prices and challenges to domestic production level. Between 2017 and 2020, the sector accounted for about 9 percent of Nigeria's total GDP on average. While the industry recorded positive growths between 2017 and 2019, its growth rate fell sharply to -8.89 percent in 2020, thus contributing significantly to the negative growth of overall GDP of -1.92 percent. The impact of the OPEC+ disagreement and the Covid-19 pandemic lockdowns, largely accounted for the significant drop in the 2020 growth and revenue declines. Nigeria's average crude oil production fell from 2.03mbpd to 1.76mbpd, even as the average crude oil price fell from \$65.8pb in 2019 to \$41.9pb in 2020.

Oil refining accounts for a small proportion of Nigeria's manufacturing sector and the GDP (Table 7.1), suggesting that Nigeria needs to build up its oil refining capacity. The values ranged from 0.19 percent in 2017 to 0.04 percent in 2020 for the share of oil refining in total GDP, from 2.11 percent to 0.30 percent for the percentage of oil refining in manufacturing GDP.

Table 7-1: Performance of the Oil and Gas Sector (2017-2020)

| | 2017 | 2018 | 2019 | 2020 |
|---|-------|-------|-------|-------|
| Oil and gas GDP (N'trn) at current market prices | 10.36 | 13.42 | 12.40 | 10.20 |
| Oil and gas GDP (N'trn) at 2010 constant prices | 5.94 | 6.00 | 6.27 | 5.71 |
| Share of oil and gas in total GDP (%) | 9.11 | 10.51 | 8.60 | 6.69 |
| Oil and gas GDP Growth Rate (%) | 4.79 | 0.87 | 4.59 | -8.89 |
| GDP Growth Rate (%) | 0.83 | 1.90 | 2.27 | -1.92 |
| Average crude oil price (US\$pb) | 54.1 | 72.7 | 65.8 | 41.9 |
| Average oil production (mbpd) | 1.89 | 1.92 | 2.03 | 1.76 |
| Share of oil refining in total GDP (%) | 0.19 | 0.16 | 0.10 | 0.04 |
| Share of oil refining in manufacturing GDP (%) | 2.11 | 1.69 | 0.89 | 0.30 |
| Source: NBS, CBN | | | | |

In addition, the backward and forward linkages of the sector with the pharmaceutical and agricultural sectors to enhance growth and job creation is critical and the MNTDP will optimally explore these potentials. Invariably, the contribution of oil refining in manufacturing should increase substantially with the planned rehabilitation of the oil refineries in the country.

Challenges and Opportunities

Nigeria's oil and gas industry is yet to reach its potential owing to several constraints. Sixty-three years after discovering crude oil in Nigeria, the country has become the 13th largest crude oil producer in the world with an average output of 2 million barrels per day (mbpd) approximately. However, the industry is plagued by multiple challenges, including inadequate infrastructure, high exploration and production costs, weak legal framework, irregular gas supply, pipeline vandalism and non-functional refineries. Moreover, the country is exporting crude while currently importing refined products.

- The upstream segment is yet to reach a production target of 2.2mbpd owing to funding gaps, theft, and current OPEC+ quotas, as well as investment apathy. With the passage of the Petroleum Industry Act (PIA), apathy to investment in the sector should be reversed.
- The midstream segment is constrained by low refining capacity, insufficient gas utilisation, and limited activity in petrochemicals.

Nigeria currently has four refineries (two in Port Harcourt, one in Warri and another in Kaduna) with a total installed capacity of about 445,000 barrels per day, but these are all non-functional or grossly under-performing. The rehabilitation of government refineries and the completion of other private refineries will contribute significantly to self-reliance in

petroleum products and exports to African countries. Further, Nigeria has the ninth-largest reserves of natural gas in the world. Yet, about 11.04 percent (2.9 TSCF) of annual associated and non-associated gas is still being flared owing to insufficient gas processing, thus constituting an environmental risk and robbing power plants of a critical fuel for electrifying the country. Despite the surplus of petrochemical feedstock from various gas processing plants, only one player is operating at scale – the privatised Eleme Petrochemical Company – and a few other smaller players.

- The downstream sector, comprising transportation and storage, has a range of inefficiencies, owing to pipeline vandalism, lack of transparency, inefficient data collection and inadequate storage capacity. Other deficiencies include inadequate maintenance of delivery trucks leading to increased breakdowns on roads and highways, shortages of petroleum products and environmental pollution. The old pipeline system has constrained the development of the overall midstream and downstream segments of the sector. The increased use of trucks to convey petroleum products over long distances, is a clear demonstration of the weakness of the pipeline system. In the implementation of this Plan, the pipeline network will be repaired and extended to ensure efficient transportation of petroleum products. The information asymmetry, owing to lack of reliable data constrains proper policy formulation in critical areas such as storage and financial management, will be rectified.
- During the plan period, the oil and gas sector in the country would be positioned for global competition, including exploring the capacity to assist other countries prospecting for oil; thus, making Nigeria's

oil company global brand. This would create more employment and generate foreign exchange. Furthermore, regulatory and security uncertainties have weakened investors' confidence and further stifled growth in the sector. However, with the Petroleum Industry Act (PIA) now in place, there should be a shift in this narrative to unlocking investment opportunities in the sector. Thus, the additional economic value derived from the oil and gas sector would spur Nigeria's concentric diversification agenda considering the several backward and forward linkages across the other sectors of the economy. Given Nigeria's rich oil and gas endowments, the industry has significant untapped potential. With the PIA and the maximization of these potentials, the oil and gas sector should create substantial financial resources that can be channelled into the concentric diversification of the Nigerian economy through strategic investments in critical sectors and building key infrastructure components to ensure a stable and competitive business environment.

New Opportunities and prospects for the Nigerian oil and gas sector are provided by the PIA. The Act is an attempt to implement the much-needed reforms to improve the structure, governance and fiscal policy of the Nigerian oil and gas sector.

It further seeks to ensure that gas production targets are achieved to meet domestic and industrial market demands as well as improve crude oil production both at the onshore and deep-water segments. The Act is expected to further aid dialogue and transparency among stakeholders, ensure effective policy and

regulatory oversight, raise government revenue and encourage competition in the downstream segment of the industry.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria would have reformed its oil and gas sector to increase investor confidence and accelerate revenue generation through increased production, refining capacity and efficient downstream operations. Nigeria plans to achieve a series of transformation across the oil and gas value chain by increasing crude oil production, commercializing 80 percent of produced gas, improving refining capacity through privatisation and construction of new refineries, improving efficiency and transparency of downstream operations and ensuring all oil and gas operators have and implement a decommissioning and asset retirement (DAR) plan.

Towards achieving a gas-based industrial development for Nigeria, the government will pay attention to gas feedstock availability, construction of Gas Processing Plants (GPPs) and development of industries that consume intermediate products produced by these GPPs. That Nigeria's gas fields are widely dispersed and medium-sized require arrangements to support gas aggregation to energy parks as centres for industrial development. Three of such Energy Parks across the producing areas will be considered on a scale that ensures their commercial viability and competitiveness. Table 7.2 summarizes the objectives and 2025 targets for the sector.

Table 7-2: Objectives and Targets of the Oil and Gas Sector

| Objectives | Key performance indicators | Baseline | Target (2025) |
|--|---|--------------------------|---------------|
| Diversify the contributions of oil and gas to Nigerian economy | Share of Nigeria's GDP attributable to crude petroleum and natural gas production | 8.60% | 7.56 percent |
| | Share of Nigeria's GDP attributable to oil refining | 0.10% | 1.0 percent |
| Improve upstream operations | Increased oil production | 2.03mbpd | 2.38mbpd |
| | Increased gas production | 7.92bscfd ¹³ | 15bscfd |
| | Percentage of gas channelled to power plants | 75 percent ¹⁴ | 80 percent |
| Improve production cost-efficiency | Unit Operating Cost of Production (\$/bbl) | 13.3 | 10 |
| Provision of adequate security | Number of pipeline breaks/vandalism per year | 1,484 ¹⁵ | 600 |
| Source: OPEC, NNPC and the NBS for baseline data; targets are projections. | | | |

Strategies and policies for accomplishing the objectives/targets

The following strategies, organised according to the sector segments, are critical to realizing Nigeria's Oil and Gas goals.

Upstream strategies

- Increase crude oil production to 2.38mbpd by ensuring the stability of the Niger Delta environment, reducing the cost of operations to US\$10 per barrel through cost optimization and cost-sharing initiatives amongst Joint Venture participants.

¹³NNPC Monthly Reports

¹⁴Enerdata, 2019

¹⁵NNPC Monthly Reports

- Commercialize up to 80 percent of upstream gas for use in powering gas power plants as well as for export purposes, rather than increase environmental pollution through flaring. This will involve investing in additional gas infrastructure and strengthening current gas production sharing contract terms to increase viability and investment appetite. The government will also promote the policy on methanol fuel production technology already approved by the Federal Executive Council.

Midstream and downstream strategies

- Provide the framework to support private sector participation and initiative at building new refineries. Given the high dependence on imported petroleum products, it is imperative to build Nigeria's refining capacity. This will be achieved by encouraging private sector investment in building new refineries, to ensure more efficient operations and providing incentives to facilitate the establishment of new conventional and modular refineries.
- Repair and extend the coverage of pipelines to serve as an efficient transportation pathway for petroleum products. It will involve concessions to existing pipelines under a transparent and competitive Public-Private Partnership (PPP) arrangement with effective regulations to prevent monopolies and other adverse consequences.
- Provide an enabling environment for the petrochemicals sub-sector to thrive and reduce imports. The petrochemicals sector has significant potential for attracting foreign direct investment and creating jobs. Notably, Nigeria can produce petrochemical substances such as methanol and urea for domestic consumption and exports. The government will ensure the needed enabling environment for existing fertilizer plants to be completed and made operational whilst encouraging other projects through an enabling regulatory framework and favourable business environment.
- Deregulate the downstream sector to improve efficiencies and revenue. Improve efficiencies in the downstream segment by transitioning complete control of critical assets such as petroleum pipelines and processes such as retail trading to the private sector. This will increase transparency and

accountability, minimize incidences such as pump tampering and unlock funding for continued national growth and development. For this to be effective, competitive local refining and deregulation will occur concurrently.

Sector-wide strategies.

- Commitment to the full implementation of the Petroleum Industry Act will improve investors' confidence and overall sector efficiencies.
- Invest in security to protect the sector and minimise operational disruptions. Develop a holistic oil and gas security policy enforced by relevant security agencies, including the police force and the Nigeria Security and Civil Defence Corps. The policy will include intervention mechanisms through stewarded periodic industry-wide Security and Safety Quantitative Risk Assessments (SSQRA), covering all oil and gas value chain segments to ensure early identification and proactive resolution of security threats before escalation.

Investment and Resource Allocation

To achieve the goals outlined for the oil and gas sector, the estimated public investment over the Plan period is N5.1 trillion. Also, there is a significant first line charge on consolidated revenue funds used for cash calls and investment in major oil and gas major capital projects.

This will be used to execute priority projects in the sector to create an enabling environment for a private sector-led oil and gas industry. Furthermore, the implementation of the provisions of the PIA will attract significant investments into the sector.

Conclusion

The oil and gas sector is critical to the evolution of the Nigerian economy. In the years ahead, the Nigerian government will work towards maximizing the value of the sector to create the wealth needed to expand other aspects and components of the economy, create meaningful jobs for Nigerians and improve the overall business environment by creating the enabling environment to attract investment into the sector. The government would pay attention to the overall energy sector considering the current need for environmental sustainability.

CHAPTER 8: SOLID MINERALS, MINING AND STEEL DEVELOPMENT

Introduction

Minerals are important materials needed to produce everyday goods and build infrastructure. Mineral endowments are a source of wealth for resource-rich countries, and their exports represent a major supply of foreign exchange. Nigeria is endowed with diverse mineral resources, including gold, iron, lead, zinc, rare metals (SnNbTa), coal and gemstones, which can be harnessed for its economic development. Nigeria recognizes the importance of the minerals sector and has been undertaking a series of reforms to reinvigorate the minerals industry since the late 2000s.

Review of Sectoral Performance 2017 – 2020

In the past three years, considerable progress was made to revitalise the minerals sector in Nigeria, with a moderate impact on sectoral growth.

The minerals sector was a key component to achieving the ERGP economic growth objectives. The plan focused on gold and steel value chain development, improvements in the enabling environment to boost private investments and the sector's professionalisation. The Government made efforts at (i) revitalizing the Ajaokuta Steel Company Limited and establishing the Presidential Artisanal Gold Mining Initiative (PAGMI) to boost the gold value chain; (ii) increasing the number of mining cooperatives from 600 before the execution of the ERGP, to 1,495 currently registered across the country, of which 500 benefited from extension services; (iii) training more than 1,000 artisanal miners on safer mining practices and occupational hygiene through the safer miner mining pilot project; (iv) sensitising over 5,000 artisanal small-scale miners (ASM) on government programmes and policies regarding ASM operations and regulations; (v) ramping up its geological mapping activities and establishing an ISO 9001/14001 certified

geophysical and geochemical assay laboratory to improve availability of geoscience data of interest to local actors and potential foreign investors; and (vi) building minerals resource centres in Kagara, Niger and Kogi state, as well as safer mining technique centres for precious metals and tin in Kaduna and Osun states.

These successful initiatives resulted in increased involvement from ASMs in programmes, formalising artisanal mining operations, and reducing illegal mining. Additionally, Nigeria managed to attract foreign investments such as the Thor Exploration Project (Segilola Gold Mining), valued at over US\$900 million. While these successes demonstrate the enormous economic potential of the minerals sector, the plan is to have more targeted interventions that will enhance the growth of the sector and its contribution to the Nigerian economy.

The solid minerals sector's contribution to Nigeria's GDP is low, mainly comprising quarrying and other minerals sub-sector activities (Table 8.1). The sector's GDP ranged from N126.03bn in 2017 to N656.14bn in 2020. On average, it accounts for 0.24 percent of Nigeria's GDP over the review period. Major activities include quarrying and other minerals consisting of stone, sand and clay such as marble, granite, sandstone, limestone, gypsum, chalk, natural asphalt and bitumen. The contribution of Metal ores is meagre at about 0.01 percent of GDP. Metal ore activities consist of mining non-ferrous metal ores like aluminium (bauxite), copper, lead, zinc, tin, manganese, chrome, nickel, cobalt, molybdenum, tantalum, vanadium as well as precious metals like gold. Furthermore, the sector's growth rate has been mixed; growing from 0.14 percent in 2017 to 10.11 percent in 2018; while this fell to -5 percent in 2019, it rose to 15.72 percent during 2020 when the growth of the overall GDP was -1.92 percent.

Table 8-1: Performance of Solid Minerals, Mining and Steel Development (2017-2020)

| | 2017 | 2018 | 2019 | 2020 |
|---|--------|--------|---------|---------|
| A. Output (GDP in current basic prices) (N'bn) | | | | |
| Coal Mining | 9.44 | 9.78 | 12.91 | 11.48 |
| Metal Ores | 7.93 | 10.90 | 11.14 | 11.56 |
| Quarrying and Other Minerals | 108.66 | 204.10 | 344.95 | 633.10 |
| Total Solid Minerals | 126.03 | 224.79 | 369.00 | 656.14 |
| B. Share in total GDP (%) | | | | |
| Coal Mining | 0.01 | 0.01 | 0.01 | 0.01 |
| Metal Ores | 0.01 | 0.01 | 0.01 | 0.01 |
| Quarrying and Other Minerals | 0.10 | 0.16 | 0.24 | 0.42 |
| Total Solid Minerals | 0.11 | 0.18 | 0.26 | 0.43 |
| C. Growth rate (%) | | | | |
| Coal Mining | (1.45) | (5.81) | 13.15 | (20.50) |
| Metal Ores | 21.37 | 26.34 | (14.38) | (5.85) |
| Quarrying and Other Minerals | (1.12) | 10.33 | (5.63) | 21.16 |
| Total Solid Minerals | 0.14 | 10.11 | (5.00) | 15.72 |
| GDP Growth Rate | 0.83 | 1.90 | 2.27 | (1.92) |
| Source: National Bureau of Statistics and Central Bank of Nigeria | | | | |

Challenges and Opportunities

Despite Nigeria's abundant mineral resources, the minerals sector is not a significant driver of economic growth and attracts minimal investments. The sector contributes less than 0.5 percent to GDP and provides little linkages to the economy. Nigeria's minerals are being exported with little or no value-addition, contrary to the African Mining Vision. While Nigeria plans to tap into the potentials of the minerals sector, it faces many constraints in the pursuit of mineral beneficiation and value addition such as:

- weak compliance and enforcement of the existing regulatory frameworks;
- low technology utilization owing to limited access to expensive machinery and equipment, especially among small mining operators;
- shortage of local technical expertise and low knowledge transfer;
- illicit trade, smuggling and prevalence of illegal mining activities;
- inadequate loan facilities and public and private partnerships restraining access to capital;
- non-existent minerals resource revenue management system;
- poor remuneration and working conditions compared to the oil and gas sector;
- high susceptibility to commodity price fluctuations;
- limited resource mapping and inadequate exploration

data;

- weak infrastructure in often remote mining areas, creating a burden on investors;
- gender inequalities and economic marginalisation and
- unsafe mining sites vulnerable to security threats.
- poor financing and low technological advancement in steel development.

These challenges have resulted in poor sector performance, weak production capacity, low efficiency, revenue loss, weak linkages to the broader economy, and investors' perception of the mining business environment as hostile in Nigeria. Additionally, mining can harm the environment with the destruction of vegetation, displacement of animals and pollutants with devastating effects on host communities. Furthermore, owing to the creation of parallel State Ministries of Solid Minerals and Environment and the introduction and enforcement of high fees, taxes, and levies on licensed mining companies and operators, there are high barriers to entry and growth for potential and existing businesses in the sector.

Despite these challenges, Nigeria's mineral resources present an opportunity to catalyse resource-based industrialization. Numerous opportunities that remain untapped, minimal mining activities, and low value-

addition present an opportunity for a fast-growing sector to lead to job creation. Thus, with the expansion of government's efforts in regulatory reform, infrastructure development, and technical assistance provision, this sector holds the potential to catalyse the country's industrialization trajectory in the coming years.

Significant opportunities exist in the sector as many commodities, particularly gold, copper, nickel, lithium, and lead, will most likely remain in high demand by the battery and electronics industry. Steel is also in high demand. It is estimated that about N3.4 trillion worth of steel is imported into Nigeria, necessitating the beneficiation of iron ore and other steelmaking minerals resources. Nigeria's minerals industry is one of the sectors of the economy that can be leveraged to achieve inclusive high growth targets. Specifically, the sector can provide gainful employment and spur national income and foreign exchange earnings. In addition, there is an unmet domestic demand for construction materials and industrial minerals, which has led to a heavy reliance on imports. To take advantage of this considerable potential,

the minerals sector has been given high priority by the government, in line with the recent efforts to diversify the economy away from oil.

By 2025, Nigeria plans to have laid a solid foundation for the minerals sector to begin catalysing growth and industrialisation in an environmentally sustainable manner. In response to the sector's poor performance, the Government launched a new mining roadmap in 2016, entitled the "Roadmap for the Growth and Development of the Nigerian Mining Industry", which aspired to "build a world-class minerals and mining ecosystem designed to serve a targeted domestic and export market. The objective was to position the sector to contribute 3.0 percent to GDP by 2025. Reaching this goal would lead to Nigeria's global competitiveness and industrialisation in line with the African Mining Vision. To accomplish these goals, this plan will build on past reforms and aim to better integrate the mining industry into the country's socio-economic fabric. Table 8-2 summarises the objectives, key performance indicators and the 2025 targets.

Table 8-2: Objectives and Targets of Solid Minerals, Mining and Steel Development

| Objectives | Key performance indicators | Baseline | Target (2025) |
|---|--|---|---|
| Increase the mineral sector's contribution to economic growth | Share of the mineral sector ¹⁶ in total GDP (%) | 0.33 percent | 3 percent |
| | Total solid minerals revenue | N5.48billion ¹⁷ | N20 billion |
| Attract foreign investment in the minerals sector | Share of West Africa global exploration investments flowing into Nigeria (%) | 0.12 percent | 1 percent |
| | Number of geological maps generated | Scale Maps (SM) 331 Sheets of 1:150,000 | 10 Bulletins i.e 160,000 sheets of 1:50,000; 40 sheets of 1:100,000; 10 sheets of 1:250,000 |
| Increase the production capacity of the minerals sector | Number of mining enterprises established | 6,300 | 8,100 |
| Sources: Federal Ministry of Solid Minerals and the National Bureau of Statistics (NBS) for baseline data; targets are projections. | | | |

Strategies and Policies for accomplishing the Objectives/Targets

Five key strategies are critical to realizing the goals in the solid minerals, mining and steel development sector:

- Improve the mineral sector's enabling environment by strengthening regulatory compliance and enacting new policies where gaps exist. The Government will establish an independent and well-resourced regulatory authority responsible for the orderly development of the mining industry. A regulator will guarantee fair competition to boost private investors' confidence in the sector, improve transparency in the award of mineral titles and facilitate public access to information on issued licenses. The regulator's role will primarily involve attracting private investors to the sector and ensuring they comply with rules guiding their registration and operations against being a direct player or operator in the sector. Additionally, legislative reforms will focus on initiatives that will improve the sector's investment climate by promoting stability, predictability, and effectiveness, such as collaborating with security agencies to guarantee the safety of mining sites. Broad-based stakeholders' participation in policy formulation through the annual National Council on Mining and Mineral Resources Development (NCMMRD) will be encouraged to secure buy-in. Finally, the federal government will streamline state participation in the minerals sector by including states in national regulatory activities to ensure policy alignment.
- Government will revitalize Ajaokuta Steel Company Limited (ASCL) and the Nigerian Iron Ore and Mining Company (NIOMCO) by adopting the best arrangement to free them from all hindrances and ultimately make them operational and viable.
- Adopt an inclusive strategy that will improve the socio-economic and environmental sustainability of host mining communities. Develop an Artisanal and Small-Scale Mining (ASM) policy into a broad rural development strategy aligned with development plans at all levels of government and linked to other national rural sector strategies. The Government will identify and support the emergence of small mining entrepreneurs by increasing their access to amenities like electricity and water. Additionally, it will foster greater cooperation between artisanal miners and large-scale mining corporations by using local content regulations to require large corporations to integrate ASM subcontracting and mentoring programmes into their activities. These initiatives will help reduce, quite significantly, rural poverty in mineral-rich communities.
- Increase access to finance to develop value-added products through the establishment of seed funds and the attraction of foreign and local investments. The government will invest in increased infrastructure for activities in this sector and further leverage the Natural Resources Development Fund to develop the sector. This will be used to provide the needed financing for several actors in this sector, especially for the procurement of machinery to process minerals to meet quality standards for export and local use. Other efforts include attracting investment to explore and produce raw steel materials (iron ore, coal and bitumen, among others) and exploring the World Bank's Mineral Sector Support for Economic Diversification (Mindiver) project.
- Create linkages across the mineral sector and beyond for value addition that will enhance local production and job creation. For the mineral sector to meet the needs of the domestic industrial and manufacturing sectors while being globally competitive, it will have to go beyond mineral extraction to account for other activities related to the mining industry upstream and downstream. The Government will create mining economic clusters with extensive backward and forward linkages both orientated around the minerals sector and the broader economy. Linking mines to processing facilities and providing power to guarantee uninterrupted operations will boost productivity and competitiveness. Additionally, Nigeria will reinforce the emerging steel industry's production capacity to aid these upstream-downstream linkages and increase value addition.
- Invest in R&D and skills development to enhance greater local knowledge generation and improve sector competitiveness. The Government will invest in up-skilling initiatives to build workforce capacity and upgrade existing geoscience institutions to enable them to function as world-class innovative and technology-driven institutions with the ability to generate qualitative geological data and upgrade the

mining geo-data bank. These measures will improve efficiency and make Nigeria more attractive to foreign investors.

- Develop a Nigerian circular economy and environmental protection programme to reduce the footprint of mine waste and create new job opportunities. Nigeria will strengthen the policy framework and regulations around mine closures, pollution and waste control. The Government will collaborate on a strategy with states to improve energy efficiency and reduce greenhouse gas (GHG) emissions associated with Nigerian mines. The Government will work to build state institutions' environmental management capacity, so they are better equipped to protect host communities and uphold environmental regulations. This strategy reinforces efforts made in the environmental and bio-economy sector.

Investment and Resource Allocation

To achieve the goals outlined in the minerals sector from 2021-2025, the estimated public investment is N201.6bn to be allocated to priority projects in the sector.

Given the nature and size of investments required to

develop this sector, the Government's contribution of capital expenditure to the Ministry will be used mainly as an investment to facilitate the entry and operations of the private sector. Cumulatively over the plan period, the solid minerals, mining and steel sector is expected to attract substantial investment from the private sector. Therefore, the government will prioritise reforms and other necessary policies to attract investment from global and domestic large-scale mining corporations and from registered artisanal miners that are to be integrated into the large-scale players.

Conclusion

This plan will foster an investment-friendly mineral sector that is well-managed with transparent revenues and good governance. Establishing a sustainable mining sector inclusive of artisanal mining, environmentally friendly and socially responsible, will enhance Nigeria's mineral attractiveness to exploration and mining investors. The mineral sector can improve rural livelihoods and stimulate job creation while promoting inclusive and sustained economic growth. Achieving these outcomes will allow the mineral sector to contribute significantly more to GDP growth and socio-economic development to support Nigeria's global competitiveness and industrialisation.

CHAPTER 9: CULTURE, CREATIVE, HOSPITALITY AND TOURISM (CCHT)

Introduction

The Culture, Creative, Hospitality and Tourism (CCHT) industry has been driving innovation and creativity across the globe over the last two decades, and at the core of this industry lies the enabling and protection of intellectual property. Nigeria has the largest economy in Sub-Saharan Africa, with a population hovering above 209 million people and a diverse cultural heritage cutting across more than 300 ethnic groups. The country is a fast-growing hub for technology, film production, music, and fashion. Nigeria has become an exporter of culture. For instance, Nigeria's tourism sector offers great potential for medium-term growth, building on the country's rich biodiversity and ecosystem, traditional cultural diversity, historical cities, and arts and crafts. The country's creative sector, which includes movies, music, arts, broadcasting and publishing, has immense potential to create jobs and generate foreign exchange.

By 2025 in the Plan, the CCHT sector in Nigeria is envisaged to be among the top sectors driving the growth of the economy in Nigeria and Africa, and amongst the top 20 leading CCHT sectors globally in terms of contributions to GDP, wealth creation, employment generation and poverty reduction. This translates to increasing the valuable outputs of these sectors by 50% in the plan.

The CCHT sector presents several opportunities, including embedding our arts and culture to brand our nation. The intellectual property industries represented in this sector are all connected and, when enabled by digital platforms and technology, can create millions of jobs for Nigerians

and transform the economy. At the core of businesses in these sectors, especially those in arts and entertainment, are enabling and protecting intellectual property and an ability to support and finance ideas. However, Nigeria's CCHT businesses are constrained by limited investments, widespread piracy, a nascent copyrights ecosystem, poor infrastructure, and, more recently, a decline in consumer spending driven by the COVID-19 pandemic.

Consequently, the government shall unlock the potentials of these sectors within the plan primarily in critical infrastructure, the right laws and an enabling environment. Government shall also partner with the private sector to spur connected markets, push local manufacturing and secure retail and distribution channels for products of these sectors. This is envisaged through targeted interventions, policy alignment and with clear policy focus to build these industries and increase the technical as well as financial support for businesses in the sector.

Review of Sectoral Performance 2017 – 2020

For performance analysis due to data availability, the Culture, Creative, Hospitality and Tourism (CCHT) industry in Nigeria is reported broadly under the supply side GDP in three sub-sectors: the arts, entertainment and recreation sector, the motion pictures, sound recording and music production sector and the accommodation and food services sector. These three subsectors form the basis for the performance review of the CCHT sector from 2017-2020, as shown in Table 9.1.

Table 9-1: CCTH Sectoral Performance (values in the share of GDP and real Growth)

| Sectors of CCTH | 2017 | 2018 | 2019 | 2020 |
|---|-------|-------|------|--------|
| Accommodation & Food Services (%gdp) | 0.87 | 0.90 | 0.97 | 0.88 |
| Motion Pictures, Sound recording and Music production (%gdp) | 1.10 | 0.98 | 0.90 | 0.83 |
| Arts, Entertainment & Recreation (%gdp) | 0.23 | 0.21 | 0.20 | 0.18 |
| Accommodation & Food Services (%growth) | -1.61 | 1.76 | 2.85 | -17.75 |
| Motion Pictures, Sound recording and Music production (%growth) | -0.57 | -0.44 | 0.20 | 0.03 |
| Arts, Entertainment & Recreation (% growth) | 4.13 | 2.53 | 4.12 | -3.00 |
| Number of Films Produced & Censored | 450 | 565 | 700 | 2599 |
| Source: National Bureau of Statistics (NBS), Abuja. | | | | |

The table revealed that the accommodation and food services subsector, which accounted for less than 1 percent of GDP, contracted by 1.61 percent in 2017. However, the implementation of the ERGP strategic framework spurred growth in the CCHT industry, which grew by 1.76 percent in 2018. This rising growth trend continued, as the sub-sector grew by 2.85 percent in 2019. However, the COVID-19 pandemic grossly affected this subsector with a contraction of about 17.75 percent in 2020. Similarly, the Motion pictures, sound recording and music production sector contracted both in 2017 and 2018 with actual growth rates of 0.57 percent and 0.44 percent, respectively, primarily owing to sluggish growth recovery arising from the 2015 commodity shock and recession in 2016. This downward growth trend was reversed in 2019 and 2020 with actual growth rates of 0.20 percent and 0.03 percent respectively. Conversely, the arts, entertainment and recreation sector grew on average by 3.59 percent from 2017-2019. However, owing to the COVID-19 pandemic, this growth trajectory was impaired. Thus, there was a contraction of about 3.0 percent in 2020. Clearly, the CCHT sector is yet to attain its possible potential contributions to Nigeria's GDP. This can be attributed to several binding constraints yet to be resolved to unlock these potentials.

Challenges and Opportunities

Nigeria has a thriving creative sector; however, it is beset by low funding and copyright infringements. Nigeria's creative and cultural sector has experienced issues including:

- limited implementation of enabling policies, especially for copyright protection;
- limited public and private funding, even with the present support through initiatives from the Nigerian government, which include loans and grants from the CBN and Bank of Industry;
- poor infrastructure;
- weak market linkages;
- Inability to provide traditional collateral for loans, thereby limiting financing opportunities;
- limited purchasing power of local consumers.

Lack of infrastructure has led to a weak national distribution and logistics ecosystem for goods and services. There are still weak market linkages among creative centres like Enugu and Lagos to production locations in Aba, Nnewi, and Onitsha. The COVID-19 pandemic has also exacerbated the creative sector's

challenges, as artists and businesses have lost significant revenue due to changes in consumers' spending behaviours because of economic situations. Artists and businesses in the creative sector also suffer from weak distribution infrastructure, which cannot guarantee a return on investment, thereby discouraging local and foreign investment. Nonetheless, the industry continues to outperform peers and competitors in developed economies without any robust infrastructure.

Tourism and hospitality, an integral part of the culture and creative sector, is still in a nascent stage, especially with poor maintenance of public assets and limited investments. While the 2020 Nigerian Visa Policy unlocked vital opportunities in the tourism sector by easing visa requirements for African tourists, the COVID-19 pandemic has exacerbated pre-existing challenges for tourism and hospitality businesses. In addition, while Nigeria is endowed with a vast array of beautiful natural scenery and rich culture, efforts are yet to be made to showcase its heritage and scenery to both local and international tourists. This is due to factors including (i) poor maintenance of heritage sites; (ii) low funding for tourism and hospitality; (iii) increased security risks in specific regions; (iv) limited purchasing power of domestic tourists.

Despite the challenges, Nigeria still holds vast human and natural resources and an emerging policy foundation to derive value from its CCHT sectors for economic development and job creation. With a large and creative youth population, the world's second-largest movie-producing industry, Africa's most prominent music industry, and a rich and diverse cultural heritage, Nigeria's CCHT sector holds the potential to create sustainable jobs and wealth for its people. Nigeria also has vast natural tourist attractions, several cultural festivals, legal and administrative structures for creative industries, and the government has recently provided more soft loans for businesses in this sector. Further, with higher internet penetration across the country, the growth of digital services in the CCHT sector presents key job creation opportunities, especially for youth who make up most of the sector's workforce.

Government's renewed efforts in reforming the creative and cultural sector provide opportunities for the sector's growth. Nigeria recently passed the updated copyright bill into law, which provides stiffer penalties against piracy and incorporates all the international copyright treaties signed by Nigeria. The government

has also implemented the copyright Levy Order, which can generate over N30 billion annually. The view on the creative sector is optimistic, with various estimates indicating a size of US\$10 billion dollars by 2023 just for the core cultural and creative subsectors. It is noteworthy that these estimates do not include the fashion industry, which is valued at over US\$4 billion dollars per annum.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria will increase the economic contribution of the CCHT Industry. Nigeria will make its CCHT industry a key economic driver for the country and one of the

top 20 CCHT sectors globally in terms of GDP by 2025.¹⁸ To unlock the potential of these sectors, infrastructural development will be prioritised with policies that strengthen the overall enabling environment for businesses in this industry. Furthermore, the government will partner with the private sector to encourage local manufacturing and secure local retail and distribution channels.

Table 9-2 presents the objectives, key performance indicators, baseline and 2025 targets to be achieved.

Table 9-2: Objectives and Targets of Culture, Creatives, Tourism and Hospitality

| Objectives | Key performance indicators | Baseline (2019) | Target (2025) |
|--|--|----------------------------|---------------|
| Increase growth across all subsectors | Arts, Entertainment and Recreation | 4.12 percent | 6.32 percent |
| | Accommodation & Food Services | 2.85 percent | 3.44 percent |
| | Motion Picture, Sound Recording and Music Production | 0.20 percent | 8.94 percent |
| | Annual tourist visits to Nigeria | 5.26 million ¹⁹ | 10.2 million |
| improve technical and financial support for the creative industry | Number of creative hubs established across the six geo-political zones | 72 | 1161 |
| Source: National Bureau of Statistics and World Bank Data for baseline data; targets are projections | | | |

Strategies and policies for accomplishing the objectives/targets

Five strategies are critical to realising this goal.

- Enact new policies and implement existing policies that will increase the CCHT sector revenue generation potential. Policies that stifle business growth will be reviewed and amended, especially for intellectual property (IP) protection and piracy prevention. The Nigerian Copyright Commission will also be provided with support to address copyright infringement issues. There will also be an expansion of awareness campaigns to inform the public on copyright infringement laws, and disciplinary actions. As part of efforts to strengthen the capacity of the Nigerian Copyrights Commission, policymakers and commission personnel will be trained on policy processes. Tax laws and regulations affecting the CCHT sectors will be reviewed and strengthened to eliminate bottlenecks affecting the AfCFTA market opportunities for CCHT businesses.
- Increase focus on the tourism sector through local asset maintenance and global marketing campaigns. The government will reform Nigeria's tourism sector to unlock tourism opportunities,

including increased funding for maintenance of public assets, local and international campaigns to boost tourism, and the training of public servants for efficient service delivery. Tourism offices will also be established in states to identify tourism opportunities and ensure that heritage sites are properly renovated and maintained.

- Create an enabling environment for business creation and growth by boosting MDAs capacity and establishing hubs. CCHT MDA's capacity will be enhanced to improve current public office service delivery. This will be achieved by supporting MDAs to identify commercial opportunities in the creative sector, and establishing market linkage opportunities between public, social, and private sector actors. The government will strengthen market linkages and provide technical support to establish creative hubs that will deliver start-ups and market access support to creatives, including MSMEs. These hubs will facilitate access to technical and financial support. The Nigerian government will act as the enabler and regulator of these hubs and their activities and give complete operation control to the private sector experts.

¹⁸This sector is also expected to significantly contribute to wealth creation and employment

¹⁹World Bank Data, 2016

- Address the long-term effects of the COVID-19 pandemic on the creative sector by introducing a 10-year recovery plan in partnership with the private sector actors. In partnership with creatives at all levels, the government will roll out the Evolution of Nigerian Arts and Culture Through Technology (ENACTT) plan. The ENACTT plan is a 10-year master plan that ensures the recovery and development of Nigeria's creative sector, post-COVID-19. This plan will build on strategies as mentioned earlier and work towards (i) providing funding for stakeholders in the creative industry; (ii) forming creative think tanks in the six geopolitical zones; (iii) providing training for talent across Nigeria; (iv) improving local and international market linkages by developing an online platform for Nigerian creatives; and (v) holding international festivals in Nigeria to promote Nigeria's art and culture to the world.
- Leverage successes achieved by institutions, such as Bank of Industry, through an innovative financing framework to support the creative sector towards further deepening the growth of the sector in Nigeria.

Investment and Resource Allocation

Investments in these sectors will be significantly boosted through increased access to financing for public agencies, artists, and MSMEs through the use of blended financing tools. Structural reforms will be institutionalised to ensure a stable business and investment climate for this sector,

attracting significant domestic and foreign investment.

Furthermore, the CBN's classification of intellectual property as collateral will increase lending to the creative sector. Facilitating investments in CCHT sectors will benefit a wide range of actors, encourage innovation, and ultimately increase revenue.

The government will commit approximately N114.24bn as public investment during the planning period to achieve the goals outlined in the CCHT sector and facilitate significant private capital. This is to foster a globally competitive investment climate for the CCHT sector and prioritise projects identified as critical infrastructural support for the private sector.

Conclusion

With one of the world's largest movie-producing industries, and a dominant player in the global music industry, Nigeria's creative sector holds tremendous opportunities, especially for the country's youth. However, to tap into these opportunities, the CCHT sector must overcome low financing and copyright infringement. To reverse this, Nigeria will focus on improving technical and financial support for CCHT businesses, increase institutional capacity, and introduce policies to safeguard and encourage innovation. These strategic measures will address and create sustainable jobs for inclusive economic development.

CHAPTER 10: BUSINESS ENVIRONMENT, TRADE AND COMPETITIVENESS

Introduction

Nigeria has recently improved its business environment owing to targeted reforms. As a result, since 2016, Nigeria has improved its World Bank's Doing Business (DB) ranking by 39 points and currently ranks 131 out of 190 economies. This was achieved through the concerted action by the Presidential Enabling Business Environment Council (PEBEC), established to tackle the constraints associated with doing business in Nigeria. These targeted reforms reduced the amount of time required to register a business, introduced new electricity grid connections and established a visa on arrival policy for visitors.

Nigeria's trade advantages include the size of its economy and strategic location on the continent. Nigeria is a viable trading partner for many countries, given its status as Africa's largest and most populous economy, with a significant endowment in human and natural resources and a strategic location on the west coast of Africa. Besides trade in goods, notably, Nigeria has a higher comparative advantage in most of the 12 WTO trade-in-services categories than many African countries. It has contributed to an increase in exported goods to African countries since 2018, positioning Nigeria to benefit from the recently established Africa Continental Free Trade Area (AfCFTA). Specifically, manufactured products as a percentage of non-oil exports grew between 2016 and 2018, with the contribution of manufacturing to total exports reaching 10.75 percent by the first quarter of 2019. Similarly, there is significant trading of agricultural products with Europe and Asia.

Review of Sectoral Performance 2017 – 2020

The government invested in process improvement initiatives to increase efficiencies in public sector agencies and reduce overheads with a view to improving the business environment. The government helped improve process efficiencies in various public agencies responsible for business incorporation and taxation, aviation and immigration, and food and safety. The Corporate Affairs Commission (CAC) simplified company registration processes that reduced overall processing time by half. The Federal Inland Revenue Service (FIRS) launched centralised e-payment channels contributing to a 20 percent reduction in the time businesses spent on documentation and payment of taxes. Furthermore, the

Federal Airports Authority of Nigeria (FAAN) improved efficiencies and overall user experience at airports by eliminating passenger service charge (PSC) stickers and manual check-in bag searches. While a new immigration initiative fully digitised e-visa processes guaranteeing visa approvals in 48 hours was introduced. Finally, the National Agency for Food and Drug Administration and Control (NAFDAC) reengineered registration processes and reduced processing time from almost a year to less than three months.

Several states launched legislative reforms to build on initial process improvement initiatives implemented by the federal government and further drive efficiencies for the private sector. Lagos and Kano States introduced reforms to further ease the business environment for the private sector. Between 2018 and 2019, both states introduced specialized court divisions to fast-track resolution of small commercial claims involving liquidated money demand cases of N5 million and below within 60 days and facilitate electronic access to judgments. They both also implemented an e-planning platform, reducing the cost of property registration and obtaining construction permits by up to 25 percent. Beyond Lagos and Kano states, at least 32 other Nigerian states have implemented about 43 reforms that led to improvements in their ease of doing business, led by Kaduna, Enugu, Abia, Lagos and Anambra States. In 2019, the FCT ranked highest in starting a business, Kaduna State led in registering property, and Jigawa State led in enforcing contracts and dealing with construction permits.

Challenges and Opportunities

Nigeria faces a significant deficit in energy infrastructure such as power generating plants, transmission and distribution infrastructure, and transportation infrastructure such as roads, rails, and seaports. Additionally, there are regulatory gaps such as conflicting government policies, ineffective enforcement of rules and regulations, and multiple taxation. This spur increased cost of doing business and discourages domestic output expansion.

This has implications for overall economic growth and development, including the continued survival of MSMEs

and large corporations. Nigeria's business environment challenges continue to affect its competitiveness, investment flows, private sector activity and job creation. Private sector players such as MSMEs and large corporations need a viable business environment to drive concentric economic diversification and partner with the public sector in delivering infrastructure.

Similarly, Nigeria's trading potential is hampered by many factors. The most significant is an overall lack of competitiveness due to a weak business environment via high production cost. There is also the need to improve the quality of products and packaging to enhance regional and global competitiveness. The lack of adequate infrastructure, mainly in energy, transport and security, limits overall productive capacity and inflates the cost structure for businesses resulting in higher priced products that are often less competitive than cheaper alternatives, mostly from Asian markets.

Nigeria can improve on its trading potential and overall competitiveness by easing constraints in its business environment. There is an opportunity to build on existing progress made by the Presidential Enabling Business Environment Council (PEBEC) to automate and improve the quality of existing integrated and industrially relevant processes. In addition, the National

Quality Policy will improve Nigeria's trading potential and overall competitiveness through improved products and services.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria expects to improve its Ease of Doing Business ranking from 131st to 100th and its WEF global competitiveness ranking from 116th in 2019 to 100th by 2025. It requires a concerted effort in eliminating a range of business environment impediments to increase private sector activity, job creation, investment flows and productivity. Nigeria's business environment must be agile, less bureaucratic, and cost-effective to support general business operations.

By 2025, Nigeria would have also laid the foundation for an export-led economy and increased the contribution of non-oil exports by introducing effective trade policies and strategies. Nigeria plans to make effective and proactive policies and strategies to advance its trade potential and create new markets for 'Made in Nigeria' goods and services, completely digitise and automate trade processes and increase the contribution of non-oil exports. Table 10-1 presents the objectives, key performance indicators, baseline and targets to be met in 2025

Table 10-1: Objectives and Targets of Business Environment, Trade and Competitiveness

| Objectives | Key performance indicators | Baseline | Target |
|--|--|------------------------------|--------------|
| Improve business environment and competitiveness | Ease of doing business ranking | 131 ²⁰ | 100 |
| | WEF global competitiveness ranking | 116 ²¹ | 100 |
| | Foreign direct investment | \$1.35 billion ²² | \$5 billion |
| Increase regional and international trading | Share of exports to Africa as a share of total exports | 20.43 percent ²³ | 35 percent |
| | Non-oil exports as a share of total exports | 24.6 percent ²⁴ | 45 percent |
| | Share of Manufacturing in total exports | 10.75 percent ²⁵ | 22.5 percent |
| Note: Baseline data are from the various sources indicated with footnotes while targets are projections. | | | |

²⁰World bank, 2019

²¹World Economic Forum, 2019

²²Central Bank of Nigeria, 2020

²³African Statistical Yearbook 2020

²⁴NBS, Foreign trade Statistics, Q4 2020

²⁵African Statistical Yearbook, 2020

Strategies and Policies for accomplishing the objectives/targets

Five key strategies are critical to realizing Nigeria's business environment, trading and competitiveness aspirations.

- Strengthen and harmonize institutional frameworks to improve on the business environment and competitiveness.
Institutional frameworks for several aspects of doing business in Nigeria will be reviewed and strengthened to reduce time and increase efficiencies. These aspects include business and property registration, obtaining electricity, tax remittances, trading across borders and insolvency proceedings.
- Deepen domestic and international market penetration for Nigerian products and services by supporting businesses to increase their exports. Central to Nigeria's trading ambition is the need to improve access to domestic and international markets for strategic and lucrative value chains, including but not limited to agro-allied products, vehicles, cement, light manufacturing etc. This involves enabling MSMEs and large corporations to produce quality and competitively priced products and supporting them to trade in several markets through participation in export fairs, targeted training, and other initiatives.
- Improve the trading environment to increase the overall competitiveness of Nigerian products. Given the general trade and competitiveness constraints, the government will seek to improve the trade environment to ensure competitiveness in line with international standards. Reviewing current trade policies, conceptualising and adopting a 21st-century trade policy focusing on trade facilitation and exports promotion. Automation of critical processes to address inefficiencies, prioritising the implementation of the WTO Trade Facilitation Agreement, to which Nigeria is a signatory.
- Launch reforms to ensure the effectiveness of regional trading whilst minimizing negative externalities such as dumping. Maximise regional trade benefits by standardising informal components of trade among ECOWAS member states and providing a framework for expansion to the rest of Africa in light of the continental free trade area. With the AfCFTA implementation underway, Nigeria will have a trade remedies plan designed to safeguard the economy against dumping.

- Leverage science, technology, and innovation to improve efficiencies and overall competitiveness. The government will accelerate the development of an ICT ecosystem that supports productivity enhancement and competitiveness in the public, private and social sectors. It necessitates investments in improving ICT infrastructure, increasing mobile and internet penetration across Nigeria, and intensifying the adoption of relevant technologies in critical sectors such as manufacturing and agriculture to enhance productivity and efficiencies whilst reducing operating costs.

Investment and Resource Allocation

At present, the resource allocations to accomplish the business environment, trade, and competitiveness goals specified in the plan by all tiers of government are delivered through a broad range of MDA budgets, both at the federal and subnational levels. The different funds will be utilized to carry out priority initiatives to foster the growth, competitiveness, and facilitation of trade by the private sector. Part of this funding will go to the funding of ongoing and new reforms initiatives by the Presidential Enabling Business Environment Council (PEBEC), the Nigerian Investment Promotion Commission (NIPC) and their equivalent institutions at the sub-national level. Going forward, a tracking mechanism to determine the allocations to business environment, trade, and competitiveness through federal, state and local government budgets will be developed by activating existing codes in the Chart of Accounts. Given the required investment in the sector, public spending will be enhanced by private sector financing; however, the government will still undertake significant investments in the sector in the short-term owing to the current incentive structure in the private sector. As the plan unfolds the expectation is the realignment of incentives to encourage private investment.

Conclusion

Numerous constraints in the business environment impact negatively on the competitiveness of the Nigerian economy. The government will continue to build on recent improvements in its business environment through targeted initiatives to harmonize regulations and eliminate constraints in infrastructure and other critical areas as well as create a level playing field. This will improve the competitiveness of the economy and strengthen trade between Nigeria, ECOWAS countries and other international trading partners.

PART 2
INFRASTRUCTURE

CHAPTER 11: TRANSPORTATION

Introduction

Transportation is vital to every economy, as it enables the movement of people, goods, and services resulting in the creation of economic value. An efficient transport system underpins economic development, delivers improvements in the quality of life, and enables effective governing of the state. Nigeria is a large country, with over 200 million people living across an area of over 900,000 km². The crucial role of the transport sector in economic, political and social development is consistently emphasised in national policy documents and the UN Sustainable Development Goals (SDGs). Nigeria's transport sector directly contributes an average of 3 percent to national GDP, and this is projected to increase to 5 percent in the next five to ten years. Nigeria, however, cannot currently meet its transport needs. Poor maintenance and insufficient investment have put an enormous strain on transport infrastructure and services. Yet, demand for transport services has grown exponentially along with the increase in socio-economic activity.

Nigeria's transportation sector has four key segments – aviation, rail, road, and maritime – each of which has contributed to the functioning of the Nigerian economy. Further progress is required towards expanding the current stock of transport infrastructure, increasing overall reliability, and ensuring multimodal transport solutions that would enable heightened levels of economic growth and development.

Review of Sectoral Performance 2017 – 2020

The transport sector recorded some successes between 2017 – 2020 mostly in the development of maritime and rail infrastructure.

Maritime Sector

Existing deep seaports were further decongested through the establishment of an Inland Dry Port and several inland container depots, in addition to other initiatives to improve internal operations and vehicular

traffic at the ports. The Ministry of Transport established Nigeria's first inland dry port in Kaduna and six inland container depots in Oyo, Abia, Katsina, Kano, Kaduna, Jos and Borno States to reduce congestion in Nigeria's ports. Also, the Road Transport and Mass Transit Administration Department and the Nigerian Shipper's Council are facilitating the development of "Truck Transit Parks" (TTPs) under a PPP Model to further reduce congestion on the road transport corridors. Finally, rail links are being constructed to lead to the Apapa and Port Harcourt ports to aid the fast evacuation of cargo and reduce cargo dwell time.

The Lekki and Ibom deep seaports are at different stages of development. The Ibom deep seaport is in the fifth stage project development process (Government Approval/Procurement Stage), while the Lekki Deep Seaport is under construction, with a mandate from the current government to commence operations in 2022. Lekki Port LFTZ Enterprise Limited (LPLEL) was awarded the concession for 45 years by the Nigerian Ports Authority on a Build, Own, Operate and Transfer (BOOT) basis. In addition, structuring of PPP transactions is ongoing for Bonny Deep Port, Bakassi Deep Seaport and Badagry Deep Port.

Roads Sector

Road construction and rehabilitation across the country followed a targeted and sequenced approach based on prioritised funding over the reported period. This includes sustaining on-going projects along FMPW&H National Road Sector Priority Routes (Priority 1 – 7), ensuring High traffic volume routes, Geographical Spread and the principle of additionality for urgent intervention requests outside the planned programme. The Federal Ministry of Works and Housing has adopted a PPP methodology to enable private partners tap into the numerous commercial opportunities along the 35,000 km of Federal Roads Network. Under the ongoing Highway Development Maintenance Initiative (HDMI), PPP method is being applied to the following routes across the geopolitical zones.

Table 11-1: Routes under PPP Model

| Lot No. | Route | Length (Km) |
|---------|-------------------------|-------------|
| 1 | Benin - Asaba | 125 |
| 2 | Abuja - Lokoja | 193 |
| 3 | Kano - Katsina | 150 |
| 4 | Onitsha -Owerri - Aba | 161 |
| 5 | Shagamu - Benin | 258 |
| 6 | Abuja - Keffi - Akwanga | 122 |
| 7 | Kano – Shuari | 100 |
| 8 | Postiskum - Damaturu | 96.24 |
| 9 | Lokoja - Benin | 270 |
| 10 | Enugu = Port Harcourt | 200 |
| 11 | Ilorin - Jebba | 129 |
| 12 | Lagos -Ota - Abeokuta | 80 |
| 13 | Lagos – Badagry - Seme | 79 |

Source: ICRC

Aviation Sector

The aviation sector attracted over 17.5m passengers in 2019, an increase of 7.4 percent from 2018. The cargo handling capacity stands at 208,424 tons. Nigeria is a signatory to Bilateral Air Service Agreements (BASA) with over 78 countries in Europe, America and Africa and has attained America's Federal Aviation Administration, International Aviation Safety Assessment (IASA), Category One Certification. Nigerian registered carriers can now fly directly into the United States of America. There are ongoing PPP initiatives in the sector, comprising four international terminals – Port-Harcourt, Lagos, Abuja and Kano. Other PPP initiatives in the sector include Establishment of a National Carrier, Development of the Aviation Leasing Company (ALC) as well as the Development of a Maintenance Repairs and Overhaul (MRO) Facility.

Railway Sector

Narrow Gauge

While there has been substantial investment by the government in rehabilitating the narrow-gauge railway, it is restricted to enabling the most basic service trains reaching Kano and Gombe from the ports of Lagos and Port Harcourt. This rehabilitation programme (classified as Phase 1) was intended to address only part of the forty-year backlog. It is clear that a tremendous amount of work is still outstanding, and NRC is currently facing increasing day-to-day operational difficulties including a rising rate of derailments occasioned by poor track

alignment, washouts and theft of track materials, to name a few.

Western Line Rehabilitation Works

The Western Line from Lagos to Kano has been 100 percent rehabilitated, i.e., plain line only. Although both freight and passenger operations commenced in 2012, current challenges along this corridor include: washouts, vandalization, track ageing, silted track – track covering with soil and level crossing accidents.

Eastern Railway Line Rehabilitation Works

The rehabilitation of the Railway Track Network and Signal Works on the Eastern line from Port Harcourt to Maiduguri encountered several challenges, with adverse implications for productivity and completion programmes (67.25 percent). The challenges of the project include the following:

- The rehabilitation of the Railway Track Network and Signal Works on the Eastern line from Port Harcourt to Maiduguri encountered several challenges, with adverse implications for productivity and completion programmes (67.25 percent). The challenges of the project include the following:
 - Shortages and non-availability of key track materials;
 - Rampant thefts of track materials, rail components, fasteners and fixings, etc;
 - Inclement weather owing to persistent heavy rains causing flooding;
 - Security challenges in the North resulting in restriction on movement of people and goods;
 - Inadequate funding; and
 - A limited passenger train service from Port Harcourt to Aba due to repeated incidents of track vandalization.

Railway Modernisation Programme

- Completion of Abuja (Idu) – Kaduna Rail Line 186.5km: The project is complete and has been in operation since July 2016. The funding for the project was on a 30/70 percent ratio between the Nigerian government and China Exim Bank towards the total capital expenditure of US\$1.05billion.
- Completion and Rehabilitation of Ajaokuta – Itakpe - Warri Rail Line: The project has also been completed, plain line only; and has commenced some limited passenger operations. Auxiliary works such as station buildings, access roads to stations are still under construction.
- Lagos – Ibadan Railway Project: While the laying of

tracks is reported at 84.3 percent, the overall project completion on this site was at 64.1 percent by the end of the third quarter of 2021.

Freight Transport

This sub-sector showed mixed performance. The improvements in some years reflected the rehabilitation of narrow-gauge track combined with port decongestion through railways to resolve the problem of the Apapa gridlock and the increased movement of products for Lafarge Cement, Flour Mills, fertilizers and containers.

The weak performance in some years emanated from the following factors:

- Inadequate budgetary provision and releases for regular track and rolling stock maintenance;
- Environmental factors (Floods and Washouts);
- The collapse of the Akerre Bridge along the western line, preventing train services along that axis;
- Issues with standard operating procedures among stakeholders involved in cargo movement in and out of the port (Customs, APMT, NPA, Freight Forwarders etc.);
- Introduction of new processes (e.g. movement to digitalization from manual operations) without due notice;
- Delay in Customs documentation process;
- Delay in loading at the Terminals owing to breakdown of equipment or redeployment of equipment to other modes of transportation-water, roads etc;
- Delay in payment of dues by customers; and
- Shipping companies approach rail services without completing clearing processes of goods.

Passenger Traffic

The passenger traffic movement was at its peak in 2014 owing to increased and regular Mass Transit Train (MTT), Lagos-Kano-Lagos, Offa-Lagos-Offa train services on newly rehabilitated track lines. Though there was a decline between 2015-2019 owing to track rehabilitation works, the curve remained steady because of the introduction of the Abuja-Kaduna train services. This project debuted in 2016 and witnessed a surge resulting from the temporary closure of Nnamdi Azikiwe International Airport for repair works. Insecurity along the Kaduna-Abuja Road also contributed to the increase in passenger train service.

The decline in the passenger traffic on the narrow-gauge

line from 2015 is a result of the following:

- Inadequate number of locomotives
- Insufficient coaches to meet the passenger demand
- Inadequate budgetary provision and releases for regular maintenance.
- Track rehabilitation projects

The gradual and steady increase in passenger volume from 2017 to 2019 is a result of the good track, regular maintenance and increase in rolling stock as well as a dedicated workforce.

Several Greenfield High Speed Land Railway Lines across Nigeria had been developed and implemented in PPP arrangements by the Ministry of Transportation and Consortiums of Chinese Companies through a NEXIM Bank Loan Facility. These projects include:

- Lagos –Shagamu- Ijebu Ode- Ore- Benin City (300km) (standard gauge);
- Benin-Agbor-Ogwashi Uku- Asaba- Onitsha –Nnewi-Owerri-Aba with additional line from Onitsha-Enugu-Abakaliki (500km) (standard gauge);
- Ajaokuta(Eganyi)-Obajana-Jakura-Baro-Abuja with an additional line from Ajaokuta-Otukpo(533km) (standard gauge);
- Zaria-Funtua- Tsafe- Gusau- Kaura- Namoda-Sokoto-Illela-Birnin Kebbi (520Km) (standard gauge);
- Lagos –Ibadan- Osogbo-Baro-Abuja (615KM) (high speed); and
- Lagos-Kano-Katsina-Maradi (in the Niger Republic) (1200KM) (standard gauge).

Challenges and Opportunities

Nigeria's transport infrastructure is constrained by insufficient funding, an unclear regulatory framework, and a lack of multimodality. As is the case with overall infrastructure, Nigeria's transport infrastructure stock is inadequate for the size of the economy and its future economic ambitions. Demand for basic transport infrastructure and services has outstripped the supply capacity of existing assets which are largely owned by the Nigerian government.

Until 2020, transport fuels were heavily subsidized, a

development which encouraged over-dependence on private cars and trucks. As a result, today 90 percent of all freight and passenger transport is by road. The poor quality of roads contributes to high fuel consumption and transportation costs. A growing population and high rates of urbanisation and motorisation all put additional stress onto the transport system. Congestion in the major cities has resulted in severe environmental and health problems.

A lack of investment in rail infrastructure has seen a continued decline in its performance in passengers and freight movement over the years. These were mainly due to poor management and the non-commercialization of the business.

The inland waterways in Nigeria are reported to have about 10,000 miles of potential navigable routes out of which only 3,000 miles are presently navigable. This leaves much room to explore the potentials in inland waterways as an alternative and cost-effective means of transport connectivity. In the aviation sector, the concession of the airports which have started will be pursued to its logical conclusion. This is in recognition of the importance of PPP in constructing and running the most gigantic infrastructure in today's world.

Several challenges impede the development of critical modes of transport as follows:

Aviation. The Aviation sector is not financially sustainable as the funding generated does not sustain the operation and capital expenditures. The over-reliance on Government funding for critical aviation projects is risky and unreliable owing to scarce resources and competing demand from other sectors.

Maritime. Seaports are heavily congested because of the absence of dry ports and multi-modal transport infrastructure to move freight from the hinterland to the ports and vice versa. The inland waterways in Nigeria are estimated to have about 10,000 miles of potential navigable routes but only 3,000 miles are presently navigable.

Rail. Rail development is hampered by the lack of a clear regulatory framework, while the Railway Bill is pending passage into law. Additionally, the Nigeria Railway Corporation is underfunded as it only received an average of 57 percent of appropriated funds between 2010-2020. The railways have progressively declined in passengers and freight movement over the years, driven by poor management and non-commercialization of the business.

Roads. Further development and maintenance of Nigeria's road network are hampered by insufficient funding and a decline in the availability of skilled manpower. Also, there is heavy reliance on road transportation for haulage of freight and passengers, which results in increased wear and tear of the roads, increased cost of maintenance for vehicles and in some cases destruction of life and freight. The most destructive impact comes from the haulage of petroleum products and building materials (especially cement) through the road networks all over the country, necessitating an increased focus on pipeline transportation and rail transportation.

Nigeria needs a substantial investment in infrastructure annually, necessitating the introduction of public-private partnerships. Recognising the urgent need to reduce the infrastructure deficit and for deliberate efforts to involve the private sector in the provision of these basic infrastructure facilities, the government encourages private sector investment through the Public-Private Partnership (PPP) projects and direct ownership of assets by the private sector.

The government will establish the necessary legal and regulatory frameworks to crowd in additional capital to expand the existing stock of transport infrastructure. There is an opportunity for Nigeria to mainstream Public-Private Partnerships (PPPs) to attract additional capital into key infrastructure projects in aviation, railway, road and maritime. This will supplement existing government financing and help expand the current stock of transport infrastructure.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria aims to upgrade its current infrastructure to become a well-integrated multi-modal and intermodal transportation system that is economically efficient, socially equitable and environmentally sustainable. The main transport policy thrust of the Government has been to create an integrated and sustainable multimodal transport system where people and freight can be conveyed by at least two modes of transportation from origin to destination to reduce overall costs and travel time while increasing quality of service. The government will incentivize the private sector to attract alternative sources of funding. Government will thus promote reforms to enable increased private sector participation for financing, maintenance, and expansion of the existing stock alongside the inauguration and completion of new fit-for-purpose transport infrastructure projects.

All modes of transportation will be transformed for sustainability, effectiveness, and efficiency.

Railway –This will build on the current railway development in progress to further develop into a modernized, dynamic, efficient, and competitive system that provides competitive transport options for industry, commerce, and travellers, fitting seamlessly as a key component of an integrated transport network.

Road – The road network will be improved upon to facilitate intermodal connections and seamlessly support economic activity, enhancing the quality of life and the environment.

Aviation – This will be transformed into a safe, secure, efficient, and comfortable air transport system that is

self-sustaining and a major contributor to Nigeria's GDP and socio-economic growth and development of the country.

Maritime – Nigerian ports will become the preferred destination in West and Central Africa through deliberate collaborative strategies to grow throughput, improve safety and security, leverage technology to improve efficiency and the ease of doing business. Additionally, the inland waterways will serve as an alternative cheap mode of transportation to decongest the seaports and deliver cargo closer to the hinterland.

Table 11-2 presents the objectives, performance indicators and the 2025 targets.

Table 11-2: Objectives and targets of the Transportation Sector

| Objectives | Key performance indicators | Baseline | Target |
|---|---|-------------------------|------------------------|
| Expand aviation infrastructure | Aviation Contribution to GDP | 0.10 percent | 0.15 percent |
| | Total Aviation Passenger Traffic | 17.5m (2019) | 45 m |
| | Cargo Handling Capacity | 208,424 tons | 276,848 tons |
| Expand road infrastructure to enable safe transportation of people | Road Transport Contribution to GDP | 1.56 percent | 1.8 percent |
| | Length of Nigeria's paved road network | 60,000 km | 70,000 Km |
| | Percentage of Nigeria road network under scheduled maintenance and repair | 45 percent | 75 percent |
| | Un-tarred national road network | 135,000 km | 125,000 km |
| To make Nigeria the preferred maritime destination in West and Central Africa through deliberate collaborative strategies to grow throughput, improve safety and security, leverage on technology to improve efficiency and ease of doing business. | Water Transport Contribution to GDP | 0.1percent | 0.1percent |
| | Ranking of Nigerian Ports in the sub-region | 5 | 1 |
| | Grow Total Throughput, by 5 percent (excluding Crude Oil) | 30.2million metric tons | 100million Metric Tons |
| | Quality of Port Infrastructure remaining | ≤3.0 | 6.0-7.0 |
| | Reduction in Turn-Around-time of vessels | 4.5 days | 2 days |
| | percentage Increase containers moved by rail and barges | 5 percent | 50 percent |

Source: The Federal Ministry of Transportation and the National Bureau of Statistics (NBS) for baseline data; targets are projections.

Strategies and Policies for accomplishing the objectives/targets

Key strategies are critical to realizing Nigeria's transport objectives and targets.

Overall National Transport Policy and Strategies will include:

- Establish a clear regulatory framework for sustainable development of transport infrastructure through policy harmonization. The government will establish a clear and non-duplicative regulatory framework to promote investor and private sector confidence which in turn attracts required investment. This will involve harmonizing existing policies to ensure regulatory clarity, and, importantly, the accelerated passing of the Railway Bill to provide direction on how Nigeria's railway system will be operated. Similarly, the government will accelerate the passing of the various pending Bills on Roads, Aviation, Ports and Harbour, and Inland Waterways that seek to remove binding constraints to unlock investments.
- Improve multimodality to improve the quality of transport services and reduce strain on existing infrastructure by improving operational efficiencies. The government will ensure the progressive development of infrastructure to facilitate different modes of transportation in aviation, maritime, rail,

and road. This will involve establishing appropriate governance and operational frameworks to attract private sector participation and, in some cases, completing privatizing specific infrastructure.

- Explore innovative financing mechanisms for the continued development of transport infrastructure using a mix of financing tools and funding streams. The government will Leverage the full suite of available options for infrastructure financing including credit enhancement, viability gap fund, contingent liability management, minimum revenue guarantees, and project development and assessment facilities. Additional funding can be brought in using tools such as public-private partnerships, concessions, and capital recycling.
- Align the implementation of this Plan with the National Integrated Infrastructure Master Plan's aspirations, private sector expectations and priorities and required investment for the transportation sector.

Rail: Transform the Nigerian railway system into a dynamic rail sector that actively supports the diversification of the economy and provides a competitive transport option for industry, commerce and the travelling public; making rail transport the mode of choice. Government will promote reforms to create a modern, flexible and efficient regulatory regime that ensures improved and safe railway operations driven by deep private sector participation and a strong local content base. Key strategies include:

- Drive economic development through the delivery of a cost-effective alternative for haulage of cargo by rehabilitating existing rail linkages (e.g. phase 2 and 3 rehabilitation of the Western and Eastern narrow-gauge rail lines), constructing new rail linkages (e.g. to agricultural hubs, solid mineral sites, manufacturing, and industrial hubs).
- Facilitate rail connectivity through the linkage of the NG rail to the six ICDs as identified by the Nigerian Shippers Council, completion of Lagos, Port Harcourt, Onne, Calabar, Warri and Lekki Port-to-rail projects.
- Develop a safe and secure rail transportation network
- Expand Nigerian local content in the railway value chain

Road: Improve the Nation's Road network and its intermodal connection to seamlessly support economic activity, enhance the quality of life and environment

through the development, operation, and maintenance of safe, efficient, and effective road network, that supports the population and traffic growth as well as facilitates economic and social development through efficient movement of goods and people. Key strategies include:

- Facilitate concentric economic diversification and GDP growth through the improvement of road linkages to real sectors of the economy and economic centres.
- Integrate the transport network through improved road connectivity that ensures easy movement of goods from the ports, ICDs, inland waterway terminals, and rail stations
- Improve on the national road network to accommodate population and traffic growth and facilitate economic and social development through effective movement of goods and people.
- Create an enabling environment for private sector participation in financing and managing roads.
- Build a globally competitive economy through the provision of road infrastructure that meets internationally acceptable standards.
- Improve on road construction programme and PPP funding and project delivery
- Develop local capacity by investing in human capital through job training and capacity building for the workforce in the sector.

Aviation: Nigeria's aviation industry will be elevated through the concession of major airports in the country to encourage private sector participation in the development of critical aviation infrastructure. Also, critical airport infrastructure including runways, air communication and relay stations, terminals and emergency response equipment will be expanded, upgraded and maintained to ensure operational efficiency and minimize congestion. This will enable a safe, secure, efficient and comfortable air transport system that is self-sustaining, and a major contributor to the nation's GDP and socio-economic growth and development. Key strategies include:

- Accelerated bankable aviation infrastructure development plans to enhance sustainability including PPP projects, concessions and robust aviation business continuity plans;
- Drive economic development through comprehensive private sector-led development of the aviation

economy, including the development of enabling policy and regulatory framework for attracting long term, patient capital into the industry;

- Achieve Safe and Secure Air Transportation through comprehensive national compliance to ICAO and IATA standards and regulations;
- Improve Aviation Linear Connectivity through efficient and effective airport connectivity that links critical stations across the country;
- The development of local capacity across the Nigerian aviation value chain.

Maritime: The objectives and targets for this sector are anchored on the development of at least two deep seaports and five inland dry ports to decongest existing ports and increase inter-port competition to reduce costs. Additionally, investments will be made to reduce the waiting time of vessels, increase the speed of documentation and clearing, and increase overall throughput and ship registry tonnage. Key strategies include:

- Implement process infrastructure upgrade to make the Nigerian ports the main destination for shipment in west and central Africa. This will include the full implementation of the WTO Trade Facilitation Agreement to reform ports procedures, especially those relating to transit cargo.
- Improve navigation and safety of vessels within the port limit
- Achieve Efficient port operations through complete automation of port management systems
- Contribute to the growth and diversification of the national economy
- Ensure safer waterways and a more secure maritime domain
- Achieve comprehensive compliance with international maritime instruments (IMO&ILO) for enhanced maritime safety and security.
- Enhance safety, security on the Inland Waterways while improving integration with other modes of transport and creating the enabling environment to attract private sector participation in the sub-sector that would contribute to the diversification of the economy.

Investment and Resource Allocation

To achieve the goals outlined in the transportation sector, the estimated public investment is N7.73trn from 2021-2025. Allocations will be made to priority projects in the

sector as well as projects essential to the operations of the relevant MDAs at each level of government. In addition, the transport sector plan and the infrastructure master plan has identified some available funding options.

Aside from the Public Sector Capital Budget Expenditure Sources, the following options are available to the Government:

- Capital Market: Raising the sum of N100 billion on an annual basis via the Sovereign Sukuk Bonds. This will amount to a sum of N500 billion that will be available for the funding of critical road projects.
- Presidential Infrastructure Development Fund Portfolio (managed by the Nigeria Sovereign Investment Authority): The sum of US\$321 million was made available to this fund from the proceeds of the last tranche of "Abacha Loot" recovered. The proceeds of the fund will be applied to fund the execution of Lagos – Ibadan Expressway, Abuja – Kaduna – Kano Expressway and the 2nd Niger Bridge.
- The Central Bank of Nigeria is putting together an Infrastructure Company (InfraCo) in collaboration with the NSIA and some Private Capital Funding sources. It is expected that InfraCo will generate a Total Capital Asset Portfolio of up to US\$40 billion. Over the next 5 years, it is expected that InfraCo can generate up to at least 55 percent of its projected total portfolio (that is US\$22.5 billion).
- An additional US\$1.5 billion could be sourced from pension funds, assuming Nigeria's pension fund assets valued at over US\$31.3 billion in 2019 grows at an average rate of 15.0 percent per annum over the five years and pensions funds opt to invest in infrastructure funds and infrastructure bonds up to the thresholds they are allowed to do.

Conclusion

Nigeria will continue to grow its transportation sector through strategic partnerships and capital mobilization. As transportation becomes more efficient, the gains will translate into economic benefits as businesses spend less on transportation and face fewer operational disruptions as a result of traffic gridlocks and associated issues. In the same vein, the quality of life for Nigerians will increase as citizens become even more mobile and able to seek a wider array of economic opportunities.

CHAPTER 12: POWER AND ALTERNATIVE ENERGY

Introduction

Energy is critical to Nigeria's overall economic development and industrialisation ambition. Energy plays a critical role in powering Nigeria's economy, enhancing competitiveness and ensuring a good quality of life for its more than 200 million residents. With sufficient energy provision, small and large businesses can conduct their operations cost-effectively. Indeed, Nigeria's industrialisation objectives cannot be realised without reliable and affordable access to energy.

Nigeria's current energy mix is driven mostly by natural gas and hydropower despite an abundance of renewable energy sources such as solar and wind energy. The sector has witnessed a series of reforms with the development of roadmaps and plans. The most significant reform is the Electricity Power Sector Reform Act 2005 which enabled private companies to participate in electricity generation, transmission, and distribution to develop competitive electricity markets, enforce performance standards, and to eliminate the long-held monopoly by the defunct National Electric Power Authority (NEPA). Consequently, NEPA was unbundled into six power generating companies, eleven distribution companies and one transmission company.

Though Nigeria is blessed with alternative energy sources such as wind, solar and biomass, the country is yet to maximize these energy sources to their full potential. In this plan, the government will prioritise efforts to maximise these alternative energy sources to increase energy per capita so as to spur industrialisation.

Review of Sectoral Performance 2017 – 2020

Nigeria is reputed to be the biggest economy in Africa in terms of GDP and population, yet its power sector is lagging with per capita power consumption of 144kWh, compared to South Africa's 4,200kWh and Ghana's 351kWh. This is far behind the average of 6,022kWh for the European Union and 483kWh for Sub Saharan Africa. Based on the country's GDP and global trends, electricity consumption should be four to five times higher than it is. As at 2019, the Power Sector Industry Baseline was as follows:

- Peak suppressed load on Grid - 23,960MW1.
- Peak Generation - 5,375MW1.

- Approximately 19% of the Suppressed Grid load was met.
- In addition to Interface issues, Discos are rejecting load owing to collection problems. (Jan-3.2GW, Feb-3.4GW, Mar-3.4GW, Apr-3.2GW, May-3.1GW, June-2.9GW, Jul-3.0GW, Aug-2.9GW, Sep-2.8GW)
- Total Amount invoiced to DisCos in Sept'19 equals N49.39Bn, Total received equals N12.72Bn (25.74%).
- Total Amount of GenCo invoices in Sept'19 equals N53.31Bn, Total paid equals N14.76Bn (27.69%)
- Generally, Nigeria has underperformed on its energy potential

The Nigerian power sector has witnessed a series of reforms from 2001 till date with the most important being Electricity Power Sector Reform (EPSRA) Act 2005. The Power Reform Act 2005 was preceded by the National Electric Power Policy of 2001. EPSRA resulted in the unbundling of the PHCN, creating eighteen (18) new Successor Companies, which comprised six (6) GenCos, eleven (11) DisCos and TCN. NERC was also established to regulate the power sector. A major development after the enactment of the Act was the setting up of the Presidential Task Force on Power ("PTFP") in June 2010, and the subsequent launching of the Roadmap for Power Sector Reform in August 2010. These facilitated the acceleration of the power sector reform agenda by providing the government, investors and Nigerians, with a widely accepted strategy for achieving a steady and reliable power supply for every Nigerian over a ten (10) year period.

With a population of over 200 million and over half (approximately 55%) not having access to grid-connected electricity, the need to ensure a stable and viable power sector has become expedient and crucial. To properly develop a medium and long-term plan for the power sector, the Government will carry out an objective assessment of the state of the sector and identify constraints as well as provide sustainable solutions. The power sector is challenged with many issues cutting across the value chain from generation to transmission, distribution, gas supply, revenue collections to losses and tariffs. Constant vandalism has crippled gas supplies leading to the under-capacity of power plants.

Despite the installed capacity of over 13.4GW, operational capacity hovers around 7GW and actual dispatch to end-users is less than 4GW. This has compelled Nigerians to self-generate, with an estimated generator capacity of

between 8GW and 13GW. According to the World Bank, an estimated 41 percent of Nigerian businesses generate their power supply to augment the national grid supply.

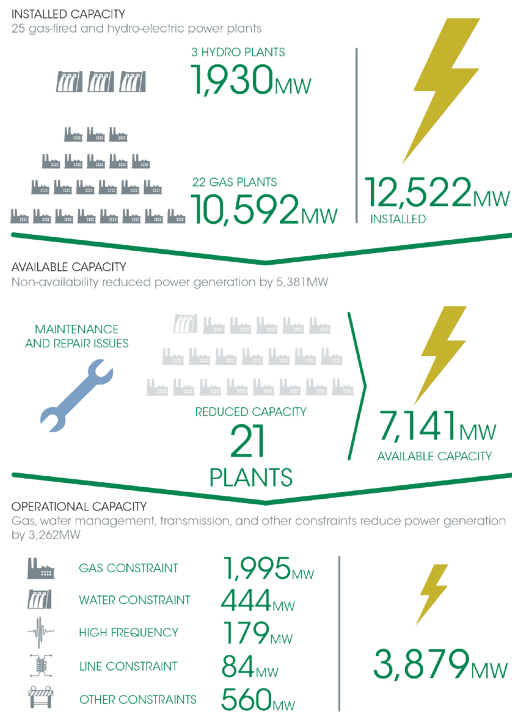
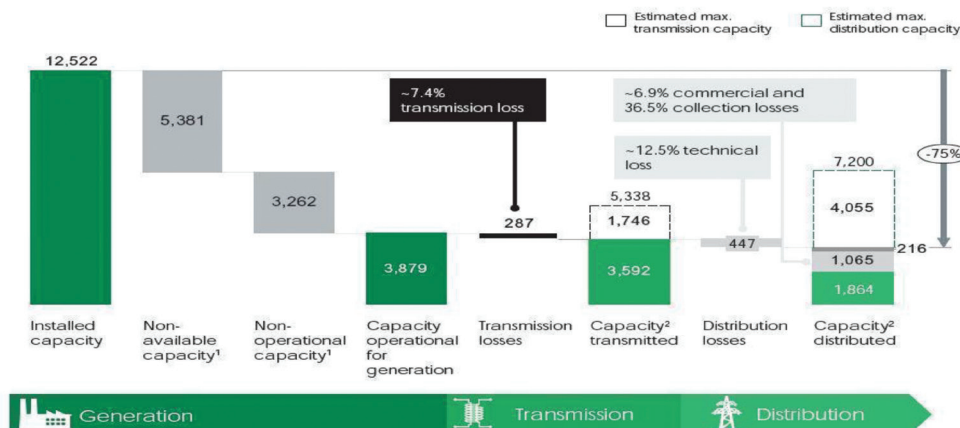


Figure 12-1: Nigerian Power Sector Landscape
Source: Nesistats

Nigeria Power Sector Landscape

Generation: The total installed capacity of the 23 grid-connected generating plants in Nigeria is approximately 12.5 MW, but many plants suffer from recurrent challenges such as maintenance and repair requirements, trips, faults, and leakages that make them unavailable for evacuation to the national grid. The electricity sector relies mainly on natural gas thermal power plants. Approximately 85 percent of the grid-connected power plants are fossil fuel (gas) fired, while the remaining 15 percent are hydroelectric power plants.

Figure 12-2: Power Capacity



Although available capacity is 7,141MW, the power plant operational capacity is even lower at 3,879MW (average January to 15 August 2015; 31 percent of installed capacity). The key constraints to operational generation capacity are:

- Insufficient gas supply caused by low production, insufficient infrastructure and vandalism
- Poor water management
- High frequency due to demand imbalances, and
- Line constraints due to inadequate transmission infrastructure.

Transmission: The government-owned Transmission Company of Nigeria (TCN). TCN consists of three departments:

- The Transmission Service Provider (TSP), which is responsible for the development and maintenance of transmission infrastructure.
- System Operator (SO) that manages the flow of electricity throughout the power system from generation to distribution companies, and.
- Market Operator (MO) that administers power market rules.

Nigeria's transmission network can wheel about 5,300MW of power however, owing to generation constraints, less than this capacity gets wheeled. Underinvestment in building new infrastructure and lack of appropriate maintenance of the current infrastructure has constrained the transmission network expansion. Transmission losses on the line stood at about 7.4 percent (based on January to July 2015). Nigeria's transmission network comprises 159 substations and 15,022km of transmission lines. Also, 126 approved TCN projects worth about US\$1.5 billion are underway to strengthen the transmission network and additional 118 NIPP projects have been approved.

Distribution: The distribution grid operates mainly on 33 kV and 11 kV levels, that is, medium voltage (MV) and low voltage level (LV). As part of the privatisation programme, the Power Holding Company of Nigeria's (PHCN) distribution network was split into 11 regional grids. These grids were then sold off to local and foreign investors, with a minority stake retained by the government.

The distribution network recorded technical, commercial (energy not billed for), and collection (energy billed but not paid for) losses in the delivery of electricity to the

consumers. As of September 2018, approximately 51 percent of energy was lost

Gas Infrastructure: In Nigeria, 85 percent of the power generation infrastructure is fossil fuel-based, mainly natural gas. As such, the gas infrastructure plays a leading role in enhancing energy security in the country. Although Nigeria has abundant gas reserves, low levels of gas feedstock supply and infrastructure to the thermal power plants in the country have remained an issue, leading to fewer thermal plants being made operational. Despite huge volumes of natural gas production daily, only approximately 9 percent; 0.8bscpd (Billion Standard Cubic feet of gas per day) gets delivered to the power plants. Certain factors, such as insufficient gas-processing and pipeline infrastructure, lack of adequate investment in gas production and processing facilities, and failure to complete already funded projects, can be attributed to the insufficient gas supply. Owing to low domestic gas prices, investment in gas development to enhance the supply of natural gas feedstock to the power plants by upstream oil and gas companies is reportedly economically unviable.

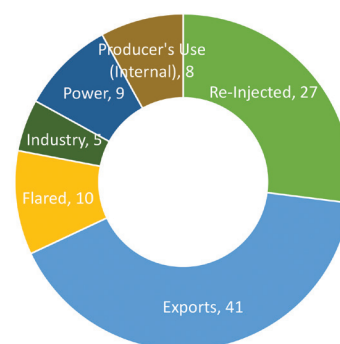


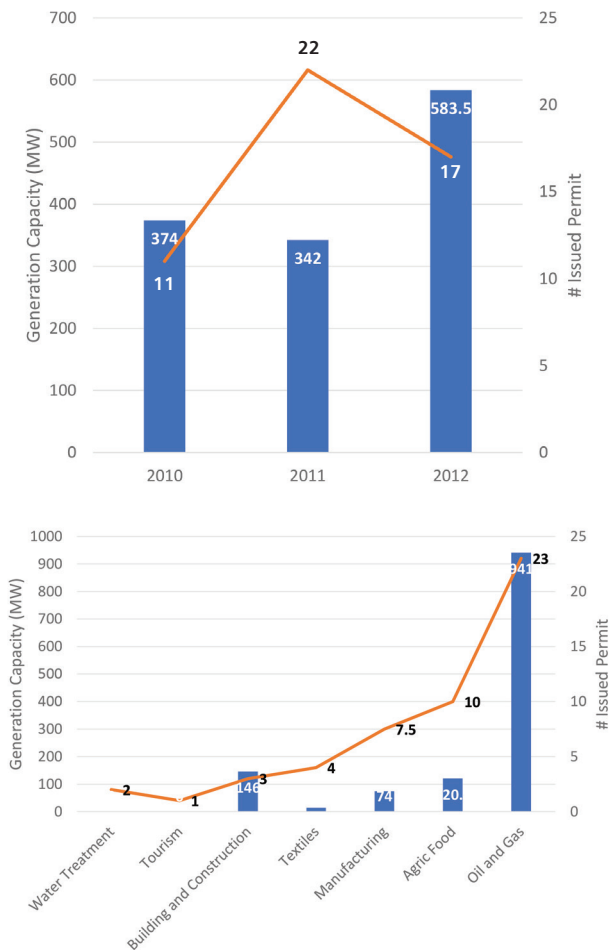
Figure 12-3: Gas Infrastructure
Source: Nigeria Power Baseline Report

Alternative Energy: In the face of the huge gap between grid supply and the energy demand in Nigeria, consumers have resorted to alternative energy sources to supplement the inadequate supply from the grid. Such options include captive power generation, generators, mini-grids and solar home solutions.

It is estimated that Nigeria spent over \$14 billion on generators in 2019 according to the Central Bank of Nigeria report, while the GIZ report under the Nigeria Energy Support Programme (NESP) estimates that there are between 22m – 40m generators in the country.

Despite the licensing of captive power generation, actual production is far less than the demand by the market.

Figure 12-4: Issued Captive Power Permits



The Nigerian energy sector has also witnessed increased momentum in the deployment of off-grid renewable energy technologies with the Rural Electrification Agency (REA) taking the lead under the Nigeria Electrification Project (NEP). The Rural Electrification Agency of Nigeria has been implementing the following programs:

- Energizing Economics Initiatives (EEI): This programme supports the rapid deployment of off-grid solutions in economic clusters such as markets and agricultural industrial complexes.
- Energizing Education Programme (EEP): This programme aims to develop off-grid Independent Power Plant (IPP) Projects for powering 37 Universities and 7 University Teaching Hospitals and to provide street lighting and develop and operate Training Centres to train university students.
- Nigeria Electrification Project (NEP): This programme

by REP is supported by the World Bank and the African Development Bank. It provides a pipeline of local investments and incentives required to catalyse the off-grid market through Market Data, Grant Funding and Technical Assistance.

- Rural Electrification Fund (REF): This provides funds for cost-effective expansion of electricity in un-electrified areas. The first round of call for proposals (REF Call 1) is on-going and aims to support 12 mini-grid projects ranging between 30-100kW with a total installed capacity of 1016 kW. These planned mini grids aim to electrify 5272 households. The Call also aims to support 14 Solar Home Systems projects with an installed capacity of 245W and 20,000 units.
- Nigerian Energy Support Programme (NESP): This program is supported by the German Government and the European Union and is implemented by GIZ. Under this programme, two schemes are rolled out to support the mini-grid market: The mini-grid acceleration scheme (MAS) and the Inter-connected Mini-Grid acceleration scheme (IMAS). MAS includes a non-site-specific open tender to provide 21,000 electricity connections. IMAS includes both the mini-grid and grid interconnection elements.

Off-grid electrification initiatives in Nigeria are gradually emerging. In February 2017, Nigeria launched an initiative to distribute 20,000 solar-powered lighting systems to rural communities in the country. Additionally, Nigeria Intended Nationally Determined Contribution (INDC) to the United Nations Conference of Parties 21 (COP21) shows that the Federal Government plans to work towards adding 13GW of off-grid solar power by 2030. On a state level, the Lagos state government through the Lagos Solar project, a joint investment of Lagos State Electricity Board (LSEB) and the UK Department for International Development (DFID) has installed nearly 5 MWp of solar-generated off-grid power for 172 schools and 11 clinics within Lagos State. An additional 1.5 MWp is being installed at public health clinics in Kaduna State under the Solar Nigeria programme by DFID. Several other off-grid schemes with support from international partners are gaining traction across the country.

Challenges and Opportunities

Nigeria’s energy sector currently operates below potential, constraining the continued growth of the private sector and resulting in significant use of alternative power generating sets by individuals, households, and businesses. In Nigeria, electricity demand outstrips

supply, leading consumers to supplement the inadequate supply from the grid with options such as generators, mini-grids, and solar home solutions. Consequently, a significant portion of the Nigerian economy is powered largely by about 45 million small-scale off-grid fossil fuel-fired generators, while approximately half of the Nigerian population have limited or no access to the grid and the remaining half that have access to the grid face regular service interruptions.

According to the Rural Electrification Agency (REA), Nigerians and their businesses spend roughly N5 trillion (US\$14 billion) annually on the inefficient generation that is expensive (N140/ kWh or US\$0.40/kWh or more), of poor quality, noisy and environmentally unfriendly owing to this shortfall. Overall, the economic cost of power shortages in Nigeria is estimated at US\$28 billion which is roughly 6 percent of GDP.²⁶

Nigeria's energy sector faces a wide range of challenges across the value chain, resulting in insufficient power generation, the subpar transmission of generated power, technical and fiscal losses at the distribution end and significant liquidity gaps. The medium-term challenge for the provision of adequate energy supply for industry and households include:

- Gas-to-power – although critical to power generation, less than 10 percent of natural gas is delivered to power plants owing to insufficient gas processing and transportation infrastructure, and insufficient funding mostly driven by low gas prices.
- Generation – despite growth in installed power generating capacity, Nigeria is yet to reach the required generating threshold for the size of its population and struggles to exceed 30 percent capacity utilization of generating assets. Nigeria's overall generation capacity has increased from approximately 5,500MW in late 2014 to more than 13,000MW currently, driven by 23 grid-connected generating plants comprising assets of the privatised generating companies (GenCos), Independent Power Producers (IPPs) and the National Integrated Power Project (NIPP). However, this installed capacity is significantly below benchmarks of 1,000MW for 1 million people, signalling a required installed capacity of about 200,000 MW to cater to Nigeria's population of ~200 million people. Additionally, only 4,000MW of power reaches end-users indicating insufficient capacity utilization for most of the available generating assets.
- Transmission – owing to historical under-investments. Nigeria's transmission network can only wheel about

40 percent of installed power generating capacity.

- Furthermore, the uneven distribution of power generating plants across Nigeria creates the need for additional transmission infrastructure to balance sub-national load requirements. Nigeria's power generating plants are concentrated in the southern part of the country. As such, some of the transmission regions in the country are unable to maintain a generation-to-load balance, thus necessitating the construction of a radial system of long and expensive transmission lines with attendant voltage regulation issues and reactive power management that further increase the cost of the lines.
- Distribution – the distribution end of the value chain experiences significant losses because of inefficiencies.
- Shortfalls in the collection by distribution companies have resulted in significant liquidity issues for the entire sector. As a result of accumulating revenue shortfalls, total market debt continues to grow, a development which has led the Nigerian government to intervene on several occasions with liquidity support to the Nigerian electricity supply market via the Nigeria Bulk Electricity Trader (NBET).
- Additional sector issues include lack of cost-reflective tariffs, data and knowledge management gaps, and governance.
- Underdevelopment of the abundant alternative energy sources such as wind, solar, biomass, etc. and overconcentration of non-renewable sources have adverse effects on the environment.

Nigeria has the potential for energy sufficiency given significant natural resources and fuel sources. Nigeria has a vast amount of latent fuel sources for energy generation as it boasts of the ninth-largest reserves of natural gas in the world, large bodies of water that can be channelled towards hydropower generation and significant solar irradiation, especially in the northern region. All of these can be channelled towards meeting the country's energy needs.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria aims to hit 10,000MW in power generation, transmission, and distribution, thus necessitating several milestones for each segment of the value chain. Firstly, this requires the reliable and sustainable supply of natural gas to all operational thermal generating plants in the country to achieve 10,000 MW of electricity supply. Next,

additional generation capacity will be unlocked, and additional generation assets installed in northern Nigeria particularly in Zungeru (Niger) and Kudenda (Kaduna), to balance subnational load requirements. Then the transmission and distribution end will be optimized to ensure that all generated power is efficiently transmitted to the end-users with minimal technical and fiscal losses. The government will ramp up and leverage renewable energy to reduce the number of residents without access to electricity, especially in rural areas not currently connected to the grid. By 2025, Nigeria aims to achieve a 15 percent reduction in the number of the population without access to electricity (currently estimated at 81

million people). It is envisaged that over 75 percent of rural and remote locations will be provided with power via renewable energy sources (including small hydropower, solar, biomass and wind). This will be achieved through a combination of off-grid and mini-grid solutions for rural coverage and on-grid and embedded generation for urban areas, with a total renewable energy generation target of 1,000MW, positioning the Nigerian renewable energy market as the renewable energy hub for the rest of Africa.

Accordingly, the results framework for the energy sector has key performance indicators with specific targets for each programme as presented in Table 12-1

Table 12-1: Objectives and Targets of Power and Alternative Energy

| Objectives | Key performance indicators | Baseline | Target |
|---|---|----------------------------|---|
| Increase transmission capacity and reduced losses | Amount of energy transmitted across the national grid | 3,592 MW | 10,000 MW |
| An increase in the amount of energy on distributed networks and reduce losses | Amount of energy on the distributed network | 3,145 MW | 10,000 MW (70 percent gas, 30 percent other sources). |
| | Meter penetration in Nigeria | 67.6 percent ²⁷ | 100 percent |
| Optimal utilization of generation capacity | Generation Capacity (all 23 operational thermal generating plants in the country) | 7,141MW | 25,000 MW |
| Increase access to electricity | Share of population with access to electricity | 55.4 percent | 75 percent |
| Improve renewable energy supply | Share of renewable electricity in total electricity generation | 13 percent | 23 percent |

Source: Federal Ministry of Power and Energy and International Energy Association for baseline data; targets are projections.

The target is to grow generation capacity to about 10GW, consisting of 70% gas-operated plant and 30% other sources, by completing existing initiatives, programmes, and projects, and implementing the strategic measures detailed in this plan. Reliability of supply will be ensured with a spinning reserve for unconstrained dispatch of generated power, no transmission cutbacks and balance between the hydro-thermal supply mix. The government, through the Presidential Power Initiative (PPI), has engaged Siemens to provide targeted upgrades to the power system in Nigeria. The transmission company of Nigeria and the eleven distribution companies have also shown commitment towards embarking on investments in the sector that would push up power delivery to Nigerians to 7GW by 2023 and 10GW by 2025. These projects include:

- Completion of the ongoing Abuja Transmission Ring Scheme funded by Agence Française de Développement (AFD).
- Completion of the ongoing Nigeria Electricity Transmission Access Project funded by the World

Bank.

- WAPP North Core Transmission Project funded by the World Bank.
- Commencement of the Northern Corridor Transmission Project, funded by the World Bank and the EU.
- Several distribution projects aimed at resolving Interface challenges and expanding distribution capacity to 7GW in 2025

To achieve renewable energy targets 1,125MW will be realized from 14nos Solar IPP Projects that have existing licenses and PPAs with NBET, and a cumulative of 475MW will be realized from Off-Grid Renewable energy projects. At an average of 10MW per project, this indicates that a total of approximately 50 Off-Grid Renewable Energy projects will be implemented by 2025.

With regards to gas supply, the target is to achieve the full supply of gas required for all thermal power generation plants currently installed all over Nigeria (private Gencos, NIPPs and IPPs), and to activate all subsisting contracts.

Strategies and Policies for accomplishing the objectives/targets

Five strategic measures are critical to realizing Nigeria's energy objectives and targets.

- Deepen coordination of power sector reform initiatives across the Electricity Supply Industry to achieve generation, transmission and distribution of 10 MW, while simultaneously improving on liquidity and market confidence through market-reflective tariffs and performance-based industry cost structure. Accelerated execution of Transmission and Distribution Infrastructure projects to utilize existing Generation Capacity/ Successful Implementation of Siemens PPI.
- Resolve value-chain specific constraints to unlock more energy for Nigerians by optimizing existing capacity. The government will work to eliminate constraints across the energy value chain including gas-to-power, generation, transmission, and distribution. This would involve significant fund mobilization to upgrade the transmission networks to wheel more power and unlock idle generation capacity, establish gas infrastructure to increase the supply of fuel to the generating plants and optimize both the transmission and distribution network to eliminate fiscal and technical losses. The government will pay attention to proactive gas-to-power interface management and planning, to ensure the continued growth of the electricity supply industry. The government will ensure the accelerated execution of transmission and distribution infrastructure projects, particularly the successful implementation of the Siemens Presidential Power Initiative (PPI), to utilise existing generation capacity. In the distribution segment, the government will ensure urban area enumeration and proliferation of smart metering systems for revenue assurance of the Power Sector.
- Lay the groundwork for increased energy from renewable sources to complement existing sources. Considering the goal of generating up to 1,000 MW of power from renewable energy sources, the government will ensure appropriate policy and regulatory support and then build associated infrastructure to drive renewable energy generation, rural electrification expansion and the development of both isolated and interconnected mini-grid systems to serve various locations. This is with the view to jump-starting the off-grid and on-grid renewable energy market and incorporating the same into the existing Nigerian power sector market. To successfully accelerate ongoing off-grid and on-grid renewable energy projects, the Government will continue to

drive the Rural Electrification Agency (REA) Off-Grid Electrification Strategy and Rural Electricity Fund (REF).

- Improve sector governance and overall operating framework for energy in Nigeria by strengthening overall sector stability. The government will review and strengthen the policy and regulatory environment ensuring appropriate support for Nigeria's energy goals and eliminating conflicting policy positions that may emerge, or duplicative mapping of responsibilities amongst regulatory agencies. Additionally, strengthen the existing operating framework to ensure adequate data and knowledge management, cost-reflective tariffs, and increased compliance by sector players.
- Develop a robust framework to fully develop the abundant alternative energy sources. Government will facilitate the prerequisite framework for a PPP arrangement to fully develop alternative energy resources across the country to increase energy per capita in the country.
- Align the implementation of this Plan with the energy sector aspirations, private sector expectations, priorities and required investments as provided in the National Integrated Infrastructure Master Plan.

Investment and Resource Allocation

The government plans to allocate N598 billion for executing the various strategies and initiatives planned for the energy sector between 2021 and 2025. These include measures to strengthen

all aspects of the energy value chain including alternative energy sources and improve overall system reliability.

Conclusion

Nigeria has the resources required to bridge its energy deficit whilst increasing affordability and accessibility. The government will undertake a concerted effort in the 2021-2025 window to leverage existing assets and resources to ensure energy sufficiency for all Nigerians. As the transmission network is further optimized and expanded, idle generating capacity will be progressively unlocked so that Nigerians can benefit from the full breadth of available generating assets. Priority will also be geared towards developing the abundant alternative energy sources such as wind, solar, biomass through a robust PPP arrangement to increase energy use per capita and also ensure the use of environmentally sustainable energy sources. This would improve Nigeria's business environment and overall quality of life.

CHAPTER 13: HOUSING AND URBAN DEVELOPMENT

Introduction

Access to safe and proper shelter is essential for human existence and survival. Provision of housing can impact the economy by creating jobs, promoting socio-cultural integration, improving healthy living and life expectancy which all foster inclusive economic growth. By 2025, an estimated 1.6 billion people (1/3 of the world's urban population) are expected to face affordable housing challenge²⁸. Failure to take decisive and coordinated action now, will only result in further widening of the gap between available affordable houses and the corresponding demand. Nigeria is the most populous country in Africa and has a rising urbanisation rate.²⁹ This further explains the rising demand for affordable housing that may cause a widening housing gap on an annual basis without a targeted policy intervention. As the economy is in a stagflation phase exacerbated by the COVID-19 pandemic, the housing sector has the potential to become one of the main drivers of economic growth.

Review of Sectoral Performance 2017 – 2020

The government has strived to stimulate construction by building affordable houses and overcoming critical constraints in the housing sector. Between 2017-2020, a substantial number of housing units have been completed while several other units are at various stages of completion. This is owing to the collaboration and multi-faceted strategies involving (i) the National Housing Programme (NHP), (ii) the Federal Mortgage Bank of Nigeria (FMBN), (iii) Federal Housing Authority (FHA), and (iv) Nigeria Mortgage Refinancing Company (NMRC). For example, the National Housing Programme since 2017 has completed 2,287 housing units with 2,591 units under construction in 34 States and the FCT. Also, the Federal Mortgage Bank has issued 5,446 mortgage loans totalling N46.677 Billion and 62,061 home renovations loans amounting to N55.198 Billion. The Bank has also funded 4,435 houses to completion under the cooperative housing scheme. Additionally, about 4,100 certificates of occupancy have been issued and 2,177 consent to mortgages, deeds of assignments have been issued to complete mortgages and sales and purchases of houses. Similarly, the Federal Housing Authority (FHA) has completed 1,016 housing units in Apo, Zuba, Yenegoa and Odukpani. Thus, the policy initiatives of the Ministry have led to a very modest increase in housing

stock for Nigerians.

Furthermore, to support the housing development, the Site and Services Scheme initiative was created for the government to provide support services such as (roads, culverts, external drains, external electrification and water supply) to encourage allottees to access their plots and build houses of their choice. So far, 87 contracts were awarded to provide and maintain streetlights in federal highways across 36 states while eighteen (18) of the thirty-six awarded jobs have completely provided infrastructure (water, road and electricity) in various states.

The National Housing Programme has focused on stimulating the economy and creating a large employment opportunity. The policies, programmes and projects of the Ministry have contributed to stabilizing the macro-economy of the country, particularly in job creation. Despite the progress made, the high cost of building materials, as well as the cost and challenges of access to land, and preparation of sites and services, and inadequate mortgage options, have continued to be a major constraint in the construction and real estate sub-sector. Shortfalls in revenue and budgets have had a significant impact on the level of completion of projects. Furthermore, challenges including the decline in the availability of skilled manpower in the construction industry and supervisory capacity of government staff, have also stifled progress to date.

Challenges and Opportunities

Nigeria has experienced rapid yet uncontrolled urbanisation, which put intense pressure on an already stretched housing infrastructure. Nearly 50 percent of Nigerians currently reside in urban areas, which represents almost 100 million people. Over the years, housing supply constraints and asymmetric information on existing housing policies have prevented Nigeria from keeping up with the rapid urbanisation rate. Also, lack of policy continuity arising from political risk and change of government over the years have stifled government efforts thus, explaining the gap between the availability of affordable housing and the demand due to rising population.

Furthermore, the sector faces other hurdles such as:

- Proper land administration constraints;
- weak adherence to real estate market regulations;

²⁸McKinsey, *Tackling the world's affordable housing challenge*, 2014

²⁹World Bank, *World Bank Development Indicators*, 2019

- unhealthy speculation by stakeholders in the sector;
- low private sector involvement, and
- robust housing database and mapping constraints
- rising cost of building materials

These challenges have all contributed to severely curtailing access to land despite the government's best efforts to reform the mortgage sector.

Despite these challenges, the increasing demand for housing because of rapid urbanisation can be leveraged as a considerable engine for growth. Building affordable houses to fill the shortfalls will increase demand for housing-related financing and drive liquidity of mortgage finance products. Massive housing construction will also significantly boost demand for locally crafted materials to reduce construction costs as well as stimulate job creation, particularly in the construction and manufacturing sectors of the economy.

Additionally, the government will leverage current opportunity around technology advancements to further drive growth in the housing sector. Digital mapping of Nigeria's landmass is reportedly around 20

percent, but the use of technology and data analytics would enable local authorities to better understand the scope of planning and administration required to build sustainable cities across Nigeria. Integrating technology into urban planning would allow for the interconnectivity of different aspects of the housing sector but also create linkages to power, health, transportation, sports, security and a host of other infrastructure. Technology innovations also open the door to the use of alternative building materials to reduce delivery time and maintenance costs, while ensuring environmental sustainability with solutions such as smart grids or green housing.

Objectives and Targets, 2021 – 2025

Nigeria strives to provide affordable housing to all Nigerians through a strategic policy framework to bridge any gap between supply and demand by 2025. Thus, the main thrust is to improve access to affordable housing.

To achieve these goals by 2025, Nigeria plans to achieve the following targets in Table 13.1.

Objectives 13-1: Objectives and Targets of Housing and Urban Development

| Objectives | Key performance indicators | Baseline | Target |
|--|--|---------------------------|---------------------------|
| improve access to affordable housing in Nigeria | Housing Supply Rate | 500,000* per year | 1,000,000* per year |
| Improve linkages between the housing sector and the economy | Real Estate Contribution to GDP | 5.7 percent | 8.38 percent |
| improve urban development across the country | <ul style="list-style-type: none"> • Urbanisation rate • Rural-urban migration | 52 percent 6.5 percent | 40 percent 5.0 percent |
| *Note: public sector (federal and subnational governments) supply is approximately 20% of these values while the private sector accounts for the balance. | | | |
| Source: Federal Mortgage Bank and National Bureau of Statistics (NBS) for baseline data; targets are projections. | | | |

The establishment of the Urban and Regional Development Boards (URDB) charged with the responsibility for the overall supervision including monitoring and management of urban development as well as planning across states will bridge the gap between current housing supply and demand in Nigeria. Also, unlocking Housing and Mortgage Finance and Capital Formation through the market and legislative reforms is essential to unlocking the potential of the sector for shelter, jobs and economic growth. This is critical as efforts will be geared towards proper collaboration and coordination among the Federal Mortgage Bank, Primary Mortgage Banks, family homes and other private real

estate firms.

Strategies and policies for accomplishing the objectives/targets

For Nigeria to successfully provide affordable housing and support sustainable housing development without compromising quality standards, the government will implement the following strategies within five years:

- Accelerated urban development: Develop and implement a national urban development policy and plan that focuses on urban renewal, provision of low/medium income housing, while checking rural to

urban migration. Urban renewal of slums with social and affordable housing by 2.76 percent annually will align with Sustainable Development Goals. This will reduce the percentage of the urban residents who live in slums from 69 percent to 55.2 percent to make cities and human settlements inclusive, safe, resilient and sustainable by keying into the SDGs. Reduction of the urbanization growth rate through rural-urban migration from 6.5 percent to about 5.0 percent. Support the national urban development policy and plan with an institutional framework that recreates the Federal Ministry of Housing and Urban Development and establishes Regional Development Boards (URDB) across the states including the FCT.

- Drive Significant Reduction in Housing Deficit through Systematic increase in Annual Housing Supply Rate: Expand the funding base and capital formation in the real estate sector. Ensure an increase of the government's social housing budget for highly vulnerable persons, including people living with disabilities (PLWDs), low-income earners, among others. with a target of at least 10 percent reduction in housing deficit within the next 5 years. This will help to phase out slums, substandard housing, and providing comfortable shelter for the homeless through social and affordable housing that meets international standards and aligns with the Sustainable Development Goal (SDG) of creating Sustainable Cities and Communities by working with stakeholders in both the public and private sectors, utilising local capacity and materials. The government will bridge the gap between housing demand and supply constraints; create rental housing opportunities for at least 500,000 citizens; reduce the demand for multiple years' rent payment; bring unused and empty houses into use especially in urban areas; make housing payment affordable by matching it with income receipts; deliver site and service schemes that engender at least 50,000 plots of land in each state of the federation including the FCT for housing development.
- Facilitate real estate specific capital formation and funding mechanisms for growing the mortgage finance sector: The government, in partnership with the private sector, will create a market that has multiple long-term funding sources including full integration with the Nigerian capital market where the value of listed mortgage-backed securities would be at least 20 percent of the market capitalisation of equities; establish a robust mortgage market that provides access to housing finance to a minimum of 20 percent of Nigerians in all social classes in urban centres for the purpose of owning their own houses; integrate housing financial products into the Nigerian capital market to facilitate access to homeownership for millions of Nigerians and build up demand for housing; create long term mortgage financing by developing financial tools for buyers and put in place financial instruments to boost the supply of housing; and expand financing options from commercial banks, insurance companies and pension funds through incentives, tax breaks and guarantees. There will be proper coordination and collaboration of the Federal Mortgage Bank, the Primary Mortgage Banks, family homes and other private real estate firms through a well thought out framework focussing on the peculiar case of Nigeria.
- Ensure consistency with previous and related plans: The implementation of this Plan will be aligned with the National Integrated Infrastructure Master Plan's aspirations, private sector expectations and priorities and required investment for the housing sector.
- Develop local content and know-how for building construction and technology and materials sub-sector: The government will promote and increase the use of local building materials to achieve a target of 75 percent of building components through the creation of an investment climate that engenders building manufacturing investment; promote and increase the use of alternative building materials and new technologies in housing delivery through incisive research and development and execution of pilot projects in each state of the federation and the FCT; apply building materials focused research and development by way of pilot housing schemes built majorly from alternative locally produced materials and new technology; Incentivise and adopt low-cost housing construction technologies and innovative affordable housing delivery methods. A two-pronged approach, focusing on building affordable housing and informal settlements and infrastructure upgrades for the poor will be designed. These low-cost solutions will be accessible and sustainable. There will be an introduction of a data-driven system

to map and digitalise land registries to improve accountability and transparency across the sector. Moreover, the government will incentivise housing start-up development through innovation hubs and accelerator programs.

- Develop an effective land management system to provide transparency and ease the administrative burden of the land administration process: The comprehensive system will include policies and implement legislation that will reform land administration, title acquisition, registration, and transferability to establish clear property rights.
- Design capacity building initiatives to secure a qualified labour force with technical skills aligned with the needs of the housing sector: The government will foster collaboration across the manufacturing and construction sectors in partnership with private sector institutions to identify skill gaps and competencies needed to support the housing sector. The government will develop and upgrade existing vocational centres under its control to support workmanship and artisanal skills needed in construction. These initiatives will ensure the availability of the human resources needed to deliver on ambitious mass housing construction targets.
- Undertake the necessary legal reforms to unlock the opportunities in the housing market: This would include pursuing outstanding legal reforms, specifically Bills pending in the National Assembly, that relate to the National Housing Fund and Federal

Housing Authority.

Investment and Resource Allocation

To achieve the goals outlined in the housing sector, the estimated public investment is N3.53trn from 2021-2025. This includes an estimated public investment in the urban road development of about N1.68trn. These allocations have been made to priority projects in the sector as well as projects essential to the operations of the relevant MDAs.

Conclusion

Both Federal and state governments will make the construction of affordable housing a priority to bridge any housing deficit, reduce slums and create opportunities for sustainable urban regeneration in Nigeria. Securing the availability of long-term housing financing to facilitate access to home ownership for everyone will ultimately improve social inclusion and allow low-income Nigerians to build wealth. The achievement of these goals will be underpinned by an inclusive national housing policy that will fully unlock the socio-economic potential of the housing and urban development sector. The operational efficiency of the Federal Mortgage Bank and the Family Homes in collaboration with the primary Mortgage Banks and the private real estate firms will be a priority. The disparity between urban cities and the rural communities will be bridged through efforts to engender rural development across all states to ensure access to infrastructural facilities. Thus, efforts towards facilitating urban development across the country will be increased.

CHAPTER 14: DIGITAL ECONOMY

Introduction

Nigeria effectively entered its digital phase of information and communication technology sector transformation with the crossing of the 25 percent broadband penetration mark. This remarkable achievement came on the heels of an unprecedented Global System for Mobile communication (GSM) digital mobile network explosion, characterised by an exponential growth in mobile data traffic and new digital markets. Data and content are growing with the proliferation and adoption of digital devices in creating a new economy. This digital transformation currently shapes our economy, traversing and recreating market boundaries virtually across every sector and all aspects of human life. Nigeria has experienced a significant economic impact of the GSM revolution which has aided the contribution of the ICT sector to GDP.

Despite significant progress, the digital economy is still emerging in Nigeria. According to the World Bank, in 2016, the global digital economy was estimated at \$11.5 trillion (15.5 percent of global GDP), and it is expected to exceed 25 percent of GDP by 2026. The Nigerian economy has to be positioned to take advantage of this projected growth. In the medium-term, the country is committed to establishing the critical building blocks for the digital economy and laying the foundation for its increased contributions to improved economic competitiveness across sectors. The digital economy is expected to drive enhanced productivity by reducing cost and time in the production of goods and services.

The vital components of digital infrastructure, digital platforms, digital financial services, digital entrepreneurship and skills, digital government and financing will converge to stimulate inclusive and sustained economic growth.

Review of Sectoral Performance 2017 – 2020

The 2017-2020 period recorded increased investment in infrastructure development, higher internet penetration, and Nigeria's technology start-ups. Nigeria accounts for over 29 percent of all internet usage in Africa, and much of this internet access is via mobile devices, powered by service provision from telecommunication and internet service providers (ISPs). The contribution to GDP from these telecommunication and ISP companies increased

from 1.0 percent in 2003 to 11 percent in 2020. Further, Nigeria's mobile penetration has grown to over 80 percent, and broadband penetration increased from 27 percent in 2017 to 46 percent in 2020.

The ICT sector is growing faster than other economic sectors in Nigeria. In 2020, the sector grew by 12.9 percent, the only sector with double-digit growth in that year. Furthermore, the telecommunications sub-sector recorded a growth rate of 15.9 percent. It is the highest growth rate in the last 10 years. This strong growth was driven by the innovative activities of entrepreneurs, but also enabled by recently introduced policies which include the National Digital Economy Policy and Strategy (2020-2030), the Nigerian National Broadband Plan (2020-2025) and E-Government Masterplan to mention a few.

Nigeria's technology start-up ecosystem also experienced strong growth. In 2019, Nigerian start-ups raised US\$747 million in venture capital investment, accounting for 37 percent of all start-up funding in Africa.³⁰ Further, the average funding for technology start-ups increased from US\$57,000 in 2015 to US\$73,000 in 2020,³¹ signalling increased investor interest in Nigeria. These achievements were driven, in part, by the government's actions to develop a favourable enabling environment. For example, 98 percent of the approximately 1400 Km of the National Information Communications Technology Infrastructure Backbone (NICTIB) phase 1 has been completed and is in operation across 11 states. Further, in 2020, the Nigerian government supported leading fibre and transmission infrastructure companies to extend coverage through the second phase of the NICTIB II project, with over 3,250 km of fibre optic cables running across the six geopolitical regions. The NICTIB II, which is being funded through a US\$328 million private credit facility, will provide connectivity across several towns and cities along its routes, thus facilitating access to broadband services for an estimated population of over 9.2 million people.

The government has focused on expanding regulatory support through policy design, including the National Digital Economy Policy and Strategy, Nigerian National Broadband Plan and Smart Nigeria Digital Economy

³⁰Partech, *The Partech Africa Report is here, and it's the best yet with US\$2.02 B raised, 2020*

³¹BusinessDay and VC4A, 2020

project, among others. The Government's recent decision to peg right of way charges should make it easier to lay fibre optic cables, as well as boost the construction of base stations and other ICT infrastructure with the multiplier effect extending to the creation of digital jobs.

Challenges and Opportunities

Despite recent improvements in Nigeria's ICT sector, several challenges, including low funding and weak digital infrastructure, especially in non-commercial hubs, have limited the value-creation potential of businesses. These constraints include:

- Digital and financial exclusion of key segments of the population;
- Intermittent access to power which threatens the development of the ICT sectors, particularly to the telecom and IT services and last-mile connectivity;
- Lack of local funding for promising start-ups (over-reliance on foreign funders who may not necessarily fund start-ups based on local needs);
- Low capacity of digital infrastructure and institutions, especially in non-commercial hubs;
- Low skills development due to skills mismatch between academia and industry, therefore a shortage of workers with digital skills;
- New risks associated with Data Privacy and Cybersecurity challenges;
- Low rankings for Ease of Doing Business; and
- Social insecurity and high incidence of cybercrime which limits the uptake of digital services such as cloud services;

These constraints must be addressed to reduce the risk of low regional and global competitiveness, low economic productivity, business exits, and brain drain. Thus, to create high-growth businesses, including unicorns³² and maximize job creation opportunities, the digital economy building blocks are of strategic importance and priority.

While challenges exist, Nigeria has a significant young, tech-savvy, resilient, and entrepreneurial population which creates opportunities for the ICT sector. Nigeria's population of approximately 200 million people makes it an attractive destination of choice for ICT services and products, and the installation of under-sea cables, which has boosted bandwidth capacity in the last decade and provided a framework for digitisation across the country. These trends have led to an influx of

world-leading multinationals establishing operations in Nigeria as well as international equity investments into start-ups operating in these sectors. Therefore, further investments in the sector could unlock substantial job creation, widening the pool of skilled talent and revenue-generation opportunities.

The digital economy is also positioned to capture the potential benefits of the AfCFTA and drive job creation and income generation efforts, especially for women, youth, and informal businesses.

Digitisation of the economy provides a unique opportunity to increase the efficiency of Nigeria's key sectors, especially its financial, agricultural, and trade sectors. These sectors suffer challenges such as limited financial inclusion, especially for women and youth, poor value chain linkage, low productivity and limited access to markets. Although many of these problems require sector-specific solutions, digital economy tools and services can help to overcome some of these challenges. Financial services providers can be encouraged by government policies and incentives to expand mobile money services and digital payment solutions for seamless operations across borders. The trade sector will require a digital payment and ecommerce ecosystem to reach new markets and reduce operation costs for traders, especially for women and small businesses, who are heavily involved in cross border trading. Finally, the agricultural sector can utilise digital platforms to address market linkage bottlenecks. Thus, the introduction of a stronger regulatory environment to protect and include more Nigerians in a digital economy is critical to eliminating bottlenecks and guaranteeing the competitiveness of Nigerian businesses.

Objectives and Targets, 2021 – 2025

To unleash Nigeria's potential for industrialization and sustainable economic growth, and to ensure competitiveness in a global digital economy, the government will take measures to digitise the economy and make digitalization a key driver of national economic development strategies. The government will ensure that, by 2025, critical digitization challenges are addressed so that the sector can achieve its job creation and economic productivity potential. Table 14-1 shows the key performance indicators by specific objectives.

³²A privately held start-up with a valuation exceeding US\$1 billion

Table 14-1: Objectives and Targets of Digital Economy

| Objectives | Key performance indicators | Baseline | Target |
|---|--|--|---|
| Grow the Digital Economy | Increased ICT contribution to GDP | 10.68 percent | 12.54 percent |
| Improve E- Governance | E-Government Development Index (EGDI) | 141 of 193 (2020) | 100 |
| Enhance Digital Citizens | National Digital Identity of population | ≤ 20 percent | 100 percent |
| | E-Participation Index | 141 of 193 (2020) | 100 |
| Improve Digital Infrastructure | ICT Infrastructure (Networked Readiness Index – NRI, 2018) | 113/139 | 100/139 |
| | Broadband Penetration | 40 percent | 60 percent |
| | ICT Impact Social Impact (NRI, 2018) | 123/139 | 100/139 |
| Enhance Digital Platforms | Broadband Competitiveness and Asset Utilization | 5 percent of IPV4 and at YoY Change 38 percent | 50 percent of IPV4 and at YoY Change 150 percent |
| | ICT Usage by Individuals (NRI, 2018) | 112/139 | 60/139 |
| | ICT Usage by Government | 112/139 | 60/139 |
| Improve Digital Financial Service | % Digital Financial Inclusion (For Rural Dwellers) | ≤ 2 percent | 25 percent |
| Encourage Digital Entrepreneurship | Financing for private equity and venture capital as % of GDP | Baseline to be determined | 1 percent |
| Enhance Digital Skills | Annual Enrolment Rate | Baseline to be determined | 500,000 graduates enrolled in advanced digital skills programmes annually |
| **Sources: WEF Networked Readiness Index, UN E-Government Development Index, EFiNA Financial Inclusion Report for baseline data; targets are projections. | | | |

Strategies and Policies for accomplishing the objectives/targets

These strategies are critical to Nigeria's digital economy objectives and targets:

- Improve existing legal frameworks through policy amendment and implementation. To encourage future technological advancements, policies that focus on patent protection will be implemented to boost the protection of businesses that foster the progress of a digital economy. The Nigerian government will also implement Regulatory Sandbox Operations, aimed at establishing a controlled environment where disruptive technology in financial services can be tested. The government will also ensure policy harmonization to guide the development of the digital economy. Finally, key MDAs will work with the African Union Commission (AUC) to introduce and implement policies that support the commission's Digital Transformation

Strategy for Africa 2020-2030, so as to capture the benefits of the AfCFTA. The AUC's Digital Transformation Strategy is focused on unlocking digital transformation opportunities across the continent.

- Drive investment for infrastructural development through public funds and blended financing. Efforts will focus on driving investment in the development of digital infrastructure, especially for internet connectivity, to increase fast, inclusive, and affordable access to the internet across Nigeria. This will be achieved by launching an Innovation and Technology Fund, to catalyse private and foreign investment for digital infrastructure, and identifying other blended finance opportunities to fund infrastructure development projects. The fund will be established with the input of key stakeholders in the Nigerian digital space and be administered by a governing board composed of representatives from the private

sector, government, development partners and civil society leaders. The government will also encourage technology companies to take advantage of existing incentives such as the pioneer status incentives. In addition, the government will work with states to provide land at subsidized rates to companies that wish to establish hubs or technology villages in Nigeria.

- Prioritize skills development through the promotion of STEM and digital technology education at all levels. To ensure that the digital skills development gap is closed and build a strong national talent that drives innovation, the Education Ministry will revise and update the school curriculum to include such subjects as coding, data science and advanced applied science, that include artificial intelligence, robotic science, and bioinformatics. Such a revised curriculum will help to build digital skills for the students. To achieve this, the Ministry of Communications and Digital Economy and other relevant MDAs will work closely with the Ministry of Education, to drive skills development for teachers, and to train students at all levels.
- Ensure consistency with previous and related plans: The implementation of this Plan will be aligned with the National Integrated Infrastructure Master Plan's aspirations, private sector expectations and priorities and required investment for the ICT sector.
- Increase financial and technical support in the digital economy ecosystem, through local and foreign investments and strategic partnerships. To develop the enabling environment required to drive innovation and the fourth industrial revolution, especially for MSMEs, the government will incentivize local and foreign investments, through access to land and other capital, as well as creating a one-stop-shop for local and foreign investors in the high technology hubs. An example of this is the government's recent partnership with Microsoft which aims to digitally upskill 5 million Nigerians. The government will also support existing innovation hubs in the digital space and provide incentives for the creation of many more

by both local and international investors. Special attention will also be given to innovation driven enterprises (IDEs), as they have the capacity for great impact in the development of Nigeria's digital economy.

Investment and Resource Allocation

To achieve the goals outlined in the sector, the estimated public investment is N150bn from 2021-2025. Allocations will be made to priority projects in the sector as well as projects essential to the operations of the relevant ministries. In addition, the ICT sector is projected to facilitate the formation of up to US\$1 billion in Private Equity and Private Capital Investments in Digital Infrastructure of approximately \$40 Billion.

Conclusion

There has been a gradual global transition to a fourth industrial revolution through the diffusion of digital technologies encapsulated in 5G, cybersecurity, artificial intelligence, machine learning, robotics, internet of things, computer vision, etc. These global trends have created an urgency for Nigeria to improve its digital and technological capacity in order to generate innovations that will enable Nigeria to harness the benefits of digitalization for economic development and competitiveness.

For economies to build resilience in a fast-paced, and ever-changing global environment, there is a need for a robust digital, ICT, and R&D ecosystem to drive innovation and continuous adaptability for sustainable economic growth. With its teeming, young, and tech-savvy population, and increased investor interest, Nigeria holds the potential to become a leading technological powerhouse and boost productivity across its economic sectors. To maximise this opportunity, the government will implement the identified strategic measures that focus on digital skills development, financial inclusion, job creation and provision of technical and financial support to businesses that are powered by digital technologies.

CHAPTER 15: SCIENCE, TECHNOLOGY AND INNOVATION

Introduction

Nigeria's national strategy in the medium-term is to pursue an aggressive technology and innovation development strategy to unlock the potential of non-oil sectors' competitiveness and to take advantage of the size of the domestic and foreign markets. Achieving these overarching goals requires an enhanced framework for science, technology, and innovation.

Science, Technology and Innovation (STI) are three intertwined concepts that underpin the development of products, processes and systems that ensure human progress and wellbeing. Science refers to the basic and foundational inquiry and study of the world while technology is the application of scientific knowledge to solve a broad range of problems, and innovation refers to the diffusion of technologies into specific market segments and parts of society to create sustained value. Science is the foundation upon which technology thrives and technology is the foundation for innovation. STI is essential for economic, social and human capital development.

Review of Sectoral Performance 2017 – 2020

The National Science, Technology and Innovation Roadmap (NSTIR) 2030 was published in 2017 to complement and create an implementation plan for the 2012 National STI policy. The roadmap articulated steps to take to move Nigeria from a resource-based economy to a knowledge-based economy. However, the inability to pass the National Research and Innovation Bill into law has impeded the implementation of the roadmap. The Bill seeks the establishment of the National Research and Innovation Council and a National Research and Innovation Foundation to administer a dedicated fund for research and innovation. The Bill is being reviewed and its assent to law and the establishment of the National Research and Innovation Council will help boost the plans, operations and performance of this sector.

The federal government is partnering with states to create pilot Technology Incubation Centres to strengthen technological development. In September 2019, a Technology Incubation Centre (TIC) was commissioned in Lafia, Nasarawa State in partnership with the state government. Also, as part of the overall concentric

economic diversification effort, the government is developing and promoting a nanotechnology policy to accelerate research and development to produce nanotechnology products for the upgrading of industrial processes. Furthermore, Nigeria ranked relatively low in innovation performance, 114th out of 120 countries in the Global Innovation index in 2019. To address this gap, several old policies, including the National Science, Technology and Innovation (STI) Policy, are under review for amendment.

Challenges and Opportunities

Science, technology and innovation in Nigeria continues to suffer from weak policy implementation and limited funding for research and development. Research and Development is the major pillar upon which STI stands. The world average gross expenditure on Research and Development as a percentage of GDP is 1.68 percent while the latest figure for Nigeria is 0.13 percent in 2007. The funding challenge also extends to lack of long-term capital and high cost of borrowing to fund commercialization of scientific inventions that emerge from research in public research institutions, and ineffective partnership among stakeholders such as government, industry and academic institutions.

The limited adoption of locally developed technologies is also discouraging to the modest local STI efforts. The Science, Technology, Engineering and Mathematics (STEM) curriculum from the primary to the tertiary levels requires significant fine tuning, and most researchers need further exposure to modern teaching and scientific techniques. Additional binding constraints include lack of well-equipped large scale research laboratories and specialized equipment such as 3D Printers, Machine Shops and Mass Spectrometers.

Despite these challenges, there are clear interests from local and international institutions to advance STI in Nigeria and to create technologies that are appropriate for the Nigerian market. Nigerian universities and public research institutes under various ministries are established to conduct research activities that can be beneficial to the economy. Improved communication and partnerships between industries or their representatives such as the Manufacturers Association of Nigeria (MAN) in

identifying their challenges and encouraging researchers to create innovative local technological solutions would help grow the economy and contribute to the creation of

decent jobs. Table 15-1 summarizes the objectives with the key performance indicators and the 2025 targets

Objectives and Targets, 2021 – 2025

Table 15-1: Objectives and Targets of Science and Technology

| Outcome | Key performance indicators | Baseline | Target |
|--|---|----------------|---------|
| Promote a Functioning National Innovation System and R&D Foundation | Global Innovation Index (Nigeria moves to the top of lower middle-income countries) | 117/131 (2020) | 100/131 |
| | Innovation Input Index | 115/131 (2020) | 100/131 |
| | Knowledge and Technology Output Index | 120/131 | 100/131 |
| | Human Capital and Research Index | 121/131 | 100/131 |
| Sources: World Intellectual Property Organisation and World Bank HCI report for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the objectives / targets

Science, Technology and Innovation: Nigeria will pursue an aggressive agenda of accelerated science, technology and innovation; laying the foundation for a science-based and ready workforce that can apply scientific thought and concepts to solve a broad sub-set of Nigerian problems. The country will support the evolution of the national system of innovation by creating the factors and conditions essential for innovators, creators, scientists and technologists to translate ideas into products and services that scale into national and global markets. The key strategies for the medium term include:

- Achieve harmonization in science, technology and innovation policy framework and coordination for Science, Technology, Engineering & Mathematics (STEM) including effective and coordinated curriculum development at all levels of our educational system in synergy with the Federal Ministry of Education by 2025.
- Build a National Innovation Ecosystem that integrates all multi-stakeholders across the three tiers of government, the private sector and civil society groups to mobilize resources and commitment to build a national innovation system that encompasses new products and services that align with national and global benchmarks.
- Transform education for research and innovation driven -market outcomes and by 2025, the ministerial strategic plan for innovation demand led education sector reform will have been fully implemented.
- Pursue an aggressive technology transfer, acquisition and exchange agenda to deepen technology know-how in areas that limit Nigeria's economic productivity (mechanization, manufacturing machinery, tools, digital industrialization, fabrication, 3D printing, artificial intelligence and cyber-physical systems) and strengthen the National Office for Technology Acquisition & Promotion (NOTAP) in registering patents, promote and protect indigenous intellectual properties arising from such innovations to lay the foundation for high tech migration based FDI projects.
- Create policy incentives to support increased investments in R&D by developing a Systemic Triple Helix policy that supports Government-Academia-Industry (GIA) linkages that will support Nigeria's industrial and technological growth by 2025.
- Develop an innovation driven economy that attracts FDIs and domestic investments by setting up Six (6) Technology and Innovation Centres for Global Competitiveness involving the private sector, Research Institutes/Academia and the government across the six geo-political zones by 2025.
- Complete on-going collaboration with UNESCO on the development of the SHETSCO Science & Technology Park by 2025. This is to support a fully

functional, robust and up to date digitally driven innovation hub to support young innovators and inventors to close the WIPO innovation index gap.

Nigeria will lay the foundation for building a competitive economy that expands the country's capabilities to drive knowledge-based production and utilization of resources, processes and principles to sustainably provide goods and services across all economic sectors.

Investment and Resource Allocation

To achieve the goals outlined in Science and Technology during the Plan period, the total public investment is estimated at N924bn. Allocations have been made to priority projects in the sector as well as projects essential to the operations of the relevant government MDAs both at the federal and state levels. In addition, MDAs shall explore funding options which include pooled blended (public-private-development sector) innovation trust fund, strategic options for pre-tax levies on Medium and Big Technology Related/ Manufacturing Companies,

subventions from existing funds (TETFund, Petroleum Trust Fund and Ecological Fund etc.) and Disbursement of TETFund's existing \$3.9 million research fund to universities.

Conclusion

Strategic cooperation and coordination between Federal and State Governments is crucial to achieving the country's national policies on science, technology, and innovation. States need to provide an enabling environment for a mature funding ecosystem to evolve and support the conditions for at least 5 new Incubators and innovation hubs in every state, which are focused on creating the support ecosystem (research, universities, government, funders) for Entrepreneurs to thrive. Collaboration between State, Local and Federal Government on curriculum development for primary, secondary, tertiary (vocational & technical education) and higher education that will improve Nigeria's scientific, technological and innovation base remains important.

CHAPTER 16: FINANCIAL SECTOR

Introduction

The post-COVID-19 economic recovery demands aggressive resource mobilisation for private and public sector investments. A robust domestic financial sector and capital market has never been more critical as external investment inflows have tightened owing to broader uncertainties in the global economy. Diaspora remittances and official development assistance (ODA) have remained relatively stable, but these only contribute a small portion of what is required to finance the Nigerian economy. Consequently, it is imperative to increase the robustness and resilience of Nigeria's financial sector to ensure availability of financial resources for economic growth and development.

Review of Sectoral Performance 2017 – 2020

The Nigerian financial market is made up of the money market (largely dominated by banks), the capital market and other non-bank financial institutions. The Nigerian banking landscape has undergone significant changes in recent times, amidst regulations from the Central Bank of Nigeria (CBN) and innovations from the industry players. The apex Bank is maintaining the stability and soundness of the banking institutions by enhancing its on-site and off-site supervision. It encourages banks and other financial institutions to channel credit to critical sectors of the economy and increased efforts are targeted at building a robust payment system. These efforts have assisted in achieving the Bank's cashless policy, financial inclusion and digitisation of financial services, leveraging Fintechs and other financial agents. Nigeria still has about 35 percent of its adult population financially excluded and the ultimate goal is to ensure that this gap is closed by 2025. Enrolment into the Bank Verification Number (BVN) system is about 50 million and this is anticipated to double by the end of the Plan. With the on-going integration of the BVN system with the National Identification Number (NIN), it is expected that access to financial services will become far easier going forward.

The Nigerian Capital Market is currently dominated by equities and bonds. These are largely listed on the Nigerian Exchange Limited, NGX (formerly Nigerian Stock Exchange) and Financial Market Dealer Quotation (FMDQ) Exchange. Others include Exchange Traded Products,

other Collective Investment Schemes and Commodities. The FMDQ exchange also serves as a platform for trading market instruments such as Treasury Bills, commercial papers and foreign exchange. On the other hand, NASD OTC Exchange trades in securities of unlisted public companies. Several innovations have recently been introduced under the 10-year Capital Market Masterplan (2015-2025) which envisions the emergence of Nigeria as Africa's most modern, efficient and internationally competitive market. These include the new regulation on derivatives and the registration of Central Counterparty (CCPs) aimed at the commencement of derivatives trading in Nigeria. To further expand the product space and align with recent developments in fintech, the Securities and Exchange Commission (SEC) in recent times has released rules and regulation of Warehousing and Collateral Management, Robo-advisory, Crowdfunding and other digital trading platforms.

The Non-Bank Financial Institutions (NBFIs) segment of the financial sector has consistently grown over the years. These consist of Pensions, Insurance, Development Finance Institutions (DFIs), Finance Companies and Primary Mortgage Institutions (PMIs). Individually, insurance and pension contribute more consistently with the former taking the lead until the reform of the Pension industry in 2004. In 2020, Pensions accounted for over 60 percent of the sector while DFIs and PMIs had almost the same total asset as the Insurance sector.

The improved performance of the NBFIs reflected implementation of significant reforms. The National Insurance Commission (NAICOM) has worked towards improving the effectiveness and efficiency of the insurance sector through investments in automation and risk-based supervision. It has also embarked on a recapitalisation exercise to increase the minimum paid-up share capital of insurance and reinsurance companies. Furthermore, the National Pension Commission (PenCom) recently introduced a multi-fund structure to align the age and risk profile of retirement savings account holders. PenCom is equally pursuing the micro pension plan to cover the self-employed and persons working in organizations with less than 3 employees. This is to ensure that the informal sector is brought under coverage and attain the industry's strategic objective of

covering 30 percent of the working population in Nigeria before 2025.

Thus, the three key components of the Nigerian financial system have recorded some level of growth over the years. As shown in table 16.1, the sector, comprising capital markets, banks and non-bank financial institutions (NBFIs) grew from a total size of N78.1 trillion in 2017 to N122.3 trillion in 2020, representing about 70 percent of GDP on the average. The sector is dominated by the Banks,

comprising commercial, merchants and non-interest banks with N53.3 trillion assets in 2020, followed by the capital markets at N49.2 trillion capitalization, comprising equities, bonds and exchange traded funds. The Non-bank financial Institutions, dominated by Pensions, recorded a total size of N19.8 trillion in 2020. Others in this component include Insurance, Development Finance Institutions (DFIs), Finance Companies and Primary Mortgage Banks.

Table 16-1: Performance of the Nigerian Financial Sector

| Components - (N'trn) | 2017 | 2018 | 2019 | 2020 |
|--------------------------|-------|-------|--------|--------|
| Capital Markets | 32.6 | 31.9 | 42.6 | 49.2 |
| Banks | 34.6 | 37.8 | 42.7 | 53.3 |
| NBFIs | 10.9 | 13.2 | 15.0 | 19.8 |
| Total Size (N'trn) | 78.10 | 82.90 | 100.30 | 122.30 |
| Percent of GDP (%) | 67.97 | 64.22 | 68.87 | 79.29 |
| Sources: CBN, SEC | | | | |

Challenges and Opportunities

Despite recent improvements, the financial sector requires further deepening in view of regional comparisons.

- The equities segment of the capital market is yet to fully recover from the market crash of 2008-2009 caused by the global financial crisis and the investors' apathy that followed thereafter. Also, the bond segment of the market is dominated by FGN bonds as corporate and sub-national issuers seek and compete for alternative sources of finance. There is the need to further deepen the market and expand the product offering to adequately finance Nigeria's infrastructure and business investment needs.
- While improvements have been recorded in the size of Nigerian banks over time, the banks are mostly used for the purpose of transactions as against savings, borrowing and other financial intermediation purposes. Deposits are typically skewed towards short-term funds rather than the more desirable long-term funds required for investments. In addition, improved efforts are still required to achieve the country's financial inclusion goal and adequately finance the real sector, especially the MSMEs in the country.
- NBFIs depth recorded appreciable growth between 2017 and 2020, reflecting the growth of Pension

Funds, Insurance, Primary Mortgage Institutions (PMIs) and Development Finance institutions (DFIs). A major issue in this segment is the concentration of pension assets in government securities as Nigeria is yet to adopt a viable system for leveraging such huge assets to finance some of its critical infrastructure needs. Also, there is the problem of housing deficit in the country that the PMIs are yet to satisfactorily address. Insurance uptake is also still low in the country and there are discussions on how the sector can help insure risks in agriculture and other critical sectors of the economy.

Considering the constriction in funding and the growth in NBFIs, Nigeria can mobilize additional domestic capital through innovative instruments and measures. The decline in traditional sources of finance coupled with the growth in NBFIs presents an opportunity for Nigeria to crowd-in capital from pension funds and insurance assets through well-structured and risk-mitigated financial instruments. Besides providing the much-needed financing, this can also serve to broaden and deepen Nigeria's financial markets.

There is also an opportunity to deepen Nigeria's financial systems through increased financial inclusion and formalization of the economy. Nigeria has a large informal economy estimated at almost half of the GDP and financial inclusion estimated at 65 percent in 2020,

which creates opportunities for further expansion of the financial system. It is, therefore, important to target formalization, financial literacy, and inclusion initiatives at a wide range of demographic segments and industries. Recent innovations in Fintech are enabling the extension of financial services to the underserved population and this will be leveraged in executing this Plan.

Covid-19 pandemic affects global exports and growth; but it presents opportunities for developing economies to attract inflows of capital, especially from more advanced economies that have injected substantial amounts of money to cushion the effects of the pandemic. Drawing lessons from countries like China, India and Brazil, Nigeria also stands the chance of attracting foreign capital inflows. This will be facilitated as Nigeria augments the current debt financing strategies with some opportunities to issue equities on government assets and allow qualified private players to manage relevant government assets in a transparent and result-oriented manner.

The Nigeria's capital market and the entire financial system

are well positioned to grow and contribute to the general development of the country when properly harnessed to raise funds to finance Nigeria's infrastructure needs by issuing revenue bonds, securitising government assets and adopting other private finance arrangements, that allow private sector to provide services and infrastructure to the public in a transparent and competitive manner, thereby allowing for efficiency and improved revenue generation.

Objectives and Targets, 2021 – 2025

This Plan's objective is to raise liquidity thresholds in each segment of the financial system to the levels that will support the growth and development of Nigeria. It is to strategically optimize all components of the country's balance sheet to unlock the liquidity required to support the stability, growth and transformation of the economy. Table 16.2 summarizes the objectives and targets for the sector.

Table 16-2: Objectives and Targets of the Financial Services Sector

| Outcome | Key performance indicators | Baseline | Target (2025) |
|--|--|----------|---------------|
| Banking: Mobilize and intermediate enough financial resources to meet payments, savings and investment needs of the public. | Total value of the payments system as % of GDP- | 117.8 | 500 |
| | Total private sector credit as % of GDP | 13.21 | 25 |
| Capital Markets: Provide direct debt financing for governments and businesses, and market valuation and equity funding for their companies | Bond market capitalisation ratio (% of GDP) | 17.8 | 32.59 |
| | Equities market capitalisation ratio (% of GDP) | 13.7 | 43.5 |
| | Collective investment schemes as % of GDP | 1 | 2.5 |
| | Exchange Traded Derivatives as % of GDP | 0.0 | 0.05 |
| | Value of commodities traded on exchanges as % of GDP | 0.007 | 0.1 |
| NBFIs: Provide financing for sectors and clusters that might otherwise have been excluded from financing by banks and markets | Pension Assets as % of GDP | 8 | 13 |
| | Insurance Assets as % of GDP | 1.31 | 3 |
| | DFIs Assets as % of GDP | 1.35 | 3 |
| | MFBs Assets as % of GDP | 0.7 | 2 |
| | PMIs Assets as % of GDP | 1.35 | 3 |

Sources: CBN, SEC for baseline data; targets are projections

Strategies and Policies for accomplishing the objectives / targets

There are five key strategies to be adopted in realising the goals set for the Financial Sector.

- Create a Pool of Investable Assets: Nigeria requires a list of potential targets for securitisation, privatization, liberalization, and commercialization. The plan, therefore, is to create Asset Registers to know what

Nigeria owns, their use-values and market-values. This will enable Nigeria to unlock liquidity by leveraging assets to issue large scale brownfield and greenfield equity as well as asset-based and asset-backed securities. Efforts will also be made to commercialize idle/underutilized lands and built structures by repurposing and redeveloping them to open new streams of large, growing, and securitise rental/

leasing revenues for government. Further, relevant legal and policy frameworks will be reviewed to eliminate loopholes and impediments to successful asset transaction plans. Government will also put in place policies that will liberalize and remove barriers to attract and drive both domestic and foreign investment flows into such assets.

- Create a transparent one-stop automated online deal origination/consummation process for connecting projects listed in the investable asset register with global liquidity.

This is necessary for Nigeria to attract FDI and remittances to meet high enough reserve thresholds to underpin exchange rate stability, growth acceleration, adequate economic/ social infrastructure, diversification and general economic development. To make this successful, the government will ensure transparency to reassure the populace that the public asset optimization efforts will serve the public rather than private interest. Also, a robust communication and media campaign strategy will be developed, including global roadshows, to drive global and regional awareness for the various assets on offer.

- Achieve Macroeconomic, Macro-Prudential, and Micro-Prudential Soundness: The financial sector will be leveraged and guided to achieve macroeconomic and financial stability.

Efforts will be made to reduce the tendency for market institutions to invest heavily in government's instruments at the expense of private borrowers while appropriate frameworks will also be developed to unlock pension assets for the development of infrastructure and mortgages. The framework for financial system coordination and stability will be strengthened and necessary regulatory and policy reforms will be made to foster and regulate the growth of the fintech sector.

- Ensure Global Reconnection and African Realignment: A roadmap will be developed for the financial sector to facilitate the achievement of AfCFTA and ensure the integration of the Nigerian financial sector with the region.

Investment and Resource Allocation

Achieving the stated objectives for this sector requires huge investments, coming from relevant MDAs and industry players. For instance, core ministries like the

Ministry of Finance, Budget and National Planning and the Ministry of Industry, Trade and Investment as well as Infrastructure Concession Regulatory Commission that are directly allocated capital expenditure from the budget will make investments in this sector to achieve the objectives. This will occur at the subnational level. Estimated total public investment to the sector during the plan period is N1.54 trillion. In addition, the primary regulators of each of the financial sector components will contribute to such investments. These agencies include the Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission, the National Pension Commission.

Operators in the financial sector will also invest to achieve the goal of the Plan for this sector. Some of these players that are government owned are largely the DFIs, including the Bank of Industry, Development Bank of Nigeria, Bank of Agriculture, Nigeria Export Import Bank, Infrastructure Bank of Nigeria and Nigeria Sovereign Investment Authority. The investments of these government institutions will be leveraged to organise and support the private sector to realise the goals of the Plan.

In addition, private operators in the various segments of the financial sector will be coordinated to invest and achieve these objectives. These will include banks, insurance companies, exchanges and other market infrastructures, capital market operators, Pension Fund Administrators and Custodians, mortgage banks and finance companies, among others. Nigeria will also leverage the support of its development partners such as the World Bank, International Monetary Funds, African Development Bank, African Finance Corporation and International Finance Corporation to achieve the purpose of this Plan.

Conclusion

Nigeria is at an inflection point where the constriction in traditional financing sources necessitates the need for increased mobilization of both foreign and domestic capital. By establishing the right structures to crowd-in private capital into the financial markets and increasing financial inclusion, Nigeria can attract much-needed financial resources to achieve its desired level of economic growth and development.

A yellow-tinted photograph of a bridge entrance. The bridge has two large, white, triangular pylons. A sign above the entrance reads "YOU ARE WELCOME" with a small crest in the center. A car is driving through the bridge. The background shows a landscape with mountains and a tree.

PART 3

PUBLIC ADMINISTRATION

CHAPTER 17: DEFENCE, PEACE AND SECURITY

Introduction

The government of Nigeria is committed to ensuring a secured nation as peace and security are enablers of socioeconomic growth and development. Nigeria's socio-economic aspirations can only be realized within a context of peace, security and stability which enables the free movement of people, goods and capital and leads to sustained quality of life for all residents. As a result of several security risks in the past years, including the Boko Haram insurgency and domestic crime activities, there is a general perception of insecurity across Nigeria. This situation has been reinforced by several challenges including low funding and limited capacity building for the officers of the Armed Forces of Nigeria (AFN), the Nigeria Police Force and other security organizations resulting in slowed progress towards achieving complete peace and security. Despite these challenges, Nigeria has the potential to upgrade its peace and security framework, and drive towards a fully secured nation for all residents.

Furthermore, the nexus between defence and economic growth has typically been modelled as a 'guns-versus-butter' narrative in which defence spending is understood as diverting scarce resources away from the civilian economic sector. Undoubtedly, high levels of defence spending impose financial burdens on the society that could trigger macroeconomic instability. However, the argument continues, high defence spending could secure states, create an environment conducive to domestic and foreign investments and, stimulate high end research and development, innovation, and private economic activities, thereby spurring economic growth and development.

Nigeria can tap the benefits of the latter argument if the country takes deliberate steps to develop a military-industrial complex. This is by exploiting the value chain of the positive and symbiotic relationship between defence industrialization and economic growth in the medium to long-term. Broad economic growth can fuel the development of the domestic industrial supply chain, which in turn underpins the stability and security provided by sound defence capabilities. This virtuous cycle of interplay between defence, industrialization and economic growth was not recognized in previous medium-term development and perspective plans.

Security is the absence of threat to life and property. It

encompasses the socio-economic well-being of the people; and enables co-existence in peace and harmony. This is underlined in Section 14 [1] b of Chapter 2 of the 1999 Constitution as follows, "security and welfare of the people shall be the primary purpose of Government". Thus, security is a social contract between the state and its citizens in which the former is expected to protect, defend, and always provide for the latter in the public sphere.

Review of Sectoral Performance 2017 – 2020

The security objective of the ERGP recognised the security challenges and threats related to

(i) terrorism and insurgency in the northeast; (ii) armed violence and trans-border criminal activities; (iii) militancy in the Niger Delta; (iv) piracy in the Gulf of Guinea; (v) inefficient criminal justice system, among others. To bolster its capacity for peace and security, Nigeria has continued to scale up the operational capability of the AFN in terms of human capacity and operational hard wares – some of which are being manufactured or revamped locally. The government also ensured strong coordination between security agencies through improved clarity in the management of the AFN arising from the Nigerian National Defence Policy 2017 and Nigerian National Security Strategy 2019.

Other achievements include:

- Establishment of civil-military relations units within the Services which has facilitated growing Civil-Military Cooperation (CIMIC)
- Establishment of the Multinational Joint Task Force
- Establishment of the Regional Intelligence Fusion Unit (RIFU)
- Facilitation of regional cooperation with neighbouring countries in tackling terrorism, insurgency and control of Small Arms and Light Weapons (SALWs).

While several successes were recorded, Nigeria also recorded major kidnapping cases of school children in the North East, the escalation of banditry in the North West, persistent tension among farming and pastoral communities, and the EndSARS protests which was fuelled by widespread allegations of police brutality.

The existing plans, policies, and legislation including the National Security Strategy (NSS) 2019 contained robust frameworks that address internal and external

threats based on three sectoral policy thrusts, namely; security, economy and the fight against corruption. NSS focuses on protecting Nigerians and territory; ensuring internal security; combating terrorism and countering violent extremism. It also seeks to prevent and combat kidnapping, armed banditry and militia activities, promoting cybersecurity development, and promoting research and development in space technology. Other objectives include combating transnational organized crime, critical national assets and infrastructure security, maritime security, airspace and aviation security, land transportation security, securing ungoverned space, and chemical, biological, radiological, nuclear and explosive security.

The NSS notes that “the Strategy envisages the unique characteristics of the risks and threats we face in a world that is constantly undergoing changes”. In other words, a strategy that orients state action towards current and perceived future challenges by using available resources flexibly and efficiently. The Strategy will also enhance our protection and response capabilities to security threats in an increasingly complex environment”. This plan therefore recognizes the imperative of placing a premium on using global indicators to assess and benchmark Nigeria’s performance against global security indicators for the attainment of the security goals.

Challenges and Opportunities

Faced with increased domestic terrorism and other crimes, Nigeria is yet to fully overcome security risks owing to challenges such as limited funding and low technological capacity. Nigeria has faced security risks, which have led to the loss of several lives and properties. Chief among these security threats are (i) armed insurgency and regional terrorism; (ii) communal conflicts; (iii) cultism and armed robberies; (iv) kidnapping.

Violent conflicts in certain regions have also increased the number of displaced people who must be rehabilitated and re-connected with their families. However, Armed Forces, the Police and other security organizations are inadequately equipped to ensure the reintegration of affected communities back into society. Additionally, there is inadequate coordination and synergy among these security agencies

- While the Nigerian government has made concerted efforts to ensure peace and security for all, several challenges have limited progress towards neutralizing domestic terrorist threats in the country. These

binding constraints include

- inadequate funding for Armed Forces, the Police and other Security Organizations equipment;
- poor skills development for professionalism and efficiency of security agencies;
- limited technological adaptation and innovation for intelligence gathering and safety assurance.

Additionally, despite the recent policies, plans, and initiatives to upgrade the preparedness and capabilities of NAF, some important issues and challenges remain.

These include:

- Need to further develop manpower, technologies, and equipment requirements of NAF to meet growing challenges from potential security threats, locally, regionally, and internationally.
- Absence of an institutionalized military-industrial-complex for the development, manufacture, maintenance, and administration of operational equipment.
- Lack of a Research and Development (R&D) culture or establishment to pursue and achieve specific national defence and security goals.

There are opportunities to leverage improved governance delivery and improved capability and coordination among the security forces to ensure peace and security. Among these is the creation of a Nigerian Defence Industrial Base. The defence industrial base lies at the heart of the defence-growth nexus because it is a consequence of decisions (economic and non-economic ones) made on the allocation of a country’s resources between ‘guns’ and ‘butter’. The uniqueness of the defence sector and the imperatives of national security often impel countries to maintain a defence industrial base even though it may not be efficient for them to do so, but it is effective in attaining the goals of security and economic growth and development. The defence industrial base domesticates skills acquisition and promotes synergy between civil and military workforces. Development of human capital due to the modernization and expansion of the NAF and the concomitant need for greater professionalization and the shifting emphasis towards high technology weapons systems, various combat platforms in the air, sea, and land. These and their spin-off capabilities can be marketed to other countries in the ECOWAS region.

Additionally, Nigeria can leverage its natural endowments such as crude oil, coal and other solid minerals to set up security and defence partnerships with several extra-continental partners to further improve the country’s

security situation.

Objectives and Targets, 2021 – 2025

To address the challenges highlighted above, a few goals have been set for 2021-2025. Firstly, Nigeria will aim to have a robust Armed Forces of Nigeria (AFN) that will act within its mandate to combat present and future threats, internal and external, to the Nigerian State and its people. The AFN will also establish a national security architecture that will strengthen and harness all security agencies to manage multifaceted security challenges with the aim of promoting security and safety of human lives and properties. A summary of the 2021-25 goals for Nigeria’s defence, peace, and security are to:

- Strengthen the AFN to make it more agile and adaptable, with enhanced capabilities to respond to

all spectrum of security challenges, as dictated by the National security and defence policies.

- Augment national defence through a robust intelligence system by adopting AI, ICT, robotics, and drone technology, with an active military science research organisation to design, develop, and boost security capacity to reduce cyber threats, counterterrorism, and boost disaster readiness.
- Mobilize funding to sustain military operations including war operations, border security, and counterterrorism.
- Increase efficient partnership and coordination among security intelligence agencies

Table 17-1 presents the objectives, performance indicators and 2025 targets.

Table 17-1: Objectives and Targets of Defence, Peace and Security

| Objectives | Key performance indicators | Baseline | Target |
|--|---|------------|--------|
| Expand and deepen defence and security capacity to eliminate all national security threats | Military Spending (% GDP, 2020) | 0.15 | 0.2 |
| | Global Firepower Index (GFI, 2020) | 35 | 25 |
| | Ranked Intelligence (Spy) Agencies in Africa – 2020 | 4 | 1 |
| Deliver a sustainable peace and national cohesion solutions | Fragile State Index (Regional, 2020) | 2 | 10 |
| | Fragile State Index (Global, 2020) | 14 | 100 |
| | Global Peace Index (2020) | 147 of 160 | 100 |

Sources: CBN, Fund for Peace Global Fragile State Report and the Institute for Economics and Peace Report for Baseline data; targets are projections.

Strategies and Policies for accomplishing the objectives / targets

To achieve these goals, the following strategic measures have been laid out:

- Improve professionalism and efficiency for improved service delivery through increased remuneration, training and disciplinary systems. The Nigerian government will enhance defence capabilities that enable the AFN to attain security and defence objectives, especially for the neutralization of domestic terrorist threats in Nigeria. The government will also introduce examinations, courses, and technological systems to train and track armed officers’ activities and increase remuneration for AFN officers. Finally, there will be strict disciplinary processes, which will involve independent auditors, to ensure that acts of infringement are adequately addressed.
- Boost security and conflict mitigation measures through tactical training and MDA partnerships. The government will continue to invest in tactical training

and retraining of security personnel to counter existing and emerging security threats. This would also deepen the intelligence gathering, analysis, coordination and utilisation capacity among the security agencies. States and community policing and community engagement will also be supported to complement government efforts. In conflict mitigation and management. Further measures will also be taken to care for displaced persons in conflict areas.

- Drive security and defence innovation, using science and technology tools. To bolster its intelligence gathering and threat-neutralization capacity, the government will increase funding for the acquisition of science and technology tools. The government will also identify opportunities to integrate forensics and digital technology into policing, to increase the fight against crime. Measures will also be taken to teach core science and technology skills within the security agencies, and to boost cooperation with local

and international research institutions to identify innovation opportunities.

- Boost border control and domestic terrorism measures through bilateral security agreements and support to border control agencies. The Nigerian government will tighten border security and patrol by increasing the number and operational capabilities of immigration and custom officials at the border. The government would also set up joint security responsibilities between the Customs Service, National Immigration Service, the military, and other law enforcement officials in border towns to reduce incursion of illegal migrants and arms. Finally, measures will be taken to sign bilateral and multilateral security agreements with countries to boost military capacity and enforce joint security agreements with neighbouring countries.
- Effectively implement the Nigerian National Defence Policy (NNDP) and National Security Strategy (NSS). The government will review the NNDP and NSS with the view to strengthening the administrative and operational leadership and coordination within the AFN. The government will also entrench periodic performance review of NNDP and NSS to ensure continued alignment of practice with the policy and strategy.

Police, other security organizations and Judicial Reforms

Enact police, other security organizations and judicial reform to ensure safety and security for all:

- Increase investment in personnel training
- Introduce and enforce strict repercussions infractions for NPF officers and other security organizations with transparent disciplinary processes.
- integrate forensics and digital technology into policing and other security management,
- Improve current police-civilian ratio
- Increase NPF-community policing in partnership with 36 states
- Introduce examination courses and technological systems to train and track around officials' activities and ensure accountability
- improve access to fair legal services through the allocation of public lawyers where necessary
- increase accessibility of legal services to more Nigerians
- Address the congestion of prisons
- Increase inter-agency relationships between AFN/

NPF/other security organizations and other crises management MDAs

Nigeria border control initiatives-boost border control and domestic terrorism measures include;

- tighten border security and patrol
- Setting up joint security responsibilities between customs, NIS, the military and the local vigilante in border towns to reduce incursion of illegal aliens
- Improve standard operating procedure for border management
- Implement innovative mechanism for migration control
- Improve the framework for national defence and security policy
- Sign bilateral and multilateral security agreements with countries to enhance security
- Reduce the rate of hacking into financial Institutions database
- Increase the rate of prosecution of cybercrimes offenders
- Significantly reduce the possibility of cyber threats and criminality to financial and other strategic institutions

Investment and Resource Allocation

The estimated total public investment in national security (Ministry of Defence, Ministry of Interior, National Security Advisor, Ministry of Police Affairs, Police Service Commission and support to these security agencies at the subnational levels) is N2.86trn from 2021-2025. This is in addition to the various security intervention programmes that are separately funded such as Operation LAFIYA DOLE, Operations SAFE HAVEN, Operation Delta Safe (formerly Operation Pulo Shield), Operation Crocodile Smile, Operation Iron Fence, Operation AWATSE etc.

Conclusion

Defence, peace, and security are important elements for the socioeconomic development of any nation. Considering the recurring security incidents of various nature across the country, as well as significant complaints around police brutality, the government of Nigeria will continue to prioritise the development, capacity building and professionalism of the security agencies to ensure peace and security for all residents. With continued investments and a revision of its security architecture, it is envisaged that Nigeria will build on successes from the 2017 to 2020 to realise a steep improvement in securing lives and property.

CHAPTER 18: GOVERNANCE, INSTITUTIONS AND NATIONAL ORIENTATION

Introduction

Nigeria aims to rely on strong and sustainable governance structures, efficient institutions that promote citizen protection, ensure accountability, and drive productivity for sustained growth. Critical factors in this regard will include the equitable and efficient service delivery of public institutions, improved rule of law and human rights protection, and enhanced quality in overall governance.

Review of Sectoral Performance 2017 – 2020

To improve service delivery in the public sector, the government has trained over 40,000 workers and introduced performance reviews for culture and skills development evaluation. To drive efficiency in public operations, the government has trained over 35,000 public sector staff on the use of computers and over 9,000 civil servants in other capacity-building areas. In addition, the Office of the Head of the Civil Service of the Federation (OHCSF) collaborated with the United Kingdom Department for International Development (UK-DFID) and the Chartered Institute of Personnel Management of Nigeria (CIPM) on a training programme. This programme taught effective adoption and implementation of efficient performance management systems (PMS). Efforts have also been geared towards introducing accountability in the country's civil service to enhance transparency in public processes. The government has also adopted digital tools for the collection and storing of civil servants' information for proper monitoring and evaluation processes and undertaken a performance survey report on the outgoing ERGP (2017-2020) to identify skills development and management gaps to expand current training programmes.

Operating expenditure for MDAs has been effectively reduced. The Office of the Secretary to the Government of the Federation (OSGF) initiated policy measures aimed at cutting cost and instilling fiscal discipline and prudence especially in government processes in line with the government's goal of reducing the cost of governance by 30 percent. The government is currently implementing and reviewing policies to reduce other recurrent expenditure to promote judicious use of public funds and devote savings to developmental projects. One of such efforts is a new policy to cut international travel by government officials. Also worthy of mention is the commitment to implement the Treasury Single

Account (TSA) and the Whistle Blowing Policy within the review period to support the anti-corruption drive.

Other programmes including policy reviews and audits have focused on further improving transparency and ensuring justice for all Nigerians. The Federal Ministry of Justice (FMOJ) inaugurated a Law Review Team to facilitate the review of existing laws on Anti-Corruption, Transparency and Accountability in Governance. The Review Team proposed new Bills that addressed the limitations of several bills including the Money Laundering Prevention and Prohibition Bill 2017; Anti-Terrorism Prevention and Prohibition Bill 2017; Proceeds of Crime Bill 2017; and Public Interest Disclosure and Witness Protection Bill, 2017. These bills are at various stages of completion and when amended, will further institutionalize, and address governance-related challenges.

The government has also taken several steps to expand monitoring and evaluation efforts to ensure that funds are effectively utilized. In 2020, the Ministry of Justice undertook several monitoring and evaluation projects and inspected projects at zonal offices and parastatals to ensure transparency of fund use and disbursement. Further, the Code of Conduct tribunal's Act was reformed in 2019, and the Unification of Criminal and Penal Codes was completed. These reforms were necessary to amend existing bills for improved fairness in Nigeria's Justice system.

While several strategies have been successful, the progress of some programmes have been affected, especially due to limited funding. MDAs tasked with ensuring good governance and rule of law have experienced funding issues in the context of tight budgetary constraints. Other areas for improvement include: (i) institutional frameworks and mechanisms to effectively drive reforms; (ii) synergy among key MDAs and sector actors; and (iii) capacity-building initiatives.

The country's inaugural National Steering Committee oversaw the implementation of the First Nigeria OGP National Action Plan (NAP I) from January 2017 to May 2019. It comprised fourteen commitments organized around four thematic areas namely fiscal transparency, anti-corruption, access to information and citizens' engagement. The Second National Action Plan (NAP II) leveraged and incorporated the lessons, insights and perspectives gained from implementing NAP I.

Challenges and Opportunities

While Nigeria has made some progress in establishing a system of good governance, many challenges still remain. Moving towards a free and fair public system that would guarantee trust from citizens would require: (i) timely policy implementation; (ii) improved coordination across the three tiers of governments and MDAs; and (iii) improved civil service capacity. Further, opportunities to improve governance through investments in technologies and data management remain important, contributing to the effectiveness of measurement and planning.

There has been a significant increase in citizens' buy-in for anti-corruption plans and strategies due to increased awareness of the damage caused by corruption in the

society. Furthermore, technology has increased citizen participation in the social, economic and political space – providing a wide platform for citizens to relay concerns to the government. Technology also presents a pivotal opportunity in ensuring transparency by reducing human interference in sensitive government processes. For example, the biometric-based Integrated Personnel & Payroll Information System (IPPIS) has reduced the loss of revenue through ghost workers, and the introduction of the Bank Verification Number (BVN) has improved the investigation of white-collar crime and asset recovery.

Objectives and Targets, 2021 – 2025

Table 18-1 summarizes the objectives, performance indicators and the 2025 targets.

Table 18-1: Objectives and Targets of Governance, Institutions and National Orientation

| Objectives | Key performance indicators | Baseline | Target |
|--|--|----------|--------|
| Achieve strong public transparency / accountability and citizen engagement | IAG 2019 Anti-corruption score | 30.0 | 65 |
| | Score on IAG 2019 - Participation, rights, and inclusion score | 43.6 | 60 |
| Improve quality of service delivery from public institutions | Score on IAG 2019 public administration | 50 | 70 |
| | Accountability & Transparency | 51.5 | 70.5 |
| Respect for the rule of law | Score on IAG 2019 - Rule of law and Justice score | 49.5 | 71.5 |
| improve the level of governance in the country | Overall governance index by IAG 2019 | 45.5 | 65.8 |
| Source: 2020 Ibrahim Index of African Governance for baseline data; targets are projections. | | | |

Strategies and Policies for accomplishing the objectives / targets

To achieve these goals, the government will:

- Increase public sector efficiency by enhancing coordination between the various tiers of government and redefining the competency framework for civil servants. The government will enhance inter-tiered governmental coordination and grassroots decision making and policy implementation by strengthening the operations of relevant agencies. Similarly, the Forum of Secretary to the Government of the Federation and the Secretaries to State Governments also play this role. Regular strategy alignment between state and local government actors will also be fostered. In addition, the government will increase the efficiency of civil servants by: (i) introducing training and certification programs;(ii) defining clear key performance indices and (iii) developing digitization capacity for quicker service delivery at local, state, and federal levels. Other strategic measures will focus on reassessing current skills compositions and requirements to ensure that civil servants are developing the appropriate skills required for quality service delivery.
- Expand citizen engagement and inclusion through policy changes and technology adoption. The government will enact and implement policies that encourage citizen participation (particularly women and youth) to provide legal backing for citizen engagement. This will ensure increased transparency through higher citizenry access to information and participation in key decision-making areas. Finally, the government will create channels and mechanisms to engage directly with citizens and allow for the collection of feedback from the citizenry, ensuring that diverse voices are heard, and corresponding actions are swiftly taken. • Ensure national cohesion and reduce ethnocentrism³³

³³Ethnocentrism is the evaluation of other cultures according to preconceptions originating in the standards and customs of one's own culture

- by increasing support for national orientation. To strengthen national orientation, the government will build a set of foundational national values that focus on unity, while acknowledging and appreciating Nigeria's rich diversity. This will be achieved by increasing legislative backing of the National Orientation Agency and launching public education campaigns on the importance of national unity to curb ethnocentrism. Further, focus will be placed on including local Nigerian languages in school curricula and designing syllabi that acknowledge and celebrate Nigeria's diversity and teach unity. Finally, more regional exchange programmes will be designed, to build societal empathy and appreciation for diverse cultures.
- Enhance anti-corruption capacity across the public, private and social sectors through technology adoption. To enhance the current fight against corruption, the government will ensure strict transparency and accountability in the appointment and discipline of officials in positions of authority, as well as increase the independent audits of public institutions' budget management. The government will also expand data and technology management tools to reduce human interference and restore public trust at all levels of government and society. Efforts will also focus on ensuring the availability of public data for transparent updates on programmes to limit corruption. In addition, a vigorous outreach on the National Ethics and Integrity Policy will be internalized as a means of inculcating the appropriate mind-set in the populace.
 - Improve justice and the rule of law by providing training for judiciary personnel and ensuring strong partnerships with law enforcement agencies. To ensure that the strategies above are successful, the government will promote a strong legal framework in accordance with the National Policy on Justice. To achieve this, the government will engage in extensive training of public law personnel to build the skills necessary for effective policy reform and implementation for long-term results. There will also be strong partnerships with law enforcement agencies to ensure that the judicial and security sectors are adequately equipped to deliver safety and fairness for all. Efforts will also focus on expanding access to legal

services, especially for vulnerable Nigerians, and addressing the inefficiency of trials and prison management.

- Government will adhere to the principles and objectives of the National Policy on Justice 2017 in the delivery of justice and ensure it becomes fully operational as this is considered fundamental for the NDP to achieve its objectives. Specifically, government will fully support a justice system that inspires public confidence, keeps the society secure and safe, facilitates a conducive environment for smooth social interaction and support a flourishing private sector for real sector growth. Key principles of a robust legal and judiciary system as entrenched in the National Policy on Justice 2017 will be adhered to. These include respect for the rule of law, protection of fundamental human rights, independence of the judiciary, separation of powers through checks and balances, fair and speedy dispensation of justice, transparency and accountability of justice processes.

Investment and Resource Allocation

To achieve the objectives above, there is a need for adequate funding for MDAs tasked with ensuring good governance. The estimated public investment to this sector is N541bn over the next five years. The MDAs are Revenue Mobilisation, Allocation and Fiscal Commission, Code of Conduct Bureau, Code of Conduct Tribunal, Federal Character Commission, Federal Civil Service Commission, Federal Ministry of Justice, Independent Corrupt Practices and Related Offences Commission, National Salaries, Incomes and Wages Commission, Fiscal Responsibility Commission, Office of the Secretary to the Government of the Federation, Special Duties and Intergovernmental Affairs, Office of the Head of the Civil Service of the Federation, Auditor General for the Federation and the Presidency. They also include related MDAs at the subnational level.

Conclusion

It is important to strengthen the accountability of institutions that are already in place and tackle corruption across society. Sanctions must be applied impartially to those who betray public trust or break the law. With political will and consistent application of the right strategies, governance can be significantly improved, and public trust restored.

CHAPTER 19: FOREIGN POLICY AND INTERNATIONAL ECONOMIC RELATIONSHIPS

Introduction

Nigeria's foreign policy will continue to be hinged on the promotion of the interest of Nigeria in the international arena. Proper management of Nigeria's foreign policy is important not just for the advancement of Nigeria's political interests in the international arena, but also for the advancement of Nigeria's economic interests and aspirations. Clear and consistent foreign policy orientation and coordination among the MDAs is critical to achieving the foreign policy objectives of the country. Additionally, as the most populous Black nation, and Africa's largest economy, Nigeria also plays a leading role in African diplomacy. The Government of the Federation and its diplomats must adapt to a more agile, proactive and responsive foreign policy framework in a challenging global environment.

Nigeria possesses four main strengths in advancing its foreign policy goals. These are:

- **Economic diplomacy:** Through bilateral-investment agreements and multilateral-trade agreements such as AfCFTA, African Growth Opportunity Act (AGOA), ECOWAS Trade Liberalization Scheme (ETLS), Nigeria has forged relationships with regional, continental, and global powers. These relationships continue to drive import and export of goods, capital (investment) and services.
- **Cultural diplomacy:** Nigeria is signatory to Cultural Agreements to establish cultural links with the rest of the world. Some of the Cultural Agreements explore mutual cultural interests with countries such as France, Brazil, Venezuela, Morocco, and Gabon. Nigeria's culture and creative industry have gained popularity within Africa and beyond, making it a viable lever for the projection of national interest in the international arena.
- **Citizen diplomacy:** The Yar'adua administration made citizen-oriented diplomacy the new thrust of foreign policy, marking a shift from the traditional Afrocentric foreign policy. In recent times, some of the issues that have tested citizen diplomacy include the treatment of Nigerian traders in Ghana, xenophobic attacks in South Africa, and evacuation or other forms of intervention for Nigerians at risk abroad.
- **Military diplomacy** entails military cooperation

and assistance as well as regional military alliance. For example, Nigeria played a major role in ending the Civil Wars in Liberia and Sierra Leone by contributing to ECOWAS peacekeeping forces. Nigeria also contributed military assistance to ECOMOG during the Guinea-Bissau Civil War.

Review of Sectoral Performance 2017 – 2020

Between 2017-2020, the Ministry of Foreign Affairs (MFA) set several strategic goals to support the interests of Nigerians.

In citizen diplomacy, one major goal was to ensure the proper diplomatic support for citizens in the diaspora. To achieve this target, MFA collaborated with the International Organization for Migration (IOM), and the National Agency for the Prohibition of Trafficking in Persons (NAPTIP) to promote the rights of Nigerian migrants, as well as empowering them to become an integral part of their host communities. The government completed a successful evacuation of stranded Nigerians from Canada, China, the United Kingdom and United States during COVID-19. The government also repatriated over 500 Nigerian Citizens affected by Xenophobic attacks in South Africa, and 109 from Mali.

Another target was to launch a temporary workers' migration programme with bilateral partners.

The initiative has recorded some success as the government recently facilitated the negotiation for the establishment of a Nigerian-German Centre for Jobs, Migration and Reintegration in Lagos, Abuja and Benin. An agreement on Migrant Policy has also been completed with Saudi Arabia and will be used as a template for Nigeria's engagement with countries with similar needs. In cultural diplomacy, in the spirit of promoting cultural diversity, the Nigerian government recently facilitated collaboration between Nigerian entertainers and their counterparts in Cote d'Ivoire, Brazil, US, South Africa, and Jamaica. The creative industry benefited from government intervention funds that boosted their production for a global audience.

In economic diplomacy, the Nigerian government launched Nigeria's Economic Diplomacy Initiative

(NEDI) – an initiative of the Ministry of Foreign Affairs in collaboration with the Federal Ministry of Industry, Trade and Investment, the Nigerian Investment Promotion Commission (NIPC) and the Nigerian Export Promotion Council (NEPC) on April 8th, 2018. The NEDI is aimed at stimulating economic growth and development via facilitation of market access, foreign direct investment, cross-border trade and recruitment of skilled Nigerians in the diaspora for national development.

The government also signed the African Continental Free Trade Agreement (AfCFTA), on July 7th, 2019, which holds key opportunities to increase Nigeria's non-oil exports within the continent, provides rules-based protection for domestic industries, while advancing the development of the continent. With the launch of the agreement in 2021, Nigeria and other African countries have the potential to reach a larger continental market, facilitate the movement of persons, goods, services and capital. Finally, to improve MDA service delivery, the MFA engaged in an ICT development programme, which has focused on moving Nigeria's foreign mission websites from the public domain to the Nigerian government domains.

While several programmes have made significant progress, some key targets are yet to be met. For example, for the temporary workers' migration programme, Nigerian workers are yet to successfully migrate to partner countries, and this has been due to a lack of clearly defined legal framework to regulate recruitment for jobs overseas by recruitment agencies, and the concern from partner countries on the assurance of Nigerians returning to their home country. Furthermore, over 50 percent of public mission websites are yet to be migrated to the public domain, due to weak collaboration across MDAs responsible for the execution, and inadequate funding.

Challenges and Opportunities

While foreign policy and international relations hold the potential to unlock key socio-economic benefits to support national growth, several foreign policy tools at Nigeria's disposal remain underutilized. Strengthening trade and investment ties, engaging the diaspora population in promoting made-in-Nigeria brands, supporting Nigerian enterprises to penetrate new markets, formalising and promoting the export of services, etc are some of the strategic tools that have been underutilised in Nigeria's foreign policy and

international relations. The state of national security has contributed to a poor perception of Nigeria in the global arena – discouraging some investors from entering the Nigerian market.

Despite these challenges, Nigeria holds several opportunities for stronger foreign policy and international relations. The country has an abundance of natural and human resources, a large market for commercial activities, and a geographical advantage as a coastal state, allowing for commercial activities through its ports. These factors make Nigeria an attractive partner for bilateral agreements. The government has also rolled out attractive tax incentives for foreign investors and supported the ICT sector for fast-paced development and foreign investment. In addition, Nigeria's rich and diverse culture and natural endowments hold vast cultural diplomacy opportunities, if maximised.

Expanding regional trade and investment is a key prospect for Nigeria. The African continent presents an opportunity for Nigeria to put economic diplomacy as a core component of its foreign policy. With the potential of the AfCFTA to lift 30 million Africans out of extreme poverty, boost Africa's income by \$450 billion by 2035, and increase Africa's exports by \$560 billion (mostly in manufacturing), Nigeria, as the largest economy in Africa, will take advantage of this free trade agreement, especially that AfCFTA is now one of the world's largest trade blocs³⁴. However, this opportunity can only be maximized if Nigeria boosts its local capacity and builds well-equipped value chains to strengthen the competitiveness of domestic producers. The opportunity provided by the AfCFTA will not only help business activities, but also facilitate more cultural exchanges across the continent through the cross-border movement of services providers and tourists.

Additionally, with sensitive socio-economic issues across African regions, there is a need for stronger leadership on the continent, necessitating more influence from Nigeria and other leadership partners. The global outcry for racial equality in several parts of the world, especially in North America and Europe, also begets the need for more advocacy and soft power support from African leaders. Thus, as the most populous African country and black nation in the world, Nigeria's image and diplomacy is imperative in pushing the overall image of black and African populations to show excellence and strong

³⁴World Bank, Trade Pact Could Boost Africa's Income by \$450 Billion, Study Finds, 2020

values. This provides an opportunity for Nigeria to play a more prominent role on the continental and global stages, to address important humanitarian issues, and solidify its place as a world leader.

Objectives and Targets, 2021 – 2025

To address its challenges, and capitalize on its opportunities, the government will ensure that by 2025, Nigeria's foreign policy is driven by a consistent focus on national priorities and ambitions. Nigeria's foreign policy during 2021-25 will aim to be proactive, result-oriented, and citizen focused, while also prioritising foreign direct investment and export promotion. In summary, by 2025, Nigeria will:

- Become an increasingly attractive destination for foreign direct investment by harnessing and strengthening the economic components of Nigeria's foreign policy and international relations.
- Improve the performance of its missions abroad especially in identifying untapped investment opportunities and areas of cooperation in the host country.
- Strengthen its role and influence as a leader in the Economic Community of West African States (ECOWAS) and the African continent.
- Continue to support the culture and creative industry and harness its cultural and economic potential.
- Pursue efficiency in the delivery of consular services and welfare services to Nigerians in the diaspora.
- Ensure and strengthen the participation of its private sector in engagements with counterparts in other African countries and beyond.

Strategies and Policies for accomplishing the objectives / targets

To achieve these goals, Nigeria will put the following strategic measures in place:

- Promote Nigeria's economic position and improve the country's economic growth by mainstreaming international trade and investment. Nigeria will participate effectively in trade and investment agreement negotiations and bodies; implement existing agreements; and embark on aggressive international investment and export promotion programmes anchored on institutional and regulatory reforms at home.
- Improve Nigeria's regional and global leadership role through increased regional, continental and

international leadership. The government will strengthen Nigeria's role as a leader in the ECOWAS region and in Africa, to support other countries in tackling local issues. This will be achieved by expanding multilateral peace-keeping support in African countries and convening more African and other global leaders to design collaborative solutions to the continent's challenges. The government will also increase its engagement in the African Union, especially on issues including democracy, security, and human rights. Finally, Nigeria will use its soft power to support the global advocacy of racial equality, especially for black people across the world.

- Drive tourism and investment in the country's arts and culture industry through cultural diplomacy. Nigeria will solidify its presence in global cultural and sporting events, and actively leverage diplomatic representations abroad to drive cultural exchange. Efforts will also focus on the facilitation of cultural events in Nigeria and other countries and support to the creative industry, to strengthen Nigeria's position as a burgeoning global culture capital.
- Enhance citizen support and welfare services, using inter-agency collaboration and citizen diplomacy. The government will revisit its frameworks to protect the human rights of Nigerians at home and abroad, by setting up new response systems for tackling threats, and boosting inter-agency collaboration for that purpose. The government will also develop effective operating systems to provide relief and welfare services to Nigerians in diaspora, amend existing national protection policies, and provide financial and technical support to the Nigerians in Diaspora Commission (NIDCOM), Nigerian Immigration Service (NIS), etc to effectively implement their mandates. Low-hanging levers like effective social media presence for all Nigerian missions will also be established, to provide quick and accessible support platforms to Nigerians abroad.
- Improve public sector capacity for service delivery by reforming the Ministry of Foreign Affairs, Foreign Service, and Missions Abroad. To improve service delivery, the government will reform its foreign policy agencies to ensure efficient activities in host countries through improved operational capacity. The 2015 policy guide of Nigeria's Official Development Assistance (ODA) will also be reviewed to ensure a paradigm shift in ODA resource mobilization and

utilization to ensure alignment with broader foreign policy goals identified in this Plan. Finally, the government will improve cross-MDA partnerships with the Ministry of Foreign Affairs (MFA), to ensure that foreign policy goals are clearly communicated with MDAs in other sectors, for timely collaboration to achieve targets.

Investment and Resource Allocation

An estimated public investment of N57bn will be allocated to achieve the objectives and strategies outlined, for the period 2021-2025. This sum will be utilised to improve the efficiency of the MFA and other relevant agencies such as NIDCOM to be able to serve the objectives of Nigeria's foreign policy. A part of the resources would

also be spent on policy reviews and update, training and provision of necessary tools for the functioning of the MFA and other agencies.

Conclusion

Beyond increased economic growth over the next five years, Nigeria will also consolidate its leading role in West Africa, Africa and indeed the world. This will be achieved by addressing the current gaps in national foreign policy and affairs, developing the requisite institutional capacity, and bolstering trade partnerships around the world. The government will continue to leverage its long history of cooperation and alignment with African countries and others in the global south to ensure that the benefits from its foreign policy extend to all Nigerians.

PART 4
HUMAN CAPITAL DEVELOPMENT

CHAPTER 20: EDUCATION AND HUMAN RESOURCES

Introduction

Education plays a central role in improving quality of life by increasing productivity, driving inclusive economic growth, and ultimately alleviating poverty. Investing in people and making sure every Nigerian is given the educational tools to fulfil their potential is essential to ensure equity and sustained economic growth. Providing access to quality education for all is also key to unlocking new economic opportunities for disadvantaged people and will put Nigeria on a path to fulfilling its goal of lifting 100 million Nigerians out of poverty by 2030. To do so, the Government will support the development of a workforce with the required competencies to meet employers' needs in the 21st century through targeted policy interventions across the education sector.

Improving education and human capital to promote growth and development will require a dramatic increase in the quality and quantity of resources to this sector. It is imperative to leverage the country's tremendous human capital potential and foster skills needed in the 21st century labour market. Expanding access to the education system and improving teaching quality will give every Nigerian the tools to realize their full potential, regardless of their background. Only then will the nation have the means to transform and compete with leading world economies.

Review of Sectoral Performance 2017 – 2020

Nigeria has rolled out a series of policies to strengthen the education sector and improve access to education over the past three years. The most recent Economic Growth and Recovery Policy (ERGP) recognized that the education sector is essential for human development and directly linked it to the plan's three broad objectives of restoring growth, investing in our people and building a competitive economy.

Implementation of the ERGP led to significant strides in improving the sector such as:

- The enforcement of the free and compulsory basic education law by ensuring that children within the school age are brought back to school. Subsequently, the number of Out-of-School children was reduced by 46% from 12,700,000 when it was instituted in 2017 to 6,946,328 as at December 2020;
- Particular attention was paid to school-age girls and a Female Scholarship Scheme was introduced to improve enrolment of girls in TVET and STEM;
- Implementation of a proactive Teacher Training Plan by the Federal Government in collaboration with States under which 2,288,091 professional teachers have been registered and licensed after passing qualifying examinations;
- The registration and training of 7,400 Teachers, Quality Assurance Evaluators and Education Management and Information System (EMIS) officers, at all levels of education in Nigeria to bridge the digital skills gap, given the current emphasis on digital literacy;
- The development of a National Skills Qualifications Framework (NSQF) to stimulate and promote on a massive scale relevant skills and provide local content across all sectors of the economy; and
- Inauguration of a Research and Innovation Steering Committee to drive massive research and innovation activities in tertiary institutions in Nigeria.

Despite the considerable progress made under the ERGP, performance was hindered by the following challenges:

- the COVID-19 pandemic disruption of the academic calendar;
- insufficient funding to implement plan provisions;
- the absence of a legal framework to support private sector participation under PPP arrangements for school infrastructure developments;
- the lack of baseline data and inadequate data gathering to track performance; and
- weak coordination of interventions across various stakeholders.
- Insecurity; kidnappings and abductions in schools.

While these challenges have limited the reach and impact of the ERGP policies, lessons learned from the ERGP implementation have enriched the design of this Plan and will promote efficient and effective implementation. It is evident that education spans across multiple sectors and that buy-in by leadership at the Federal, MDAs and State levels as well as other arms of Government are prerequisites for effective implementation of Nigeria's 2025 vision for education. A robust legal instrument is needed to regulate private sector involvement in education to align quality standards and assure

private investors of the safety of their investments. Finally, ensuring that equity is at the core of education policies is essential to facilitate access to education for disadvantaged groups. Although the ERGP was a step in the right direction, Nigeria's education sector still faces substantial hurdles on its path to improvement.

Investments under the latest Economic Sustainability Plan 2020 (ESP) to respond to the challenges posed by the COVID-19 pandemic prioritized support of MSMEs and job creation did not directly target the education sector. However, it is assumed that the macroeconomic stability that the NESP will elicit through its financial stimulus package focused on agriculture but also supporting social investments will indirectly have an impact on access to education. The COVID-19 pandemic has significantly disrupted academic activities and school calendars. NESP policies will ease the burden on families and allow children to remain in school instead of pursuing other endeavours due to economic hardship.

Challenges and Opportunities

Nigeria is not fully exploiting the enormous potential of its human capital, as the education system is currently failing to provide the competencies needed for sustained economic growth. The pandemic has raised awareness of the imperative to mould a resilient and educated workforce responsive to the needs of growing sectors such as manufacturing, agriculture, and the digital economy.

Today, the nation faces daunting challenges in its ability to provide quality education for all children and youth in the country due to uneven access and inadequate resources. This has resulted in challenges such as:

- A rapidly rising population, where 44% of the population is below the age of 15, put considerable stress on the educational sector;
- Uneven access and equity across all levels of enrolment along a rural-urban regional and gender divide. Girls face additional cultural roadblocks in certain communities where they face exclusion from educational opportunities simply due to their gender;
- Inadequate infrastructural and instructional materials with deficient curriculum;
- Insufficient budget allocation to invest in the education system;
- Uneven enforcement of fundamental rights in education such as compulsory education;

- Low digital literacy;
- A supply gap in technical and vocational education;
- Limited provision for children with learning disabilities and/or living in vulnerable circumstances
- Continuous professional development is neither systematically planned and implemented, nor are such exercises monitored, measured and reported as part of a Quality Assessment framework i.e., lack of Quality, Capacity-building and Culture; and
- Inadequate workforce development programmes.
- Insecurity; kidnappings in schools, which led to the closure of many schools, especially across Zamfara, Katsina, Kaduna, Kebbi & Niger States.

These considerable hurdles have limited school enrolment, led to poor learning outcomes for children and inadequate job readiness of young graduates.

The underlying issue preventing the education sector from overcoming these challenges is weak policy planning, budget allocation, and implementation. Nigeria will require significant investments in the sector to power its economy through low economic growth and serve as a knowledge hub for the continent.

Despite these many challenges, considerable opportunities exist for the education sector to positively impact Nigerian society. To prepare for tomorrow's workforce, the country is endowed with abundant human resources that can be trained to strengthen the education system. Furthermore, the pandemic has accelerated remote-work arrangements and there is a booming e-commerce market in Africa, which represents an opportunity to fast-track access to digital technologies that can spur digital skills and literacy in the nation's workforce. This approach will boost Nigeria's competitiveness, considering the Africa Continental Free Trade Area Agreement emphasis on digital economies.

Additionally, there is keen interest from the private sector, civil society, non-government organizations, international development partners, communities and even private individuals to intervene in the education sector. This is because the underserved education sector in Nigeria is a potentially lucrative investment opportunity for most of them. Nigeria has a population of over 200 million people, about half of whom are below the age of 18 or within schooling age. Finding ways to get more people into the system or improve the quality

of education for those already in school are where the opportunities exist. Growth in middle class families also presents an opportunity for a boom in the education sector. This plan will seize these many opportunities to significantly improve the education sector and the country's competitiveness.

Objectives and Targets, 2021 – 2025

A key thrust of this plan on Education and Human Resources Development will be to review educational policies and curriculum to ensure education is demand driven and the integration of apprenticeship programme as a path to education and empowerment.

Nigeria will overhaul its educational system to meet international standards with the ability to employ an innovative, dynamic competence-based curriculum implemented by committed teachers. This objective will bring Nigeria one step closer to becoming a nation where every Nigerian has unfettered access to quality education irrespective of age, gender, faith, social background, and disability to realize their full potential.

Table 20-1 summarizes the objectives, key performance indicators and 2025 targets.

Table 20-1: Objectives and Targets of Objectives and Targets of Education and Human Resources Development

| Objectives | Key performance indicators | Baseline | Target |
|--|--|--|------------------------------|
| Improve access to Basic and Skills Driven Educational Services | Literacy rate | 63.32% ³⁵ (as at 2018) | 80% (by 2025) |
| Reduce the number of Out-of- School Children | Number of out of school children | 10.5 million children ³⁶ (as at 2021) | 5 million children (by 2025) |
| Improve the quality of Higher Education offered in Nigerian Schools | Number of Nigerian Higher Institutions in top 1,000 schools in the world | 4 institutions (as at 2021) | 10 institutions (by 2025) |
| Sources: UNICEF and Knoema for baseline data; targets are projections. | | | |

Strategies and Policies for accomplishing the Objectives/Targets

Five core strategic measures will allow the education sector to start unlocking Nigeria's full human capital potential and boost inclusive growth by 2025:

- Improve the quality of education for the sector to meet international standards through teacher training. The Government will significantly improve enrolment rates across the country and harmonize teaching standards. It will continue to train more teachers so they can deliver on a competence-based curriculum. These trainings will increase the number of qualified teachers and improve student-to-teacher ratios. In return, the Government will incentivize teachers with better remuneration and working conditions particularly in underserved communities. Finally, improving the quality of teaching also involves providing adequate teaching materials. To that end, the Government will engage in the massive production of student learning materials.
- Strengthen the policy and regulatory framework to foster equity and inclusiveness in education. The Government will enforce the Universal Basic Education Commission (UBEC) Act of free and compulsory basic education through the setting up of the State Education Watch Group to reduce the number of out-of-school children. It will also foster inclusive educational policies to ensure that the sector puts equity at the centre of its initiatives. The government will introduce legislation for schools to provide adequate facilities to increase enrolment of special needs and disabled students. Investments will be made in school social schemes such as school feeding, uniforms and textbooks distribution. Community engagement sensitization campaigns will be put in place to secure community buy in, and boost school attendance. Furthermore, there will be a rollout of girls' education initiatives to increase girls' enrolment rates.
- Prioritize skills development to equip Nigerians

with the right competencies for employability through investments in key programs and skills. Nigeria will increase investments in Science, Technology, Engineering, Arts and Mathematics (STEAM) & Technical, Vocational Education and Training (TVET) centres to boost enrolment in these programs, with particular attention paid to women enrolment. The government will establish vocational hubs across all states and partner with the nation's largest private employers across key sectors to align needed competencies with the national curriculum and develop skills certification programmes. It will also improve access to technological and entrepreneurial skills for MSMEs to boost their productivity.

- Secure sustainable financing sources that will increase funding to the education sector through public funding allocation and direct engagement with private sector actors. Current federal expenditure on education is 7 percent³⁷ which appears less than the 15-20 percent of the national budget as recommended by UNESCO, but does not consider the spending on education at the subnational levels. Expenditure on education also excludes educational programmes such as the Ministry of Health (Nursing and midwifery schools), the Ministry of Agriculture's (research institutes, such as schools of forestry and different agricultural research institutes) and the Ministry of Defence's (primary, post primary and secondary education). It therefore means that when all these are aggregated at national and subnational levels, Nigeria expenditure on education may not be significantly different from UNESCO target. This notwithstanding, the government will increase federal budget allocation and earmark funding for education to reduce potential inefficiencies in the sector. A public-private partnerships framework will be designed using innovative financing models that will assist with school infrastructure development and regulate private investments in education.
- Harmonise and adopt the State with the National Safe Schools Initiative to secure the premises and communities for learning, without disruptions

- Improve digital literacy proficiency to drive innovation, competitiveness and unlock the growth potential of various sectors. Improving Nigeria's workforce digital literacy rate to meet demand for skilled labour in industry, construction, agriculture and other key sectors will boost the nation's competitiveness, efficiency, productivity and earnings while improving youth access to job opportunities. The Government will formulate a Digital Literacy Policy and Strategic Action Plan to train teachers and introduce digital literacy at all levels of the education system. This will involve providing IT facilities, ICT tools and developing e-learning programmes as part of this plan. The COVID-19 pandemic forced the rapid rise of virtual workspaces, putting digital proficiency at the heart of future skills requirements more than ever.
- Provide basic infrastructure such as access to water and electricity in schools to aid learning.
- Encourage school enrolment and tackle Nigeria's out-of-school children problem by improving the Universal Basic Education Programme and other necessary incentives.

Investment and Resource Allocation

An estimated public investment of N1.56trn will be allocated to achieve the goals outlined in the education sector from 2021-2025. Allocations will be made to priority projects in the sector. The Government will further create an enabling environment for private investment to thrive in the education sector.

Conclusion

For Nigeria to meet its ambitious economic growth and diversification objectives by 2025, it is an imperative to leverage the country's tremendous human capital potential and foster skills needed in the 21st century labour market. Expanding access to the education system and improving teaching quality will give every Nigerian the tools to realize their full potential, regardless of their background. Only then will the nation have the means to transform and compete with leading world economies.

CHAPTER 21: HEALTH

Introduction

Health is recognized as a basic human right that every citizen should be able to enjoy to the highest level, to live a socially and economically productive life. Thus, health is essential for sustainable development and peace and security. Over the years, Federal and State governments of Nigeria have devoted significant resources to the development and implementation of numerous health strategies and plans, geared towards the development of a modern, efficient, and effective healthcare delivery system. Despite these investments and some improvements, Nigeria's health indices remain weak. Nigeria's average life expectancy was 54.3 in 2018 and the infant mortality rate stood at 74.2 per 1,000 live births in 2019.³⁸

The ERGP 2017-2020 and Vision 20:2020 aimed to facilitate health improvements by strengthening the health system and improving quality and access to health services by all Nigerians. The policy thrusts of the ERGP and the Vision include revitalizing the primary healthcare system, strengthening secondary and tertiary healthcare delivery, expanding the National Health Insurance Scheme (NHIS) to achieve universal health coverage (UHC), and building the capacity of health care personnel to improve service delivery. Implementation challenges such as inadequate funding, and weak resource pooling mechanisms have constrained achievement of desired improvements in health outcomes, especially on the core SDG-3 targets. Therefore, it is critical for Nigeria to improve the performance of its health sector to improve the life of its citizens.

The crucial goal for this plan will be to accelerate reforms to adequately finance the health system and realign resources in line with the responsibility for health across the tiers of the healthcare delivery system. These strategies are crucial to significantly reducing the gaps in health-related SDGs. Government collaboration with the private sector will generate additional financing in the health sector. Implementing health care financing reforms to expand social health insurance coverage to state, LGA and community levels, and scaling up the implementation of the BHCPF in collaboration with all states, implementing agencies, partners, the private sector and other relevant stakeholders will be the focus

of the Plan implementation. The emphasis will also be on: (i) addressing human resource and infrastructure gaps, especially at primary health care level which is responsible for more than 70% of the disease burden, in collaboration with the private sector; (ii) reducing the current resource imbalance between primary, secondary and tertiary levels of health care and; (iii) building a resilient health system that will withstand any future disruptive occurrences.

Review of Sectoral Performance 2017 – 2020

The ERGP was developed in 2017 to address previous challenges of ensuring policy continuity and performance across a variety of health sector reforms undertaken by different governments. It built on existing sectoral strategies and plans, focusing on “ensuring healthy lives and promoting wellbeing for all at all ages”. The ERGP health provision was to improve the accessibility, affordability and quality of healthcare and roll out the National Health Insurance Scheme (NHIS) across the entire country.

The policy objectives of the health sector in the ERGP were to (i) improve the availability, accessibility, affordability and quality of health services; (ii) expand healthcare coverage to all Local Governments; (iii) provide sustainable financing for the health care sector; and (iv) reduce infant and maternal mortality rates.

The ERGP's overarching health policy objectives had not been fully achieved by the end of 2020. Some of the lingering challenges are:

- Partial revitalization of the primary healthcare system: The ERGP planned to revitalize 10,000 primary healthcare centres (PHCs) in the country to improve access to healthcare but by the end of 2020, this target was not fully achieved.
- Limited expansion of universal health coverage: As at December 2020, the NHIS strategic plan reported that 4.8 percent of Nigerians were enrolled into a health insurance policy.
- Limited progress towards strengthening health care delivery beyond the primary health care system: Several states are yet to strengthen Primary Response Centres and Ambulance points. The project of connecting the general hospitals to rural

³⁸The World Bank, World Development Indicators (2018))

communities via mobile tele-medicine is yet to commence operation.

- Insufficient progress in having in place a Health Workforce Registry: Only 19 out of 36 states and FCT had a Health Workforce Registry in place by the end of 2020. This registry is meant to identify and fill gaps to optimize the health worker-to population ratio by recruiting and training more health workers and attracting talent from abroad

Despite the challenges, the country recorded significant progress in certain areas. Four years after the last Polio outbreak in Borno State in 2016, Nigeria, and Africa more widely, were declared polio free in 2020, as the illness was 100% eradicated in line with the ERGP objective. Significant progress was also made in the fight against measles and yellow fever. Nigeria carried out a campaign to vaccinate 28 million children in 19 Northern States against measles and meningitis in August 2019. Four phases of yellow fever vaccination campaigns have been carried out from 2017 to 2020, though there was significant interruption in 2020 due to the COVID-19 Pandemic. Additionally, the provision of antiretroviral medication to people living with HIV/ AIDS increased from 31 percent in 2016 to 44% in 2018.

Challenges and Opportunities

Structural challenges within Nigeria's health system need to be addressed to improve national health outcomes. While Nigeria's health sector successfully managed the Ebola and Zika outbreaks, the COVID-19 pandemic has demonstrated the system's limitations.

Nigeria faces health challenges, notably:

- inadequate healthcare financing with government spending below 5 percent of total budget on healthcare;
- inequities in distribution of health resources between urban and rural areas;
- lack of qualified personnel and equipment for quality health services;
- brain drain of medical professionals in search of better work conditions and remuneration;
- low employment-based health insurance;
- weak governance and policy implementation combined with limited data availability for planning and decision-making;
- large population size putting a considerable strain on health facilities;
- the need for a focus on mental health, given the emerging challenges;
- electricity costs and energy dependability negatively impact service delivery.

For these reasons, Nigeria's health system ranked 187 out of 195 countries in the 2018 health access quality index³⁹. In the absence of proper planning, coordinated interventions and significant health financing initiatives, Nigeria will be unable to guarantee the well-being of its population. These structural challenges represent a significant economic burden, impeding Nigeria's inclusive growth and human capital development ambitions.

In the face of these structural challenges to quality healthcare provision, there is enormous untapped potential for the use of health technologies to revolutionize healthcare management and delivery systems in Nigeria. The high proportion of the population with access to mobile phones provides an opportunity for mobile health. Already, agencies such as Nigeria Centre for Disease Control (NCDC) and National Primary Health Development Agency (NPHCDA) are deploying mobile technologies to improve reporting of priority diseases and immunization uptake statistics, respectively. Mobile technologies could be deployed for the dissemination of preventive health and nutrition information, for follow-up of patients and reminders for appointments, for health surveys, etc. However, many conditions need to be met for this potential to materialize, including stable electricity, high speed internet connectivity, macroeconomic stability, infrastructural development and investment in manpower. Proper infrastructure in addition to a stable policy environment are critical elements needed to attract more private investments in health technologies.

Objectives and Targets, 2021 – 2025

Ensure that every Nigerian can sustain a healthy life with dignity. Nigeria will continue to pursue the following overarching objectives:

- Develop an integrated healthcare system between the private and public sectors for primary, secondary and tertiary health institutions in keeping with changing political, economic, social and environmental situation and changing technology;

- Extend Universal Healthcare Coverage to over half of the population in rural and urban areas in Nigeria;
- Ensure availability in sufficient quantity of quality essential medical personnel, medicine and medical supplies within the country;
- Promote healthy habits, healthy behaviours, and lifestyles across all life stages.
- Reduce infant and maternal mortality rates.

To achieve these goals, Nigeria needs to attain the targets presented in Table 21-1 by 2025:

Table 21-1: Objectives and Target of the Health Sector

| Objectives | Key performance indicators | Baseline | Target |
|---|---|--|-------------------------------------|
| Develop an Integrated Health Care Model | increase in the number of institutions administering health services through public private partnership (PPP) | <1% of 23,640 ⁴⁰ health institutions (as at 2016) | >10% of 40,000 (by 2025) |
| Extend Universal Health Coverage | Universal health Coverage | 5% (as at 2021) | 25% (by 2025) |
| Ensure Availability of Essential personnel, Medicine and Supplies | <ul style="list-style-type: none"> • Doctor to patient ratio • Nurse to patient ratio • Number of primary healthcare centres | 38:100,000 118:100,000 30,000 ⁴¹ | 50:100,000 150:100,000 40,000 |
| Promote Healthy Habits and Lifestyles | Life Expectancy | 54.3 | 56 |
| Reduce infant and maternal mortality rates | Infant mortality rate | 74 (per 1,000 live births) | 40 (per 1,000 live births) |
| | Maternal mortality rate | 814 (per 100,000 live births) | 500 (per 100,000 live births) |

Source: Federal Ministry of Health and UNDP for baseline data; targets are projections.

Strategies and Policies for accomplishing the Objectives/Targets

To achieve this goal, the Government of Nigeria will implement six strategic measures to upgrade the national health system and ensure that every Nigerian has access to quality healthcare.

- Strengthen Nigeria's health system service delivery capacity to significantly improve quality and become a healthier nation. A robust and coordinated health system will improve efficiency in medical procurements, increase infrastructure upgrades, and ultimately reduce both morbidity and mortality rates. It will also improve strategic planning to ensure Nigeria's emergency preparedness and boost information sharing capabilities across a myriad of health services, particularly those catering to vulnerable populations.
- Improve access and quality of medical services through effective healthcare workforce management, improved equity in service provision and the provision of quality medicine. Reversing the brain drain by creating jobs while providing incentives to motivate healthcare professionals to work in underserved areas. By providing an adequate skill mix of competent, motivated, productive and equitably distributed health workforce, accessibility of healthcare services to underserved communities will be significantly improved. In parallel, Nigeria will ensure universal access to quality health services without any financial barriers, increase prompt and effective responses to all medical emergencies, and enhance equity in vaccine distribution.
- Secure healthcare financing to upgrade health facilities and fund expanded access to health services in Nigeria. Leveraging funding through budget allocation and private sector investments will allow for health facilities development, recruitment, medical equipment upgrades and the design of funding schemes for low-income Nigerians.
- The government will significantly improve its health sector by enabling the environment for greater efficiency, collaboration across various stakeholders, and cohesive policy formulation. Establishing an effective leadership and utilizing research to inform policy and programming will create both

⁴⁰African Population and Health Research Centre (2016)

⁴¹Socialprotection.org, 2019

- an efficient and transparent regulatory framework encompassing the entire health sector ecosystem. It will ensure accountability in planning, budgeting and in medical procurements and it will also establish an integrated, comprehensive and reliable health information system for decision-making. Fostering a collaborative enabling environment will encourage community participation in the sector for even greater accountability.
- Prioritize investments in nutrition, maternal, child and neonatal initiatives by securing funding. Malnutrition has a high economic and health cost, and an estimated return of US\$16.8 for every US\$1 invested. It is therefore an imperative for Nigeria to invest in nutrition because it affects the most vulnerable groups and can hinder economic growth. In addition, it is critical to ensure there is universal access to quality reproductive, maternal, new-born, child, adolescent services.
 - Leverage technological advancements to provide quality care, cut costs and improve service delivery. Innovation in the health sector such as mobile health, telemedicine and the introduction of electronic medical records can be used to boost productivity and potentially attract more youth to jobs in the health sector.
 - Enhance partnerships through mutual and open accountability. Promoting the adoption and utilization of collaborations with the private sector on PPPs will heighten results of all initiatives. In addition, promoting effective partnership with professional groups and other relevant stakeholders like academic institutions, will strengthen the framework for domestic resource mobilization.
 - Increase the promotion of healthy environment approaches. Engage with average Nigerians using mass media communication and community mobilization to raise awareness of important health problems in the states and communities. Community programs will lead to far-reaching results and widespread knowledge sharing across the country.
 - Improve access to basic infrastructure such as access to water and electricity in hospitals and other medical facilities.
 - Adopt a robust information management system to support patients and referral among levels of medical institutions as well as gather relevant information.
 - Reduce incidence of drug abuse through enlightenment campaigns and provision of drug counselling and referral capacities at community level, access to drug treatment across all urban centres in line with the Minimum Standards for Drug Dependence Treatment.
 - Improve drug quality standards and access to essential medical products through the effective implementation of the National Policy for Controlled Medicines, Pain Management Guidelines and other relevant policies.
 - Enhance access to HIV treatment and care in particular by people in detention, people using drugs and other key populations that suffer from far higher rates of infection and increasingly represent the source of the further spread of the virus.
 - Expand access to mental health services to citizens and focus on avoiding exclusion of those affected by or at risk of mental illness.
- Investment and Resource Allocation**
- An estimated public investment of N1.65 trillion will be allocated to achieve the goals outlined in the health sector from 2021-2025. Allocations will be made to priority projects in the sector as well as projects essential to the operations of the Health Ministries at federal and subnational levels.
- Conclusion**
- The Nigerian health sector is at a crossroads where it must grow into a robust and dynamic system that can withstand changing political, economic, social, and environmental situations and respond to public health crises such as the COVID-19 pandemic or the Ebola virus. The Government will extend universal healthcare to all Nigerians to expand access to basic health services, particularly as it pertains to vulnerable populations to improve the well-being of all. Furthermore, in continuity with previous plans, the Plan's main thrust is to work towards eliminating regional health disparities by achieving health access and equity. To achieve this goal in the medium term, the Government will secure financing to significantly upgrade health infrastructure, improve healthcare professionals working conditions and fund primary care access for vulnerable populations.

CHAPTER 22: FOOD AND NUTRITION

Introduction

It is impossible to achieve the SDGs without profound progress in tackling undernutrition. It is widely recognized that good nutrition is the most important investment in human capital development. Malnutrition is associated with about 53% of deaths among under-five children (ERGP, 2017-2020). According to the World Bank Nutrition Country Profile, Nigeria loses US\$1.5 billion in GDP annually due to Micronutrient deficiencies⁴². Low-cost high impact nutrition interventions are the most cost-effective development investments.

The Food and Nutrition sub-sector is to contribute to the transformation of the Nigerian human capital capacity and catalyse the economic and social development of Nigeria through improved productivity, reduction of disease burden and poverty reduction. Food security exists when all people have adequate access to sufficient safe and nutritious foods that meet their dietary needs and food preferences for an active healthy life. Nutrition security is achieved when such access is attained within a sanitary environment with adequate health services and care.

The sub sector will be closely involved with a number of the policy priorities of the Plan which include building a

thriving and sustainable economy; enlarging agricultural output for food security; improving access to quality education, affordable health care and productivity; and enhancing social inclusion and reducing poverty. Government will make deliberate efforts to increase investment and mainstream nutrition into relevant development processes.

Review of Sectoral Performance

The current nutrition indices show a weak performance in addressing the various causes of malnutrition among children and women. 37% of Nigerian children, aged 6-59 months, are stunted (short for their age), 7% are wasted (thin for their height), 22% are underweight (thin for their age), and 2% are overweight (heavy for their height). Overall, 12% of women are thin, with the body mass index (BMI) of less than 18.5 and 28% of women are overweight or obese, with the BMI greater than 25.0. About 97% of the children are breastfed at some point, with 29% of them under age 6 months exclusively breastfed, while only 11% of children aged 6-23 months are fed a minimum acceptable weaning diet. 68 percent of children aged 6-59 months and 58 percent of women aged 15-49 are adjudged to be anaemic. Table 22.1 presents nutritional status of children and women in Nigeria as at 2020.

Table 22-1: Nutritional Status of Children and Women in Nigeria 2020

| Nutrition Key Performance Indicator | Percent |
|--|---------|
| Stunting (Chronic malnutrition among children 0-59 months of age) | 37 |
| Wasting (GAM/SAM prevalence among children 0-59 months of age) | 7.1 |
| Underweight among children 0-59 months of age | 22.7 |
| Vitamin A Deficiency in Children (Percent of children aged 6-59 months with VAD) | 29.5 |
| Anaemia in Children (Percent of children age 6-59 months with anaemia) | 68 |
| Anaemia in women (Percent of women age 15-49 with anaemia) | 58 |
| Exclusive Breastfeeding of children until 6 months of age (%) | 29 |
| Percent of youngest children age 6-23 months who consumed foods rich in vitamin A | 59 |
| Percent of youngest children age 6-23 who consumed foods rich in iron | 41 |
| Percent of children age 6-59 months received a vitamin A supplement | 45 |
| Percent of children age 6-59 months received iron supplement | 17 |
| Percentage of women who are thin (body mass index or BMI < 18.5). | 12 |
| Percent of women overweight or obese (BMI ≥ 25.0). | 28 |
| Prevalence of LBW | 7 |
| Household access to improved sanitation (%) | 57.4 |
| Poverty (Population living under the national poverty line of 137,430 Naira (\$381.75) per year (%)) | 40 |

Sources: UNSCN and FAO Action on Nutrition.

⁴²Nutrition at a Glance, Nigeria. The World Bank. 77188, April, 2011.

It is estimated that over 300,000 infant deaths occur annually due to malnutrition, while over 16,000 maternal deaths occur annually due to iron deficiency anaemia⁴³. Well over 68 percent of children under 5 years of age lack iron, vital to developing nervous systems, they will grow

to have trouble concentrating and coordinating brain signals with movements, like holding a pencil, that are crucial to education. See Table 22.2 for more performance indicators on food and nutrition between 2017 and 2020.

Table 22-2: Food Security and Hunger Performance Indicators in Nigeria 2017-2020

| Performance Indicator | 2017 | 2018 | 2019 | 2020 |
|------------------------|------|------|------|-------|
| Food Security Index | 46.5 | 40.9 | 41.3 | 40.1 |
| Hunger Index | - | 31.1 | 27.9 | 29.2 |
| Average Food Inflation | 19.5 | 14.4 | 13.7 | 16.11 |

Source: The Economist's Economic Intelligence Unit's global food security index and the CBN Statistical Bulletin online.

Food insecurity is also a major concern to the government and the various stakeholders. Food security is a prerequisite for development, but global experience confirms that sufficient food supply alone is not enough. Dietary diversity, food quality, maternal knowledge, caring practices for young children, access to health services, water and sanitation and other public health measures have proven to be indispensable. Thus, achieving nutrition security requires multiple channels and collaborative efforts between the public and private sectors, communities and families, to provide a strategic mix of food, health, care, education and other "enablers" of good nutrition.

The COVID-19 pandemic has worsened the hunger situation, particularly impacting food supply and prices. Under-nourishment is synonymous with hunger and it exists when caloric intake (food) is below the minimum dietary energy requirement needed to undertake light activity and a minimum acceptable weight for expected height.

Food Hygiene and Safety practices are still a challenge in Nigeria and to a large extent are responsible for the high prevalence of food borne diseases in the country. Food borne diseases have continued to form a significant part of the morbidity and mortality of Nigerians. Inadequate knowledge of food safety practices in the country in the preparation, preservation, transportation, processing and handling of food, largely contributes to the incessant food-borne disease and food-related outbreaks.

Table 22.2 shows that Nigeria's food security index declined from 46.5 in 2017 to 40.1 in 2020, while the hunger index averaged 29.4. This can be connected with

security-induced supply constraints issues, causing food prices to rise. Food inflation rose from an average of 14.4% in 2018 to 16.11% in 2020.

Challenges and Opportunities

Although the National Plan of Action for Food and Nutrition was instituted in 2004, Nigeria has not been able to bridge the gaps in the service provisioning, quality and outcomes as envisioned in the plan. Some of the key challenges experienced in this sector include:

- Rising security issues threatening food supply and the uncertainty around food prices
- Presence of multiple public and international stakeholders resulting in multiple nutrition policies and programs along sectoral lines that often led to programs and plans implementation by separate institutions in an uncoordinated manner;
- Leadership and coordination among sectors is a major challenge to securing political support, building consensus, and mobilizing resources to stem the tide of malnutrition in Nigeria;
- Poor implementation of the National Policy and Plan on Food and Nutrition as well as the Food Safety and Hygiene policy;
- Inadequate public funding of program and projects in nutrition; and
- Inadequate implementation capacity of MDAs

Despite these challenges, there are opportunities and

⁴³2020 World Bank Nutrition Country Profile, Nigeria.

prospects for the sector. The Government began the National Home-Grown School Feeding Programme and the National Cash Transfer Programme under the Office of the Vice President in the Presidency in December, 2015. Subsequently, in October 2019, the programmes were relocated to the Ministry of Humanitarian Affairs. This Ministry has continued driving several social services including the provision of daily meals to pupils in schools, provision of resources and supplies to poor communities and conditional cash transfers to qualifying households to help procure basic amenities.

This presents an opportunity for Nigeria to have a focused and coordinated leadership when it comes to provision for food and nutrition.

Objectives and Targets, 2021 – 2025

The goals to be achieved during the plan period among others include the establishment of a viable system that will guide and coordinate food and nutrition activities undertaken in the MDAs and at all levels from

the community to the national as well as the use of nutrition indicators for the monitoring and evaluation of development policies, plans and programs. Other goals include the promotion of good indigenous food cultures and healthy dietary habits of Nigerians for a healthy living and development of habits and activities that will reduce malnutrition and improve nutritional status of the population, with emphasis on the most vulnerable groups such as children, adolescents, women, elderly, and groups with special nutritional needs. There needs to be a specific campaign against child marriage, given the fact that adolescent mothers continue to contribute substantially to the poor indices relating to malnourished children and even mothers. The specific objectives are:

- Address food insecurity issues in Nigeria
- Ensure Nutrition Security within vulnerable communities.

Table 22.3 presents the objectives, key performance indicators, baseline and targets for 2025.

Table 22-3: Objectives and 2025 Targets of Food and Nutrition

| Objectives | Key performance indicators | Baseline | Target |
|--|--|--|--|
| Address Food Shortage Issues | Food security index | 40.1 (as at 2020) | 60.1 (by 2025) |
| Ensure Nutrition Security within vulnerable communities | <ul style="list-style-type: none"> • Reduce prevalence of severe food insecurity • Reduce the proportion of people who suffer hunger and malnutrition • Reduction in number of children suffering from stunting | <ul style="list-style-type: none"> • 19.6% • 7% (as at 2019) • 36.8% (as at 2019) | <ul style="list-style-type: none"> • <10% • <5% • <20% |
| Enhancing Care Giving Capacity | Increase in number of vulnerable households with access to basic services (including improved sanitation) | 36% (as at 2019) | 60% |
| Enhance Provision of Health Services to vulnerable communities | Reduce by 25% under 5 mortality rates | 132:1,000 live births (as at 2019) | <100:1,000 live births |
| Source: FAO, UNSCN and WHO for Baseline data; targets are projections. | | | |

Strategies and Policies for accomplishing the Objectives/Targets

- Multi-sectoral collaboration aimed at facilitating capacity building and mobilizing resources for food and nutrition intervention programmes.
- Fast-track interventions to build credibility for

food and nutrition-linked programmes and enhance commitment of political leaders as well as capacity of institutions.

- Control and prevent micronutrient deficiency through food fortification by large, medium-scale and cottage food industries, as part of the National Food

Fortification Programme by NAFDAC.

- Encourage the introduction of nutritional enhancements to mitigate nutrition risks, including vitamin mineral supplementation programs.
- Encourage the expansion of production, distribution and marketing of high energy and high-nutrients-density foods or snacks for vulnerable groups including the control of severe acute malnutrition as well as nutritional support for OVCs as well as PLWAs.
- Ensure effective delivery of comprehensive packages of educational, health and nutritional interventions through the School Feeding and Health Program and other similar programmes.
- Ensure effective delivery of comprehensive package of nutrition education and services to rural communities along with investment to expand agricultural extension services.
- Ensure effective delivery of comprehensive package of essential nutrition interventions as part of health services and programs particularly at primary health care level.
- Sustained and regular, coordinated national and sub-national media strategies against child marriage, for nutrition advocacy and public education.
- Sustainable capacity development to address various

food and nutrition challenges at all levels of Nigeria's development.

- Strengthen coordination of food and nutrition mechanisms at all levels particularly at primary health care level.
- Enhance the condition of services of public sector nutrition officers and improve their work environment.
- Harmonize existing food laws in the country.

Investment and Resource Allocation

At present, the resource allocations to Food and Nutrition by all tiers of government are delivered through a broad range of MDA budgets especially the Ministry of Agriculture and Rural Development and the Ministry of Health.

Conclusion

The Food and Nutrition focus in this Plan is designed to ensure Nigeria is set on the path of food security and equity in consumption for the coming years. This is to eliminate hunger, food poverty and malnutrition. Supply constraints such as security issues and poor logistics accounting for food scarcity and rising food prices will be adequately addressed during this Plan period. Also, priority will be given to proper coordination and collaboration among the various MDAs and food processing and food products regulatory agencies such as NAFDAC and SON.

PART 5
SOCIAL DEVELOPMENT

CHAPTER 23: WATER RESOURCES AND SANITATION

Introduction

Access to clean water is a fundamental human right and access to improved sanitation facilities is essential to Nigerians' wellbeing. The Nation's water resources potential is estimated at 440 BCM. The total surface and ground water resources are estimated at about 250 BCM representing about 1,800m³/capita/year of total renewable water resources, which is well above the 1,000m³/capita/year typically used to define water scarcity. In spite of this huge potential, Nigeria is ranked as an Economic Water Scarce Country, implying that there is need to increase investment and reinforce management to meet water demand.

To this end, the government will coordinate policy across the parameters of the service level to increase infrastructure investments and establish a regulatory framework that will improve the management of water resources. The achievement of this Plan will be anchored on Integrated Water Resources Management (IWRM) principle to support concentric economic diversification in agriculture, agro-processing and other industrial sectors.

Review of Sectoral Performance 2017 – 2020

The water resources and sanitation sector has made considerable progress in improving water services delivery in recent years using appropriate policy initiatives. The Economic Recovery and Growth Plan for the Water Sector focused on supporting integrated transformation of the agriculture sector, effective use of land, increasing power generation and promoting integrity of the ecosystem to boost economic growth and guarantee food security. In line with that goal, the following have been accomplished:

- The National Irrigation Development Programme (2016-2030) was launched to develop an additional 100,000Ha of irrigated irrigation land by 2020 and a total of 500,000Ha by 2030. The programme delivered 15,180 Ha in 2019 and 36,612.27 Ha in 2020 bringing the total developed irrigation land to about 121,792.27Ha by December 2020;
- The Transforming Irrigation Management in Nigeria (TRIMING) project is a World Bank intervention project launched in 2014 to support the rehabilitation and expansion of 42,000Ha of irrigation land on six

major irrigation projects under the first phase, to be completed in 2022;

- Feasibility studies and designs of some selected projects were carried out including those for Integrated Irrigation Development at Nasarawa state (covering 6,600 Ha) and Donga Suntai (covering 6,000 Ha)
- Development of a Blueprint to Strengthen the River Basin Development Authorities (RBDAs) as enablers for food security and socio-economic development;
- Leasing of 55,000 Ha of Irrigation land to commercial farmers;
- Establishment of four Songhai Model farms in the RBDAs with 8,617 Graduate/Youths trained and empowered to deliver agricultural services.

In addition to agricultural transformation, the plan focused on economic diversification and emphasized an increase in power generation capacity. Government optimized existing capacity for hydropower generation by identifying 26 dams with potential for development and concession of mini and midi hydropower plants. As a result, plants such as Gurara (30MW),

Itisi multipurpose dam (40MW), Gurara II multipurpose dam(360MW), Kashimbila dam (40MW), DadinKowa Dam (40 MW), FarinRuwa multipurpose dam (20MW) are now in concession. Additionally, the development of new hydropower projects was initiated under 8 PPP arrangements and are currently ongoing, notably Makurdi (1,500MW), Lokoja (750MW), Katsina-Ala (460MW), Tede (220MW), Mangu (182MW), Kiri (36MW), Bawarku (182MW) and Manye (136MW). The finalization of these projects will boost Nigeria's power generation capacity.

Both the ERGP and the Nigeria Economic Sustainability Plan prioritized improved service provision and a strengthened water and sanitation sector governance framework. In line with these efforts, (i) the Government developed a reform programme for State Water Agencies to improve capacity, revenue generation, efficient operations and management of these facilities; (ii) a new budget line was created to support urban water projects by up to 30 percent of government contribution; (iii)

the Partnership for Expanded Water Supply, Sanitation and Hygiene (PEWASH) programme was set up to attain universal access to safe drinking water and adequate sanitation in rural areas.

This new approach was meant to encourage all stakeholders, including states and local governments, communities, development partners and the private sector to invest more in the provision of WASH services, particularly in rural areas through shared ownership. A total number of 33 state governments endorsed the PEWASH; (iv) the government has actively engaged the private sector in ending open defecation and improving access to basic sanitation through the Organized Private Sector in WASH (OPS-WASH) programme. This initiative resulted in the construction of toilets in 46 markets and motor parks across the country with an additional 23 currently under construction. These policies have significantly enhanced the contributions of the sector to national development.

In line with the Nigeria Economic Sustainability Plan, the National WASH Sector Emergency Response to COVID-19 programme was launched in 2020 with the aim of combating the pandemic through the provision of WASH services. The implementation of this intervention programme commenced with rehabilitation and construction of water supply schemes as well as provision of public sanitation facilities. These include the construction of contactless handwashing facilities with soap and sanitizers and the engagement of youth volunteers for WASH and ODF campaigns.

Challenges and Opportunities

In spite of its abundant water resources, Nigeria is still faced with challenges of meeting improved access to potable water, sufficiency in food production and sanitation facilities. This is largely due to inadequate investment in water resources and sanitation infrastructure. Other challenges include:

- aging infrastructure;
- inadequate human resources allocation dedicated to maintenance;
- increased demand in water services by water intensive industries and a rapidly rising population;
- lack of coordination and proper synergy with relevant MDAs and Sub-national governments.
- inefficient management of water services as an inexhaustible social good rather than an economic

commodity.

- frequent communal disputes in some project locations impact negatively on project completion.
- poor operations and maintenance culture.
- deterioration of ambient water bodies due to discharge of industrial effluent.
- climate change impact resulting in extreme weather events such as floods.
- practice of open defecation leading to contamination of water sources and health challenges.

Notwithstanding these challenges, there are numerous opportunities in the sector. These have equally been reinforced by the Declaration of State of Emergency by the President to galvanise effective participation of National and Sub-national Governments as well as Private Sector towards ensuring access to water and sanitation for all by the year 2030.

The signing of Executive Order 009 by Mr President to end open defecation in Nigeria by 2025 will provide opportunities for states and the private sector to invest in sanitation facilities and generate employment for the teeming Nigerian youth.

With the current irrigation potential of 3.14 million Ha, there is opportunity for the nation to support concentric economic diversification programmes, enhance food security and employment generation.

There are over 200 dam sites spread across the country to support hydropower development, tourism and aquaculture. Six dams with combined hydropower potential of 110 MW have been concessioned while eight dams with capacity of generating 2,780 MW are available for concessioning.

Objectives and Targets, 2021 – 2025

Nigeria plans to significantly improve its water supply and sanitation services' capacity by introducing commercially sound and environmentally sustainable water management practices by 2025.

To achieve these goals, the government will focus on the targets presented in Table 23-1.

Table 23-1: Water Resources and Sanitation Key Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|--|---|---------------------|--------|
| Extend water supply access | Share of Nigerians with access to safe drinking water (%) | 71% ⁴⁴ | 90% |
| | Share of Nigerians with Access to water supply services | 68% ⁴⁵ | 90% |
| Improve sanitation services | Share of Nigerians with access to basic sanitation services (%) | 39% ⁴⁶ | 80% |
| | Eradicate open defecation in Nigeria (%) | 23.5% ⁴⁷ | 10% |
| increase agricultural production and improve food security | Increase in total hectare of irrigated land (Ha) | 24.35% | 100% |
| Increase power generation | Hydropower dams completed and concessioned (%) | 35% | 100% |

Source: Federal Ministry of Water Resources, WHO and UNICEF for baseline data; targets are projections.

Strategies and Policies for accomplishing the Objectives/Targets

The government will significantly improve access to water resources and sanitation services with the implementation of the following strategies:

- Improve affordable water service delivery by developing a comprehensive regulatory and institutional framework with clear commercial, quality, and environmental requirements across the country. This framework will provide the necessary structure and process adjustments in water resources and sanitation utilities management to optimize service provision to both rural and urban Nigerians in an environmentally sustainable manner.
- Design a coordinated investment plan to be used as a roadmap to secure required funding for the development, operation, deployment of human resources and maintenance of large structures for water resources and sanitation management. The Government will develop a sustainable financing framework in partnership with development partners to attract commercial finance and identify feasible financing options for water infrastructure project development across Nigeria.
- Adopt an integrated planning and policy formulation approach across the water resources and sanitation sector to ensure seamless coordination across related sectors. Government will coordinate interventions across the power, agriculture, transportation, tourism, environment, health, education sectors to identify synergies and ensure that complementary strategies are implemented as it pertains to achieving water resources and sanitation goals. This approach will ensure that all MDAs are working towards achieving the same goal. Additionally, the Federal Ministry of Water Resources will work closely with State and Local Government Authorities who are responsible for the operation and maintenance of rural water supply and sanitation schemes in collaboration with benefiting Communities.
- Facilitate the deployment of innovative solutions through technology adoption, research and development in the water resources and sanitation sector. Government will support the development of tools for hydrological forecasting, environmental management to ensure adequate preparedness and response mechanisms. Additionally, the introduction of wastewater and natural resources management innovations will optimize cost effective solutions more suitable to the Nigerian context.
- Strengthen effective collaboration to meet current demands for water and sanitation services through the Partnership Expansion for Water Sanitation and Hygiene (PEWASH) programme.

⁴⁴WHO/UNICEF JMP, 2019

⁴⁵WHO/UNICEF JMP,

⁴⁶WHO/UNICEF JMP, 2019

⁴⁷International Bar Association, 2019

Investment and Resource Allocation

An estimated total public investment of N1.60trn will be allocated to achieve the goals outlined for the sector over the next 5 years. Water and sanitation sector funding will be needed to execute strategic priorities planned over the 2021-2025 period. These measures will allow for infrastructure upgrades as well as the improvement and expansion of water service delivery.

Conclusion

The water resources and sanitation sector will play significant role in achieving Nigeria's 2025 plan

objectives. Essentially, effective water resources planning, development and management will fast track the realisation of a new Nigeria envisioned and engender significant improvement in human health, food production, industrial development, hydropower generation, improved living standard, job creation and environmental sustainability.

CHAPTER 24: ENVIRONMENT AND DISASTER MANAGEMENT

Introduction

The negative environmental effects of industrialization and the over-exploitation of natural resources have led to severe climate change and environmental degradation across the globe and triggered a global shift towards more environmentally sustainable economic models. To reduce the impact of climate change and set efficient environmental management system, Nigerian government will take on a major environmentally sustainable model such as:

- A green economy which reduces the harmful effects from industrial and household activities through initiatives such as climate adaptation, preserving biodiversity and adoption of renewable energy;
- Bioeconomy which utilizes biotechnology in real sectors such as agriculture and industry to achieve sustainable production;
- Circular economy which addresses the unsustainable exploitation of reuse and recycling of resources to eliminate waste. These models will ensure the sustainable exploitation of resources, limit environmental impact across activities, and create a cleaner and safer environment for all; and
- Strengthen disaster management capabilities at all levels of governance by ensuring that disaster preparedness and response planning are essential elements of coherent emergency management. National and subnational governments will need to establish a functional disaster management system.

Due to the effects of climate change, several factors including higher sea levels and extreme weather changes have led to floods, droughts, and heat waves, disproportionately exposing vulnerable population segments to health, housing and food security risks. Industrial activities have also led to environmental disasters such as oil spills and various types of pollution. There is therefore a need to expand disaster mitigation efforts, for both natural disasters and the ones stemming from human activities.

Review of Sectoral Performance 2017 – 2020

The ERGP highlighted the importance of environmental sustainability and climatic adaptation to avoid further environmental degradation and ensure economic sustainability. To achieve this, targeted actions were identified including policy reviews, and increased emission-reduction and afforestation activities. Nigeria participated in the Paris Climate Agreement that will engender external financing support and as well spur the use of green bonds issuance for environmentally friendly infrastructural development. Between 2017-2020, the 2005 National Environmental Sanitation Policy was reviewed to amend areas which limit the support of climate adaptation across the country. This was achieved after consulting a wide range of stakeholders to provide cross-cutting analysis on improvement areas. The amendment of this policy has provided a vital regulatory framework, to boost environmentally sustainable economic practices.

There is also an ongoing establishment of integrated waste management facilities, to build a strong framework for a circular economy that ensures the sustainable management of resources. In addition, Nigeria engaged in aggressive afforestation actions, to address current deforestation, and increase the country's goal of building eco-friendly societies. 76.8Ha of land were reforested, which created 12,600 jobs, and increased the awareness of the need to protect, conserve, and sustainably manage forests. 267 Environmental Impact Assessments (EIA) permits, and 44 Air/Gaseous Emissions permits were issued, to ensure that projects follow environmental guidelines aimed at cutting greenhouse emissions and are properly monitored. The Great Green Wall Programme⁴⁸ has also made steady progress, with 11 states participating in activities, which include restoration of flood erosion sites, sensitization and awareness campaigns, the provision of alternative energy sources to households, and establishing woodlots in Kano and Gombe States.

The ongoing Solar Naija programme seeks to electrify 5 million households and 25 million people by 2023, leveraging solar mini-grids and standalone systems.

⁴⁸The Great Green Wall is a reforestation initiative launched in 2007 by the African Union to plant 8,000km of green vegetation across the entire width of Africa. It is now being implemented in more than 20 countries across Africa and by 2030, the ambition of the initiative is to restore 100 million ha of currently degraded land, sequester 250 million tons of carbon and create 10 million green jobs

Such off-grid renewable projects may potentially close Nigeria's energy deficit and exploit opportunities presented by the financing of clean energy assets in growing energy markets. However, while gradual progress has been made, several planned programmes are yet to be launched, while others have only been partially executed. For example, there has only been a 40% implementation of the establishment of community-based waste management systems across all geopolitical zones. This setback is due to late release and paucity of funds for projects. Therefore, lessons from this period show a need for timely availability of funds for project execution, and a need to strengthen existing institutional frameworks to ensure effective coordination of environmental programmes.

Ongoing efforts to clean up the Ogoni land is a welcome development. The various policies and programmes to mitigate oil spillage impact as well as discourage gas flaring will continue.

Challenges and Opportunities

Both industrial and domestic activities have led to increased levels of environmental pollution in Nigeria. Nigeria's economic reliance on oil and gas revenue and other high-emission sectors has been a challenge to environmentally sustainable growth. Other challenges include low compliance with environmental protection regulations by businesses in real economic sectors, and low skills availability to prepare for climate adaptation. In addition, high traffic on motorways, and other domestic activities which rely on pollution intensive energy sources and waste-management systems, have been driven by rapid urbanization and have also led to increasing levels of environmental pollution (air, water and soil pollution).

Other challenges include:

- Low funding for environmental projects. Insufficient funding of projects impacts on the environment and the people;
- Low level of awareness and advocacy on environmental issues because of low budgetary provisions, low capacity of staff, and an inadequate environmental scientist and specialists;
- Unavailability of quality infrastructure. Infrastructure, the spread of information, and advanced technology

are three major challenges in environment and disaster management in Nigeria. One of the reasons for the lack of quality infrastructure and technology to deal with climate change related issues in Nigeria is the inadequate sensitization or low awareness of climate change issues amongst Nigerians;

- Weak institutional capacity to manage environmental disasters and disaster management issues in general. Our institutional capacity is weak. Institution capacity goes beyond education and availability of professionals, it includes the capacity of government, business, NGOs, and private individuals;
- Cultural, religious and social diversity of the country that presents its own unique challenges as relates to the environment;
- Apathy of citizens to Government Plans and Policies; and
- Exponential Population growth that stretches available resources. The rapid growth of our population means more waste to be generated and managed.

Opportunities however exist. For instance, increased investment in environmentally sustainable activities will support Nigeria's drive for concentric economic diversification from an oil-based economy, especially with opportunities to diversify energy production, through renewable and bioenergy options. Indeed, the energy access element of the energy transition must be linked with the emission reduction aspect, as these elements need not be pursued in parallel tracks. However, pathways to reaching net-zero by 2050 must include first ending energy poverty by 2025. Access to energy will be addressed, taking cognizance of the trend towards renewable energy, so that Nigeria's increasing energy demand will be met with less polluting and deforesting fuels such as diesel, kerosene and firewood. As a result, efforts aimed to advance climate goals must create carbon space for growing economies that have historically made negligible contributions to global emissions and have an obligation to their people to provide access to energy for electricity, cooking, and productive uses. As Nigeria is home to the world's youngest and fastest growing population, the scale and quality of electricity services from environmentally friendly sources must increase significantly to create jobs and enable climate-smart

industrialization.

Circular and bioeconomy practices hold the potential to drive innovation and job creation in Nigeria's economic sectors, especially through new businesses, aimed at developing local agricultural and health solutions with bioeconomy practices, and incorporating circular economy systems across the manufacturing industry. Finally, efficient disaster management systems can avoid the loss of lives and property and build resilience and sustainable development in the long-term.

Other opportunities include; creating sustainable supply chains, integrating responsible investment, and leveraging sustainable finance. There is opportunity for impact investing to draw in the private sector and other funds for social, economic and environmental projects. We can also leverage our natural resources for import substitution and foreign exchange earnings.

The participation of Nigeria in the Paris Climate Agreement should make Nigeria eligible for external financial and technological assistance. This should be followed with the continuous use and expansion of the

issuance of Green Bonds.

Objectives and Targets, 2021 – 2025

Nigeria will aim to lay the foundation to transition to a green economy by 2025, through the following objectives:

- Upscaling investments in renewable energy and energy efficiency for productivity, competitiveness and job creation.
- Set Nigeria on the path towards a green economy by building a circular economy and improving the bio-economy;
- Reverse deforestation trends towards vulnerable communities; and
- Improve preparedness and responsiveness to disaster and emergency situations across regions.

Table 24-1 presents the objectives, key performance indicators, baseline and targets for 2025.

Table 24-1: Environment and Disaster Management Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|--|--|--|--|
| Upscaling investments in renewable energy and energy efficiency | % Contributions of renewable energy and energy efficiency for electricity generation and reduction of GHG emission | 209 million tonnes of CO ₂ (60% of total Nigeria emission) | <ul style="list-style-type: none"> • At least 20% contribution to the nation's energy mix, and • 25% reduction of GHG emission |
| Maximisation of circular economy opportunities | Amount of recycled plastic per annum | <12 percent of total plastics used | >25 percent of total plastics |
| Reverse deforestation trends | <ul style="list-style-type: none"> • No of trees planted • Area of degraded land restored | <ul style="list-style-type: none"> • 5,916,850 Ha • 4,979 Ha | <ul style="list-style-type: none"> • 12,034,016 Ha (2023) • 13,892 Ha (2023) |
| Improvement in preparedness and responsiveness to disaster and emergencies | Reduction in number of people affected by natural disasters and emergency situations | 141,400 (as at 2018) | >10,000 (by 2025) |

Source: 2021 Updated Nigeria National Determined Conditions (NDC).

Strategies and Policies for accomplishing the objectives / targets

To achieve these objectives, Nigeria will execute a range of cross-cutting and a few specific strategies as follows:

Cross-cutting strategies

- Strengthen the current legal framework for an environmentally sustainable economy, by ensuring policy implementation and coherence. The priority will be to ensure enactment and effective implementation of the Climate Change Bill, which supports development of decarbonisation pathways in line with a new climate change adaptation and mitigation economy. Measures will also be taken to strengthen coherence across policies, e.g., to ensure that policies do not simultaneously discourage and encourage emission reduction across sectors.
- Improvement of operational efficiency of the National Emergency Management Agency (NEMA) across the country in quick response to disaster management through increased financing support and better infrastructural facilities.
- Prepare for a transition to a greener economy by investing in the training and development of core skills. Measures will be aimed at introducing elements in current primary, secondary (including technical schools), and tertiary curriculum, thus building the skills required to develop local capacity for a thriving bio and circular economy. Further measures will be taken to identify certification courses for public and private business employees, to ensure they are well-equipped to support companies in reducing emissions. The Nigerian government will also partner with countries with advanced environmentally sustainable systems for knowledge acquisition and technological adaptation/ transfer.
- Increase access to finance and technical support for businesses and projects in environmentally sustainable sectors by setting up incubators and adopting innovative financing tools. Government will incentivise investment in MSMEs operating in biodiversity conservation areas, especially MSMEs aimed at (i) sustainable forestry; (ii) reducing

emissions from deforestation and forest degradation initiatives; (iii) renewable energy; (iv) ecotourism. Incubation programmes will also be introduced, to support entrepreneurs committed to building an environmentally sustainable society, and match businesses with local and international investors. Finally, measures will be taken to lay the groundwork for carbon financing, which will provide carbon credit options, purchasable by companies, in exchange for greenhouse emissions.

- Enhance community awareness on the importance of environmental sustainability through public education campaigns. Measures will be taken to create awareness on the importance of climate change mitigation, adaptation, and impact reduction. There will also be increased focus on recycling, through public campaigns in several local languages.

Renewable energy strategies

Upscaling investments in renewable energy and energy efficiency for productivity, competitiveness and job creation. To increase the percentage contribution of renewable energy and energy efficiency in the total energy mix, Government will fully harness its renewable energy and energy efficiency potential for electricity generation and modern cooking services. Additionally, the government will provide guarantees and financial frameworks aimed at stimulating the expansion of the renewable energy and energy efficiency market. The initiative will continuously improve the climate for enhanced funding of renewable energy and energy efficiency investments through incentives, equity, subsidies, debt financing, grants, and micro finance.

Circular economy strategies

Grow circular economy capacity through waste prevention, waste management and recycling systems. Government will develop policies to encourage waste prevention, including eco-design, reuse, repair, refurbishment, re-manufacturing, and extended producer responsibility schemes. Measures will also be taken to expand the building of waste management systems across Nigeria. Finally, efforts will also focus on increasing the number of public recycling stations and identifying financial incentive systems for waste

recycling, which can help build new sources of income for communities. With regards to e-waste, the priority will be to curb the smuggling of low-quality electronics that end up in landfills and exacerbate pollution.

Bioeconomy strategies

Boost production across sectors through the adoption of bioeconomy models. To unlock innovation opportunities, especially in agriculture and healthcare, government programmes will adopt bioeconomy models with a focus on (i) vaccine production and the production of active pharma ingredients in healthcare; (ii) the utilization of medicinal plants and herbs for exportable materials in healthcare; (iii) the development and use of biofuels in waste management; (iv) seed improvement for higher yields and climate resistant crop species in agriculture. Measures will also be taken to rehabilitate and sustainably manage dryland environments and improve crop–water productivity to reduce water waste in Nigeria’s agriculture practices.

Other strategies

Strengthen disaster preparedness systems across all regions through policy implementation and technological adoption. To build efficient disaster management systems, the focus will be to transform the National Emergency Management Agency (NEMA), from being mainly a relief agency, to a disaster management agency. The government will also introduce a Disaster Management Act that will secure budget allocation for disaster management. These efforts will be complemented by building social security and safety nets, and developing affordable insurance instruments,

to prepare for post-disaster recovery. Foresight tools will also be introduced to develop regional risk analysis and resilience systems, in the event of major disruptions such as conflicts, restiveness, pandemics, and disasters, especially for food security and economic recovery.

Investment and Resource Allocation

Resources efficiency and green development is the key to moving towards a green economy and contributing to global sustainability. Resource efficiency brings gains and technological innovation through the proximity of economic activities, while reducing resources and energy consumption as well as providing increased opportunities for a sustainable environment and lifestyles. An estimated public investment of N220bn over the next five years (2021-2025) is expected to, among other things, birth a psyche of environmental awareness, alternative sources of livelihoods, improved sanitation and public health infrastructure, sustained biodiversity and ecotourism growth.

Conclusion

To ensure environmental sustainability, Nigeria will make significant progress towards increasing sustainability through the green economy, bio-economy and circular economy, as well as strengthen its disaster management systems to mitigate the impact of climate change. To achieve this, strategic measures will focus on policy reform programs, expanding skills development for innovation, and ensuring financing and technical support to build strong environmental and disaster management systems.

CHAPTER 25: WOMEN AND GENDER EQUITY

Introduction

Women represent half of the Nigerian population and are key to the country's economic development and competitiveness. Women's full participation in the economy would contribute substantially to improving socio-economic indicators such as GDP growth, employment generation, and poverty reduction. If there was gender equity in the Nigerian workforce by 2025, GDP would increase by 9% with an overall gain of US\$89 billion⁴⁹. Therefore, while gender equality is central to achieving inclusive and sustainable growth, Nigeria ranks 128th out of 153 countries in the 2020 Global Gender Gap Report of the World Economic Forum⁵⁰.

To meet ambitious inclusive development objectives, Nigeria will foster a policy environment that maximizes the potential of all Nigerian women and promotes their ability to productively contribute to the economy. Beyond gender parity, ensuring that women thrive in Nigerian society also involves protecting vulnerable women from sexual and gender-based violence (SGBV) and enforcing existing children's rights laws.

Review of Sectoral Performance 2017 – 2020

Nigeria has shown real commitment to inclusive economic development by increasing women participation in the economy and addressing socio-cultural barriers to gender parity. MSMEs employ 77% of the Nigerian workforce⁵¹ and are dominated by women. The Economic Recovery and Growth Plan focused on job creation and women's economic empowerment, in light of estimates that women make up 75% of the nation's labour force in key sectors. As a result of the ERGP (i) a National Women Empowerment Fund (NaWEF) was set up to provide soft loans to rural women and N497.9 million was disbursed to 4,979 women beneficiaries in 8 pilot states; (ii) 5,400 women were trained on vocations such as tailoring, hairdressing, soap making with starter packs and equipment given to them to start their businesses; (iii) 7,800 widows and indigent women benefited from vocational trainings, 2,000 women were trained on financial literacy and another 25,000 women were trained on online business and entrepreneurship, complemented by start-up grants to grow their businesses; and (iv) 148 women cooperative associations were strengthened in 6 States.

Furthermore, empowering rural women through financial inclusion has been one of the Government's priorities. Although small holder farmers are mostly women in Nigeria, their asset bases in the sector are very limited. The Gender Policy in Agriculture in 2016 (GpiA) was adopted to drastically reduce the vulnerability women face in agriculture, address the unequal gender power relations and bridge the gender gap. The GpiA identified structural problems preventing gender parity in agriculture. Micro-finance banks were established to provide women access to financing (loans, overdrafts, and credit), resulting in improved women participation in agri-business and improved agricultural production for food security and export. Although GpiA strategies identified gender issues in agriculture, the plan had limited reach and funding to comprehensively address challenges women face in the sector.

Nigeria's most recent plans have also included policies and programmes across a wide range of sectors that effectively addressed challenges faced by vulnerable women and children. The National Health Policy 2016-2018 promoted accessible and affordable public health services for women and vulnerable people. Nigeria supported women's health through targeted interventions such as (i) providing relief materials, including food and hygienic items to 15,300 vulnerable women and girls in 3,060 households across 16 States and FCT who are worst affected by the effects of the COVID-19 pandemic; (ii) rehabilitating 20 women suffering from Vesico Vaginal Fistula (VVF) through medical and psycho-social support; (iii) distributing diapers to 37 primary health care centres and orphanages in the FCT; (iv) engaging within communities to raise awareness for COVID-19 by training 10,000 women and girls in 1,000 households in 10 states.

The Government also made significant progress in developing a comprehensive legal framework for combating terrorism and violence targeting women. Nigeria adopted the National Counter Terrorism Strategy (NACTEST) in 2016 and the Policy Framework and National Action Plan for Preventing and Countering Violent Extremism (PCVE) in 2017. The National Action Plan on UNSCR1325 on Women, Peace and Security

⁴⁹McKinsey Global Institute, Council on Foreign Relations, "Growing Economies Through Gender Parity," 2020

⁵⁰World Economic Forum, Global Gender Gap Report, 2020

⁵¹SMEDAN, National Survey of MSMEs 2017, 2018

(including State and Local Action Plans), the National IDP Policy, National Disaster Management Framework, a National Contingency Plan, State Anti-Human Trafficking Taskforces and setting up a Nigeria Sexual Offenders Register. These policies provided platforms to address violence against women, by promoting peace and security. As a result, 22 states have established shelters for gender-based violence (GBV) victims to date. Policies addressing violence and abuse against children were also prioritized over the past three years. An intensive campaign to end child marriage was carried out across the country, with greater emphasis on Northern Nigeria in parallel with campaigns to promote girls' education.

While these social welfare and health interventions at the community level have certainly impacted thousands of women, children and their families, the lack of coordination across various levels of government and limited funding disbursements have hindered a scale up that would have maximized impact.

Finally, the ERGP also addressed the under-representation of women in politics, and as a result 1,950 women were encouraged to get involved in politics and participate in the 2019 election. In the current government, only 19 out of the 469 lawmakers are female in the national assembly. Only 7 out of the 44 ministers are female while about 11 agencies of the federal government are headed by female executives. This outcome demonstrates that more efforts are required to reach gender parity in political representation at all levels of government.

Despite limited female representation in politics, the mainstreaming of gender issues made progress in recent years through intensive stakeholder engagement, the creation of gender focused desks in MDAs and the inclusion

of budget lines dedicated to gender related interventions. While these efforts paved the way for tangible accomplishment across sectors, Nigeria will continue improving gender parity and ensuring that women can fully participate in national development efforts.

Challenges and Opportunities

The empowerment of women is instrumental to inclusive development and overall population well-being, yet Nigeria continues to rank low in terms of gender parity and women related socio-economic indicators. While

women make up about 50% of the population, they still own less than 10% of the country's resources. Furthermore, in 2017 the maternal mortality rate was 917 out of every 100,000 live births, one of the highest rates in Africa.

Nigerian women are still burdened by many constraints that exacerbate gender inequalities and limit their ability to contribute significantly more to the economy and society as a whole such as:

- Patriarchal cultural norms causing economic, legal, political, and social discrimination against women and girls within households and at the community level;
- The high prevalence of child marriage, particularly in the Northwest and Northeast regions, where 48% of girls are married by age 15;
- Poor maternal and reproductive care;
- Very low political representation of women, considering the fact that as of the 2019 elections no state had more than one woman elected into state house of assemblies;
- Inadequate enforcement of existing laws and policies such as the Child Rights Act, the Violence Against Persons Prohibition Act or the National Gender Policy gender parity benchmarks;
- A historically gender neutral approach to development planning without taking biases against women, girls and children into account in policymaking;
- Low remuneration compared to men doing the same work;
- While women accounted for most of Nigeria's agricultural workforce, they represent only 13% of agricultural landowners;
- Women account for most of Nigeria's unemployment and underemployment.

The rising insecurity in the country due to violent extremist organization, Boko Haram, subjects women and girls to kidnapping, domestic servitude, forced labour and sex slavery.

Furthermore, the rise in incidences of sexual and gender-based violence (SGBV) against women in Nigeria has raised awareness of women's plight and elicited strong public outcry. There is growing and concerted international commitment to hold governments accountable for women, children and girls' rights. Nigeria can leverage this goodwill into actionable interventions

putting women and vulnerable groups at the heart of policymaking to promote peace and sustainable inclusive growth.

These many challenges considerably limit women's access to education and health services, driving up maternal and infant mortality rates. Women find themselves trapped in poverty for lack of access to career opportunities and their concerns tend to be less factored into decision-making processes given their low participation in the political process. Robust strategies will be implemented to continue reducing the inequities and constraints affecting women's productive role in Nigerian society to promote inclusive development.

The role of women in economic development is now widely recognized, which represents a unique opportunity to bring about significant change, by making gender issues a top priority of Nigeria's 2021-2025 development plan. Low gender parity has not prevented women from being actively involved in every sector of the economy. Women's resilience will contribute to Nigeria's recovery from the economic recession and the impact of the COVID-19 pandemic. In line with this strategy, the agriculture sector is a potential high growth sector and offers a tremendous promise for women economic empowerment. Improving women's productivity in the agricultural sector will ultimately boost the sector's productivity, profitability and competitiveness.

Nigerian women are driven, innovative and passionate about uplifting themselves and others around them. Nigerian women are also running more formal businesses, leveraging technological advancements to build innovative companies to support one another.

Furthermore, the Africa Continental Free Trade Area gives Nigerian workers including women, the opportunity to access decent work in 53 other African countries and gives entrepreneurs (including women) access to the world's largest single market – the Africa Continental market.

The forthcoming increase in power generation and distribution based on the agreement with Siemens will address the lack of adequate power supply, which has been a binding constraint on production and productivity.

The government's increase in the country's infrastructure stock will facilitate production and enable entrepreneurs to more easily get their products to market.

Objectives and Targets, 2021 – 2025

Nigeria aims to engender a society where the social, economic and political empowerment and rights of women, children, and other vulnerable groups are guaranteed and strengthened at all levels of governance for sustainable peace and development.

To work towards this goal, Nigeria will strengthen the legislative and policy framework by 2025 to promote deeper integration of women into economic and social development. Significant efforts must be made to achieve the objectives outlined in Table 25-1.

To work towards gender parity, Nigeria will strengthen the enforcement of existing gender policies and promote deeper integration of women into economic and social development.

Table 25-1: Women and Gender Key Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|--|---|-----------------------------|-------------|
| Improve gender parity | Improvement in Global Gender Gap Index | 128 ^{s2} | <100 |
| Reduce Gender Based Violence in Nigeria | Reduction in Number of reported Gender based violence | 17.4 percents ^{s3} | <10 percent |
| Source: SDG Baseline Report, 2019; targets are projections | | | |

Strategies and Policies for accomplishing the Objectives/Targets

The following strategies will protect children and women's rights while ensuring their integration into Nigeria's economic fabric.

- Facilitate the mainstreaming of gender issues in existing policies by providing technical support to MDAs and stakeholders. Reviewing existing policies and strategies with a gender lens will identify bottlenecks and ensure a more effective incorporation of gender issues and social protection of the vulnerable groups at all stages of policymaking and implementation. The Ministry of Women Affairs will support states in enforcing approved laws such as the VAPP, SGBV policies, minimum benchmarks for women political representation, the CRA and build their capacity to develop state level action plans in line with these policies. Additionally, the Federal Ministry of Women Affairs will assist federal, state, and local governments with adopting gender responsive budgeting and establishing a gender management system for monitoring and evaluation. Additionally, building the capacity of all relevant public servants charged with implementation will ensure that gender and children considerations are systematically incorporated into programming.
- Support the economic empowerment of women by facilitating access to financial literacy financing, providing skill building training and supporting MSMEs business viability. Facilitating access to funds through digital finance tools as well as access to advisory services will equip women entrepreneurs with the tools needed to grow their businesses into viable enterprises. To do so, the Government will collaborate with private financial institutions (i.e., banks, insurance companies) to negotiate reduced interest and premium rates for women, while paying particular attention to rural women especially in relation to financial literacy and access to agency banking. In addition to increasing vocational and skills training centres capacity, the Government will facilitate training for Women in Business associations at the national and state level. For these policies to be effective, advisory support to women owned MSMEs will be ramped up to complement all skills building activities. These initiatives will boost job creation for women and cement their central place in the nation's

economic fabric.

- Effectively track gender related data by strengthening data collection capacity and management systems. Improving gender parity in Nigeria will require an evidence-based approach to activity programming based on sound databases that are collated and disaggregated by sex and age. NBS will be encouraged to produce gender statistics ensuring effective data management and dissemination of reports to stakeholders to inform proper programme planning.
- Use technology to expand the reach and impact of gender programming and social mobilization campaigns. Social media and phone services will be systematically used as a platform to expand the coverage of sensitization programs such as preventing genital mutilation or promoting girls' education.
- Government will implement policies to prevent gender-based violence and support victims. It will be ensured that victims are provided justice and comprehensive health service. Technology will also be used to support SGBV victims by setting up an online referral system to report incidences of violence which will provide a platform to support victims.

Investment and Resource Allocation

An estimated public investment of N108bn will be allocated to achieve the goals outlined in women and gender equity over the Plan period. This will be used to execute priority projects in the sector as well as programmes essential to the operations of the relevant MDAs in charge of Women's Affairs and promote gender equity both at the National and sub-national levels.

Conclusion

Nigeria has made progress in improving gender equity in recent years. As women's economic empowerment has proven to be critical to achieving inclusive growth, it is now an imperative for Nigeria to place women at the forefront of its economic strategy. The continued existence of constraints to gender equity such as child marriage, or the inadequate access to education and health services for women and girls, threaten to delay Nigeria's inclusive growth ambitions. Nigeria's 2025 vision will set the country on a path to address gender inequalities and provide a solid framework to support the most vulnerable members of society.

CHAPTER 26: POPULATION AND IDENTITY MANAGEMENT

Introduction

While Nigeria is endowed with abundant human resources, without proper management, Nigeria may not realize the much-desired demographic dividend. This trend would exacerbate current strains on available resources and limit Nigeria's ability to provide quality goods and services to all. A robust population management system will be necessary to strike a balance between the country's growth and its resource availability.

An important component of holistic population management is ensuring that timely and credible data are available to inform development planning and implementation strategies. With respect to the population, such data can be achieved through a strong identity (ID) management system. This Plan will, therefore, take proactive measures to improve current population and identity management systems and ensure that Nigeria's development is sustainable and inclusive.

Generating and capitalizing on the Demographic Dividend potential in Nigeria is critical to reversing the under-utilization or non-utilization of the country's abundant human resources. Importantly, maximizing the potential contribution of women is crucial, with a particular focus on the health, education, and life opportunities of adolescent girls and intensified investment in women's economic empowerment. Improvements in these areas are desirable by themselves and should continue to receive higher priority. Consequently, harnessing demographic dividend is a major focus area of population management in the National Population Commission. Accordingly, Chapter 26A is devoted to Accelerating the Realization of Demographic Dividend in Nigeria during this plan period.

Review of Sectoral Performance 2017 – 2020

National Population Commission (NPC) is tasked with survey and population census efforts in Nigeria while National Identity Management Commission (NIMC) oversees the population identity registration process in Nigeria.

The National Population Commission has powers to:

- undertake periodical enumeration of population through sample surveys and population censuses;
- establish and maintain a machinery for continuous

and universal registration of births and deaths throughout the Federation;

- advise the President on population matters;
- publish and provide information and data on population for the purpose of facilitating economic and development planning; and
- appoint and train or arrange for the appointment and training of enumerators or the staff of the Commission.

The last comprehensive national population census was conducted in 2006. Since 2017, efforts have focused on household and other surveys, in collaboration with the National Bureau of Statistics.

The National Identity Management Commission (NIMC) which was established by the NIMC Act No. 23 of 2007, has the mandate to establish, own, operate, maintain and manage the National Identity Database in Nigeria, register persons covered by the Act, assign a Unique National Identification Number (NIN) and issue General Multi-Purpose Cards (GMPC) to those who are citizens of Nigeria as well as others legally residing within the country. Identity management has remained a tasking issue for several administrations. There is paucity of data despite several agencies collecting identity data for their operations in Nigeria. The latest of these is the Nigerian Communications Commission linking SIM Registration Data to the National Identity Number Database. NIMC plans to register an additional 100 million people in 3 years and has embarked on a massive registration drive. The plan is to enrol 2.5 million people monthly for the next three years.

Challenges and Opportunities

Nigeria's rapid population growth and increased urbanisation have further strained its resources, exacerbated unemployment and crime rates and posing risks to the realization of the much-desired demographic dividend. Currently estimated at over 200 million people, Nigeria has a relatively high population growth rate of about 2.6 per cent, which is attributed mainly to:

- early child marriage;
- social stigmas on family planning and cultural resistance to the use of contraceptives;
- limited access to affordable contraceptives; and
- a lack of quality education regarding family planning methods.

Nigeria's population size, which is expected to grow to more than 400 million people by 2050, has also increased the strain on the country's already-stretched social programs, particularly its healthcare system, with high mortality rates for pregnant women and children under five. Without proper population management and economic development, the country's unemployment and poverty challenges could worsen.

Nigeria is also faced with increased population shifts from rural to urban areas in search of economic opportunities, which is expected to reach 70 percent by 2050. Such a high rate of 'urbanisation', without commensurate fiscal support, can further limit the country's ability to provide critical goods and services.

Additionally, although Nigeria has undertaken concerted efforts to gather reliable population data, over 100 million Nigerians do not have national identities, most of whom are women and girls, displaced persons, people with disabilities, and people living in rural and low-income areas. The limitations in registering populations and providing citizens with IDs lead to gaps in the data required for inclusive national development planning and implementation strategies. To better understand and serve citizens, there is an urgent need for a robust identity management system as well as efficient population management programmes and policies.

With the adoption of digital tools and increased women's empowerment, there is an opportunity to expand current population management efforts and ensure that programmes and interventions reach intended recipients. The adoption of digital tools in linking the National Identification Number (NIN) with the Bank Verification Number (BVN) and other feasible avenues (such as those seeking passports, through Immigration) and the telcos, provides an opportunity to ensure proper identity management. Furthermore, at the crux of every efficient population management system is the broad adoption of family planning practices at the household level. Such broad adoption will be achievable with the empowerment of women through education and financial access. While there is still significant progress to be made, Nigeria has steadily reduced the education and financial gaps between men and women. This trend, coupled with increased access to contraceptives, provides a key opportunity to drive effective family planning methods across the country.

Finally, if empowered through skills development and proper infrastructure, Nigeria's large population can represent an attractive feature for foreign investment.

With the right balance of population and resources, Nigeria can realize the demographic dividend and become a global economic leader.

Objectives and Targets, 2021–2025

Nigeria aims to reduce its population growth to limit the continued strain on its resources and to develop more sustainably over the coming decades. Nigeria will also aim to provide its entire population with digital identification by 2025 to improve the delivery of services. Further efforts will focus on public education, increased access to affordable contraceptives, and the development of a robust identity management database, which can be used to reliably estimate the population size and make broad economic projections.

A summary of goals for population and ID management are set out below.

Population management efforts will aim to:

- Reduce the population growth rate, particularly by reducing current birth rates through education, incentives, and family planning.
- Slow rural-urban migration by identifying and reducing the rural-urban divides in terms of economic opportunities, infrastructural facilities and social amenities.
- Conduct a credible population and housing census by the third quarter of 2023, and subsequently, once every ten years.

ID management efforts will aim to:

- Ensure that Nigeria's identity database can be used to reliably estimate the population size and to make broad economic projections by factoring in births, deaths, migration patterns, and other parameters.
- Ensure that the National Identification Number (NIN) is the foundational ID for all Nigerians as specified in Sections 27 and 29 of the National Identity Management Commission (NIMC) Act 2007.
- Ensure that functional IDs are generated by all government MDAs and that, at the sub-national level, they have NINs attached to them.
- Ensure that foreigners, regardless of status, have unique IDs.

Table 26-1 presents the objectives, key performance indicators, baseline and the 2025 targets.

Table 26-1: Population and Identity Management Objectives and Targets

| Objectives | Key performance indicators | Baseline | Target |
|--------------------------------------|--|--------------------------|-------------|
| Sustainable population management | Population growth rate | 2.6 percent | 2.5 percent |
| | Fertility rate | 5.3 percent | 4.7 percent |
| | Life expectancy at birth | 55.2 years | 56.5 years |
| | Urbanisation rate | 52 percent | 40 percent |
| | Rural-urban migration rate | 6.5 percent | 5 percent |
| Robust National ID management system | Share of Nigerians and resident foreigners with National Identity Numbers (NINs) | Approximately 15 percent | 90 percent |

Sources: National Population Commission, National Identity Management Commission and UNDP for baseline data; targets are projections

Strategies and Policies for Accomplishing Objectives and Meeting Targets

To achieve these goals, the following strategic measures have been laid out:

- Strengthen existing population management systems by increasing awareness and access to family planning benefits and options – Nigeria’s population management programme will be based on ethical practices, taking into consideration the strengths and weaknesses of population control programmes in other countries. This programme will include efforts to support women’s empowerment, increase public awareness by leveraging social media platforms, and enhance access to affordable contraceptives. The government will also expand its implementation of the 2003 Child Rights Act to abolish early child marriage and will launch aggressive campaigns to normalise family planning in Nigeria by removing existing stigmas and teaching the health and financial benefits of proper family planning. Additionally, the Government will improve stakeholder coordination to align family planning messages and efficient delivery of activities. Healthcare providers will be trained on modern family planning methods using a rights-based approach emphasizing adoption by informed and voluntary uptake^{s4}.
- Introduce measures to contain urbanisation while preparing for its continued increase, by providing economic opportunities in rural areas and infrastructural development in urban areas – In rural areas, efforts will ensure development through the provision of social services and the incentivising of new economic activities, while in urban areas measures will support affordable housing and infrastructural development projects that increase urban capacity.
- Strengthen current ID management systems by further adoption of technological tools – Nigeria will boost its technological integration to ensure a

robust ID management system. Efforts will aim to increase current institutional capacity and to identify innovative ways of reaching vulnerable communities, especially Nigerians in remote areas. To efficiently collect data on birth and death rates, the National Population Commission will also focus on the expansion and automation of civil registration and vital statistics (CRVS) activities. This expansion and automation will help to identify the highest causes of death in Nigeria and support the design of likely measures to reduce avoidable deaths in the country. Finally, in cases where digital tools alone cannot ensure the registration of Nigerians, enrolment agents will be appointed to reach them.

Investment and Resource Allocation

The Federal Government plans to allocate N42 billion as the capital expenditure to the National Population Commission for the Plan period. This will fund the country’s census, which is planned for the third quarter of 2023. Additionally, most of the budget for identity management is included in the budget of the Ministry of Communication & Digital Economy to strengthen and improve the sector.

Conclusion

Population management is a fundamental element of this Plan, as limited resources must be properly managed to adequately serve several communities. The Nigerian government will improve its population and identity management framework to address existing challenges, including low penetration of family planning and ID registration, and to achieve sustainable economic development. Its efforts will focus on the promotion of family planning, the provision of contraceptives, and the utilisation of digital population management tools to gain timely and credible population data for proper economic planning.

^{s4}Nigeria Federal Ministry of Health, “Nigeria Family Planning Blueprint 2020-2024”, 2020

CHAPTER 27: ACCELERATING THE REALISATION OF DEMOGRAPHIC DIVIDEND IN NIGERIA

Introduction

As Nigeria enters a period of potentially rapid economic growth due to the increase in the working-age population, this plan positions the country to generate and capitalize on the potential boom from such demographics. A favourable demographic age structure can fuel the engine of economic growth in Nigeria. There can be a window of opportunity for Nigeria to benefit from a “demographic dividend (DD)” when there are many more who are of working age relative to those not, either because they are too young or too old. This window of opportunity however is not indefinite, and the dividend will not come automatically.

To seize the opportunity, Nigeria will embark on policies that simultaneously accelerate the demographic transition and develop its workforce to be productive.

Review of Sectoral Performance 2017 – 2020

The Nigeria Demographic Dividend Roadmap (2017) by the National Population Commission strives to put Nigeria on the path to reaping demographic dividend within the shortest possible time, through key deliverables, milestones and concrete activities. The Demographic Dividend roadmap further notes that – “the next 15 years offer a unique opportunity for a demographic dividend that will accelerate sustainable economic growth and development in Nigeria if we empower, support, educate and create employment for young people today”.

Subsequently the NPC developed the Nigeria Demographic Dividend Effort Index (DDEI) and launched the Demographic Dividend Scorecard in 2020 for monitoring progress of the implementation of the roadmap. The Nigeria DDEI demonstrates that there is a moderate level of effort being devoted to creating an enabling environment that would allow Nigeria to harness the benefits of the Demographic Dividend.

The moderately high levels of effort are being demonstrated in the Governance & Economic institutions (GEI) sector (5.6), followed by the Education (ED) sector (6.0). The moderate levels of effort are seen in the Family Planning (FP) sector (5.7), followed by the Maternal and Child Health (MCH) sector (5.1). Moderate to less-than-moderate levels of effort are being undertaken in

the Women Empowerment (WE) and Labour Market (LM) sectors (4.9 and 4.4, respectively)^{ss}. Overall, the DDEI reveals that achieving progress will require multi-dimensional, multisectoral collaboration to ensure that all aspects of Nigerian society move forward together.

The Government launched its Human Capital Development Vision (HCDV) in response to Nigeria’s low ranking in the Human Capital Index. The vision is committed to attaining the goal of Healthy, Educated and Productive Nigerians for a globally competitive nation by 2030 through three thematic areas in (i) Health and Nutrition; (ii) Education; and (iii) Labour Force. This underscores the critical aims of promoting universal education and prioritizing girls’ education.

Challenges and Opportunities

Nigeria’s progress towards a demographic transition is delayed because of its relatively high fertility rate and high under-five mortality rates. At 5.3, the total fertility rate (TFR) of Nigeria is above the average for countries in the region and globally. Importantly, variations in subnational fertility are of serious concern. The current 132/1000 live births are unacceptably high and there is unacceptably high excess mortality and morbidity risk to children amongst adolescent mothers and excess maternal mortality risk.

Adolescent fertility rate, at 104 children per 1000 women is still very high and requires further attention despite some encouraging and steady decline. More than half of adolescent fertility occurs by middle (15-17) adolescence. Progression to additional adolescent childbirths remains common. Overall, early initiation of childbearing and early marriage significantly increases the likelihood of Nigerian women of having more children.

Education outcomes at the secondary level amongst adolescent girls is particularly of concern. Adolescent girls face complex and multi-dimensional constraints in accessing and completing secondary education; these includes safety, poverty and prevailing social and cultural norms. Traditions, social norms and gender biases often prevent girls from accessing and completing secondary school. Although the legal age for marriage in Nigeria is 18, exceptions are made in light of religious or customary

^{ss}Moderately high levels of Effort (GEI/ED); Moderate Levels of effort (FP/MCH); Moderate to less-than moderate levels of effort (WE/LM).

law.

Women and youth face poor labour market outcomes in Nigeria. Youth in general, and female youth, face challenges in finding employment in Nigeria. In 2018/19, the share of youth who were working was 54 percent compared to 70 percent in the general working age population (15-64). Recent reports have found that women work and earn less than men in Nigeria. Both early marriage and teenage pregnancy play a crucial role in determining female labour market outcomes in Nigeria. The burdens of childcare and domestic responsibilities, which often fall on women, directly impact the amount of work and type of employment they can perform. Often, jobs in the informal sector, part-time work, and self-employment provide more flexibility for domestic responsibilities than do better paid, full-time positions in the formal sector. Poor female labour market outcomes and high fertility rates can reinforce each other. Women with higher fertility rates have lower labour force participation rates⁵⁶. In brief, there is still a real potential for demographic dividend in Nigeria's future. This plan provides the impetus to take advantage of the demographic window of opportunity. Firstly, a set of prioritized policies and interventions are envisioned in the plan to set the stage for a rapid fertility decline and

decline in child mortality which consequently will lead to a shift in the age structure. Secondly, the surge of working-age population should be employed productively, and they must have the necessary skills and capabilities to take advantage of those opportunities. Lastly, there should be a deliberate effort aimed at expanding opportunities for Nigerian women to access 21st century entrepreneurial skills, affordable credits, market and innovative technologies, policies and programs.

Objectives and Targets, 2021 – 2025

Population management efforts to accelerate fertility reductions will aim to achieve the following:

- Implement policies that increase girls' enrolment in secondary schools, including general increases in education access.
- Sustain and increase the rate of reductions in child mortality.
- Improve access to free comprehensive family planning services.
- Empower women for greater participation in the labour force.
- Foster multisectoral leadership and coordination on the demographic dividend agenda in Nigeria.

Table 27-1 Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|--|---|----------|--|
| Increase in female secondary school education | Girls currently enrolled in secondary school (National) | 67% | 71% |
| Sustain and increase reductions in child mortality | Under-5 mortality | 132 | 100 |
| | Neonatal mortality | 42 | 35 |
| Improve access to free comprehensive family planning services. | Unmet need for family planning (the proportion of married women who want to delay or stop childbearing but are not using family planning) | 19% | 12% |
| Empowerment of women for greater participation in the labor force | Women's labor force participation | 55% | 62% |
| Foster demographic dividend Multisectoral leadership and coordination | Establish a national and state level multisectoral observatories of the demographic dividend | 0 | In at least 20 states of the federation. |

Strategies and policies for accomplishing objectives and meeting targets

- **Increase in female secondary school education.** Implement policies that can increase girls' enrolment in schools, including general increases in educational access, especially at the secondary level. Free secondary school education will be offered to all adolescent girls in Nigeria. In addition, female education programs will facilitate the expansion of family planning coverage.
- **Sustain and increase reductions in child mortality.** Safe motherhood initiatives, vaccinations, child nutrition programs (Including vitamin A), and case management of childhood illness in improving maternal and child health are considered as key interventions to be scaled up by this plan. The delivery of a basic minimum package of Health services as per the National Health Act will be universally delivered.
- **Improve access to comprehensive family planning services.** There are considerable demand constraints to the expansion of family planning services in Nigeria. Therefore, this plan will take a dual approach to increase both the demand and supply for family planning services. Efforts will be focused on changing perceptions and attitudes about the gains of a smaller family size. Information, education, and communication (IEC) programs as well as behaviour communication change (BCC) efforts will be expanded. There will be a large-scale communication campaign that is innovative, repetitive, and sustained over the period of the implementation of this plan. Furthermore, access to family planning services in Nigeria will be significantly improved during this plan.
- **Empowerment of women for greater participation in the labour force.** Empowered women in Nigeria

have the potential to transform Nigeria's' economy from the current state of high fertility, low education and slow economic growth towards a state of high education and rapid economic growth. Therefore, this plan will focus on expanding availability of microfinance, establishment of local savings groups, and community banks that can support poor Nigerian women who may not possess collateral for loans from advanced financial institutions. Also, the scaling of successful small and medium scale businesses will be supported by advanced financial institutions and favourable trade policies, especially those that will support women and the young populations.

- **Multisectoral leadership and coordination:** Opening the demographic window of opportunity and benefitting from a demographic dividend in Nigeria will require that demographic issues be given very high priority, be treated at the highest possible level of leadership, and viewed as cross-sectional issues impinging on, and affected by, all relevant MDAs. This plan will foster the extension of family planning programs, introduce a new generation of population policies and monitor the population trends. The Federal Ministry of Finance Budget and National Planning (Planning Arm) will coordinate these multisectoral responsibilities and work jointly with NPopC to put in place a new National Population policy and ensure its full implementation; establish a demographic dividend coordination mechanism that will enable all relevant sectors implement programmes and activities that will lead Nigeria to achieving demographic dividend; step up observatory procedure to monitor all policy and programmatic actions and collate this into the National demographic dividend assessment Index. Overall implementation will be in accordance with this Plan implementation framework.

Table 27-2 Activities by the NPC to drive the demographic dividend agenda in Nigeria 2021-2025

| ACTIVITY | OUTPUT |
|--|--|
| PHASE 1: Advocacy and Sensitization | |
| Awareness Campaign (National) | Number of Awareness Campaign to Stakeholders at the National level |
| Awareness Campaign (Regional) | Number of Awareness Campaign in the 6 geo-political zones |
| Awareness Campaign (State) | Number of Awareness Campaign in all the 36 States and FCT |
| Stakeholders' buy-in and Ownership of DD | Number of Advocacy at the National and State levels |
| PHASE 2: Roadmap Preparation | |
| Situation Analysis (National) | Population Data and Demographic Report for the Country |
| Development of DD Roadmap Matrix (National) | Review of the National DD Roadmap |
| Assigning Role to key Stakeholders (National) | Stakeholders' Involvement |
| Situation Analysis (State) | Population Data and Demographic Report for all the 36 States and FCT |
| Development of DD Roadmap (State) | DD Roadmap for all the 36 States and FCT |
| Assigning Role to key Stakeholders (State) | Stakeholders' Involvement in all the 36 States and FCT |
| PHASE 3: Gap Analysis and Estimation of DD profiles | |
| Gap Analysis (National) | Gap Analysis at the national level |
| Data Compilation (National) | Quarterly publication of DD related data |
| Estimation of DD Profile (National) | National DD Report |
| Gap Analysis (State) | Gap Analysis at the sub-national level |
| Data Compilation (State) | Quarterly publication of DD related data |
| Estimation of DD Profile (State) | DD Report for all the 36 States and FCT |
| PHASE 4: Monitoring and Evaluation | |
| Development of a National DD Assessment Index (National) | National DD Assessment Index |
| Institutionalization of the DD Assessment Index (National) | National Institutional Framework on DD |
| Setting up of an Observatory Body for DD activities (National) | National DD Observatory body |
| Development of a Sub-national DD Assessment Index (State) | DD Assessment Index for all the 36 States and FCT |
| Institutionalization of the DD Assessment Index (State) | Institutional Framework on DD for all the 36 States and FCT |
| Setting up of an Observatory Body for DD activities (State) | DD Observatory body for all the 36 States and FCT |

Investment and Resource Allocation

At present, the resource allocation to drive the demographic dividend agenda in Nigeria during the Plan period (2021-2025) by all tiers of government are delivered through a broad range of MDA budgets. Highlights of the investment program are: Accelerating fertility declines; Improving secondary education opportunities among adolescent girls; Increasing women's economic empowerment; and improving agricultural extension services.

Conclusion

This plan acutely recognizes that a potential demographic dividend will not come automatically. Therefore, the plan explicitly lays the foundation for accelerating the demographic transition. It acknowledges that Nigeria as a Pre-Dividend country will prioritize investments in family planning, maternal and child health improvements,

secondary schooleducation for its girls and empowerment of women. All these will be complemented by policy reforms to ensure that the labour market is sufficiently ready to absorb the large number of youths seeking decent job opportunities. Government will vigorously pursue effective implementation of this plan through a strategic multisectoral approach to accelerate the arrival of the demographic dividend while also expanding the income-earning opportunities of our current working-age population, especially women. Government will also focus on results, data collection, and monitoring for results and impact.

CHAPTER 28: POVERTY ALLEVIATION AND SOCIAL PROTECTION

Introduction

Poverty is the inability to live a fundamentally basic progressive life that would guarantee a sustainable and prosperous future. Over the years, sustained economic growth supported by high oil prices has not been inclusive enough to benefit the poor in Nigeria. While the country grew at an average rate of 7% annually between 2004-2014, poverty rates declined by only 1% in the first half of that period⁵⁷. The limited access to gainful employment opportunities has exacerbated poverty and inequality, particularly along urban-rural and gender lines. Poverty is a challenge in Nigeria as available statistics from the NBS shows that roughly 40% of people live below the poverty line. This is attributed to a significant part of the population, especially in the rural areas having limited access to education, health, electricity, and other basic services.

Poverty in Nigeria is multi-dimensional, and the Government has decided to tackle the issue through various policies, programmes and projects in all sectors of the economy. This is in addition to the implementation of the National Poverty Reduction with Growth Strategy (NPRGS). Accordingly, the NDP (2021-2025) focuses on taking 35 million Nigerians out of poverty.

Review of Sectoral Performance 2017 – 2020

Poverty reduction has been at the core of Nigeria's recent strategic plans and the Government has rolled out a series of distributive social programs to support the poor and the most vulnerable Nigerians. The ERGP recognized that job creation initiatives alone are not adequate to significantly reduce the poverty rate, without being complemented by robust social safety nets. Nigerians living in the most precarious conditions are not always equipped to benefit from job creation initiatives. As a result, a new institutional framework named the Social Protection Policy Framework was established in 2017 to address social investment policy gaps. The Federal Government began budgeting N500 billion from 2016 for poverty reduction and social housing in 2016, which funds were initially utilized to commence 4 social investment programmes under the Office of the Vice President (within the Presidency).

These programmes were subsequently relocated to the

newly established Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development (FMHADMSD) in 2019 to coordinate all social programme interventions across sectors and all levels of government.⁵⁸

The realization that a better coordinated, national effort was required for poverty reduction, however, led to the National Poverty Reduction with Growth Strategy, 2021.

The ERGP supported a series of government initiatives over the past three years that improved social inclusion by scaling up the National Social Investment with considerable success such as (1) the National Social Safety Net Program (NASSP) supported by the World Bank which was created as a platform to manage social welfare programs for the poor and vulnerable households. The NASSP currently has 6 million participating households which represents 25 million people in total. Furthermore, the NASSP created the National Social Registry which houses the data on poor households nationwide, from which 2 million households have been mined into a benefitting register for cash transfers from the government and other initiatives under the international development partners such as the UNDP and UN Women.

The National Conditional Cash Transfer Program within the NASSP has resulted in (1) food security improvements; while efforts under the National Social Investment Programme (NSIP) particularly the National Home Grown School Feeding Program fed over 9 million primary school children, (2) reducing incidences of malnutrition in public schools primary children and enhanced enrolment there by reducing out-of-school children; the Community & Social Development Program (CSDP) awarded micro-grants to 4,134 poor communities hosting internally displaced and vulnerable people in North-eastern Nigeria to (3) improve social and physical infrastructure.

The program's micro-projects surpassed original targets with 1,187 health centres and 4,832 classrooms built; (4) the provision of basic needs for over 2 million internally displaced persons in the North East region and support resettling, reintegrating and rehabilitating them; (5) the Government Enterprise and Empowerment Program (GEEP) provided interest and collateral free loans to

⁵⁷Presidential Economic Advisory Council, *National Poverty Reduction with Growth Strategy, 2021*
⁵⁸ibid

traders, market women, women cooperative, artisans, MSMEs, youth farmers and agricultural workers there by enhancing (6) economic inclusivity and improvement in productivity. A total of NGN 37 billion was disbursed across Nigeria as of September 2020 to 2.3 million micro-enterprises of which 53% were youth. While this is a major achievement, GEEP was originally designed to support 7 million beneficiaries.

Challenges and Opportunities

While the government has established a series of pro-poor social protection programs over the years, these initiatives have had limited impact on long term poverty reduction. Overall, 40% of Nigerians live below the poverty line, which represents nearly 83 million people who are living with less than USD 1.9/day and highly vulnerable to shocks. Additionally, there are millions living slightly above the poverty line and therefore not classified as poor, who also remain highly vulnerable to small changes in incomes or market disruptions⁵⁹. Past experience has shown that strong economic growth by itself, while necessary, is not sufficient to reduce poverty significantly. Growth must be inclusive and gender sensitive and the poverty reduction programme must have elements of redistribution as encapsulated in the NPRGS. Therefore, these vulnerable groups need social protection to lift them out of poverty. This protection takes the form of a nationally coordinated system of institutions, policies, programmes and practices designed to support vulnerable individuals and households throughout their life cycle. This system will provide vulnerable populations with income to build resilience to socio-economic shocks, enhancing their livelihoods so all Nigerians can live with dignity. Many challenges plague existing poverty alleviation programmes such as

- weak transparency and accountability in funds management and disbursement;
- weak calibration and identification of target beneficiaries;
- insufficient program coordination at federal and state levels;
- limited organizational capacity to scale up interventions;
- unsustainable funding sources limiting the reach of these programs;
- limited funds to operationalize programs due to insufficient budgetary release;
- insufficient capacity to implement distributive

policies;

- the disruptions associated with the politicization of poverty reduction efforts;
- the lack of training facilities to address capacity building on social protection; pro-poor initiatives resulted in direct impact on poverty reduction targets fell short because they were not implemented at the scale necessary to make substantial progress on Nigeria's ambitious poverty reduction goals.

In light of these challenges, the Government will take advantage of renewed interest in poverty alleviation programming to build on the existing social protection framework. Social protection is currently a positive narrative which will facilitate political buy-in at the state and local government level for the creation of a comprehensive framework that will reduce vulnerabilities of target populations. Additionally, there is substantial funding available to test innovative approaches to poverty alleviation. Beyond donors, an increasing number of private sector actors such as commercial banks, micro-finance banks, NGOs and social enterprise consortiums are keen to get involved and improve multi-stakeholder funding and accountability mechanisms. This growing consensus on the need for action, combined with calls for better governance and coordination at the federal and state level will ensure that new social programs reach the right beneficiaries, achieve desired outcomes and are sustainable.

Objectives and Targets, 2021 – 2025

Nigeria aims to lift 35 million people out of poverty by 2025 and implement a national social protection system that will create a pathway from poverty to economic empowerment for all Nigerians.

Nigeria will embark on a path to fundamentally change its social protection approach through specific outcomes. The key objectives include:

- Reduction in poverty in Nigeria
- Access to social services by the most vulnerable in the communities
- Development of a social protection ecosystem to prevent people falling into or remaining in poverty

Table 28-1 presents the objectives, key performance indicators, baseline, and targets to be met by 2025.

⁵⁹National Poverty Reduction with Growth Strategy, 2021

Table 28-1: Poverty Alleviation and Social Protection Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|--|---|-------------------|-----------|
| Significantly reduce poverty in Nigeria | Reduction in Poverty Headcount rate | 40% | 34% |
| Access to social services by the most vulnerable in the communities | Increase in number of POCs provided with relief materials (food, non-food, medical) | 37,647 | 1,000,000 |
| Design a social protection data ecosystem to reach the most vulnerable Nigerians | Share of vulnerable Nigerians with Digital Identifies (NIN and BVN) (%) | Approximately 10% | 95% |
| | Completeness of Social Protection Data ecosystem (%) | Approximately 10% | 90% |
| Sources: NBS and NIMC for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the Objectives/Targets

Key strategic measures will be pursued:

- Harmonize policy, legal and institutional frameworks at the Federal and state level by identifying and addressing regulatory bottlenecks. The Government will support the development of a comprehensive and efficient social protection system in Nigeria by resolving policy objective conflicts among existing cross-sectoral social protection programmes. The Government will lead engagements with stakeholders across all levels of government and identify areas for collaboration with states that will develop their own poverty alleviation goals. Engaging at the community level through a national feedback and grievance system will improve programme accountability, impact, and effectiveness. Additionally, a harmonized and transparent approach will generate support for social reforms, strengthen existing governance networks and develop a robust coordination framework to create a sustainable path to economic empowerment for over 50 million Nigerians.
- Harmonise community, LGA & State efforts with National coordination (as provided under the NPRGS), and the utilization of the multi-dimensional index tracking tool, for the measurement and reduction of poverty.
- Diversify revenue generating streams to finance poverty social protection initiatives through an investment program. Securing financing through an investment program and a shift towards more innovative funding models will ensure program sustainability. Nigeria will develop a poverty eradication investment plan to be approved at the federal and state levels and increase fiscal allocation to social investment programs. The Government

will overhaul and expand existing social insurance schemes (retirement funds, health insurance, home ownership) while creating a large pool of national savings. The country will also strengthen financial management practices to ensure efficiency and accountability in social investments and fund management. Establishing transparency in financial management should enable Nigeria to secure additional ODA to pilot poverty eradication initiatives.

- Leverage technology enabled solutions by using electronic cash transfers and the national ID database to manage the social protection programme efficiently. The Government will identify vulnerable Nigerians in need of social protection services through the National Social Register and the National ID program. The design and deployment of a national social protection system will be prioritized, supported by a robust data ecosystem that creates a seamless interface between the National Social Register and all social sector databases. Nigeria will systematically use electronic forms of cash transfers, including mobile money, card-based payments, or e-payment platforms to safeguard the safety, efficiency, and transparency of cash transactions, and to track beneficiaries.

Investment and Resource Allocation

To achieve the goals and objectives enumerated above, a Social Investment Fund of N5.4 trillion from 2021-2025 will be allocated across many MDAs. This is in line with the National Poverty Reduction with Growth Strategy (NPRGS) as approved by the Federal Executive Council. The resource allocations to Poverty alleviation and social protection by all tiers of government are delivered through a broad range of MDAs budgets and tracked under the Ministry of Finance, Budget and National Planning, as provided under the NPRWGS.

Conclusion

The social protection programme will be strengthened to ensure that the most vulnerable members of society are empowered, more resilient to shocks and share in the country's prosperity. To achieve the objective of lifting 35 million Nigerians out of poverty by 2025, the Government will work with multiple stakeholders to diversify revenue sources that will ensure the sustainability of social protection programmes without relying on oil revenue. Attention will be paid to targeting and identifying the most vulnerable members of society to ensure the program serves those most in need.

CHAPTER 29: HUMANITARIAN AFFAIRS

Introduction

Long-standing humanitarian crisis and insurgency in the North-East of Nigeria has now caused a spill-over effect on all geopolitical zones leading to an increased destabilisation and displacement of people in large portions of the country⁶⁰. With insecurity aggravating Hunger Rate, we are at risk of extreme famine in the north-east and north-west as well as mild famine in the south⁶¹.

Nigeria also has one of the highest numbers of irregular migrants. UN statistics have shown that Nigerian irregular migrants increased from 1,093,644 in 2015 to 1,255,425 in 2017. The two major destinations of Nigerian irregular migrants in 2017 were Europe and North America, with over 390,000 crossing to Europe and over 314,000 to North America. Over 17,800 Nigerians or 16% of the total number of irregular migrants that arrived in Italy between January and October 2017 were Nigerians⁶². These stark realities must be adequately addressed during this plan period.

It is important for the Government to provide institutional mechanisms and frameworks for the protection of the rights, dignity and wellbeing of vulnerable populations. Several societal unrests, natural disasters, security risks, economic shocks, and climate and health related emergencies have led to issues of displacement and distorted development in the country.

These challenges contribute to Nigeria's cycle of social, economic and political vulnerabilities, which disproportionately affects women, youths, persons living with disabilities, persons with special needs, internally displaced persons (IDPs), irregular migrants, refugees, victims of human trafficking, aged people etc.

With efficient humanitarian response systems that address current bottlenecks and provide a comprehensive framework to ensure the provision of proactive social protection measures, inclusion and assistance for vulnerable people, the Government can ensure social protection and wealth generation at the grassroots level.

To achieve this, Nigeria carries out several humanitarian initiatives primarily through the following MDAs:

- Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development (FMHADMSD)
- National Emergency Management Agency (NEMA)
- National Agency for the Prohibition in Trafficking in Persons (NAPTIP)
- North East Development Commission (NEDC)
- National Commission for Persons with Disabilities,
- National Commission for Refugees, Migrants and Internally Displaced Persons (NCRMI)
- Office of the Senior Special Adviser to the President on Sustainable Development Goals, (OSSA-SDG).
- National Senior Citizens Centre (NSCC)
- National Social Investment Programme including the NASSP.

Review of Sectoral Performance 2017 – 2020

Prior to the creation of the Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development (FMHADMSD) in 2019, the government's interventions in humanitarian issues were handled by different agencies on a need basis. This multi-faceted approach did not give room for much collaboration, cooperation and coordination. The FMHADMSD now serves as a one-stop shop to coordinate all humanitarian issues and interventions across all the sectors and levels of government; the activities of the FMHADMSD have led to more humanitarian initiatives with a concomitant improvement in humanitarian service delivery to vulnerable groups in the country.

As part of the implementation of the ERGP, FMHADMSD developed and is still reviewing and adopting policies that align with the mandate of the Ministry. It is also developing the National Policy on Humanitarian Affairs, Disaster Management and Social Development for improved living standard for the elderly, vulnerable, socially disadvantaged persons and victims of human trafficking. Between 2016 and October 2019, the Office of the Vice President in the Presidency ensured that over 9 million pupils in classes 1-3 benefitted from the National Home -Grown School Feeding Program (NHGSFP) in 34

⁶⁰Nigeria is currently ranked 4th on the Global 2020 Emergency Watchlist.

⁶¹UNOCHA, 2020

⁶²International Office for Migration, 2017

states and FCT. This led to appreciable improvement of nutritional status of public schools' students in primary 1-3. Over 500,000 young people also took advantage of the government's NPOWER package, while not less than 7 million MSMEs registered through the Government Enterprise and Empowerment Programme (GEEP). These programmes were moved to the FMHADMSD in October 2019 and many Nigerians have continued to benefit.

In its bid to positively impact the lives of the poor and vulnerable in the society, the FMHADMSD has provided relief materials and emergency shelters for vulnerable households while also making livelihood support available for Persons Living with Disabilities and persons with special needs. The development of a Disaster Risk Management Framework has resulted in effective coordination and response to disasters in Nigeria and thus improved humanitarian responses.

The Reconstruction, Rehabilitation, and Resettlement (RRR) Programme commencing with 1000 in Borno State, scaling up to 10,000 houses, roads, schools, health facilities, in all six states of the North East is currently ongoing. Further, over 2400 students have benefitted from the Safe School Initiative of the Education Endowment Fund (EEF) implemented through the North East Development Commission. The Rapid Response Intervention (RRI) and the Agricultural Integrated Scheme (AIS) were also being implemented as part of the programmes geared towards achieving the ERGP.

Challenges and Opportunities

While the successes above have been recorded, resource allocation and poor state ownership remain significant barriers to the achievement of set targets. There is a need for increased budgetary release to scale up the level of interventions and assistance currently being provided. Further, activities during the 2017-2020 period have highlighted a need for better collaboration with strategic partners and sourcing for non-budgetary sources of funds, such as grants and donations, to enable the Government to provide lasting and sustainable solutions to humanitarian crises. Another key challenge observed was a lack of proper state level supervision of several programmes, including the Home-Grown School Feeding Programme and National Social Safety Net Programme. The lack of state-level ownership and supervision led to

several issues: for example, including poor adherence to dietary guidelines with the school feeding programme. In general, substantial work remains to be done to improve the Government's humanitarian response and intervention.

While several efforts have been made to address Nigeria's humanitarian challenges, several limiting factors, which include a high and increasing population of those needing humanitarian assistance and limited funding, have created constraints to expanding humanitarian initiatives. In addition to the high poverty rate, one of the most significant humanitarian crises facing the country has been the internal displacement of persons. Recent estimates indicate that there were more than 2.6 million Internally Displaced Persons (IDPs) in Nigeria as of 31 December 2019. Approximately 60% of the increase in IDP was due to natural disasters, and 40% due to conflict. The Government has introduced several initiatives with the goal of providing optimal intervention and assistance in humanitarian issues. However, current interventions are yet to adequately address challenges faced by the country's vulnerable populations due to:

- high population growth rate;
- high poverty rate;
- insecurity;
- climate change;
- the COVID-19 pandemic; and
- economic instability,

Key challenges limiting the effective provision of relief assistance by the government include:

- inadequate funding and resources;
- lack of harmonized policies;
- weak coordination systems;
- the politicization of efforts;
- inadequate legal and regulatory infrastructure to address the effective management of NPoC in line with current realities;
- Poor data gathering and coordination among the relevant players in the humanitarian sector
- absence of internal synergy among stakeholders; and
- low-capacity development among civil servants.

Technological tools, strategic partnerships with key humanitarian organizations, and on-going policy reforms, hold key opportunities to expand Nigeria's humanitarian

initiatives to improve quality of life. Other opportunities to improve humanitarian service delivery include the ongoing reform of existing policies, partnerships with other key stakeholders, among other internal strengths. The employment of technological tools, including the adoption of information technology to support the design of innovative products and collaborative efforts, remain key levers to ensure the design of services, which ensure that vulnerable members of the society have access to humanitarian relief, and that the increased demand for such social and humanitarian initiatives can be met.

Objectives and Targets, 2021 – 2025

The focus of the objectives for the Humanitarian Affairs plan is geared towards promoting humanitarian responses, preventing, mitigating, and managing disasters across the country. The FMHADMSD will implement the Plan towards achieving the following humanitarian objectives:

- Building the Capacity of Nigerian Ministries, Departments and Agencies responsible for managing humanitarian crisis, disaster risk and social investments;
- Identify where they are based and make provisions for delivery of necessary food and non-food items to people of concern (POCs) displaced by conflict;
- Delineate the various forms of humanitarian crisis and develop specific sector level plans for building resilience and emergency management for the vulnerable population;
- Drive sub-national efforts at developing humanitarian affairs plans for preparedness and resilience
- Develop a framework for Liaising with private domestic and foreign donors to manage financing and operations for humanitarian crises.

Strategies and Policies for accomplishing the Objectives/Targets

To achieve the objectives enumerated above, the Nigerian government will:

- Strengthen policies and institutional framework on humanitarian issues through policy development and organizational development. Strategies will focus on developing an effective policy framework

that will harmonize all activities of the government in the sphere of providing humanitarian responses. To achieve this, efforts will also focus on ensuring the coalition and review of all relevant policies, identifying and updating policy gaps, facilitating continuous engagement with all stakeholders, and intensifying the awareness of the government's interventions. Finally, the capacity of relevant MDAs will be improved through the restructuring of organizational value systems, continuous capacity development for all staff, and the development of a stakeholders' feedback and evaluation mechanism to improve service delivery.

- Promote effective governance by developing humanitarian coordination systems and cross-MDA collaboration. The MDAs in charge of Nigeria's humanitarian responses will form a holistic humanitarian coordination systems' framework that will identify and connect with various stakeholders. This coordination initiative will be anchored on a framework tagged as the framework to "Lead an Inclusive and Innovative Futures-thinking Ecosystem (L.I.F.E Cycle)." This LIFE framework will support the evaluation and development of key initiatives, and identification of key performance indicators to monitor the impact of government initiatives on humanitarian issues. Finally, to address the lack of state-level ownership of programmes, a regulatory framework will be introduced to harmonise the management of programmes between the state and federal government. There will also be quarterly meetings with state actors to track the progress of programmes.
- Build evidence-based systems for transparency and accountability through the adoption of technological tools for monitoring and management. The government shall leverage best practice and technology in ensuring optimum value-addition. To achieve this, the FMHAMSD shall coordinate all humanitarian projects across all MDAs, identify and manage operational gaps across all agencies, ensure monthly performance reporting, facilitate digital automated processes and procedures, and develop continuous capacity development for all staff. A Management Information System (MIS) will be developed and existing relevant data and project aggregators across all agencies shall be incorporated.

- Enhance programme delivery through effective monitoring and evaluation mechanism. Nigeria shall ensure proper evaluation and monitoring of all initiatives, projects and programmes across all ministries, departments and agencies in line with the overall mandate of the government to ensure that every Nigerian benefits meaningfully from the programmes and initiatives of the government. This will be done by developing and deploying a nationwide monitoring and evaluation framework. The stakeholders will also be adequately sensitized about the Management Information System (MIS) that will be used.
- Increase existing humanitarian efforts through strategic partnerships and collaboration with humanitarian organizations and ensure disability inclusion. Nigeria shall continue to partner with global and local stakeholders to achieve its humanitarian objectives. In this regard, new and existing partnerships will be nurtured to create lasting and beneficial relationships with multilateral institutions, global organizations, INGOs and NGOs. These partnerships will be aimed at identifying innovative solutions for Nigeria's humanitarian responses, disaster management, and social development that will benefit all vulnerable people including the disabled.
- Optimizing funding and resourcing through efficient budget management systems, and funding partnerships with social and private sector actors. Cognizant of the recent recession due to the COVID-19 pandemic, the government shall ensure adequate resource planning and access to funding that will continuously support all humanitarian activities. Further, a robust budgeting cycle will be developed, and a resource requirements framework and procedure would be formulated for accountability. The government will also focus on identifying alternative funding sources, through partnerships with social and private sector actors.
- Mainstreaming of the Sustainable Development Goals (SDGs) and integration of Social Programs and

Initiatives. Nigeria will develop a comprehensive SDGs project list that will be made up of innovative social programs that have direct impact on humanitarian affairs. There will also be effective coordination of stakeholders' engagement and a projects performance and feedback mechanism on social programs will be developed and deployed across the country. Possible impact challenges will be identified and mitigation plan to tackle these challenges will be developed. Nigeria will continue to establish and maintain sustainable relationship with global platforms for knowledge and resources opportunities while creating awareness and sensitization across the country for the various programmes and initiatives launched under the SDGs umbrella.

Investment and Resource Allocation

An estimated public investment of N1.07 trillion will be allocated to achieve the goals outlined for this sector from 2021-2025. This allocation will be spread around the three focal areas of the FMHADMSD and similar agencies at the subnational level.

Conclusion

Nigeria has a teeming population with enormous human capital resources; however, there is still a gap to be filled to properly utilize its resources to adequately respond to existing humanitarian crises. The Plan would strengthen the Government's humanitarian framework, to ensure that Nigeria can leverage its partnership with multilateral organizations, global institutions, and local stakeholders, to provide lasting, sustainable, and durable responses to humanitarian issues, for inclusive economic development.

To ensure that the objective of providing world-class services to the nation's most vulnerable demography is achieved, the Government will ensure that core programmes are prioritized and that services are designed for inclusive humanitarian intervention and assistance.

CHAPTER 30: YOUTHS DEVELOPMENT

Introduction

Nigeria has a substantial youthful population which is projected to increase in the future; thus, requiring efforts to intentionally harness the resulting human capital. The country has a total population of over 200 million people, 65% of which are estimated to be in the age category of 15 – 35 years. This baseline figure of about 124 million youth is projected to grow to over 200 million people by 2050 which will make Nigeria one of the most youthful nations in the world. It is therefore a national imperative to harness this human capital to realize the potential and ensure that the youth size does not become a liability to the country.

Review of Sectoral Performance 2017 – 2020

Several efforts have been targeted at addressing the issue of youth development in Nigeria.

In recent times for instance, the government established a N75 billion National Youth Investment Fund (NYIF) to finance youth-led businesses and create more jobs. Government set up the fund in July 2020 to invest in youth ideas to build sustainable businesses that can increase job opportunities in Nigeria and reduce unemployment which had been worsened by the COVID-19 pandemic. The fund provides as much as N3 million in loans at 5 percent interest rate to eligible individuals who must be within the age bracket of 18-35. So far, the NYIF has successfully disbursed loans worth N166 million to 239 beneficiaries and created over 600 jobs.

In addition, the Ministry of Youth and Sports Development has deployed a range of capacity building initiatives to over 45,000 youths and engaged over 3,500 youth through political platforms that included sessions of the National Youth Parliament to ensure the inclusion of youth perspectives in the overall political system. Several capacity building and vocational training initiatives have equally been executed to build the skills of the Nigerian youth in areas such as agriculture, fashion, digital marketing, technology and entrepreneurship.

Challenges and Opportunities

There is a huge gap between the growth areas of Nigeria's economy and the skills that most youths have developed through academic, technical and vocational training; this

point is further highlighted under the Education Chapter of this Plan. Such gap leads to a situation where many Nigerian youths are unable to put their skills to use after lengthy training periods, leading to a loss of competence from lack of relevant practice and experience; and further contributing to persistent youth unemployment.

The rate of unemployment leaves many youths disengaged and vulnerable to social vices. Nigeria's unemployment rate stood at 33 percent in Q4 of 2020. However, the youth unemployment rate was higher at 42 percent. This raises the additional risk for Nigerian youth to get involved in social vices such as alcohol and substance abuse as well as in other criminal activities.

Recent efforts to facilitate youth inclusion in politics are yet to achieve significant participation in key governance processes. The government has established structures and set up legislation to foster youth development and inclusion in political processes. These include the "Not too Young to Run" Act of 2018 which reduced the age limit for political contestants as well as the National Youth Council of Nigeria (NYCN) and National Youth Parliament (NYP), designed to allow youth to participate in politics. Despite these efforts, less than 1% of youths are involved at any level of government in Nigeria. This can be explained by the high cost of entry into politics and low awareness of the NYCN and NYP platforms.

Nigeria can unlock the enormous assets possessed by its youth population. Ample opportunities exist to increase the human capital of the youths through targeted academic and non-academic training initiatives to prepare them for the current leadership and market needs within and outside the country. This will significantly reduce youth unemployment, increase their welfare and contribute to the growth and development of the country.

Table 30-1 presents the objectives, key performance indicators, baselines, and the targets to be met by 2025.

Objectives and Targets, 2021 – 2025

Table 30-1: Youths Development Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|---|--|-------------|-------------|
| Improve human capital of Nigerian youth | Reduction in number of young Nigerian's youth (Ages 15 – 24) not in education, employment or training (NEET) | 20 percent | <10 percent |
| Reduce youth unemployment | Youth unemployment rate (%) | 42 percent | 25 percent |
| Increase the participation of youths in governance | Percent of youth involved in government at all levels | 0.5 percent | 2 percent |
| Source: Federal Ministry of Youth and Sports and National Bureau of Statistics for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the objectives/targets

- Strengthen the implementation of initiatives and policies targeted at youth development such as the National Youth Investment Fund (NYIF)
- Introduce and improve relevant capacity building programmes for youths through academic, vocational and entrepreneurship trainings, especially with a focus on the unskilled and uneducated category.
- Ensure that the implementation of the Plan is generally youth-focused, especially in growth and infrastructure sectors of the economy such as Agriculture, manufacturing, oil and gas, solid minerals and mining, culture, creative, hospitality and tourism, alternative energy, digital economy and science, technology and innovation.
- Drive job creation initiatives across various sectors, including sports. Throughout the 2021-2025 period, the government will prioritise job creation across multiple sectors including the sports sector. This will be achieved by implementing the strategies identified in other chapters of this plan including improving the business environment and infrastructure stock to stimulate private sector activity and resolving other sector-specific constraints.
- Increase youth participation in governance through existing platforms and implementation of relevant legislation. The government will continue to increase

awareness of and leverage platforms such as the NYCN and NYP to engage youths in the political process whilst working to resolve issues that create mistrust of such platforms.

- Ensure that the voices of youths are heard by implementing the “5 for 5 demands” submitted during the nationwide #EndSARS protests in 2020.
- Implement critical legislation such as the Not too Young to Run Act.
- Be committed to implementing the National Youth Policy and ensure it is reviewed on a periodic and regular basis.

Investment and Resource Allocation

An estimated public investment of N60 billion will be allocated to achieve the goals outlined for youths' development from 2021-2025. This includes planned allocations towards priority projects and programmes targeted at the youths.

Conclusion

Nigeria will continue to invest in improving the fortunes of its youths and preparing them for their role as future leaders. Between 2021 and 2025, Government will undertake important initiatives to create economic opportunities for which the youths will be prepared to take advantage. Top priorities will be to reduce youth unemployment and ensure that their voices are heard and count, thus improving their participation in the country's economic and political processes.

CHAPTER 31: SPORTS DEVELOPMENT

Introduction

Sport is a social force in Nigeria, with the potential to foster unity and generate economic benefits. With a large young population, the sports industry has the potential to engage Nigeria's growing youthful population in a productive way, whilst fostering unity across the length and breadth of the country. The development of the sports sector will not only provide social benefits but also support the national economic diversification strategy.

Review of Sectoral Performance 2017 – 2020

Nigeria has made considerable efforts to create a position for sports as a social and economic contributor to national development. For instance, the 2020 Draft National Sports Industry Policy set out to address the gaps that had remained unplugged by previous attempts to develop sports in Nigeria. It seeks to redirect the focus of sports from purely recreational and participatory, to a modernization and industrialisation of the sector through collaboration with the private sector, backed with a properly defined implementation framework.

The Policy identifies some key drivers specific to Nigeria and viewed them as opportunities, these include; high youth population, growing adoption of social media and technology and growing digital economy platforms especially e-sports and e-commerce where consumption expenditure in sports goods and services is increasing at a high rate. Ancillary Sectors that are important in their contribution to the size of the sports industry include education, media, fitness and tourism as well as manufacturing. The Policy further seeks to achieve a 1.5 to 3 percent contribution of the sector to Nigeria's GDP, while creating 5 to 10 million direct and indirect jobs over a 10-year period.

Several sporting activities were held during the period under review, engaging over 25,000 youths and 3,000 artisans. These included National Youth Games, Commonwealth Youth Games, Youth Olympic Games, African Youth Games, and the National Sports Festival. Nigerians', especially youths, participation in these events were beneficial to the development of the sector and the economy.

Challenges and Opportunities

The economic potential of Nigeria's sports sector is

yet to be fully tapped. Most sporting activities are executed as recreational activities, rather than economic opportunities. Overall, the country is yet to establish a comprehensive legal and regulatory framework to exploit the economic potentials of sports and set the stage for associated legislation. As such, the industry has not fully taken advantage of the participation of the private sector, as their role in the development of Nigeria's sports industry is ad-hoc. Other countries harness the potential of sports through Public-Private Partnership (PPP) models where the government establishes a regulatory framework that incentivizes the private sector to invest in sports and sets up institutions such as domestic Courts of Arbitration for Sports to resolve relevant disputes through arbitration, without recourse to potentially unending and costly litigation in the regular courts. This is one more area that Nigeria is yet to fully unlock the potential.

Consequently, Nigeria's sports industry lacks adequate funding, investment, and infrastructure. Given the lack of private sector involvement, the sports sector is driven largely by funding from the government, which is quite limited. There is also unequal access to infrastructure as basic sporting centres such as recreational spots, training centres, and stadia are not evenly distributed across the country. Where available, these are unfit for commercialization, thus limiting the overall business value proposition. The broader infrastructure gap in the country also affects the sports industry as, for instance, insufficient electric power supply confines training and other sporting events to the daytime, thereby limiting overall revenue potential.

Meanwhile, Nigeria can convert its sports sector into an economic and social contributor through the establishment of appropriate legal and regulatory frameworks that enable public-private partnerships and unlock the full economic potential of the sector. The country has a high proportion of its population as youths that are largely unemployed and sports can provide a strong platform for engaging them in productive economic and social activities.

Table 30-1 presents the objectives, key performance indicators, baseline and the targets to be met in 2025.

Objectives and Targets, 2021 – 2025

Table 31-1: Sports Development Objectives and 2025 Targets

| Objectives | Key performance indicators | Baseline | Target |
|---|--|--|--|
| Increase impact of sports on the Nigerian economy | Contribution of sports to Nigerian GDP | 0.005% | 1% |
| | Ranking of Nigeria in volleyball | <ul style="list-style-type: none"> Nigeria ranked 5th in Africa in Football Ranked 34th globally in football | <ul style="list-style-type: none"> Top 3 in Africa Top 10 Globally |
| Increase Nigeria's ranking in sports* | Ranking of Nigeria in volleyball | <ul style="list-style-type: none"> Nigeria ranked as 83rd in world's men volleyball Nigeria ranked as 86th in world's women volleyball | <ul style="list-style-type: none"> Top 20 in the world Top 20 in the world |
| | Ranking of Nigeria in Table Tennis | Nigeria ranked 116th in World's Table Tennis | Top 30 in the world |
| *To increase Nigeria's performance in major sports activities with comparative advantage such as Football, Volleyball, Basketball, Athletics, Wrestling, Weightlifting and Boxing | | | |
| Source: Federal Ministry of Youth and Sports, FIFA, ITTF and FIVB Rankings for baseline data; targets are projections | | | |

Strategies and Policies for accomplishing the objectives/targets

The following strategies are critical to realizing Nigeria's sports objectives.

- Develop an encompassing framework in making the sports sector a thriving and attractive sector for both domestic and foreign investors' participation. This is to make the sector viable for global competitiveness and employment generation as contained in the relevant Ministries' roadmaps and policy documents.
- Set up and implement a legal and regulatory framework for increased private sector participation in sports. The Government will identify opportunities for increased private sector participation in the sports value chain and provide relevant incentives by adopting relevant PPP model around sports infrastructure and quality management.

Private sector participation will help provide critical investments to unlock the economic potentials in Nigeria's sports industry and create jobs that further engage the vibrant youth population.

- Increase synergy with the ministries of education to ensure and implement sports facilities as part

of criteria for the establishment of schools and development of curriculum. The collaboration will also work out modalities for sports festivals across various levels of education.

- Leverage sporting activities as a deliberate means of engaging youths, developing their skills and fostering national cohesion.

Investment and Resource Allocation

An estimated public investment of N88 billion will be allocated to achieve the goals outlined for sports development from 2021-2025. This includes planned allocations towards priority projects in the sector as well as projects essential to the operations of the Ministries of Sports and Youths at both the Federal and State levels.

Conclusion

Sports have been used in various parts of the world to create markets and develop economies. Nigeria is a sport-loving country with a lot of potential for sport development. Government's plan is to attract investment into the sector and make it a significant contributor to the development of the country. Under this Plan therefore, the sports industry will be further strengthened such that it can become a viable contributor to the Nigerian economy and create jobs that can engage and unite the citizens, especially the youths.

CHAPTER 32: EMPLOYMENT AND JOB CREATION

Introduction

Nigeria's considerable human capital is its greatest wealth which can be harnessed to generate economic growth and reduce poverty. Job creation has been at the forefront of recent strategic plans, yet despite best efforts, about 27.1% economically active Nigerians were still unemployed in 2020.⁶³ Equipping the workforce with the competencies needed on the job market will reduce unemployment, spur productivity and competitiveness. Job creation remains at the core of Nigeria's ambitious goal of lifting 100 million people out of poverty by 2030. Creating sustainable jobs is key to achieving this goal, generating inclusive economic growth and building a society where development gains are shared by all Nigerians with no one left behind.

Review of Sectoral Performance 2017 – 2020

Nigeria's most recent strategic plan focused on optimizing the human capital to improve productivity and create jobs with youths at the core of these initiatives. The ERGP's strategy was to reduce the unemployment rate by creating an enabling environment for private investments in target sectors, boosting public works programmes and improving employability. While the ERGP was unable to meet its objectives across the board, it succeeded in:

- addressing employment-related vulnerabilities by setting up a safety net job scheme to engage up to 20,000 unskilled workers per state, per year;
- prioritizing occupational safety and health of workers with the inspection of 1,759 factories; and
- developing a National Reporting Template on the National Action Plan on the elimination of Child Labour by training relevant stakeholders on its application.

Furthermore, the Government established the N-Power and Youth Employment and Support operations programs. The Development Bank of Nigeria (DBN) provided financial backing to MSMEs to drive job creation. Despite these efforts, Nigeria's employment generation programmes have not created jobs at scale because of various challenges.

Determined to turn the country's youth bulge into an opportunity for job growth, the government designed programs tailored to that demographic. To this end;

- N-Power program was created to help young Nigerians acquire and develop life-long skills to become active players in the domestic and global market. A total of 500,000 young people benefited from the project with over 109,000 launching their entrepreneurship projects;
- the Youth Employment and Support operations programs were designed to support extending youth employment opportunities and award targeted grant funding to the most vulnerable such as internally displaced people (IDPs). Under the programme, 24,000 young people were trained for skilled jobs and given seed funding to start their businesses. An additional 85,000 youths were engaged in public works projects across the country as part of this program;
- another 1,090,000 youths were trained on various technical and vocational skills, and 310,000 artisans benefited from skills upgrade support; the Government built 9 specialized skills centres in Borno, Kogi, Ebonyi, Enugu, Anambra, Nasarawa, Kaduna, Katsina and Ondo states.

The Development Bank of Nigeria (DBN) also provided financial backing to MSMEs to drive job creation. In 2020, DBN lending programme issued N191 billion to 34,144 MSMEs to ease access to finance across various sectors of the economy, with a particular focus on youth and women start-ups. The bank also built the capacity of 125 MSMEs to increase operational efficiency and developed credit guarantees to support MSME lending. As a result, 1,748 businesses benefited from N6.2 billion in loan guarantees in 2020.

Financing MSMEs still remains a challenge. The DBN utilized less than 40% of the N550 billion available for wholesale lending to MSMEs because the COVID-19 pandemic slowed down loan generation by partner financial institutions (PFIs). Additionally, the decline in lending rates has made PFIs more cost-sensitive and less likely to accommodate the cost of DBN guarantees. Loan pricing was also affected by competing intervention funds available to MSMEs.

⁶³Nigeria National Bureau of Statistics (NBS), Labour Force Statistics: Unemployment and Underemployment Report, 2020

Challenges and Opportunities

Despite sustained GDP growth over the past decade, the economy has not been able to generate inclusive employment opportunities at scale. Nigeria has made job creation a national priority and complemented employment generation programs with social protection initiatives to support the most vulnerable populations from employment vulnerabilities such as job losses. Despite this approach, the country still faces structural challenges impeding broad-based job creation, notably:

- population growth outpacing GDP growth, resulting in a youth bulge the economy cannot absorb into the labour force;
- an unprepared workforce unable to meet the nation's top employers' skills requirements;
- a highly informal market economy with MSMEs that are most vulnerable to market disruptions employing 77 percent of Nigerians;
- a slowing oil sector-driven economic engine vulnerable to shocks and offering limited job opportunities, particularly to low-income Nigerians; and
- the absence of a robust nationally coordinated and cross-sectoral framework to support job creation.

Other challenges include:

- limited budget allocation availability to finance labour-intensive public works projects;
- Limited budgetary allocation to education which affects the skills development process of young Nigerians, with a ripple adverse effect on their business management skills.
- lack of synergy and framework on central coordination of cross-cutting job creation and skills development objectives, resulting in duplication of efforts and
- lack of basic infrastructure such as the internet, power and other facilities, necessary to foster job growth, especially in rural settings.

These challenges represent a significant barrier to economic inclusion and were the cause of an estimated 34.9 percent youth unemployment rate in 2020[2]. Nigeria's 2025 strategy will start lifting these barriers, as the country weathers the effects of a recession worsened

by the COVID-19 pandemic.

Many opportunities across labour-intensive sectors will be identified and unlocked to create sustainable jobs:

- Targeted investments in promising sectors such as agriculture, manufacturing, construction, education, mining, ICT, health, sports, tourism, hospitality, and entertainment will spur massive employment opportunities.
- The strategy to improve the quality of the health, education and WASH sectors, will include significant hiring and training initiatives necessary to enhance service delivery.
- Additionally, the Gig Economy has created employment opportunities as Nigeria primes itself to generate competitive local jobs for foreign employers, with proper internet and high-speed connectivity infrastructure.
- The agriculture sector will be geared for job creation, particularly for the youths through investments in value chain development, capacity building and improving linkages across sectors.

Job growth in these sectors will be stimulated through massive job programmes to achieve the ambitious objective of lifting 35 million people out of poverty by 2025.

Objectives and Targets, 2021 – 2025

Nigeria aims to create a significant number of jobs by 2025 through GDP growth, complemented with sector-specific job creation strategies that will identify and optimise impactful opportunities across high growth sectors. These initiatives will support the social protection system that will be deployed to alleviate job-related vulnerabilities and create a pathway from poverty to economic empowerment. To achieve this ambitious objective, emphasis will be placed on:

- Job creation;
- Ease access to financing for entrepreneurs especially MSMEs; and
- Promote inclusion of youths and females in job creation and diversification

Table 32-1: Objectives and Targets of Employment and Job Creation

| Objectives | Key performance indicators | Baseline | Target |
|---|--|----------------------|------------------|
| | Number of jobs created | 469,000 (2020) | 21 million |
| Create sustainable jobs | Unemployment rate | 33.3% (as at 2020) | 19.6% |
| | Productivity per capita | 2,100 | 3,706 |
| Create new businesses and enterprises | • Number of businesses registered in Nigeria • Number of new jobs created by businesses | 3.1 million (2019) | 4 million (2025) |
| | Percentage of new businesses still in operation after 5 years | 45% ⁶⁴ | 50% |
| Promote inclusion | Female labour force participation (%) | 48.52% ⁶⁵ | 70% |
| | Youth labour force participation, (Ages 15 – 24) (%) | 29% ⁶⁶ | 50% |
| Source: Nigeria Bureau of Statistics (NBS) for baseline data; Targets are projections | | | |

Strategies and Policies for Accomplishing the Objectives/Targets

- Create intersectoral linkages to unlock the potential of high growth sectors critical to creating 21 million jobs by mapping and identifying synergies and opportunities with the most potential for massive, secure and sustainable job creation. The Government will establish public-private partnerships focused on priority sectors to secure investments in capital intensive sectors with the highest probability of spurring job creation such as mining, construction, manufacturing, agriculture, sports, entertainment, tourism, and hospitality. The private sector will be encouraged to i) develop a robust framework for educational and training curricular development and reviews ii) invest in young unemployed persons, and iii) establish a functional multi-sectoral task team to facilitate implementation. Safety net jobs will be created for unskilled persons by developing a database of all unskilled persons in all the 36 states and the FCT. Map sectors of focus to create labour-intensive massive stop-gap jobs and provide training needs for the unskilled in each of the 774 LGAs in the country.
- Support MSMEs business viability to spur job creation through standardization of operations and increasing access to finance.

Support the growth, professionalization, and transition of MSMEs from the informal to the formal market through training and mentoring, which will ensure their sustainability and bolster their hiring capacity. Increased access to finance by MSMEs to be facilitated with support from the DBN. Government will prioritize compliance with Occupational Health and Safety (OSH) legislation to all workplaces to improve the productivity and performance of workers over time. Emphasis will be youth participation in sustainable agribusiness and construction by creating job opportunities in these sectors through financing schemes and training initiatives.
- Develop a partnership framework with the private sector by identifying skills gaps and designing skills development programmes aligned with their needs. Standardizing skills development programs is critical to prepare the Nigerian workforce to meet the competencies required of the 21st century and close the skills gap. Government will continuously engage the private sector on the review and update of skills development curricula to meet the demands of the emerging labour market, with a special focus on the needs of the Fourth Industrial Revolution and the GIG economy. The Government will build training centres, especially in rural areas, to facilitate access to the sections of the population who require skilling or up-skilling to become competitive on the job market.
- Eliminate practices contrary to national and international laws that pose danger to revenue generation through decent work. Adopting strict adherence to the guiding rules and principles of unionization with appropriate sanctions will reduce incidence of disruptions to economic activities due to perennial trade disputes and strikes from violation of rights of workers on free unionism. Eliminate child

and forced labour practices across sectors of the economy by fostering networks and collaboration among local, national and international organizations on child labour eradication and the development of effective Monitoring and Evaluation framework to enforce implementation.

- Encourage the sports ministries to build skills for employability (especially youth employment). 'Core' skills include those that are directly associated with coaching and sport management. 'Soft' skills include the skills and values that are learned through sport, such as: cooperation, leadership, respect for others, knowing how to win and lose, knowing how to manage competition, etc. Sports jobs have a high multiplier effect, meaning they create more jobs in other occupations and industries.
- Promote Technical and Vocational Education and Training (TVET) towards creating sustainable jobs for the teeming unemployed and underemployed youth in Nigeria.⁶⁷
- Government in close collaboration with the private sector to develop a mechanism to Engage, Empower and Employ our teeming energetic youths, by ensuring that Nigerian youths below age of 35 should either be in school, gainfully employed or be the owner of skilful enterprises by 2025. By unlocking the constraints in the economy and fully engaging the youths, the expected growth trajectory would generate employment and reduce to the barest minimum the incidence of poverty.

Some Sectoral Job Creation Strategies:

- Government will encourage innovation and indigenous technology for proper waste management to spur employment generation
- Government will fully support gender equality for gender balanced job opportunities across all sectors to significantly reduce the alarming rate of unemployment among women.
- Full implementation of the Petroleum Industry Act to unlock potentials in the oil and gas sector that has both backward and forward linkages; the operation of refineries, gas processing plants, petrochemical

and agrochemical industries, as well as pipelines construction, security and maintenance, to significantly contribute to employment generation.

- Government's plan to provide the regulatory framework to increase investment and activities of large-scale mining corporations and artisanal miners in the solid minerals and mining sector will contribute significantly to job creation.
- Government will eliminate the binding constraints through the implementation of structural reforms in the Culture, Creative, Tourism and Hospitality Sector to foster job creation across diverse areas like film production, theatre arts, music, fashion, art, television, radio, sports, information technology, media, advertising and tourism.
- There will be effective implementation of the Presidential Enabling Business Environment Council action plans at the national and subnational levels to boost the performance of the real sector while increasing investor confidence in fostering job creation.
- Government will also ensure the conceptualization and implementation of a comprehensive National Trade Policy framework to boost enterprise competitiveness at all stages of the supply chain. This is with the intention to spur job creation.
- The current effort on road construction and rehabilitation will be sustained to aid trade and support increased agricultural productivity and food security through easy evacuation of farm produce to markets across the country. This will help to engender more job opportunities.
- Government will review existing land administration laws and ensure transparent processing in the real estate sector to spur real sector growth for employment generation.
- While agricultural activities will form a significant proportion of jobs created in the rural areas, jobs will be expanded beyond staple crop production to cash crops, livestock, fisheries and forestry activities.
- The linkages between agriculture and other sectors,

⁶⁷see details in Education and human capital development

especially manufacturing, will also be intensified to create jobs in agro-allied industries as non-farm income sources for rural dwellers.

- The government will facilitate investments in high-growth sectors such as light manufacturing, value-added agriculture, the digital economy and mining to create jobs and improve citizens' welfare.
- Government will further support an efficient financial system to provide opportunities for mobilising savings and investments that are job-generating.

Investment and Resource Allocation

At present, the resource allocation to employment and job creation by all tiers of government are delivered through a broad range of MDA budgets. However, an estimated public investment of N351 billion will be allocated to achieve the goals outlined in employment

and Job creation from 2021-2025. A tracking mechanism to determine the allocations to employment and job creation through federal, state and local government budgets will be developed by activating existing codes in the Chart of Accounts.

Conclusion

While considerable emphasis has been put on job creation over the past three years, Nigeria has faced challenges harnessing the potential of its youth demographic into a productive force for growth and poverty reduction. The 2025 vision will build on past plans' progress to support the formalization process of MSME's and align strategies across high growth sectors to facilitate massive job creation. The sports industry will be encouraged to build skills for employability. This approach will be supported by a comprehensive skill-building program to prepare tomorrow's workforce's ability to contribute to Nigeria's industrialization efforts.

CHAPTER 33: PERSONS WITH DISABILITIES

Introduction

Nigeria recognizes the need to support the estimated 32 million people living with disabilities⁶⁸ to promote social inclusion. However, there is still little visibility of the challenges people with disabilities (PWDs) face daily. Less than 1% are employed in the formal sector, less than 2% have access to education, over 92% are in dire need for rehabilitation services and over 96% do not have access to assistive devices. In Nigeria 98.5% of public infrastructures (Including buildings, Transportation, ICT and roads) are not accessible for persons with all types of disabilities. Over 95% of students with Disabilities needs assistive technology to enhance learning. A person with disability is those who have long-term physical, mental, intellectual, or sensory impairment which, in interaction with various attitudinal and environmental barriers, hinders their full and effective participation in society on an equal basis with others⁶⁹. Actively challenging negative perceptions that PWDs cannot contribute and be productive members of society, is essential to reduce incidences of discrimination and neglect. Nigeria has been moving in that direction and will renew its commitment to supporting PWDs.

Review of Sectoral Performance 2017 – 2020

A giant step towards supporting the rights of PWDs was taken with the enactment of the Discrimination Against People With Disabilities Act in 2019. The law aims to fully integrate PWDs into society, prevent any form of discrimination and established the National Commission for Persons with Disabilities. The Commission is responsible for guaranteeing access to education, healthcare and housing, but also upholds the social, economic and civil rights of PWDs. The law includes penalties for non-compliance with its guidelines. Before the law, disability issues were managed inconsistently across states. Some states like Plateau, Ekiti, Lagos, Jigawa, Bauchi, Kano, Kwara, Kogi, Anambra, Niger, Ondo had state-level disability laws, but compliance was low.⁷⁰

The Discrimination Against People With Disabilities Act defined comprehensive guidelines and launched national programs in support of the economic and social integration of PWDs.

As a result, MDAs incorporated PWDs in federal

programming with interventions such as (i) the design and upgrade of infrastructure to facilitate access to the physically challenged; (ii) the provision of 5,000 mobility aids such as crutches, wheelchairs and canes to PWDs; (iii) the provision of prophyllaxis (artificial limbs) to 300 PWDs; (iv) the training of 150 PWDs on vocational skills in beads making, tying and dying, weaving with starter pack grants given to graduate trainees. These localized interventions demonstrate commitment to addressing PWDs challenges and the Discrimination Against People with Disabilities Act aims to provide a more comprehensive approach to supporting them.

Challenges and Opportunities

Persons with disabilities face significant obstacles to social and economic inclusion. These include:

- cultural stigma surrounding disabilities, which excludes PWDs socially, economically and politically;
- exclusion from educational opportunities and health services that are not equipped to receive PWDs;
- limited availability of inclusive infrastructure designed to empower PWDs and facilitate their mobility.
- poor public awareness on the operations and benefits of the National Commission for Persons with Disabilities.
- Non availability of mobility aids and assistive technology to facilitate their social inclusion and effective participation
- Poor availability of clinical and none-clinical rehabilitation services for persons with disability in Nigeria.

Programming to support PWDs have their limitations, such as: -

- inadequate budgetary allocation to support the implementation and enforcement of the Disability Act's provisions; and
- limited availability of credible data regarding PWDs.

⁶⁸National Population Commission of Nigeria, UN, 2018

⁶⁹World Health Organization, World Report on Disability, 2011

⁷⁰Birchall, Overview of Social Exclusion in Nigeria, 2019; Thompson, Nigeria Situational Analysis.

- no framework in place to support the implementation of the PWD Act. As a result, the law has not been consistently domesticated at the state level.

These challenges result in PWDs' social marginalization, high rates of poverty due to systematic exclusion from employment opportunities and limited access to public services. In states where it was domesticated, provisions of the law are not being implemented, or sanctions are not being applied. Strong efforts will be made to ensure that the Act is applied so that PWDs are systematically included by organizations. The Government recognizes the importance of PWDs to foster an inclusive society and will continue supporting states to ensure that provisions

in existing laws are implemented consistently.

Objectives and Targets, 2021 – 2025

Nigeria aims to achieve inclusive economic growth and continue building an inclusive society, where development gains are shared by all, and no one is left behind. To accomplish this goal, the government will prioritize the improvement in the quality of life and the access to economic and social opportunities for all Nigerians, irrespective of disabilities.

Table 33-1 presented the objectives, performance indicators and the 2025 targets.

Table 33-1: Objectives and Targets for People With Special Needs

| Objectives | Key performance indicators | Baseline | Target |
|---|---|--|--|
| Improve livelihood for people with disabilities | Share of people with disabilities gainfully employed (%) | <ul style="list-style-type: none"> • Youth 23%⁷¹ • Adult 38%⁷² | <ul style="list-style-type: none"> • 50% • 50% |
| Set up Commission for persons with disability following 2019 Discrimination Against Persons with Disabilities (Prohibition) Act | Commission operational | - | 2022 |
| Encourage States to pass their respective state-level disability laws | Number of states with state-level disability laws | 4 (2019) ⁷³ | 36 (2025) |
| Reduce poverty amongst disabled people | Percentage of disabled living below the poverty line | 90% (2019) ⁷⁴ | <50% (2025) |
| Improve access to mobility aids and assistive technology | Number of Persons with disabilities that receive assistive devices/technology | 5,000 (2019) | 15 million (2025) |
| Strengthen the provision of rehabilitation services to persons with disabilities | Percentage of PWD who receive effective rehabilitation services | Less than 2% (2019) | 55% (2025) |
| Source: See footnotes; Targets are projections | | | |

Strategies and Policies for accomplishing the Objectives/Targets

Three core strategies will be pursued to ensure that people with disabilities are fully integrated into all aspects of society.

- Support the enforcement of the Discrimination Against People with Disabilities Act by developing a robust implementation framework in collaboration with states. This will facilitate deeper integration of PWDs into society.
- Adopt an inclusive lens in policymaking by systematically incorporating concerns of PWDs in programme planning and implementation. In doing so, the government will set the tone to facilitate access

to public services such as education and healthcare by ensuring that staff and facilities are prepared to support PWDs.

- Expand the availability of data on PWD to inform national planning and programme performance monitoring. Such data is key to calibrate programmes and facilitating accountability. The Government will generate surveys to draw a baseline. The collection of disaggregated data will be crucial for national planning, performance monitoring and awareness campaigns.
- The government will strengthen the National Commission for Persons with Disabilities for operational effectiveness and improve public awareness.

⁷¹World Bank, 2020

⁷²World Bank, 2020

⁷³Institute of Development Studies/Inclusive Futures, 2020

⁷⁴Institute of Development Studies/Inclusive Futures, 2020

- Encourage mass production of high quality locally produced assistive devices/mobility aids/ assistive technology for free distribution to deserving beneficiaries across the country
- Upgrading of existing and building new rehabilitation facilities across the country to provide services and train volunteers in scaling down clinical and non-clinical rehabilitation services to community and households levels.

Investment and Resource Allocation

At present, the resource allocation to PWDs by all tiers of government are delivered through a broad range

of MDA budgets. Strategic interventions over this period will promote PWDs' inclusion through improved opportunities and access to public services across all states.

Conclusion

Nigeria's diversity is a strength that it will harness to transition towards a more inclusive society. With adequate policy support, persons with disabilities can contribute positively to the development process. Greater awareness of the plight of PWDs will be created by adopting an inclusive lens to change negative perceptions of PWDs to gradually increase their social and economic integration.

NIGERIA

PART 6

REGIONAL DEVELOPMENT

CHAPTER 34: SUBNATIONAL GOVERNMENTS COOPERATION AND COLLABORATION

Introduction

High economic growth can be accompanied by regional inequality if efforts are focused on specific economic centres, resulting in disproportionate development and underdevelopment across regions. This risk can be mitigated by a strong regional development agenda that aims to reduce inequalities and disparities across geographic and socioeconomic regions.

In pursuance of the federal government's regional development agenda for disadvantaged communities, the Niger Delta Development Commission (NDDC) and, more recently, the North East Development Commission (NEDC) were established to promote regional socioeconomic development. The federal government will take the lead in encouraging subnational governments to replicate this model between and among states under the Plan.

The COVID-19 pandemic highlighted the need for stronger regional development, disproportionately impacted the country's most vulnerable communities, particularly those farthest from commercial hubs. Government will ensure that the six geopolitical zones are developed concurrently to achieve balanced economic growth by leveraging economic activity as a strategy for

regional development

Review of the level of economic development/ regional needs assessment

Several developmental outcomes have shown wide disparities across and within Nigeria's subnational and geopolitical zones over the years. This disparity manifests itself in unequal access to economic opportunities, welfare, and the quality of social infrastructures as a result of the country's dual pursuit of developmental strides— rural and urban classification. As a result, there is a wide variation in socioeconomic outcomes such as poverty, unemployment, and inequality between rural communities and urban centres. This is shown in table 34-1.

The statistics confirm a wide disparity between rural communities and urban centres, implying abysmal access to opportunities and social amenities. This necessitates collaboration, coordination, and cooperation between the federal government and the various subnational governments to improve citizens' livelihoods. This chapter of the plan proposes a framework for intentionally reversing the trend across subnational regional communities in the Plan.

Table 34-1: performance indicators for even development across communities

| Indicators | Place of Residence | 2017 | 2018 | 2020 |
|------------------------|--------------------|------|------|------|
| Unemployment Rate | Rural | 21.1 | 23.9 | 34.5 |
| | Urban | 18.7 | 21.2 | 31.3 |
| Underemployment | Rural | 23.2 | 22.8 | 26.9 |
| | Urban | 13.8 | 13.7 | 16.2 |
| Poverty Headcount rate | Rural | - | - | 52.1 |
| | Urban | - | - | 18.0 |
| Inequality | Rural | - | - | 32.8 |
| | Urban | - | - | 31.9 |

Source: National Bureau of Statistics (NBS)

Challenges and Opportunities

Nigeria's regional development has been hampered by several factors, including institutional development constraints and rapid population growth. Some regions have seen increased economic development in recent decades, while others, particularly those far from regional commercial centres have experienced slow socioeconomic growth. This has resulted in stark regional disparities, particularly in poverty and unemployment. For example, in 2019, the poverty rates in Lagos and Delta States were 5 percent and 6 percent, respectively, compared to 80% and 88 percent in Ebonyi and Sokoto States, respectively.

Constraints to regional development include:

- unequal institutional and infrastructural capacity;
- disproportionate focus of economic activities in commercial hubs and cities;
- exponential population growth in certain areas, which stretches available resources for development;
- a high urbanisation rate, which has led to brain drain, further limiting competitiveness in some rural areas.

Ethnic pluralisation and politicisation of regional developmental agenda pose a critical threat. The current political climate fosters sectarianism.

This undermines the power of the regional development agenda through collaboration, cooperation, and coordination for development purposes. Furthermore, every subnational government is sensitive to political affiliates and sectional sentiments, which impede the necessary cross-state collaboration.

Poor oversight and deviation of existing statutory regional development commissions from their mandate hinder even regional development.

For example, the Niger Delta Development Commission (NDDC) has become a subject of controversy in recent times. Some states also created parallel commissions. A major hindrance in the actualisation of the mandate of these agencies is the lack of synergies between the federal commissions and the subnational governments. Also,

poor oversight for these commissions has encouraged corruption and derailed them from achieving their mandates.

Recent institutional arrangements, as well as the distribution of vital natural resources across regions, present critical opportunities for Nigeria to advance its regional development agenda. The Nigeria Governors Forum has grown in importance in promoting inter-regional cooperation. Flagship examples include the COVID-19 pandemic response strategies, as well as recent initiatives to combat insecurity. Furthermore, Nigeria's vast resource endowed states provide economic development opportunities across regions, such as the development of new products aimed at both domestic and international markets. Taking advantage of these opportunities will not only promote regional development but will also lead to greater economic resilience in the long run.

Objectives and Targets, 2021 – 2025

By 2025, Nigeria will have set the foundation required to transition to a regionally integrated state. A summary of goals is below:

- Ensure the simultaneous development of communities across all regions.
- unlock developmental potentials of the six geopolitical zones
- foster collaboration and economic cooperation across states within geopolitical zones
- ensure synergy and coordination between the central government and the subnational governments to encourage even development of communities across all regions
- Promote regional competitiveness
- Refocus existing regional development commissions like the NDDC and the North East Development Commission to facilitate developmental outcomes across communities
- Explore the potential for economic clustering along value chains for subnational government collaboration.

Table 34-2 presents the objectives, key performance indicators and the 2025 targets.

Table 34-2: Objectives and Targets of Sub-National Governments' Cooperation

| Objective | Key performance indicators | Baseline (2020) | Target (2025) |
|--|--|--------------------------------|-----------------------------|
| Minimize disparity in economic development across all geopolitical zones | Unemployment rate (%) | • Rural 34.5 • Urban 31.3 | • 20.2 • 18.3 |
| | Poverty headcount rate (%) | • Rural 52.1 • Urban 18.0 | • 44.5 • 15.3 |
| | Underemployment rate (%) | • Rural 26.9 • Urban 16.2 | • 23.3 • 14.0 |
| | Inequality | • Rural 32.77 • Urban 31.94 | • 29.5 • 28.0 |
| Minimise disparities in access to public services across all regions | Share of population with access to clean water (%) | • Rural 42% • Urban 75% | • Rural 75% • Urban 100% |
| | Share of population with access to electricity (%) | • Rural 41% • Urban 86% | • Rural 75% • Urban 100% |

Source: NBS; WHO and World Bank for baseline data; targets are projections

Strategies and Policies for accomplishing the Objectives/Targets

To achieve these goals, the following strategic measures will be taken:

- Close the regional gap in social amenities coverage by investing in programmes that will extend services and build infrastructure in rural areas. Regional inequalities in terms of the availability of social services and infrastructure hinder the development of rural regions. The government will secure investments to close social amenity gaps by developing primary healthcare centres and improving access to energy, water, and quality education across regions, particularly in the North of Nigeria. Encourage subnational governments to collaborate to jointly build infrastructure in partnership with the private sector and promote access to social services. These measures will improve residents' quality of life, create jobs and promote peace and security across Nigeria.
- Identify economic growth levers and spur local production opportunities across states based on their respective competitive advantage. The government will prioritize key high growth sectors and identify products based on each states' unique characteristics such as natural endowments, geographic proximity to large markets or cultural know-how to ensure sustainability and competitiveness. The Government will develop a plan to cultivate these unique regional characteristics to fuel job creation efforts and develop high-quality products for local and potentially international markets. These initiatives will be financed by introducing innovative co-financing tools across MDAs, private, and social sector organizations to expand the reach of these programmes across regions.
- Institutionalise and improve the oversight function of statutory regional development commissions to foster communities' development across geopolitical zones. To achieve effective synergy between Federal, States and Local Government statutory development commissions to deliver on their mandate, a critical oversight for proper monitoring will be entrenched to foster integrated rural communities' development.
- Encourage subnational governments to identify the potential for possible economic clustering along the value chains to improve production capacities for regional economic prosperity. Some existing and possible clusters include the Niger Delta oil and gas cluster, the Abia/Kano leather and apparel cluster, Kano and Ogun tie and dye clusters, the Rice cluster, the cassava cluster, Lagos/ Onitsha Nollywood cluster and Kano/Lagos Kannywood cluster and the Technology cluster in Lagos.
- Promote competitive state policies which will ultimately lead to greater business productivity, resulting in sustainable economic growth and development.

Framework for Regional Economic Collaboration among States

Collaboration at Sub-national level occurs in several distinct forms. Three regularly studied forms of governmental collaboration are: First is horizontal intergovernmental collaboration, which involves joint activities between at least two localities that are at the same level of development. Such as one State contracting with another for service provision or several neighbouring States coordinating with one another to solve a specific common problem. Second is vertical intergovernmental collaboration that refers to a variety of interactions among different levels of government within a hierarchy, such as a Local government contracting with a State government for services; or the Federal government providing localities with funding for projects? The third is cross-sector collaboration, which involves government coordination with private and quasi-public stakeholders, including citizens, non-profit organizations, and businesses. States and Local governments are often engaged in all three types of collaboration, sometimes simultaneously for a single purpose or project. For example, State 'A' might collaborate with neighbouring State 'B' as well as a private company or Federal government for economic development such as funding for a legacy infrastructure

project like Deep Seaport, Power plant, Railway, etc.

The new Plan Implementation Unit of Federal Ministry of Finance, Budget and National Planning [Budget and Planning Arm] would be expected to make this happen through its coordination power as a Planning Arm for the three tiers of government. States are encouraged to reach out to other States outside of their region with mutually beneficial and complementary economic interests. States within the same region are also encouraged to collaborate in raising funds for financing mega projects in their region, which ordinarily would have been unattainable if funded individually.

Investment and Resource Allocation

The participating governments will pool resources depending on the projects and programmes.

Conclusion

Nigeria faces unequal access to economic opportunities and social amenities across geographic regions, necessitating a coordinated development strategy at the regional, state, and local levels. Efforts will also be made to capitalise on regions' distinct competitive advantages to develop local products and strengthen inter-state collaboration.

PART 7

**PLAN IMPLEMENTATION, COMMUNICATION,
FINANCING, MONITORING AND EVALUATION**

CHAPTER 35: PLAN IMPLEMENTATION FRAMEWORK

Introduction

The strategy development process offers an opportunity to build on the complementarities of programmes in the economic, environmental and social spheres to improve the long-term effectiveness of government policy agendas. However, a weak mechanism for implementation can lead to development failures. Thus, the Plan outlines success factors and key elements that will facilitate implementation, building on lessons from previous national plans.

The goal is that by 2025, Nigeria has laid the foundation for a strong institutional structure and systems driving the efficient implementation of the targets in the Plan towards building a united, peaceful, democratic, civilized and prosperous country.

Critical success factors

To address past implementation challenges, key principles need to be considered in the implementation of this plan:

- Resource allocation and sourcing: Resources will be closely tied to goals to aid the implementation of the associated activities. Beyond allocation, a mobilization plan would also be initiated to facilitate the sourcing of the needed resources.
- Continuity of implementation plan regardless of political changes: Adopt measures that will prevent the disruption of programmes and activities due to transition in government.
- Coordination and ownership: Coordination and work progress should be synchronized by the ministry responsible for budgeting and planning at Federal and subnational levels. They also serve as the secretariat for the implementation of the plan to avoid overlaps or conflicting programmes. Furthermore, a responsible party will be assigned to each main goal to foster accountability and roles of all involved – especially for more cross-cutting programmes, will be clearly outlined. Alignment with State-level strategies would be done to ensure ownership for effective realization.
- Private sector participation: The private sector will be engaged and incentivised to contribute towards realising the goals of this Plan. Government will

continue to improve the business and regulatory environments to encourage the private sector's participation and contribution towards efficiency.

Strategic Objective and Goals

- To ensure effective and efficient implementation of the Plan,
- Institutionalization of the Plan's implementation with law at all levels of government to check frequent policy reversals, compel sustainability and consistency with commitment to attaining the desired objectives.
- Leverage existing government structures such as FMBNP (the National Planning Arm) to serve as a central coordination secretariat. The Arm will provide the needed direction to oversee the implementation of the Plan.
- Professionalization of the planning function to ensure capacity sustainability.
- Deliberate policy on skilled manpower development and adequate capacity utilization in the public service to drive the implementation.
- Deployment of ICT and relevant technology through the careful insertion of young graduates with strong ICT skills to strengthen efficiency and value.

Policy implementation at all levels of government

Given the importance of state governments in implementation, coordination of efforts between the federal and state governments will be critical for the efficient delivery of development outcomes. Alignment of national visions and strategic targets with state governments will be tracked through the following means:

- Domestication of national development visions and strategic targets through the development of State Development Plans (SDPs). State governments will work with the Federal Ministry of Finance, Budget and National Planning (FMBNP) and the plan implementation unit to develop or review the SDP in line with the Plan.
- Strengthening the synergy among federal, states and local government institutions towards implementing the Development Plans. Relevant departments in existing State Commissions of Budget and Planning will be strengthened to enhance coordination with the FMBNP.

- Robust feedback mechanism to inform improvements in the national development planning process based on state-level implementation.
- The Plan is integrated into state-level plans, policies and strategic frameworks for development planning and implementation. The States and Federal Government, will collaborate to strengthen the Department of Planning, Research and Statistics (DPRS) in ministries, establish a plan implementation unit in the ministry responsible for budget and planning; ensure proficiency of the Planning and M&E cadre in the respective MDAs.

Leveraging an existing government structure for implementation and coordination across stakeholders at all levels of government

The National Planning Arm under the FMBNP will serve as the Plan's Secretariat since it has the mandate and internal capacity to coordinate the Plan implementation efforts. The Planning Arm is in a strategic position to strengthen linkages between plan implementation and government funding disbursements, and therefore would ensure MDAs have the resources needed to meet their objectives. Additionally, the Planning Arm has the convening power to engage with all MDAs as well as States to identify synergies for better coordination of service delivery to the Nigerian citizens. The Planning Arm will also harmonize and consolidate different coordination functions/ mechanisms, enabling more streamlined management of the Plan implementation.

Strengthening of institutions responsible for the Plan Implementation

Improve the professional capacity and institutionalization of DPRS departments. To achieve this, there is a need to:

- Deploy an integrated Management and Geographic Information (MIS/GIS) System that is uniform across MDAs.
- Empower and improve capacity in the Budget, Monitoring and Evaluation (BME) department.
- Harmonise coordination and M&E functions across MDAs.

Effective deployment of ICT as a tool to implement the Plan

The government will invest in the development of new cost-effective digital tools and harmonization of existing ones to enable and accelerate the implementation of

the Plan. To achieve this, the following measures will be taken:

- Begin the automation process of policy implementation, monitoring and evaluation by the end of 2022.
- Conduct technology gap assessment in MDAs.
- Develop technology skills enhancement framework for MDAs.
- Begin gradual deployment of technology concerning existing skills for policy implementation, monitoring and evaluation in MDAs.
- Develop and deploy policy/project implementation and monitoring dashboards in MDAs.

Institutional Framework

The success of this Plan will largely depend on the establishment of a strong institutional framework that promotes performance and accountability.

The requisite mechanism and framework for the implementation of the government's activities will encompass robust coordination by the Ministry of Finance, Budget and National Planning (The Planning Arm). The Budget and Planning Arm being the coordinating MDA for budget and planning will be strengthened and enhanced to ensure continuity and professionalism in the planning process, budgeting, and execution.

The Ministry also has National Monitoring and Evaluation and is better suited to coordinate execution, while integrating implementing agencies, data, monitoring and evaluation. This will entail proper oversight, tracking, funding, and enhanced capacity.

To this end, a Development Plan Implementation unit (PIU) that reports to National Steering Committee headed by the VP, with the HM/ HMS Budget and National Planning as Vice Chair, M&E and Coordination structure will be established within the Planning Arm to provide a central coordinating mechanism; deliberate alignment of National Budget with the Plan and deployment of technologies to drive a result-based implementation of the Plan in the country. This will enhance coordination with the MDAs, private sectors and the CSOs. This aligns with the objectives and functions of the National Planning Commission Act 1993 per Section 2 and Section 5 respectively.

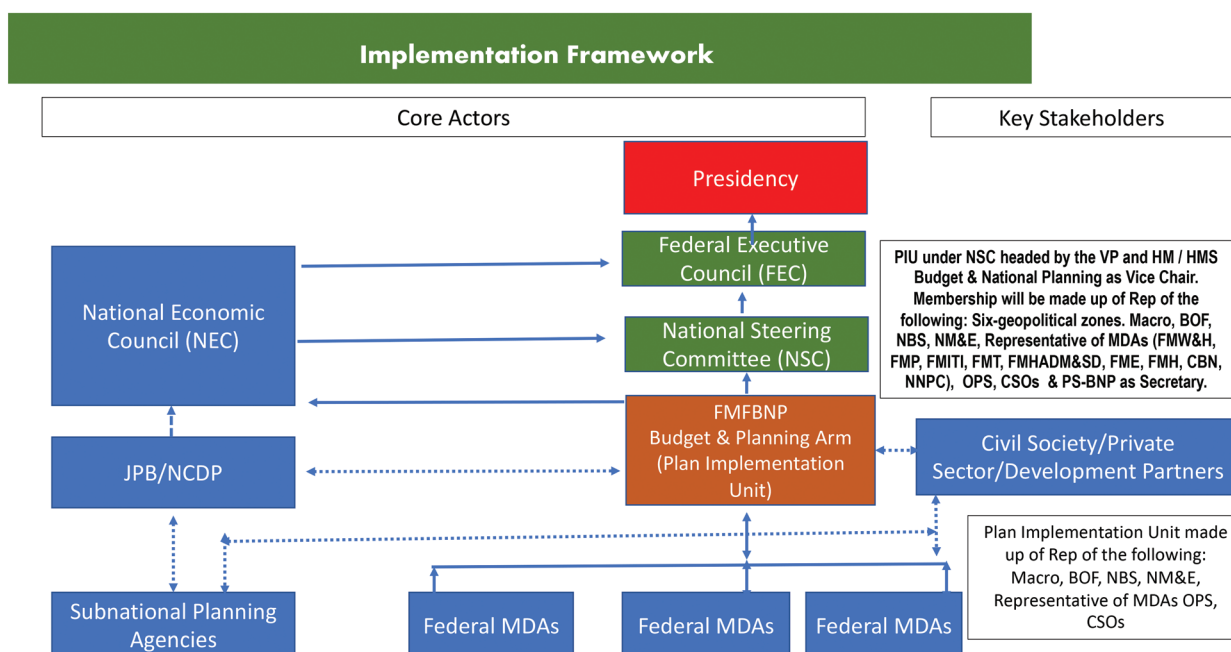


Figure 35-1: Implementation mechanism for the Plan

Table 35-1: Roles and responsibilities of Key Actors

| Actor | Responsibility |
|----------------------------------|---|
| Presidency | <ul style="list-style-type: none"> Review and approve development policy framework Oversee policy planning and implementation |
| National Assembly | <ul style="list-style-type: none"> Approve annual budgets and ensure alignment with plan Oversight function on the MDAs' Plan implementation Enact requisite legislations in relation to the Plan |
| National Steering Committee | <ul style="list-style-type: none"> Coordinate, monitor and ensure full implementation of government policies and programmes Ensure strategic policy priorities agreed annually at the annual agenda-setting and prioritization exercise are consistent with the MTNDP Submit the Nigeria Development Report (NDR) to the Presidency and National Assembly |
| FMFBNP (Budget and Planning Arm) | <ul style="list-style-type: none"> Ensure inter-ministerial coordination of plans and budget Ensure that policy proposals put forward by MDAs for the consideration of the Federal Executive Council have clear implementation and M&E plans Advise the steering committee on questions requiring technical input Ensure inter-ministerial coordination through the representatives of the DPRS across all MDAs |
| Plan Implementation Unit | <ul style="list-style-type: none"> Work with all actors to activate the plan and ensure effective alignment of the priorities in the MTNDP, the annual national budgets, the priority policies and programmes across all stakeholders Track activities and performance of outlined programmes Prepare Nigeria Development Report (NDR) providing an account of the progress on targets and goals Expand the implementation capacity of MDAs by working closely with them and providing execution support Submit MTNDP quarterly reports to the Steering Committee Identify bottlenecks and resolve issues |
| JPB/NCDP | Ensure Alignment on implementation of Federal and subnational plans |
| MDAs | <ul style="list-style-type: none"> Lead implementation of development plans Collaborate with other agencies as required Prioritize and cost activities for inclusion in the annual budget Monitor and evaluate the implementation of programmes |
| States | <ul style="list-style-type: none"> Coordinate preparation of state development plans and budgets in line with defined goals Integrate and harmonize state plans in line with national development goals and objectives Monitor the implementation of plans and submit reports on them |
| Private sector | Engage with the National Planning Arm to identify ways for private sector's contribution to goals and to ensure alignment of relevant strategies with private sector needs |
| Civil society | <ul style="list-style-type: none"> Engage in consultations with the Federal and Subnational Planning to provide feedback on relevant strategies Monitor performance of the plan |

Implementation Roadmap

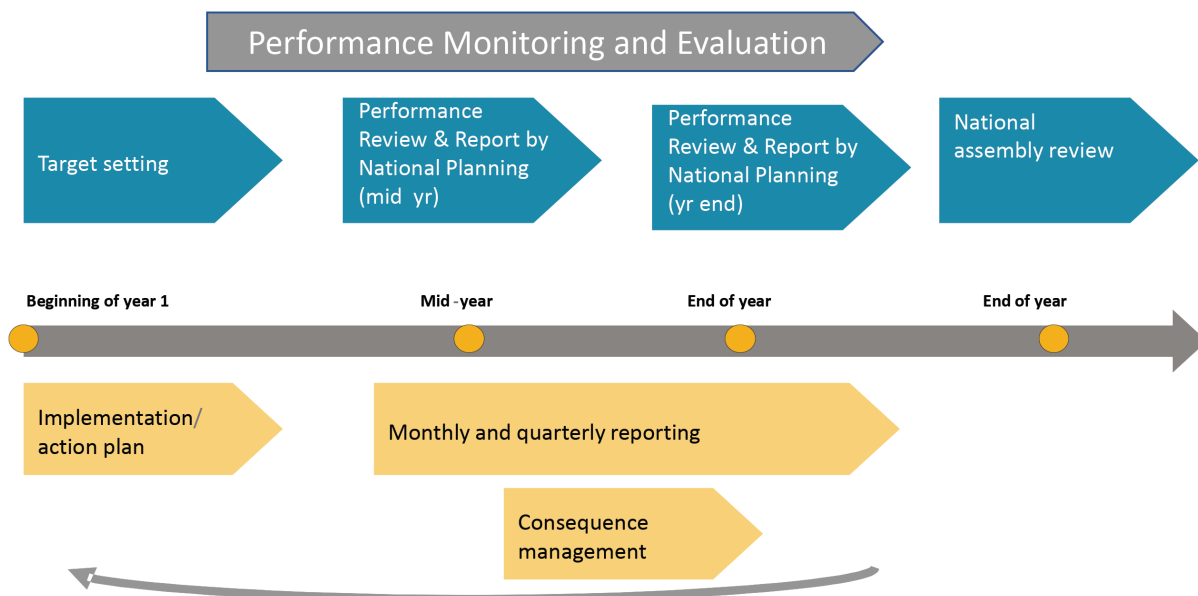


Figure 35-2: Implementation roadmap

The implementation roadmap outlines the yearly performance review process:

- **TARGET SETTING:** Indicators and targets set according to the Plan and national sector plan objectives to be completed by each ministry in coordination with the Planning Arm to ensure consistency. These targets will align with sectoral implementation plans and provide clear guidance on the way forward for all stakeholders.
- **BUDGET ALLOCATION:** The budget appropriation process should be aligned with the plan execution timeline and disbursement delays avoided.
- **QUALITY ASSURANCE AND PERFORMANCE MONITORING:** A performance monitoring and continuous data collection mechanism will inform the annual plan performance review process and provide decision-makers with the necessary visibility on plan objectives progress.
- **REPORTING:** Quarterly reports to be drafted by the Planning Arm and submitted to the Steering Committees for review. These reports will inform the mid-year and year-end performance reviews performed at the highest level of government.

- **CONSEQUENCE MANAGEMENT:** Holding stakeholders accountable for this Plan’s results is important for achieving the Plan’s objectives. MDAs performance would be incentivized by recognising institutions that have demonstrated a commitment to achieving the Plan’s annual objectives.

National Economic Management

A major challenge for the Nigerian economy is its macroeconomic instability driven largely by external shocks. Therefore, given the focus under the Plan on attaining sustainable, diversified and inclusive economic growth, macroeconomic stability is required. Thus, strengthening the coordination of monetary, fiscal, trade and industrial policies, in a manner that recognises and resolves any trade-offs or indeed, tensions, across these policies to maintain the optimal growth trajectory, is critical.

Accordingly, the government will strengthen the statutory fiscal, monetary and trade institutions to deliver on their core mandates. This is to acknowledge the need for improved policy coordination. Thus, the existing committees such as the Monetary Policy Committee (MPC) of the CBN, the Cash Management Committee of the FMFBNP and the Monetary and Fiscal Policy Coordinating Committee (MFPCC) will continue to

deliver on their mandates to engender macroeconomic stability.

Plan continuity and legislative imperatives

There is an increasing realization that a critical success factor for the implementation of any national plan and the realization of intended gains is continuity, especially between successive administrations of government. As such, the government will establish structures to ensure that this Plan is implemented throughout the 2021-2025 period by enacting appropriate legislation to prevent policy reversals and ensure implementation.

Communicating the plan

The government recognizes the importance of effective communication and stakeholder engagement in mobilising the Nigerian citizenry to participate in the planning process. Effective communication is required to ensure Nigerian citizens and stakeholders such as Civil Society Organizations are aware of their roles, responsibilities, risks, benefits, opportunities and stake

at every stage of the plan implementation process. Furthermore, communication helps in the management of stakeholder expectations, serves as a feedback channel and helps in conflict prevention, management and resolution. Thus, the government will deploy the necessary communication strategies to ensure broad participation of the citizens to take ownership and actively track the implementation process.

Conclusion

The Nigeria Development Report (NDR) will be the primary instrument for assessing the performance of the Plan. The Report will provide performance information at both the federal and the state levels. The Plan will also undergo a mid-term review to incorporate necessary adjustments and updates. As it stands, successful implementation of the Plan will require legislative actions, a strong funding strategy, a robust M&E framework, citizens and stakeholders' engagement. Efforts will be geared towards entrenching and enshrining all the necessary conditions for the successful implementation of the plan.

CHAPTER 36: DATA PRODUCTION AND COORDINATION

Introduction

Data is the lifeblood of fact-based policy decision-making and the raw material for accountability. Without high-quality data providing the right information on the right things at the right time: designing, monitoring, and effectively evaluating policy implementation outcomes becomes almost impossible. Simply put, good statistics is the critical foundation for good governance and a productive, democratic society. Policy makers have reliable, independent, and trustworthy information to make evidence-based planning and results monitoring, and citizens have easily accessible data as a sound basis for accountability and advocacy support. In addition, the successes of the Plan will, itself, be measured by all stakeholders through data and data-backed indicators. It is therefore imperative to any national development plan to ensure and pursue a robust, well-funded, and responsive national statistical system.

By the Statistics Act 2007, the NBS is the main national agency responsible for the production and management of official statistics in Nigeria. It is responsible for the coordination of the National Statistical System (NSS); advising the Federal, State and Local Governments on all matters relating to statistical production; developing and promoting the use of statistical standards and appropriate methodologies in the National Statistical System; developing and maintaining a comprehensive national socio-economic database, and fulfilling all other functions relating to statistics which the Federal Government may entrust to it. As a result, the government will reposition and strengthen NBS and indeed the entire National Statistical System in Nigeria for sustained statistical production to guide the process of policy formulation, planning and monitoring as well as informed decision-making.

Review of the National Statistical System

The guiding philosophy for the Nigerian Statistical System is espoused in the National Strategy for the Development

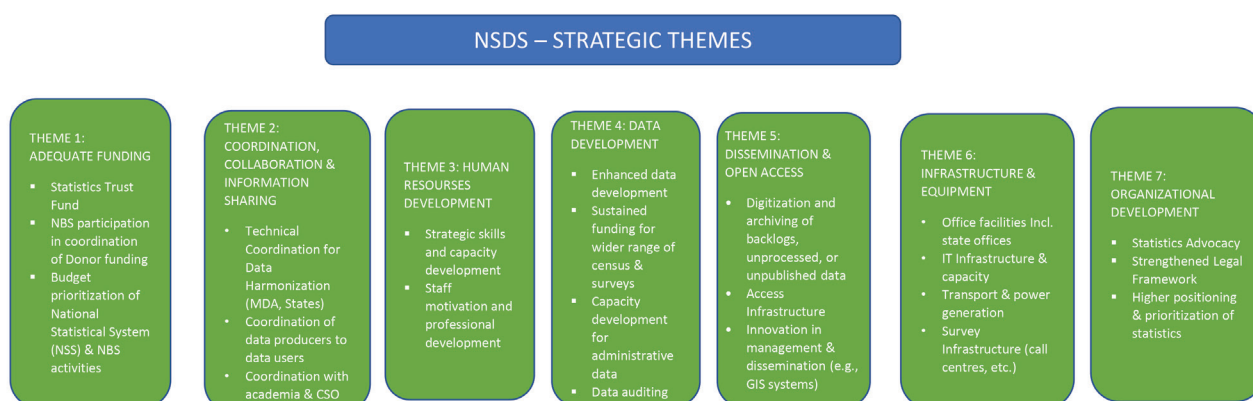
of Statistics (NSDS), an internationally recognized framework for statistical development in several countries. The Nigeria NSDS is aimed at transforming the entire statistical system in Nigeria, bringing together all agencies involved in data production across the three tiers of government.

The National Strategy for the Development of Statistics (NSDS II) 2017-2021 was developed as a follow-up to the reforms of 2005-2009 and 2010-2014; and was designed alongside the Sector Statistics Strategy of 2017-2019 incorporating the Statistics Act 2007, the National Statistical Master Plan (NSMP), the States Statistical Master Plans (SSMP), and the State Strategy for the Development of Statistics (SSDS). The NSDS broad objective is to drive data reforms at national, sub-national, and sectoral levels focusing on the following strategic themes:

- Statistical Advocacy
- Organizational and institutional development
- Human resource management and development
- Infrastructural development
- Coordination of data production
- Data dissemination policy
- Statistical auditing to ensure compliance with local and international standards
- Securing adequate funding for plan implementation and
- Data development.

Whereas the NSDS serves as an umbrella strategy for the entire NSS, the State Strategy for the Development of Statistics is to drive the process of production of statistics at the sub-national level. On the other hand, the Sector Statistics Strategy is to drive the process of producing statistics in Ministries, Departments and Agencies (MDAs) of government at both the national and sub-national levels.

Figure 36-1: NSDS-Strategic Themes



Challenges and Opportunities

The growing demand for comprehensive and reliable statistics by all levels of government, the public, international organizations, and the private sector is significant and rapidly increasing. Concern has been expressed over the state of official statistics in Nigeria and the challenges of coordination in the National Statistical System. Despite the milestones recorded in recent reforms, the system is still confronted with significant challenges including:

- inadequate overall funding,
- low statistical capacity at MDAs and State Bureaus of Statistics,
- shortage of competent and well-trained manpower,
- weak collaboration across government levels, and
- varying levels of statistical prioritization and data process standardization at sub-national levels of government.
- weak coordination arrangement.
- incomplete state-level GDP to fully assess the impact of subnational plans and outcomes of budget implementation

Consequently, the national statistical system is plagued with lack of depth of data products to support a broader range of government policy planning & monitoring; the inability to train staff adequately and utilize data innovation efficiently; poor infrastructure with insufficient tools which significantly diminishes productivity & demotivates staff; wastage and duplication of efforts within the system; lack of response and/or inadequate or sometimes non-existent administrative data from MDAs and other producers within the national statistical system; and the inability to attract and retain trained and qualified staff.

Objectives and Targets, 2021 – 2025

By 2025, the National Strategy for the Development of Statistics (NSDS) will be fully adopted, serving as the framework for statistical output across all levels of government. The National Statistical System through its coordinating agency the National Bureau of Statistics will receive prioritized support through resource allocation and statistical advocacy across all levels of government. Statistical production will be duly regularized, modern techniques and tools will be utilized for statistics production, official statistics will be coordinated amongst agencies, and data will be open and easily accessible to all users. Government will support the production of state-level GDP.

Table 36-1: Objectives and Targets for Data production and Coordination

| Objectives | Key performance indicators | Baseline | Target |
|--|---|--|---|
| Regular funding for NBS & National Statistical System | Increased ratio of NBS capital allocation to actual releases | Approximately 30 percent allocated disbursed in 2019 | 80-100 percent ratio of allocation to disbursement |
| Adequate funding of the NBS & the National Statistical System | Approved concept of Nigerian Statistical Trust Fund (NSTF) | Nil | Enacted NSTF Law |
| | Established Legal & Administrative Framework for the NSTF. | 49.5 | 30 |
| Increased coordination & harmonization of data across all levels | State Bureaus of Statistics (SBS) in every state, harmonized to NBS as Coordinator of NSS | 24 out of 36 states + FCT with an SBS | 36 states + FCT with an SBS |
| | Number of State Consultative Committees on Statistics (SCCS) fora held in a year (with SG & State SGs) | 24 States have SCCS | The 36 States of FCT should have functional SCCS |
| Capacity Building & Development within the NSS | Ratio of professional statisticians/economists on Governing Boards of SBSs | Under 50 percent | 80 percent of professional statisticians on governing boards |
| | <ul style="list-style-type: none"> • No. of Joint trainings with MDAs, SBSs, LGAs • Revival of Federal School of Statistics (FSS) | <ul style="list-style-type: none"> • Joint Trainings effective with MDAs at 25 percent • All 3 schools sub-optimal | <ul style="list-style-type: none"> • 70 percent joint training opportunities • At least one of the FSS renovated and revamped by 2025 |
| Note: Targets are projections | | | |

Strategies and Policies for accomplishing the objectives / targets

Two key strategies are crucial to achieving the goal of a robust and highly effective national statistical system.

- Establishment of the Nigerian Statistical Trust Fund (NSTF) through Voluntary contributions from Development Partner Organizations (Local and International): The Nigerian Statistical Trust Fund (NSTF) is envisaged to be a collection of funds contributed by the stakeholders concerned with the production of statistics in the country.
- Full implementation of the National Strategy for the Development of Statistics (NSDS): In preparing the NSDS, the NBS consulted with key stakeholders within NBS, SBS/SSA and MDAs, on its attendant budgetary requirements and then allocated resources specifically to relevant agencies across all tiers of government (e.g., capacity building and establishment of State Bureaus of Statistics and the guiding frameworks). There will also be a SWOT diagnostic approach to evaluating lapses and opportunities for improvement within the national statistical system carried out in conjunction

with subject matter experts and technical consultants. The NSDS logical framework itself sets out the basis for continuous review – quarterly, annually, mid-term, and terminal – with NBS providing relevant datasets to the Ministry of Budget & National Planning which implements the Monitoring & Evaluation Master Plan. When implemented fully, the NSDS will strengthen the country's capacity to produce quality statistics based on international best practices and standards to support policy efficacy and efficiency.

Conclusion

Nigeria's immense size and economic, geographical and social diversity command not only a high standard of statistical production, but disaggregated data for regional and subnational assessment of policy impacts. The increased demand for evidence-based policy making and results-based evaluation requires the existence of a dynamic national statistical system. By implementing these strategies, the nation will be better positioned to benefit from the various policies contained in this Plan.

CHAPTER 37: FINANCING THE PLAN

Introduction

In light of the development challenges confronting the country and the economic growth expectations, the size of the Plan is fairly large. To finance it, Nigeria will generate revenue by broadening the tax base and enhancing the capacity of the private sector through creating investment opportunities and deliberate policy engagements and incentives. Funding vehicles such as growth funds and public-private partnerships (PPP) will be set up to finance the Plan. Additionally, there will be a focus on fiscal discipline through institutional compliance with the fiscal responsibility act, deliberate policy, and drastic reduction of inefficiencies in governance. Other measures that will be implemented include a deliberate policy to address inflation of contracts and high cost of projects, and privatisation of some public enterprises that can be self-financing. Above all, transparency and accountability campaigns will be vigorously pursued and implemented.

Size of the Plan⁷⁵

The Plan will require an investment of about N348.1 trillion to achieve the plan objectives within the period of 2021-2025. It is estimated that the Government capital expenditure during the period will be N49.7 trillion (14 percent) while the balance of N298.3 trillion (86 percent) will be incurred by the Private Sector. Of the 14 percent Government contribution, FGN capital expenditure will be N29.6 trillion (9 percent) while the Sub-National Governments' capital expenditure will be about N20.1

trillion (6 percent). Thus, the successful implementation of this Plan will be heavily dependent on a strong partnership between the private and public sector and both sectors playing their expected roles effectively.

Financing Objectives

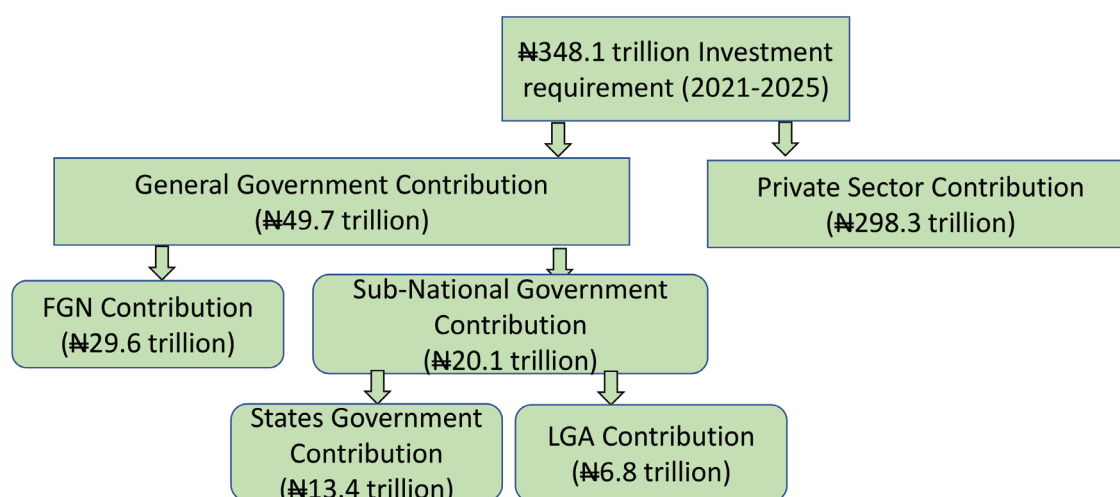
The goals of the financing plan are to:

- Identify various funding sources for the plan and map out strategies to ensure that the expected funds are realised;
- Ensure that adequate finance is available for implementing the Plan; and
- Achieve a revenue to GDP ratio of no less than 15 percent.

Government Financing of the Plan

Government will finance the plan directly from budgetary provision as approved by the National Assembly. To ensure fiscal sustainability, efforts will be geared towards enhancement of domestic resources mobilization, especially in enhancing non-oil revenue within the planning period to avoid undue fiscal shock in financing the plan. The target is to increase national government revenue up to 15 percent of GDP at the end of 2025 to reduce the deficit-GDP ratio with the implementation of the recently launched 'Strategy for Revenue Growth Initiatives (SRGIs)'. These initiatives focus on optimizing the operational and collection efficiency of GOEs, restricting the cost-to-revenue ratio

Figure 37-1: Planned Investment



⁷⁵Planned Investment is based on Macroeconomic projection

of GOEs to 50 percent, leveraging on technology and ICT, enhancement of existing and creation of new revenue streams. Government plans to finance the deficit through borrowing and other financing sources. The borrowing framework in the Plan is 45 percent each for both foreign and domestic borrowing while the other financing sources account for 10 percent. Domestic bonds and concessional external loan financing, amongst others, will account for the borrowing strategies for the plan. Thus, the government will improve on current debt management strategies to ensure sustainability.

Alternative initiatives to fund the Plan

The Plan entails major infrastructure projects through the provision of integrated industrial relevant infrastructures across the six geopolitical zones and the opening up of opportunities for the rural areas to ensure even development and increased competitiveness. These integrated critical infrastructure projects require massive capital investment and their urgent implementation across the country will not rely solely on public resources. Government is aware of the urgency to increase capital accumulation to spur productivity and develop a public-private partnership framework, devoid of institutional and legal constraints, to engender transparency and accountability.

The assessment of several sectors and key elements, such as the government revenue to debt has highlighted a need for an innovative approach to drive investment. It has become imperative to create alternative initiatives and vehicles to facilitate enhanced non-debt private capital investment in the country. Traditionally, large-scale investment efforts have focused on using public sector resources (for example, sovereign wealth funds), public-private partnerships, or some form of debt, usually for infrastructure development. However, public sector financial resources are not available on a sufficient scale, while the government is also over-burdened with debt repayment obligations. Thus, to address the challenges above, the government will adopt three alternative funding initiatives:

- Amplifying public-private partnerships.
- Enhancing the capacity of the private sector in all areas of the economy
- Establishing the Nigeria Investment and Growth Fund (NIG-Fund).

The sections that follow provide more information on

how the government will undertake these initiatives.

Unlock PPP for programme funding

The government is committed to expanding the use of public private partnership (PPP) for the financing and implementation of programmes in this National Plan. The PPP model has been an effective tool for the financing of public services in Nigeria over the past years and will lead to more successes with concerted efforts to expand the model to more states and sectors in the country. The expansion of PPPs will involve setting long-term contracts with private entities to provide capital for the provision of services, and development of infrastructure across several areas highlighted in this Plan. Private partners will also be responsible for operating and maintaining the PPP services and infrastructure for a number of years. The government believes that placing the responsibility of maintenance and operations management on the private organizations will serve to preserve the life cycle of the project through their quality maintenance and as means of revenue generation. This will, in turn, create jobs for more Nigerians and lead to the general efficiency of public services.

To repay private financiers for the capital invested in public infrastructure and services, the government will provide the private financier with remuneration options, which include:

- User fees: the collection of tariffs from the public during a fixed period, as agreed upon in the PPP contract, e.g., toll fees on highways.
- Availability payments: a phased repayment from the government to the private investor, based on the availability of infrastructure and services that meet international quality standards and programme output goals.
- Annuity PPPs: where annual payments are paid to the private sector to offset their financing of the project. This helps to ease fiscal pressure on infrastructure financing.

The government is aware that PPP models are only ideal for certain projects; thus, careful steps will be taken to ensure that the projects, which are shortlisted, justify the likely high transaction costs of PPP procurement. This can be determined either by the projected impact of the project or by setting a capital threshold for projects that will be assessed for PPPs. The volatility and disruption in certain sectors will also be considered before assessing

the need for PPPs. This will allow the government to avoid adopting PPP models to develop infrastructure that might become outdated within the minimum time frame.

To ensure a successful implementation of these models, the existing legal, regulatory and institutional framework for PPP projects will be further strengthened by the Government. Government will streamline BPE and ICRC to remove overlap between the two agencies. Furthermore, agencies that have a good suite of PPP projects are to set up units that can concentrate on project preparation and act as interface with ICRC and BPP as relevant.

Nigeria Investment and Growth Fund (NIG-Fund)

Another key initiative is the Nigeria Investment and Growth Fund, which will invest in commercially viable projects in sectors that will (i) promote growth; (ii) enhance local value-addition through backward and forward linkages; (iii) create employment opportunities; promote technological innovation or learning; and (iv) promote exports.

The private equity model was chosen because its funds are a critical source of financing in some economies and has been tested with success across African countries, including Nigeria, for multisector investments as well as for sector-specific investments. In addition, numerous private equity initiatives were launched in many emerging markets and developing economies (EMDE), and are sometimes co-sponsored by government or international development agencies.

Possible sectors of focus for the fund include Agriculture, Energy, Technology, Infrastructure, Healthcare, and Education. However, these are largely indicative as the Fund manager will develop areas for the Fund, based on commercial viability, with flexibility when it comes to sectoral focus. The government believes that through a combination of strategically selected public sector reforms, combined with transparent implementation, incentives, in line with international best practice, Nigeria stands a chance of attracting significant international and local resources to make a significant difference to the current deficit in capital spending that can substantially ease the fiscal crisis of the state.

Sources of Financing for the Fund

The Fund is to be promoted by the government but

resourced from local and international private sectors and independent corporate institutions such as the following:

- Pension Funds.
- Insurance companies.
- Sovereign wealth funds.
- Private sector arms of multilateral development institutions.
- Bilateral private sector investors.
- Other institutional investors.
- Individual investors (including diaspora).
- Endowments.
- Securitisation
- Equity Funds.
- Funds from the Executive Order No. 8 on Voluntary Offshore Assets Regularisation Scheme, meant for infrastructure development.

The size of the Fund is proposed to be between US\$5bn and US\$10bn, depending on the outcome of initial informal consultations with prospective investors. Depending on the successful implementation of the first Fund, subsequent fundraising series will follow. Each project to be supported by the Fund will be financed by resources from the Fund as well as other investors in that specific project. In the case of equity investments, the Fund will add value to existing investments, combining multiple factors for each Fund dollar.

Structure of the Fund

Through a competitive process, an experienced and reputable General Partner will be appointed to lead the fund. The General Partner must have led funds of similar sizes and would be responsible for managing the Fund and making strategic investments to grow the Fund's portfolio. The General Partner will also identify and invite Limited Partners to the fund. These Limited Partners include DFIs (AfDB, IFC, among others); Pension Funds, Banks, Insurance Companies, Family Offices, Endowments, and high net-worth individuals. Under the leadership of the General Partner, the Fund will identify appropriate approaches in its investment strategy, such as:

- Direct project financing through Special Purpose Vehicles (SPVs).
- Co-financing (private-private partnerships), for example with EPC contractors, or with institutions such as AFC, SNIA and other multilateral development

- institutions.
- Equity investments.

The Role of the Government

The government would need to play a critical role in setting up the Fund, promoting the Fund, and facilitating its operations. Some of the key functions of the government are identified as follows:

- Appoint an interim manager (until the contributors to the Fund are in place, at which point they would appoint their substantial manager).
- Provide a suggested pipeline of ready-to-go commercially viable projects.
- In addition to other incentives currently available, provide, where appropriate, incentives such as feasibility studies, assets (for instance. land), viability gap funding, guaranteed take-up (for example solar or wind power projects), minimum traffic volumes guarantee; partial risk guarantees; first loss arrangements; tax reliefs; back-up liquidity facilities, and credit enhancement.
- Commit towards executing critical reforms to improve the enabling environment (including fiscal, exchange rate policies, etc.).
- Ensure regular independent audits of the fund.

The Infrastructure Company (Infra-Co)

The President has approved the establishment of a Public Private Partnership-styled Infrastructure Company. The company as a premier infrastructure finance entity in Africa will be wholly dedicated to critical infrastructural development in Nigeria. The model is a joint effort from the National Economic Council (NEC) and the Central Bank of Nigeria (CBN). The establishment is with an initial N1 trillion seed capital from the CBN, the Nigeria Sovereign Investment Authority, Pension Funds and the Africa Finance Corporation. The assets and capital of the company is envisaged to grow to about N15 trillion by leveraging innovative strategies to attract private sector investment over time. Infra-Co to also serve as a PPP Project Development Fund to enable structuring of bankable projects and reducing budgetary constraints that constitute delay during the development phase.

Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme (RIDRITCS)

As an initiative of the government to finance critical infrastructure, the President signed Executive Order 07 of 2019 called Road Infrastructure Development

& Refurbishment Investment Tax Credit Scheme. The initiative is to utilise tax expenditures, refundable by way of tax credits, to finance the construction of critical roads infrastructure through a Public Private Partnership mechanism.

Through the Scheme, the Government aims to incentivise private sector investment in Nigerian roads across key economic corridors and industrial clusters. Participating companies will mobilise their own funds to construct Nigerian roads and/or bridges and will utilise tax credits to reduce corporate taxes payable to the Government until they recoup the value of their investments in the roads and/or bridges. The scheme has fully been implemented and in this Plan, this initiative will be sustained.

Other Financing Strategies

The policy thrust going forward is to address the issues deterring the flow of financing and investments in infrastructure assets that will catalyse inclusive growth and development across the country. The following policies will be implemented to ensure that the Medium-Term targets are attained:

i. Institutionalise a Contingent Liability Management Framework (“CLMF”)

CLMF will be regularly updated and made available to financiers, to enable dimensioning the debt profile and risks associated with issued contingent liabilities, which will assist decision-making process in availing capital to projects supported by contingent liabilities instruments issued by government. It is envisaged that a minimum US\$300billion of financing will be unlocked in the Medium-Term upon successful implementation of the CLMF.

ii. Embellish a National Credit Enhancement Framework (“NCEF”)

Government will work with Development Partners to establish the NCEF. The instruments are:

- Project Preparation Fund (“PPF”) – Government will catalyse a PPF with adequate seed funding that will crowd in other follow-on investors that are willing to subscribe to the PPF. The PPF will be used to co-develop and further prepare candidate projects that have been identified and selected for private capital and/or PPPs. Government will also ensure that projects implemented will be adequately

prepared with funds from the PPF before finalising terms, to ascertain value for money considerations.

- Viability Gap Fund (“VGF”) – During this plan government will operationalize a VGF Scheme in accordance with its policy.
- Minimum Revenue Guarantee Revolving Fund (“MRGRF”) – During the plan, government will adopt the MRGRF to ensure that fiscal shocks from crystallised guarantees are reduced to the barest minimum.

iii. Close Alliance with Multilateral DFIs

The Government will continue to collaborate with Multilateral Development Finance Institutions as part of credit risk mitigating strategies.

Institutional Framework

The Infrastructure Concession and Regulatory Commission (ICRC), established with the ICRC Act 2005, as an institution of government will be properly enhanced during the planning period to better achieve its mandate of accelerating massive investment in national infrastructure by galvanizing foreign and domestic capital (private sector funding). This is with a view to supporting the Government and its MDAs to establish and implement effective public-private partnerships (PPPs) conditioned on assessing and considering the several PPPs models in a transparent manner. The ICRC will be fully supported to transparently focus mainly on its mandate based on its enabling law (ICRC Act 2005) Meanwhile necessary legal amendment will be made to ensure the institution carries out its mandates more effectively; especially as the private sector is expected to play a major role in the investment plan necessary to deliver on the objectives of the NDP.

Government recognizes the supportive role of development partners to offer development assistance to complement its efforts in the development of critical infrastructure projects. Therefore, the Government will be at the centre of collaboration and coordination for all tiers of government to work closely with development partners to institutionalize and operationalize aid effectiveness and partnership principles within statutory regulatory framework for delivery and transparency.

Institutionalizing value for money in projects and programmes

In addition to the innovative ways of financing

development already articulated in this Plan, the government will ensure value for money; as quarterly Capital releases to Ministries, Departments and Agencies, would be tied to the outcome of the reports of the periodic monitoring and evaluation exercise carried out by the National Monitoring and Evaluation Department of the Federal Ministry of Finance, Budget and National Planning. The National M&E will be strengthened to enhance its role.

Conclusion

The nation has two main deficits - infrastructure and budget deficits and the government in this Plan seeks to reposition the country to overcome these two critical deficits in the medium to long-term. The current infrastructure stock is about 25 percent of GDP as against the benchmark of 75 percent, pointing to a huge infrastructural gap and financing need. This entails galvanizing foreign and domestic capital through a PPPs framework to complement government efforts as the government cannot solely provide the financing. Consequently, the government will provide the necessary investment friendly regulatory and institutional arrangements for private investment in infrastructure within the planning period. This also informed the current borrowing framework in the plan to crowd-in private investment and ensure fiscal sustainability. For instance, the government’s plan is to ensure that foreign and domestic borrowing support to finance the plan respectively remains at 45% each. More importantly, all institutions of government saddled with the responsibility of galvanizing private sector investment will operate transparently within their acts to support the implementation of a robust PPP framework.

The Federal Ministry of Finance, Budget and Planning in close collaboration with the Office of the Accountant General will ensure timely release of public resources for capital projects and the annual budget within the respective Medium-Term Expenditure Framework. Within the planning period, the capital expenditure of the government will remain as the January-December cycle for consistency and effectiveness. More importantly, the Debt Management Office will be guided by improved debt management strategies within a globally acceptable Fiscal Sustainability Framework.

CHAPTER 38: MONITORING AND EVALUATION FRAMEWORK

Introduction

The M&E framework is critical for an evidence-based assessment of the Plan's performance and to ensure that Nigeria can meet its goals. The Plan includes a comprehensive National Monitoring and Evaluation (M&E) system to facilitate the tracking of Plan implementation and effectiveness, and identification of bottlenecks for early resolution. The focus of the M&E for this Plan is to institutionalize Results-Based Planning and Performance Monitoring, Reporting and use of evidence for responsive decision-making.

Nigeria from pre-independence has adopted a medium to long term economic planning approach. However, the results have been less than desired largely owing to weak implementation, monitoring and evaluation. Except for the Nigeria Vision 20: 2020, no other plan explicitly laid out a specific framework for monitoring and evaluating outcomes.

Our experience with implementing the Vision 20:2020 reveals the following main challenges facing the Nigerian government's M&E system:

- Lack of core knowledge and competence to drive M&E activities.
- Absence of a National M&E Standard Operating Procedure and Compliance.
- Inefficient application of technology to support Evaluation methodology and approach.
- M & E tends to be ad-hoc and donor-driven.

- MDAs limit M&E to the monitoring of programmes and projects, usually on spending rather than tracking outcomes.
- No specific legislation is mandating M&E activities across all government bodies.

However, the National M&E Department must have the authority and high visibility within the government to carry out its mandate.

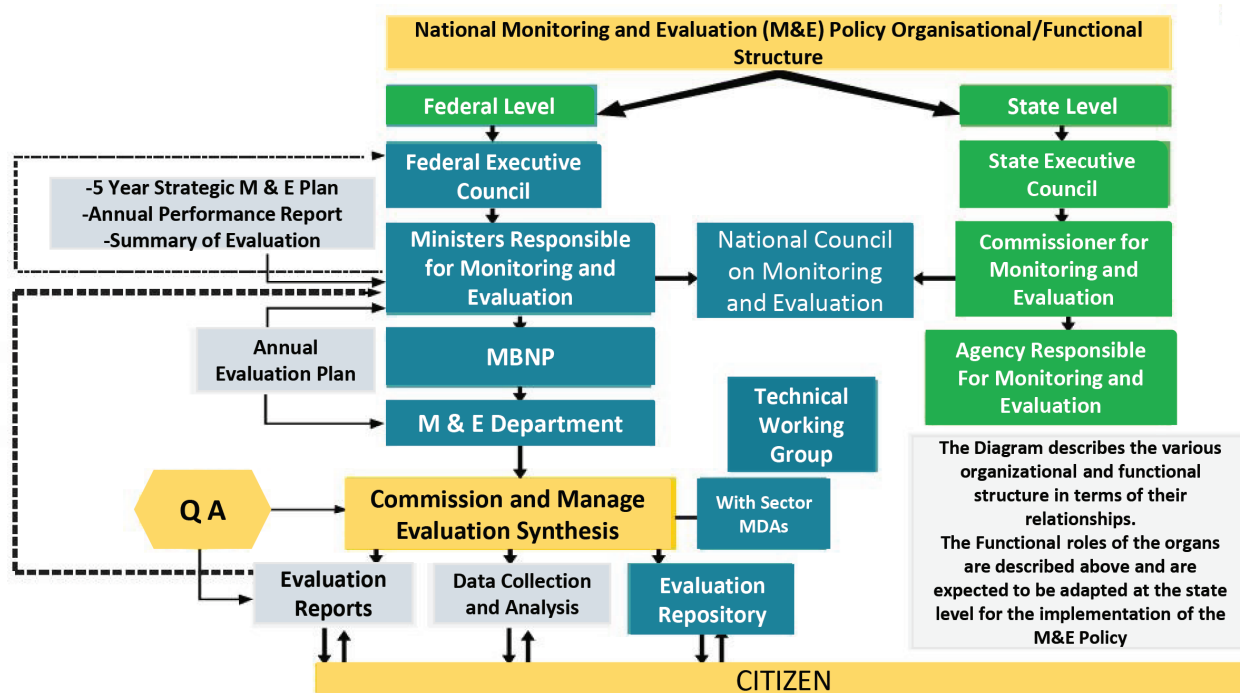
Strategic Thematic Medium-Term Statement of the Future 2025

- A strengthened Monitoring and Evaluation System for effective implementation of the Plan (and its intended enhancements to the Quality of Life and Prosperity of Nigerians) by 2025.
- A robust performance management framework to gauge progress against planned targets.

Institutional Framework

The Federal Ministry of Finance, Budget, and National Planning (FMFBNP) will oversee the monitoring and evaluation of the Plan. The national M&E office will lead nationwide monitoring and evaluation, coordinating with all states, ministries, departments, and agencies to collect periodic data for routine monitoring. It will commission studies and other efforts for overall evaluation of progress. The institutional framework is based on the current national M&E mechanism summarised in figure 38.1 below, and detailed responsibilities are also contained in table 38.1.

Figure 38-1: M&E institutional framework



Source: MFBNP, National Monitoring & Evaluation Policy of Nigeria, 2020

Table 38-1: Roles and responsibilities for key M&E actors

| Key actors | Responsibility |
|---|--|
| Ministry of Finance, Budget and National Planning | <ul style="list-style-type: none"> Promote a lesson-learning focused monitoring and evaluation strategy to inform the decision-making process across government levels Promote joint working and learning on M&E among MDAs including strengthening the national M&E system Follow-up on the implementation of findings and recommendations from M&E reports ensuring that M&E recommendations are feeding into government decision-making processes Submit the Annual National Performance Monitoring Report to the Federal Executive Council and the National Assembly as well as publish the report for public access |
| National M&E department | <ul style="list-style-type: none"> Promote strategic partnership at all levels of governance and all sectors Promote joint working and learning on M&E among MDAs and all stakeholders with key roles in strengthening the national M&E system Provide technical support to MDAs in building their M&E capacity Standardize M&E functions in the federal government Develop a costed evaluation work plan |
| MDAs | <ul style="list-style-type: none"> Coordinate M&E functions across departments and related agencies Prepare a performance improvement plan based on the findings and recommendations of the Monitoring Report Prepare quarterly and biannual reports on the performance of the respective MDAs and submitting such reports to the National M&E Department of FMFBNP Undertake cost-effectiveness and cost-benefit analysis to ensure interventions are providing value for money |

Critical implementation considerations

- Establish an institutional arrangement that will support relevant MDAs Monitoring and Evaluation units in the tracking of implementation progress.
- Publish progress reports on a quarterly, semi-annual and annual basis to communicate progress and highlight blockers. MDAs submit performance scorecards/reports in such a way that it will coincide with the start of preparation of Medium-Term Sector Strategy and Annual Budget.
- Ensure MDA M&E departments lead the charge in monitoring progress towards implementing the Plan in their relevant sectors and source relevant data to operationalize the framework.
- Foster participatory M&E by engaging various stakeholders such as CSOs and PWDs within the Plan's M&E process.
- Strengthen the national statistical system by adequately funding the functions of the National Bureau of Statistics and National Population Commission and other data capturing agencies

Implementation Matrix/Roadmap

The MDA Results-Based scorecard will be generated by respective Ministries, Departments and Agencies. It will be used as input to the Nigeria Country Report and also provide a detailed view of the performance of MDAs for subsequent planning and budgeting. The development of scorecards at the MDA level will be implemented by the Departments of Planning, Research and Statistics (DPRS) in respective Ministries under the supervision/coordination of the National Planning Arm to ensure consistency with the national plan. That is, there will be adequate and timely resources for the M&E unit to enable it to perform its functions effectively. Scorecards are to be submitted by the National M&E Department.

Table 38-2: M&E measures and indicators

| Strategic measures | Performance indicators |
|---|---|
| Empower the national M&E department with critical resources and institutional authority to drive centralized coordination of the Performance Management System in Nigeria | <ul style="list-style-type: none"> • Reduction in the number of abandoned projects • The proportion of improvement in the cost, quality and timeliness of project delivery in the country • The level of efficiency and effectiveness of public contract execution and project management as a result of institutionalized systems of coordination • Percentage of projects in the National Development Plan implemented at a reasonable and allocable budget; that conforms with international standard in terms of quality and timeliness • Percentage increase in the number of Nigerians with improved quality of life and |
| Establish and strengthen the National Institute of Data and Performance Management to bridge the M&E knowledge gap and professionalize M&E systems in the country | <ul style="list-style-type: none"> • Percentage of M&E professionals in the country • Percentage of M&E employed in professional cadre in MDAs |
| Digitize Performance Management System Coordination in MDAs across the country | <ul style="list-style-type: none"> • Percentage of projects progress being tracked by GPS and other innovative technologies • Existence of a centralized national project management dashboard that tracks project management concerning budget releases in the country. |

