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Accelerated Stabilisation and Advancement Plan (ASAP)

May 2024

Executive Summary

Challenges of the day

Difficult economic conditions are threatening to unravel bold reforms undertaken by Mr. President.

Macro-economic environment

- **Persistent high inflation:** The Consumer Price Index is at 33.7%, highest in almost 3 decades
- **High interest rates** (Monetary Policy Rate- 26.3%) makes it difilcult for businesses to borrow
- Exchange rate remains volatile with the resulting uncertainty disruptive of economic activity

Electricity

- Grid power has persistently been **below 4,500MW**
- Approximately 60.0% of registered Nigerian electricity customers remain unmetered

Low oil production

- Current oil production at 1.4 mbpd compared to 1.78 mbpd budget assumption and OPEC Quota of 1.5mbpd, resulting in federal government revenue shortfalls

Food Security

- 31 million people projected to be food insecure by August 2024
- Food inflation currently at 40.5%; highest since 1996

Economic vulnerability

- Approx. 63.0% of Nigerians (133 million people) face multidimensional poverty

Fuel subsidy

- At current rates, expenditure on fuel subsidy is projected to reach ₦5.4 trillion by the end of 2024. This compares unfavourably with ₦3.6 trillion in 2023 and ₦2.0 trillion in 2022

Sources: Consumer Price Index- National Bureau of Statistics (NBS); Monetary Policy Rate- Central Bank of Nigeria; Oil Production- Nigeria Upstream Petroleum Regulatory Commission; Food insecurity- Federal Ministry of Agriculture; Fuel Subsidy costs- NNPCL; Multidimensional Poverty- NBS; Electricity Generation- Ministry of Power

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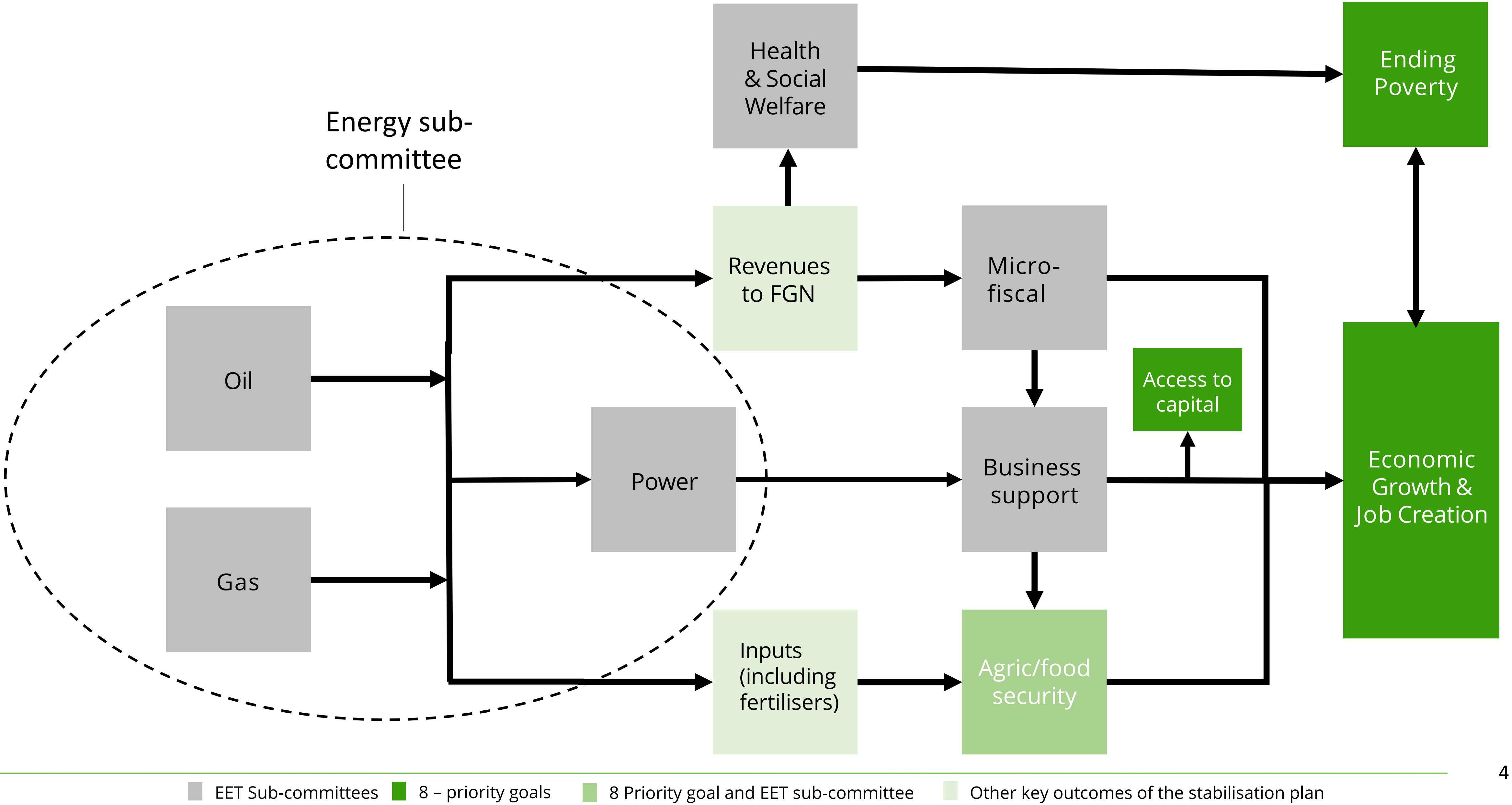
ASAP: Structured to advance Mr President's economy-related "8 Priorities"



Agriculture and Food Security Sub-Committee plan

Issues to be resolved in 2024 and resolution steps

Update National Agricultural Census, Cassava and Palm Oil industrial policies

Where we are now

- Decades-high food inflation (40.5%) due to:
  - Supply deficits in 4 of 6 major crops consumed by Nigerians
  - Lack of Inputs
  - Low levels of mechanisation
  - Inefficient reach of Extension Services
  - Need for enhanced livestock programme
  - Impact of Climate Change

High cost of inputs, Lack of personnel

- Training farmers to adopt climate smart techniques- 1,000 per state
- Audit of National Seed System
- Provide inputs to farmers using e-wallet system
- Improve fertilizer use to 25kg/hectare (1/2 of the Abuja Declaration)
- Establish 1 mechanisation hub/ farming community
- Capacity development for tractors operators, farmers and service providers

Infrastructure

- Develop National Grain Reserves framework building on 2023 AGRA Study
- Open up 30,000 hectares of new irrigatable land for dry season farming
- Build/rehabilitation of 50km of roads in rural based farming communities
- Build an Early Warning System
- Update NBS' Agriculture census/surveys

Livestock development

- Develop pastures, grazing lands, and ranches
- Improve genetic quality of breeds
- Health and disease management
- Enhance livestock nutrition and feed
- Enhance skills and knowledge of small holder farmers for increased production, productivity, processing and marketing

Expected outcomes

- Increased output of staple crops grown by individual farmers by 6.0% from 127 million MT in 2023 to 135 million MT in 2024
- Bolster production by an additional 4.9 million MT via the private sector participation.
- Improved access to mechanization, increase efficiency and productivity of farm operations
- Improved capacity of farmers to be able to handle farming equipment and other inputs

Energy Sub-Committee plan: Oil

Issues to be resolved in 2024 and resolution steps

Where we are now

- Extensive pipeline vandalisation
- High cost of production with 40.0% cost premium above other jurisdictions
- Production level at 1.4mbblsd, below budgeted level of 1.78mbblsd; straining country's fiscal position
- Government still supporting downstream consumption

Pipeline vandalism

- Accelerate implementation of time bound community-based solutions including those recommended by Petroleum Industry Act ("PIA")
- Fast-track implementation of time-bound technology-based surveillance and security systems

Ongoing Government downstream sector support

- Design and commence implementation of a subsidy sunset program that supports the poor and vulnerable
- Promote the adoption of sustainable alternative fuels and energy sources

On going Support:

- N100billion for the acquisition of 561 bi-fuel buses, 22,572 units of CNG conversion kits and cylinders.
- 5,650 CNG fueled tricycles
- 82 electric buses

Uncompetitive fiscal incentives dissuading investments

- Immediately implement presidential directives (such as removal of signature bonuses) to attract investments
- Support the achievement of Final Investment Decision (FID) for 3 identified blueprint projects in 2024 and for more other projects enabled to attain FID by 2026

Expected Outcomes

- Oil production Increased to 2mbpd
- Nigeria placed on trajectory to become number one oil investment destination in Africa with prolific production to meet development needs
- More sustainable downstream industry with a mix of fuels and limited government support
- Regional refined product hubs

Energy Sub-Committee plan: Gas

Issues to be resolved in 2024 and resolution steps

Where we are now	Low gas investment and production	Pipeline vandalism & illegal refineries	Poor gas infrastructure (gathering, processing & distribution)	Expected Outcomes
▪ Given reserve levels of 209tct, only 6,286 mmscfd is produced with 2,570 mmscfd exported ▪ 1,555 mmscfd is sent to the local market, 1,809 mmscfd re-injected and 352 mmscfd flared ▪ Only 666 mmscfd delivered to local power industry with capacity for three times the amount ▪ Only 674 mmscfd is supplied to gas-based industries	▪ Improve incentive structure for investment in the development of non-associated gas ("NAG") fields ▪ Implement presidential directive improving gas investment environment ▪ Develop commercial framework for gas supply to local market for power and gas-based industries	▪ Improve investment incentive for development of NAG fields to make gas production independent of oil related vandalism	▪ Stimulate local downstream demand for CNG, LPG and piped natural gas for power, domestic use and gas-based industries ▪ Create incentive structure for investment in long term gas infrastructure ▪ Complete and commission key pipeline projects (AKKK, OB3, ELPS expansion, ANOH plant & pipelines, etc.) ▪ Update and Relaunch Gas Network code	▪ Increased production to by 100 mmscfd by Dec 2024 ▪ Attracted investments to reach production levels of 11,500 mmscfd of gas by 2027

Energy Sub-Committee plan: Power

Issues to be resolved in 2024 and resolution steps

Where we are now → **Poor sector governance** → **Non cost reflective tariffs** → **Low investment in infrastructure and metering** → **Expected Outcomes**

Where we are now

- Outdated infrastructure currently delivering only 4.5 GW
- Poor sector governance with non –cost-reflective tariffs
- ₦1.5 trillion of unpaid liabilities to Gasco and Gencos

Poor sector governance

- Government and regulator to demonstrate leadership through adherence to market rules
- Improve sector-wide contractual discipline through imposition of sanctions
- Key stakeholders such as Ministry of Finance Incorporated (MOFI) to take a more active role in the sector governance

Non cost reflective tariffs

- Sector commercial framework to be separated from political cycles
- Government to commence liquidation of ₦1.5 trillion liability and non-performing value chain participants should be penalised
- Sustainable, low-cost energy sources should be integrated to lower average cost of power

Low investment in infrastructure and metering

- Government to provide concessionary funding for metering through the Presidential Metering Initiative program to improve sector liquidity and allow for targeting of subsidies
- Government to provide counterpart funding for finalisation of projects, especially those over 70.0% completion
- Transmission Company of Nigeria (TCN) to be unbundled and commercialised

Expected Outcomes

- 6 GW of power delivered to grid by Dec 2024 in a fully market-based structure

Health and Social Welfare Sub-Committee plan

Issues to be resolved in 2024 and resolution steps

Where we are now

Significant healthcare challenges across the life span of a Nigerian including:

- High infant and child mortality
- High maternal mortality
- High levels of infection and non-communicable diseases

Unaffordability

- Unlock pharmaceutical value chains through centralised procurement for government institutions thus securing cost savings
- Provide healthcare financing for the poor and vulnerable through the Vulnerable Group Fund

Lack of personnel

- Fund tuition for healthcare workers in training
  - Support 20k students for four years
- Strategic redeployment of frontline healthcare workers

Inadequate infrastructure

- Provide grants from Social Action Fund to communities to fund self-determined needs
  - Expand access to basic social infrastructure for 2 million Nigerians
- Provide power (solar) as a solution to healthcare facilities

Expected Outcomes

- Essential medicines available at lower cost for 80 – 90 million Nigerians
- Expanded healthcare insurance coverage for 1 million vulnerable people
- 40k redistributed workers to provide services to 10 – 12 million patients
- 4,800 PHCs powered-up (and 2^{nd} Tier and 3^{rd} Tier hospitals)

Business Support Sub-Committee plan

Issues to be resolved in 2024 and resolution steps

Where we are now

- High inflation and cost of raw materials.
- High interest rates.
- Lower consumer purchasing power.
- Foreign exchange volatility
- Lack of access to finance

Lack of access to finance

- **<u>Ongoing Interventions:</u>**
  - Accelerating access to consumer credit to 50% of all working Nigerians by 2030
  - **Partnership** with Institutional Investors to mobilize up to ₦2 trillion of long-term savings to suppor infrastructure and housing
- **<u>Proposed interventions:</u>**
- *YOU OWN*" ₦100 billion fund– supporting youth business development with low-cost financing (7,500 MSMEs)
- Rural Area Development (RAPID) ₦111 billion fund- supporting 11,100rural MSMEs
- Affordable housing facility of ₦250 billion- 25,000 units

Cost of raw material

- Value chain financing fund of ₦200 billion: Lower interest rate, short-term financing facility for MSMEs on strength of receivables
  - Sector Focus: Food processing, pharmaceuticals, agriculture, and wholesale and retail trade

FX volatility + cost of raw materials

- Manufacturing stabilisation fund of ₦1 trillion focused on light + heavy manufacturing to ease asset utilisation gaps, inventory refinancing, etc.

Expected Outcomes

- 3.7% GDP Growth in 2024
- Improved access to finance
- Creation of 5 million direct & indirect jobs over 12-month period

Other significant ongoing initiatives – summary slide

Social Safety Nets

- **Restarting the National Social Investment Programme** using National Identity Numbers to biometrically identify beneficiaries
- **Investment in Digital and Creative Enterprises (I-DICE)** Programme- To train and certify youth in basic, intermediate and advanced ICT skills for 2 million youth by 2027

Proposed Intervention:

- **Social Security Unemployment Programme-** Providing a monthly stipend to unemployed graduates

Lack of access to finance

- Accelerating access to consumer credit to 50% of all working Nigerians, by 2030
- **Partnership** with Institutional Investors to mobilize up to ₦2 trillion of long-term savings to support infrastructure and housing

Education

- Student Loans Access to Higher Education Programme- Loans to eligible Nigerians attending tertiary institutions covering tuition, fees, charges, and living expenses
- Nation-wide student housing programme targeting 24 tertiary institutions across all geopolitical zones (in partnership with Family Home Funds)

Business Support

- ₦200bn Intervention fund (announced in 2023):
- ₦75 bn for Manufacturing and
- ₦125bn for MSMEs

Down Steam Oil and Gas Sector

- ₦100billion for the acquisition of approximately:
- 600 bi-fuel buses
- 23,000 units of CNG conversion kits and cylinders.
- 6,000 CNG fueled tricycles
- 100 electric buses

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Executive Orders to bolster the ASAP

Inflation Reduction → **Employment Generation** → **Non-oil Export Promotion** → **Prudent Financial Management** → **Tax Information Consolidation**

Inflation Reduction

- Import duty & VAT suspension on specified items
- Importation of paddy rice by millers
- Import duty exchange rate peg
- Prioritise productive spending
- Enforce EO on default approvals

Employment Generation

- Relief for wage awards, transport subsidy etc to low-income staff
- Tax deduction for salary of incremental staff
- Additional 50% uplift on eligible deduction on transportation and other allowances
- Enable foreign employment for Nigerians as remote workers

Non-oil Export Promotion

- Tax exemption for repatriated export proceeds of services & Intellectual Property
- Zero rated VAT for all non-oil exports
- Relaxation of restrictions on the use of export proceeds
- Remove Tax Clearance Certificate as a condition for foreign exchange application

Prudent Financial Management

- MDAs to remit operating surplus above N5B
- No foreign trips for
- events targeted at Nigerians
- Electronic payment of estacode
- Direct payment to MDAs' contractors
- Access to funds subject to statement of accounts presented
- Payment of fees in Naira & MDAs foreign exchange banked with Central Bank of Nigeria

Tax Information Consolidation

- Tax Information Consolidation & Collaboration Initiative (TICC)
- Create TICC Data Bank to be managed by Joint Tax Board
- Mandatory use of NIN and Registered Company numbers
- One government directive on data generated by MDAs
- National tax data governance framework

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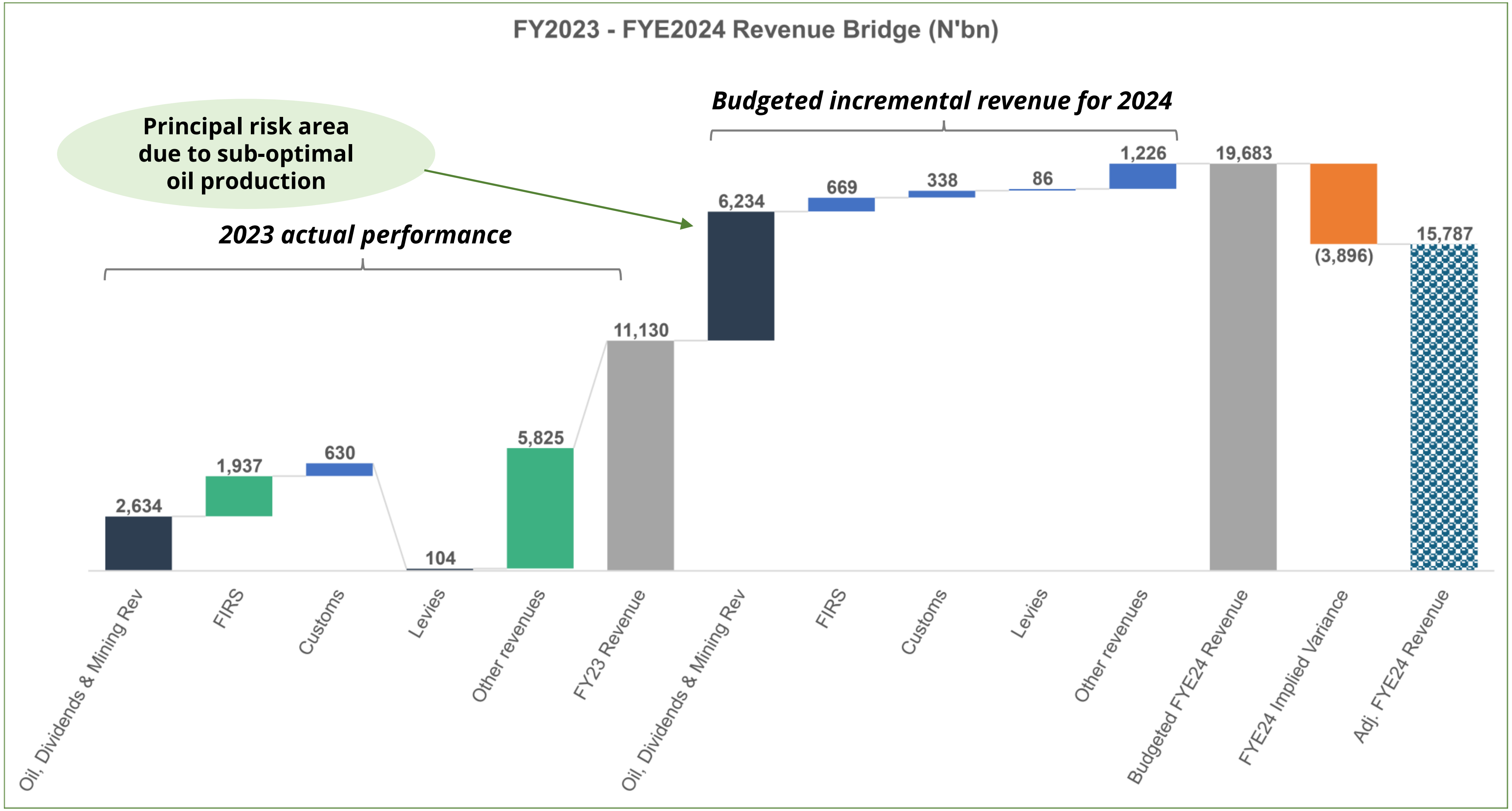
Constrained revenues affect the government's ability to intervene

Our ability to achieve the 2024 Budgeted revenue step-up of 77.4% from 2023 actual is at risk should oil production remain at 27.0% below budget. 50% of the annualized YTD variance suggests a lower-than-budgeted revenue of ~₦15.7 trn* at the current run rate.



- FG retained revenue for January & February 2024 was approximately 60.0% of budget, largely driven by lower crude oil production volumes (running at 74.5% of budget projection)
- If current revenue shortfalls persist, the revenue for 2024 is unlikely to exceed ₦15.8 trillion

Source: Budget Office, Ministry of Budget and National Planning

**Annualised adjusted revenue calculation is based on available data for January & February 2024 as per budget performance and as such may not include some key elements.*

Macro-fiscal Sub-Committee perspectives

SUMMARY OF MACRO-FISCAL POSITION ON PLAN

HM TO ADVISE ON SUMMARY POSITION

Non-exclusive options to be considered are:

1. Push for prioritization of initiatives to reduce supplementary budget requirements
2. Pursue supplementary budget as a partial funding source
3. Pursue virement of current budget
4. Sale of government assets (but this will have a time lag)

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Key implementation considerations for Mr President

Food security	▪ As the country approaches the 'lean' season between harvests (May to August), an amplified food security response should be enacted. Mr. President may therefore choose to: − Request for food emergency support from the World Food Programme − Convene the National Council of Nutrition to assess the current food crisis situation and develop mitigation strategies
Strategic response to budget and time constraints	▪ Expenditure to sectors identified as macro-critical should be prioritised and accelerated ▪ In addition, support to MSMEs should be accelerated as they comprise 96.7% of all businesses − MSMEs account for nearly 90.0% of the jobs in the country; 67.0% of MSMEs are youth-owned and MSMEs contribute over 45.0% to the country’s gross domestic product (GDP) − **Accelerated disbursement of the ₦200bn Intervention fund (₦75 bn for Manufacturing and ₦125bn for MSMEs) announced in 2023 and included in this ASAP**
Federation imperative	▪ Given the states importance in key economic activities, Mr. President may therefore choose to: − Convene a National Council for agricultural productivity to ensure a coordinated programme across the federation to boost agriculture production and limit post harvest losses − Empower the Power Sector Working Group dealing with subsidies to also clear the path of private sector participation by ensuring that necessary legislation is signed
Tax Holidays	▪ Temporary deferment on implementation of certain tax plans: − Increase of excise duties on beverages − Introduction of “sin tax” on sugar sweetened beverages − Introduction of tax on single use plastics

Background

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EMT Emergency Task ("EET") force structure

As a result, Mr. President instituted the EET which was segmented into 5 subcommittees to maximise effectiveness and focus on addressing critical issues.

EET Sub-committees

Business support

01

Objective: Business environment optimisation to facilitate private sector investment.

Health and social welfare

02

Objective: Addressing key health challenges and ameliorating the impact of key reforms on the most vulnerable in society.

Macro-fiscal alignment

03

Objective: Developing a coherent and coordinated monetary and fiscal response to current macro-economic challenges.

Agric and food insecurity

04

Objective: Improving agricultural outputs, improving food security and addressing food inflation.

Energy

05

Oil Sector Objective: Maximise oil production to meet revenue expectation and support economic diversification. Develop a framework for winding down support for the downstream PMS market.

Gas Sector Objective: Increase gas sector investment to meet local energy needs and export demand.

Power Sector Objective: Increase grid capacity to facilitate rapid economic growth.

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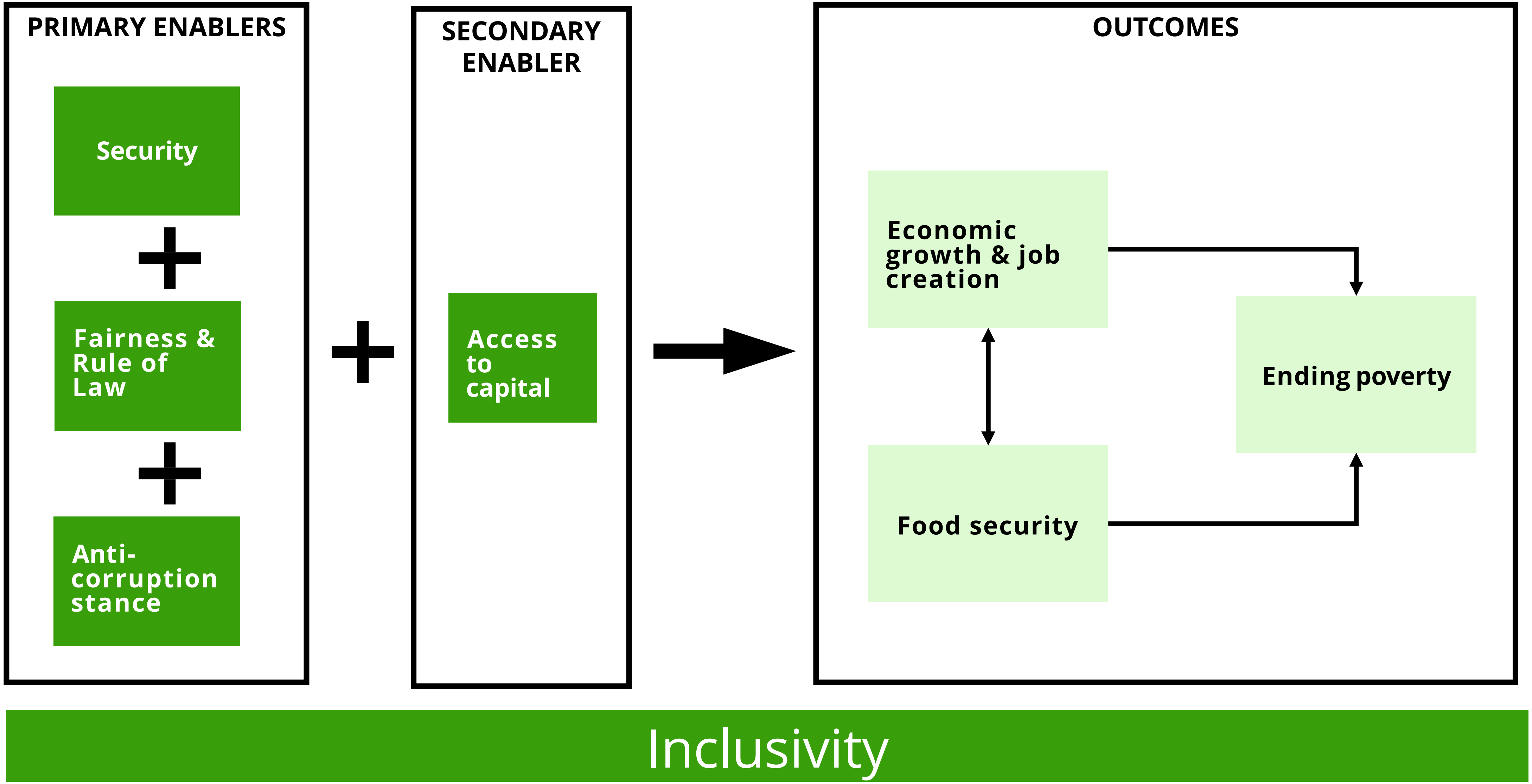
Flow diagram of Mr President's 8 Priorities



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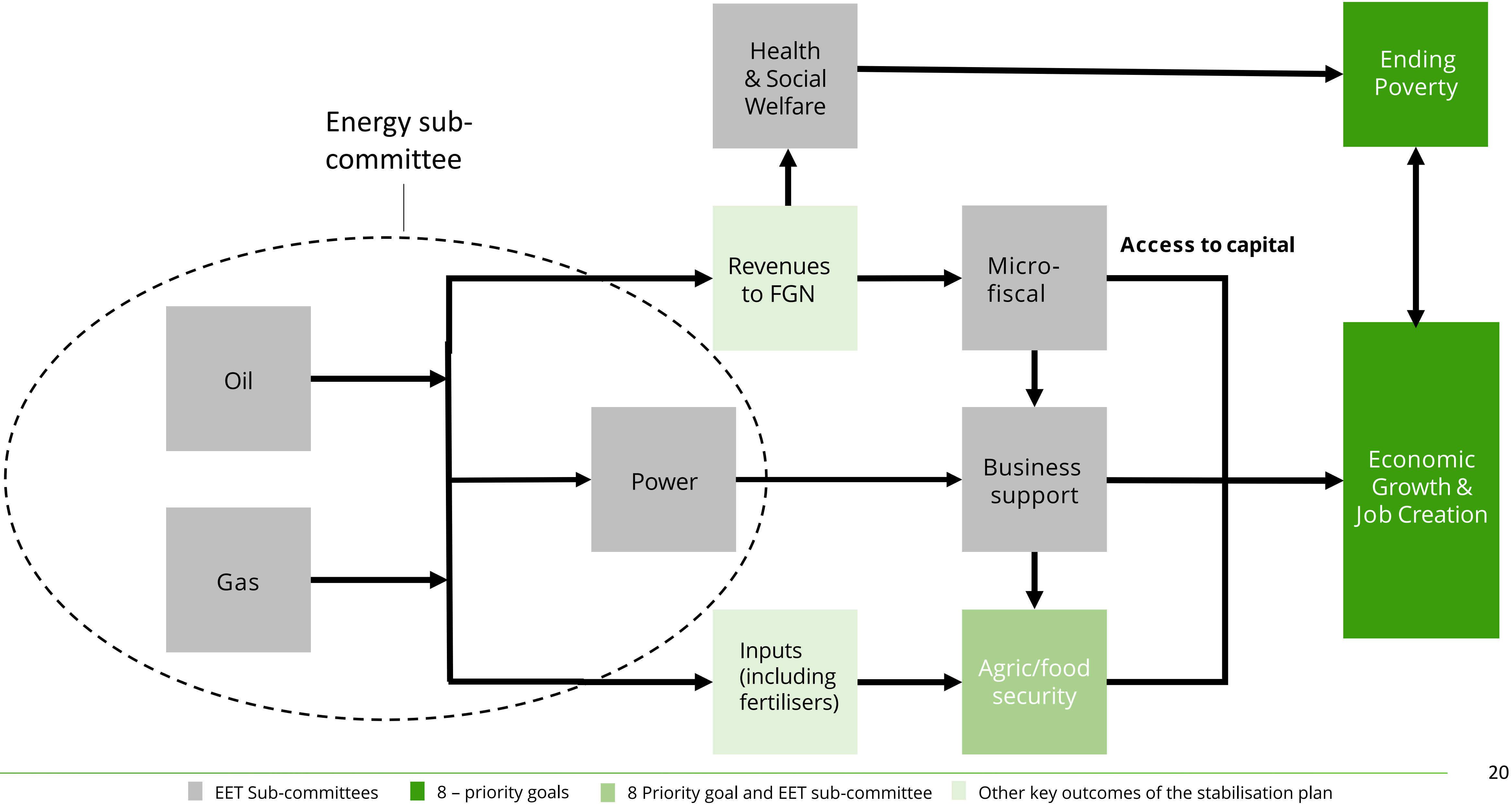

Agriculture and Food Security Sub-Committee

Imperative for reform

According to the National Programme for Food Security, by August 2024, 24 million Nigerians will be in 'crisis' as defined by the Cadre Harmonisé: An early warning tool developed for analysing and classifying the severity of food and nutrition insecurity.

Key challenges

High food inflation

- Food inflation increased from 24.0% in 2023 to the current 40% in March 2024
- Caused by:
  - Sub-optimal food production resulting in supply deficit of key crops
  - Foreign exchange devaluation causing a rise in the cost of imported food
  - Undocumented exports through porous boarders
  - Continued global conflict

Key drivers of low food production

- Lowly skilled farmers
- Insufficient inputs (e.g. fertiliser)
- Low levels of mechanisation
- Climate change affecting farming in key areas
- Land use conflicts

24m

Million Nigerians projected to be food insecure by August 2024

~31m

Food insecure estimates could rise to as much as 31 million people depending on the "lean season"*

40.0%

Food inflation in March 2024, (from 37.9% in February 2024)

4/6

Significant supply deficits on 4 of 6 staple crops: maize, wheat, cowpea & sorghum

*"Lean season" is the period between the dry and wet season harvests i.e., from May to August

Where do we need to be?

Interventions to improve farmers' capacity to handle equipment, in addition to input support and enhanced extension service delivery, are expected to boost productivity, improve food security, reduce post-harvest losses, and increase foreign exchange earnings from exports.

Broad vision

Crop production

- Improved capacity of farmers to use mechanised equipment and adoption of climate smart techniques
- Improved productivity of farmers as a result of support from inputs and extension service delivery

Livestock production

- Robust livestock transformation programme
- Reduced agricultural land use conflicts

Lower food inflation and number of food insecure people

- Reduced food production gap and strategic food reserves restocked
- More job opportunities and improvement of livelihoods

Implementation Plan- Support to individual farmers

<table>
<tr><th>1
Significant supply deficit in staple crop production</th><th>2
Lack of Data</th></tr>
<tr><td>Solution</td><td>Solution</td></tr>
<tr><td>Input support to individual farmers</td><td>Data + Policy to enhance Monitoring, Learning and Development</td></tr>
<tr><td>Activities</td><td>Activities</td></tr>
<tr><td>3 Months
▪ Train an average of 1000 extension workers per state for 36 states of Nigeria and FCT on modern farm practices with respect to key grains and tubers such as maize, rice, sorghum, millet, cassava, yam, tomato, etc.
▪ Draw up plan to deploy trained extension workers to train farmers across 36 states and FCT
3-6 Months
▪ Deploy farmer census data in the creation of an e-wallet system as mechanism for inputs distribution in 2024-25 dry season farming cycle and 2025-26 wet and dry season cycles
▪ Employ e-wallet system to develop a national fertilizer distribution optimisation plan.</td><td>1-3 Months
Develop and Early Warning System
3 Months
▪ Audit national seed system and build baseline for seed availability ahead of upcoming planting seasons
3-6 Months
▪ Finalise National Oil Palm Industrialisation Policy
▪ Develop National Cassava Industrialisation Plan</td></tr>
<tr><td>Expected outcomes</td><td>Expected outcomes</td></tr>
<tr><td>▪ Application of fertilizer per hectare to improve from 18kg to 25kg (25kg is half the target level set under the Abuja Declaration target of 50kg per hectare) by March 2025</td><td>▪ Enhanced monitoring, learning and development to minimize food insecurity and catalyze value chains.</td></tr>
</table>

Implementation Plan- Support to individual and commercial farmers

3 Lack of adequate infrastructure	4 Significant supply deficit in staple crops-
Solution	**Commercial Farming Solution**
Infrastructure provided	Domestic Food Production Stimulus Intervention (DFPS)
Activities	**Activities**
1-3 Months ▪ Building on the March 2023 AGRA Study (for FMAFS) and develop a National Grain Reserves Framework **3 Months** ▪ Open up 30,000 new hectares of irrigable land to dry-season farming **3-6 Months** ▪ Build/rehabilitate a minimum of 50km of rural roads (as needed) in local governments with significant farming communities across the country as needed **6-12 Months** ▪ Establish the presence of at least 1 mechanization service provider in each farming community across the country	**1st Month- Preparatory Phase** ▪ Ensure approval for immediate importation of Rice and Maize seeds Rice – 10,000MT (100,000Ha), Maize – 10,000MT (500,000Ha) ▪ Onboard 2 million farmers across four value chains successfully to enhance productivity and sustainability ▪ Engagement and collaboration among key stakeholders such as Farmer Aggregation Companies, PFI, FEPSAN and Seed suppliers **2 Months** ▪ Funding will be provided by NADfund and Commercial Sources for seeds, fertilizers, and chemicals to support farmer inputs. ▪ Enhance cultivation achieved across 1.1 million hectares to significantly boost agricultural production **6 Months** ▪ Achieved delivery of aggregation of commodity volume totaling 4.85 million metric tons (MMT) to enhance market supply and stability
Expected outcomes	**Expected outcomes**
▪ Improved infrastructure, reduced post harvest losses	▪ Boost food availability to 17.8 million households with 970million 5kg bags of food equating to around 25billion meals

Domestic Food Production Stimulus Intervention (DFPS)- Commercial Agriculture

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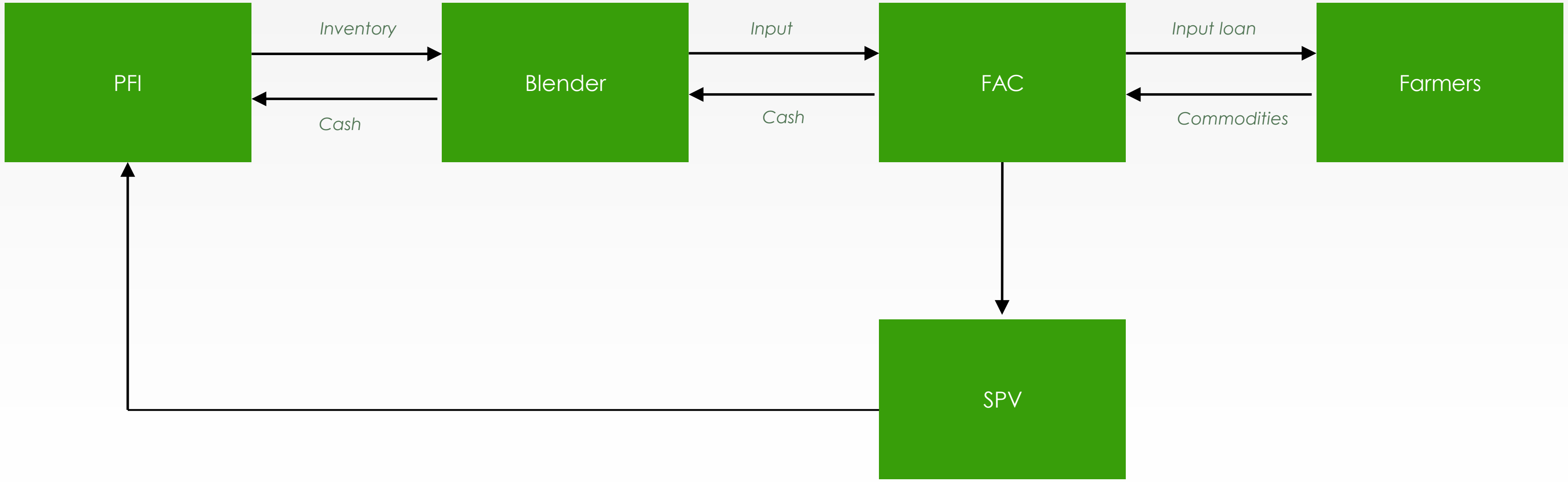
NADFUND aims to raise **NGN 400Billion** in capital for the improvement of Nigeria's agricultural sector. This private sector-driven fund, spurred by government, is dedicated to establishing an end-to-end process that not only ensures the capital raised is reusable but also continuous, thereby fostering a sustainable and resilient agricultural landscape capable of withstanding future food crises in the country. This strategic initiative aims to secure a stable and prosperous future for Nigeria's food supply and economy, benefiting communitie, and the nation.

Source of Funding



N400B
Program Size

N300B
Fund Required

25%
Private Sector Contribution

1.05M
Number of Hectares

2.1M
Number of Farmers

4.85MT
Volume of Food

Agriculture and Food Security implementation plan - cost and budget

S/N	Project	Cost (₦'B)	Budget (₦'B)	Gap (₦'B)
1	Input support and DFPS	450.0	47.6	402.4
2	Livestock development	50.0	3.2	46.8
3	Extension service delivery	10.0	0.6	9.4
4	Climate change mitigation	10.0	0.2	9.8
5	Creation and management of national database	30.0	0.9	29.1
	Subtotal	**550.0**	**52.5**	**497.5**
6	Agricultural infrastructure	300.0	60.0	240.0
7	Crop value chain development	150.0	3.3	146.7
8	Food reserve and silos rehabilitation	10.0	2.5	7.5
9	Food and nutrition security	100.0	76.9	23.1
10	Training, research and development	300.0	200.0	100.0
11	Support for dry season farming initiative	150.0	0.3	149.7
	Total	**1,560.0**	**395.5**	**1,164.5**

NB: Projects 1- 6 have been identified as immediate priorities for Federal Ministry of Agriculture and Food Security

Energy Sub-Committee

Oil sector

Imperative for reform

Overall, the oil sector as the fiscal anchor for the Nigerian economy has underperformed due to years of underinvestment, inefficiency and opacity, leading to lost revenues and jobs, and a grossly underserved local energy market.

Key challenges

Upstream

- Nigeria's comparatively high cost of oil & gas operations (largely as a result of oil theft, vandalism and unattractive fiscal policies) has negatively impacted investment levels
- Uncompetitive investment climate resulting in low growth of oil production causing:
  - Depressed fiscal income to the federation account and illiquidity in foreign exchange markets
  - Domestic energy insufficiency

Midstream

- Continued reliance of fuel imports despite significant amounts spent on government-owned refineries over the years constituting significant foreign exchange drain on the economy

Downstream

- Difficulties in reducing fuel subsidies to zero given the current inflationary and consequent social pressures

38.0%
Proportion of Nigerian oil reserve in Africa

5.0%
Proportion of investment in Nigerian oil sector vs Africa

40.0%
Oil & gas cost premium for operations in Nigeria vs other jurisdictions

5,124
Total illegal connections removed

1.47mmbls/d
April 2024 production including 0.11mmbls of condensate

1.5mmbls/d
Reduced OPEC quota from 2.0mmbls in 2020

FX: Foreign exchange, Mmbls/d: Million barrels per day

Where do we need to be?

With an updated mix of investment incentives and partnership with the private sector, the country hopes to turn the tide on oil investments and engender stakeholder confidence in the sector.

Broad vision

Upstream

- Optimise oil industry resource development and production to provide much-needed catalytic energy and revenue over the next four decades as Nigeria and the rest of the world transition to net-zero emissions

Midstream

- Through private sector led investment, management and operation, attain self sufficiency in the short term and in the medium term become a regional market maker in petroleum refining, marketing and distribution

Downstream

- Operate a commercially and environmentally sustainable last-mile value chain to meet the energy needs of economic actors

Pathway to achieving the vision

Upstream

- Increase crude oil production from current 1.4 mmbpd to ~2.0 mmbpd by December 2024
- Reduce unit operating cost from US$25.21/Bbl in 2024 to US$20.75/Bbl in 2028
- Achieve reserve/production ratio of 44 years for oil in 2028

Midstream

- Restream Port Harcourt (PHRC), Warri (WRPC) and Kaduna (KRPC) refineries by no later than Q2 2025
- Attain 70% capacity utilisation across all three refineries by 2027
- Upgrade refineries to Afri 6 fuels quality standard by May 2027
- Sell down equity in refineries following sustained operations by May 2026
- Rehabilitate petrochemical plants in WRPC & KRPC and base oil plant in KRPC by May 2027

Downstream

Develop a framework for market reflective pricing on petroleum products and full fuel subsidy sunset

Critical policies to be implemented to enable oil sector growth

Targets	Policy	Impact
1-6 months	Implementation of Presidential Policy Directives for Oil & Gas Sector: ▪ Develop competitive deepwater framework through commercial enablers and fiscal incentives ▪ Drive implementation of Policy Directives 40-42 using 3 upstream oil & gas projects (~US$7 billion in investments) as blueprint, and target final investment decisions in 2024	▪ In the short term, the Presidential Directives will catalyse the US$7 billion in final investment decisions (FID), relaunch activities in the local economy, and create jobs which will have a multiplier effect on the Nigerian economy ▪ In addition to contributing to domestic energy sufficiency, these projects will generate additional foreign exchange earnings and fiscal income for the federation and enable further investments in other sectors

Gas

Imperative for reform

Despite having the largest proven gas reserves in Africa (over 209TCF), Nigeria has struggled with declining gas investments and production. In addition, the debts owed by the power sector (now accumulated to ₦428 billion) has led to delayed and abandoned projects.

Key challenges

Upstream (exploration, development & production)

- Low investments in Nigeria's gas sector with knock-on impacts on other sectors such as industry, power, and the economy at large
- Uncompetitive fiscal terms in non-associated gas (NAG) projects
- High-cost premium in gas operations in Nigeria in comparison to other jurisdictions

Midstream (gas gathering, processing & transmission)

- Insecurity and pipeline vandalism
- Low coverage of gas infrastructure network
- Low availability of funding for gas Infrastructure
- High delivery cost of equipment (import duty)

Downstream

- Low value-add to gas sector through gas-based industries
- Low penetration and adoption of liquified petroleum gas (LPG) and compressed natural gas (CNG)
- Poor last-mile gas distribution infrastructure

209tcf
Total gas reserve in Nigeria

5.0%
Proportion of investment in Nigerian gas sector vs Africa

40.0%
Oil & gas cost premium for operations in Nigeria vs other jurisdictions

6,286
mmscfd
Current gas production

≥11,500
mmscfd
Target gas production for 2028

The Nigerian gas sector at a glance

The Nigerian gas sector delivers only 1,555mmscfd to the local market; far below the needs of the local economy.

Gas provisional production figures for events of 1st May, 2024

6,271 Mmscfd*

-96

Gas production

- 41% — **2,570 mmscfd** Export/NGL/ETGL — -97
- 25% — **1,555 mmscfd** Domestic — -13
- 29% — **1,809 mmscfd** Re-injection/fuel — -4
- 6% — **352 mmscfd** Gas flared — +7

Line pack: -15mmscfd

Power sector 666 mmscfd — +22

Industries 674 mmscfd — -35

WASG 99 mmscfd — +1

Line pack: 116mmscfd

Increase from last period

decrease from last period

Power generation at 20/3/2024

Thermal 3,349MW — +485

Hydro 1,040W — -43

Total 4,389MW — +442

Peak (24 hours) **4,529MW**

Average (24 hours) **4,361MW**

Mmmscfd: Million standard cubic feet per day

**Gas production of 6,286 mmscfd less negative line pack figure of 15mmscfd*

Where do we need to be?

As is the case with the oil sector, a concerted effort needs to be made to attract much-needed investment into the gas sector.

	Upstream	Midstream	Downstream
Broad vision	▪ Grow gas production by **making Nigeria the top investment destination in Africa for gas**	▪ **Develop a world class midstream gas gathering, processing & transmission network** to support an expanded export drive as well as catalyse economic growth in the local economy	▪ **Optimise gas supply** chain to deliver cleaner, less carbon intensive gas to displace heavier hydrocarbons (petrol, kerosene and diesel) in the local market in a form of piped: – Natural Gas (NG) – Liquified Petroleum Gas (LPG) – Compressed Natural Gas (CNG) – Liquified Natural Gas (LNG) ▪ **Accelerate Gas for Growth (G4G) program** to promote gas industry employment through the development of local gas-based industries

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Pathway to achieving the vision

Upstream

- Increase gas production to ~11,500+ mmscf/d by 2028
- Reduce unit operating cost from US$15.67/BOE in 2024 to US$11.79/BOE in 2028
- Achieve reserve/production ratio of 45 years for gas in 2028
- Maintain zero Loss Time Hours (LTI) across the period

Midstream

- Grow gas transmission volumes to 637 bscf in 2028
- Maintain gas pipeline and facility availability of minimum 90% across the period (2024 – 2028)
- Increase investment to build gas processing capacity by 500 mmscf/d
- Grow investment in gas based industry with production capacity of 8.39+ MMTPA in 2028

Downstream

- Grow gas sale volume to 209 bscf in 2028
- Grow biofuel production capacity to 138.34 million liters by 2028
- Equip 100 retail locations with CNG pumps as part of the CNG rollout program

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Critical policies to be implemented to enable gas sector growth

Targets	Policy	Impact
1-6 months	**Implementation of Presidential Policy Directives for Oil & Gas Sector:** ▪ Develop competitive deepwater framework through commercial enablers and fiscal incentives ▪ Drive implementation of Policy Directives 40-42 using 3 upstream oil & gas projects as blueprint and target Final Investment Decision in 2024	▪ In the short term, the Presidential Directives will catalyse US$7.0 billion in FID, relaunch activities in local economy and create jobs which will have a multiplier effect on the Nigerian economy ▪ In addition to contributing to domestic energy sufficiency, these projects will generate additional foreign exchange earnings and fiscal income for the federation and enable further investments in other sectors
	Conclude Power Value Chain Debt Management Plan (PDMP)	▪ Improve investor confidence across the value chain and attract long-term private capital to various segments of the gas and power value chain ▪ Reduce Federal Government of Nigeria's future exposure by ensuring appropriate risk-reward balance

Power

Imperative for reform

The power sector's underperformance stems from decades of underinvestment in requisite infrastructure, unpaid liabilities, operational inefficiencies, a large metering gap and weak sector governance leading to revenue losses and an underserved local energy market.

Key challenges

Generation

- Significant, unreconciled GenCo and GasCo debts
- Infrastructure constraints associated with gas production and delivery
- Poorly diversified energy mix with 85% of power coming from gas

Transmission

- Infrastructure constraints associated with power transmission
- Lack of counterparty funding for development partner projects

Distribution

- Lack of cost reflective end-user tariffs resulting in significant sector cash shortfalls
- Insufficient distribution infrastructure investments constraining delivery of electricity services
- Limited investment in customer metering by DisCos slows efficiency gains and loss reduction efforts

₦1.5T
Unpaid GenCo and GasCo debt

~60.0%
Registered grid electricity users are unmetered as of 2024

₦232.0B
Government obligation to the power sector for January 2024 alone

90.0%
Percentage of Disco invoice borne by FGN for January 2024

4.5GW
Current grid capacity across TCN and DisCo network

85.0%
Amount of power supply from gas

TCN: Transmission Company of Nigeria

Where do we need to be?

A robust, reliable and sustainable energy ecosystem characterised by efficient generation, transmission and distribution networks, widespread metering and increased access to electricity for all citizens.

Broad vision

Generation

- Ensure adequate and steady power supply from a diversified mix of energy sources to power economic growth in a commercially and environmentally sustainable manner

Transmission

- Build a robust, reliable and resilient grid able to receive power from different generation sources and deliver the same to the various load and economic centres with minimal losses and disruptions

Distribution

- Build a robust and sustainable distribution infrastructure. This will allow for accurate and efficient measurement and delivery of power with accompanying systems for accurate collections of payments for power delivered

Pathway to achieving the vision

Generation

- Upgrade sector infrastructure, governance and operational efficiency to facilitate the generation of up to 6GW in 2024 and 7GW in 2025
- Develop and commence implementation of robust and achievable plan for the resolution of the ₦1.7 trillion sector liquidity issue by end of June 2024
- Increase hydroelectric power generation capacity to 400MW by December 2024

Transmission

- Upgrade sector infrastructure, governance and operational efficiency to facilitate the transmission and distribution of up to 6GW in 2024 and 7GW in 2025
- Additional TCN sub-station capacity by 907MW in 2024

Distribution

- Procure 7 million meters for installation to address sector liquidity issues and facilitate accurate targeting of sector subsidies

Critical policies to be implemented to enable power sector growth (1/2)

Targets	Policy	Impact
1 - 6 months	Pay off 2023 and 2024 verified FGN obligations to GenCos and GasCos	Finance plan for electricity subsidies: ▪ Short-term relief for the 85.0% of users ▪ Gradual reduction of fiscal burden and with phased elimination of regressive subsidies as service delivery improves
	Presidential Metering Initiative ("PMI") : ▪ Procure 7,000,000 smart meters and 150,000 distribution transformer meters ▪ Work with National Identity Management Commission (NIMC) to pay subsidies directly to the poor and vulnerable end-users ▪ Commence upgrade of Nigerian Electricity Management Services Agency (NEMSA) Facilities	▪ The consolidation of all metering initiatives under the PMI for economies of scale to yield significant drop in meter prices and facilitate expedited closure ▪ Leverage technology to improve targeting of subsidies to the poor and vulnerable
	• Facilitate incentives required for investments in clean energy solutions	▪ Begin more intentional diversification of the country's energy mix to make the grid more sustainable and reliable and energy secure ▪ Reduce the average cost of power on the grid

Critical policies to be implemented to enable power sector growth (2/2)

Targets	Policy	Impact
6 – 12 months	▪ Conclude Power Value Chain Debt Management Plan (PDMP)	▪ Improve investor confidence across the value chain and attract long-term private capital to various segments of the gas and power value chain ▪ Reduce future FGN exposure by ensuring appropriate risk-reward balance
	Presidential Metering Initiative (PMI): ▪ Conclude installation of Meter Data Management System (MDMS) and Head-End System (HES) ▪ Conclude upgrade of NEMSA facilities ▪ Configure Subsidy Application System ▪ Install 250,000 pilot meters for selected B and A clusters ▪ Install 10,000 distribution transformer meters	▪ The consolidation of all metering initiatives under the PMI for economies of scale to yield significant reduction in meter prices and facilitate expedited closure ▪ Leverage technology to improve targeting of subsidies to the poor and vulnerable
1 – 3 years	Presidential Metering Initiative : ▪ Install 6.8 million meters for end-users ▪ Install 140,000 distribution transformer meters	▪ Vastly improve sector liquidity ▪ Create hundreds of thousands of jobs in metering, solution and testing ▪ Reduce aggregate technical and commercial losses (AT&C losses)

Immediate interventions required

Targets	Intervention	Cost	Impact
1 – 6 months	Key power sector government stakeholders to work with Honourable Minister of Finance and Coordinating Minister of the Economy; Executive Chairman, Federal Inland Revenue Services (FIRS) and Governor, Central Bank of Nigeria (CBN) to execute alternative settlement methods such as bonds and promissory notes for verified legacy debt	₦1,700,000.0M	**Tariff shortfall addressed**
	Quarterly provision of funds to gas suppliers	₦216,000.0M	**Replenishment of Gas Supply Stabilisation Fund (GSSF)**
	Variable renewable energy integration studies (VREI) to enable integration of renewable energy sources such as solar and wind into our energy mix	US$2.0M	**Improved energy mix possible and reduction of energy costs**
	Completion of (25) TCN substation projects that already have 30% completion in line with NERC's order on TCN's Performance Improvement Plan	US$73.2M	**Closing the infrastructure gap**
	Completion of (25) TCN Transmission line projects with a 30% completion in line with NERC's order on TCN's Performance Improvement Plan	US$170.4M	**Closing the infrastructure gap**
	Increase Niger Delta Power Holding Company ("NDPHC") capacity	€4.5M	**+ 1000 MW generation capacity**
Total		**₦1,916,000M + US$245.6M + €4.5M**	

Health and Social Welfare Sub-Committee

Imperative for reform

To unlock the economic and human potential of Nigeria, reforming the health sector is a must. Our progress in health outcomes lags our peers because of structural impediments; from inefficient spend to high infectious disease risks and poor governance.

Key challenges

- Nigerians face many health threats throughout their life cycle
  - **Infant and child mortality:** 1 in 10 children under 5 die from diarrhea, preterm birth complications, etc.
  - **Maternal mortality:** 1 in 100 mothers die during childbirth
  - **Infectious diseases:** Nigeria has the highest risk of infectious disease rate prevalence
  - **Non-communicable diseases (NCDs):** Above the life expectancy of age 54, there is an increasing risk of emerging non-communicable diseases such as cancer, diabetes, and cardiovascular diseases

Main drivers

- **Lack of funding:** 3% of GDP on healthcare vs 5% WHO guideline
- **Lack of personnel:** Doctors: 23.3 per 100k people vs per WHO guideline of 100; exacerbated by current flight of skills abroad
- **Lack of infrastructure:** 0.5 beds per 1000 people vs WHO guideline of 4 per 1000

10.0%

Under 5yrs deaths from preterm birth complications, diarrhea, etc.

55

Infant mortality rate per 1k births
Second highest in peer set

3.0%

of GDP expended. Lower than WHO Guideline of 5% of GDP expenditure on healthcare

53

Life expectancy at birth (years)
Lowest in peer set

Vision of success across life span of a Nigerian

	In utero & birth	Early childhood	Adolescence	Adulthood	Aging
Broad vision	▪ Access to **appropriate nutrition and healthcare during pregnancy** ▪ Access & ability to have a **facilitated birth**	▪ Access **to appropriate nutrition, WASH and immunisation:** Setting a strong foundation for lifelong health and learning		▪ Geographical and financial **access to high-quality primary healthcare** ▪ **Access to, and choice over reproductive health** ▪ **Knowledge and access to preventative care and early diagnostic services – especially with respect to NCDs (diabetes, heart diseases etc.)**	▪ Access to affordable **treatment and post treatment care for NCDs**

WASH: Water Sanitation and Hygiene, NCD: Noncommunicable Disease

Pathway to achieving vision - affordability (1/3)

1	2
Lack of financial access to health services	**High drug prices**
Solution	**Solution**
Healthcare financing for the poor and vulnerable	Unlocking pharmaceutical value chains through centralised procurement
Activities	**Activities**
1st Month ▪ Predefine target beneficiaries and their requirements ▪ Outline operating model of Vulnerable Group Fund ("VGF") **3 Months** ▪ Refine and adopt requirements into operational manual ▪ Define benefit packages and enrolment ▪ States Social Health Insurance Agencies ("SSHIAs") create awareness for VGF **6 Months** ▪ 150,000 C-Sections ▪ Impact: 1 Million vulnerable and elderly Nigerians benefit through Community Driven Social Action Funds	**1st Month** ▪ Identification of key primary healthcare centres ("PHCs") ▪ Identify list of essential medicines ▪ Develop distribution plan **3 Months** ▪ Conduct pilot for 2-3 Basic Health Care Provision Fund ("BHCPF") facilities ▪ System implementation ▪ Awareness campaign **6 Months** ▪ Expansion to more PHCs ▪ Complete negotiations with manufacturers **1 Year** ▪ Expansion to all PHCs
Expected outcomes	**Expected outcomes**
▪ Healthcare coverage expanded for 1 million people ▪ 1 million emergency obstetric procedures e.g., c-section	▪ Essential medicines available at cheaper cost for 80-90 million Nigerians

Pathway to achieving vision - personnel (2/3)

3	4
Cost of tuition	**Lack of adequate skilled professionals**
Solution	**Solution**
Fund tuition for healthcare workers in training	Training and redeployment of frontline health workers
Activities	**Activities**
1st Month ▪ Identify partner schools ▪ Design student selection criteria **3 Months** ▪ First cohort and 1st tuition payment **6 Months** ▪ Scale across students and schools **1 Year** ▪ Review learnings and update programme	**1st Month** ▪ Identify qualified workers ▪ Encourage sign-ups in local communities ▪ Deploy recruitment teams **3 Months** ▪ Reskilling **6 Months** ▪ Deployment ▪ Place candidates into job vacancies ▪ Distribute salaries for public health workers
Expected outcomes	**Expected outcomes**
▪ 20k students for 4 years	▪ 20k redistributed workers to provider services to 10-12 million patients

Pathway to achieving vision - infrastructure (3/3)

5 Limited access to power	6 Lack of basic health infrastructure
Solution	**Solution**
Provide power (solar) as a solution to healthcare facilities	Social Action Fund (SAF) to communities to fund self-determined needs
Activities	**Activities**
1st Month ▪ Identify solar partners ▪ Target BHCPF facilities and hospitals ▪ Revise costing for power needs **3 Months** ▪ Run solarisation pilot ▪ Expand power budget allocation **6 Months** ▪ Scale solar pilot across PHCs ▪ Monitor results **1 Year** ▪ Finalise rollout of solar	**1st Month** ▪ Peer review existing SAFs ▪ Establish working group ▪ Needs identification ▪ Draft budget and fundraising strategy **3 Months** ▪ Segmentation of states ▪ Develop operational plan ▪ Monitoring and evaluation of projects ▪ Launch SAF in pilot states ▪ Review project proposals **6 Months** ▪ Capacity-building workshops ▪ 1st round of funding ▪ Fundraising and partnerships
Expected outcomes	**Expected outcomes**
▪ 10-12 million patients and up to 30 million community members benefitting from solar systems	▪ Access to basic social infrastructure for 70-80 million Nigerians

Proposed interventions

Targets	Intervention	Implementing Agency	Cost (₦'B)	Impact
1 – 6 months	Improve affordability of essential medicines especially for the poor (leverage government-led bulk purchasing and price negotiations)	MoH (Fed, State); BHCPF, etc.	40.5	15 - 25% cost reduction
	Vulnerable Group Fund Expansion.	NHIA, SSHIAs, etc.	500.0	1m vulnerable
	Provide grants through Social Action Fund.	MDAs, States, communities etc.	35.0	Projects with 2 million people reach
	Provide work opportunities for frontline HCWs through redistribution and entrepreneurship.	CHPRBN, NPHCDA, Dev partners, private sector etc.	474.0	40K FLWs, 100k HWs from Entrepreneurship
	Fund tuition for HCWs in training.	MOH, MOE, NUC	42.0	Assist 40k students
	Power as a solution to alleviate financial pressure for facilities (and communities) and secondary and tertiary institutions	Rural Electrification Agency (REA), Private sector, Hospital depts	81.5	4,800 PHCs powered-up (and 2^o and 3^o hospitals)
Total	Budget shortfall*		**1,173.0** **[1,096.0]**	

*Most of these initiatives are not currently included in the budget.

BHCPF: Basic Health Care Provision Fund, CHPRBN: Community Health Practitioners Registration Board of Nigeria, NPHCDA: National Primary Health Care Development Agency, NHIA: National Health Insurance Agency

Business Support Sub-Committee

Imperative for reform

Current macro-economic challenges have created a difficult operating environment for businesses. This has led to significant financial pressures requiring changes in operational strategies.

Key challenges

Macroeconomic instability characterised by:

- High headline inflation affecting raw materials, overheads and distribution costs
- High interest rates putting pressure on existing and new borrowings
- Foreign exchange volatility
- Contracting consumer purchasing power
- Resultant reduction in production outputs exacerbating inflationary pressures

33.2%
Current inflation rate

24.8%
Current MPR rates

95.0%
Depreciation of the Naira in 2023

0.1%
GDP per-capita growth in 2023

Where do we need to be?

An enabling economic environment underpinned by objectives of accelerated economic growth, catalysing job creation, and alleviating poverty.

Broad vision

Macro-economic stability

- Operating environment with macro-economic stability resulting in a more predictable and less risky business terrain:
  - Moderate inflation
  - Low exchange rate volatility
  - Modest fiscal deficits
  - Sustainable levels of public debt and current account balance

Access to finance

- Businesses having access to affordable finance, allowing them to reduce financing risks

Enabling operating environment

- Enabling environment that will reduce the risks associated with operating businesses in Nigeria:
  - Ease of doing business
  - Access to affordable power
  - Infrastructure

Fiscal intervention initiatives

Deliver fiscal interventions through national development finance institutions (i.e., Bank of Industry ("BOI"), Development Bank of Nigeria ("DBN"), Small & Medium Enterprises Development Agency of Nigeria ("SMEDAN"), etc.) that leverage grants and capital at lower interest rates to refinance businesses across key sectors while pursuing fiscal competitiveness reforms.

MSMEs	▪ **Youth Owned Enterprises:** ₦100.0 billion fund to support new and existing youth-owned enterprises across all 36 states of the Federation, creating 7,400 MSMEs within the next 6-12 months ▪ **Large MSME support:** ₦200.0 billion facility to provide lower-cost short-term facilities to large MSMEs across various industries, including light manufacturing, food processing, pharmaceutical, agriculture, and wholesale and retail trade, based on their current and future receivables, company rating, and market demand for products ▪ **Manufacturing Stabilisation Fund:** ₦1.0 trillion fund to deliver lower cost (9.0 -11.0%) long-term facilities to large and medium-scale manufacturers that produce finished goods for domestic and export, on the strength of their receivables (current and future), company rating and market demand for products ▪ **Subnational matching fund:** ₦150.0 billion Grow Nigeria Development Fund consisting of a single-digit interest rate loan portfolio with BOI and matching fund agreement with subnational governments to grow SMEs
Agriculture	▪ **Expanding BOI's Rural Development Programme:** ₦111.0 billion fund to support rural economies in developing 300 new MSMEs for each state, including FCT and Abuja, resulting in 11,100 new rural-based MSMEs in the Federation
Housing	▪ **Mortgage finance acceleration facility:** ₦250.0 billion facility that delivers affordable housing for all segments impacted by the cost-of-living crisis

Macro-Fiscal Sub-Committee

Sectoral fiscal implications: Proposed spend & potential jobs created

Sector	Intervention	Impact	Cost	2024 Budgetary provision	Shortfall
Health and social welfare	▪ Improve affordability of essential medicines , establishment of a Social Action Fund, supporting frontline healthcare workers (HCW) and tuition funding for HCWs in training, Vulnerable Group Fund Expansion, improving power at hospitals	2m people reach, 4,800 PHCs powered-up.	₦1.15T	₦50.0B	**₦1.1T**
Agriculture and food security	▪ Improved mechanisation in the sector, input supports, livestock development, support for dry season farming initiative, climate change adaptation, extension services and others	Staple crops production increase by 6.0% to 135.0 million MT in 2024.	₦0.5T	₦52.0B	**₦487.7B**
Energy	▪ Outstanding power subsidies ▪ GasCo debt ▪ Gas supply Stabilization Fund ▪ Transmission company infrastructure ▪ Niger Delta Power Holding Company	Improve power to 6,000 MW.	1.5T US$1.3B ₦216B/ quarter US$243.6M €4.5M	₦450.0B None	**₦1.05T** **US$1.3B** **₦864B** **$243.6M** **€4.5M**
Business support	▪ Support to MSMEs, manufacturers, entrepreneurs and artisans	4.7 million Jobs, 20,000 MSMEs.	₦2.0T	₦200.0B (previous intervention).	**₦1.8T**
Economy	▪ All interventions	REA, private sector, hospital depts.			**₦6.6T**

Sectoral Fiscal Implications: Breakdown of proposed spend

Emergency intervention is expected to cost approximately ₦6.6 trillion; proposed spending that is currently not in the FY 23 budget. The proposed spend represents 2.1% of FYE 24 GDP.

Emergency economic intervention – Funding requirements (₦'billion)						
	Budget	Adjusted cost	Emergency funding	%	Adj emergency funding	
Agriculture and food security	52.0	550.0	498.0	7.5%	373.5	**75% of proposed funding**
Energy (Power and Gas)	450.0	3,699.0	3,249.9	48.9%	2,437.4	
Health and social welfare	50.0	1,150.0	1,100.0	16.5%	825.0	
Business support	200.0	2,000.0	1,800.0	27.1%	1,350.0	
Total funding	**752.0**	**7,399.9**	**6,647.9**	**100.0%**	**4,985.9**	
Power sector liquidity support	-	-	-	-	-	
PMS pricing differential	-	-	-	-	**-**	
Implied supplementary Budget	**-**	**7,399.9**	**6,647.9**	**-**	**4,985.9**	
Percentage of FYE24 GDP	-	2.8%	2.1%			

- The estimated additional spending outlined does not include any fiscal implications from the freeze on the price of PMS YTD 2024
- Approximately 49.0% and 27.0% are targeted at the energy sector and for business support, respectively
- A supplementary budget for ₦6.6 trillion would need to be in place with the appropriate funding (backed by an approved borrowing plan)
- At an adjusted spend of 75.0% of the proposed emergency funding requirements, approximately ₦5.0 trillion would be required

Sectoral Fiscal Implications: Key fiscal outcomes

With the expected lag in revenue and GDP accretion from the emergency economic intervention; the incremental spending would have an adverse effect on leverage metrics if the entire spend is funded by additional borrowing only.

Emergency economic intervention – Key fiscal outcomes (₦'trillion)

	FYE 24	Adjustment	FYE 24 (post intervention)	% change
Revenue	19,598.5	(590.8)	19,007.0	-3.0
Expenditure	28,777.4	6647.9	35,425.3	23.1
Surplus/deficit	(9,178.9)	(7,238.7)	(16,417.6)	78.9
Implied additional borrowing	(9,178.9)	(7,238.7)	(16,417.6)	78.9
GDP	236,305.0	(7,238.7)	(16,417.6)	78.9
Debt service[1]	8,271.0	542.9	8,813.9	0.0
Funding requirement	**6,647.9**			
Revenue to GDP	8.3%		8.0%	-3.0%
Debt to GDP	44.5%		47.6%	6.9%
Debt service to revenue	42.2%		46.4%	9.9%

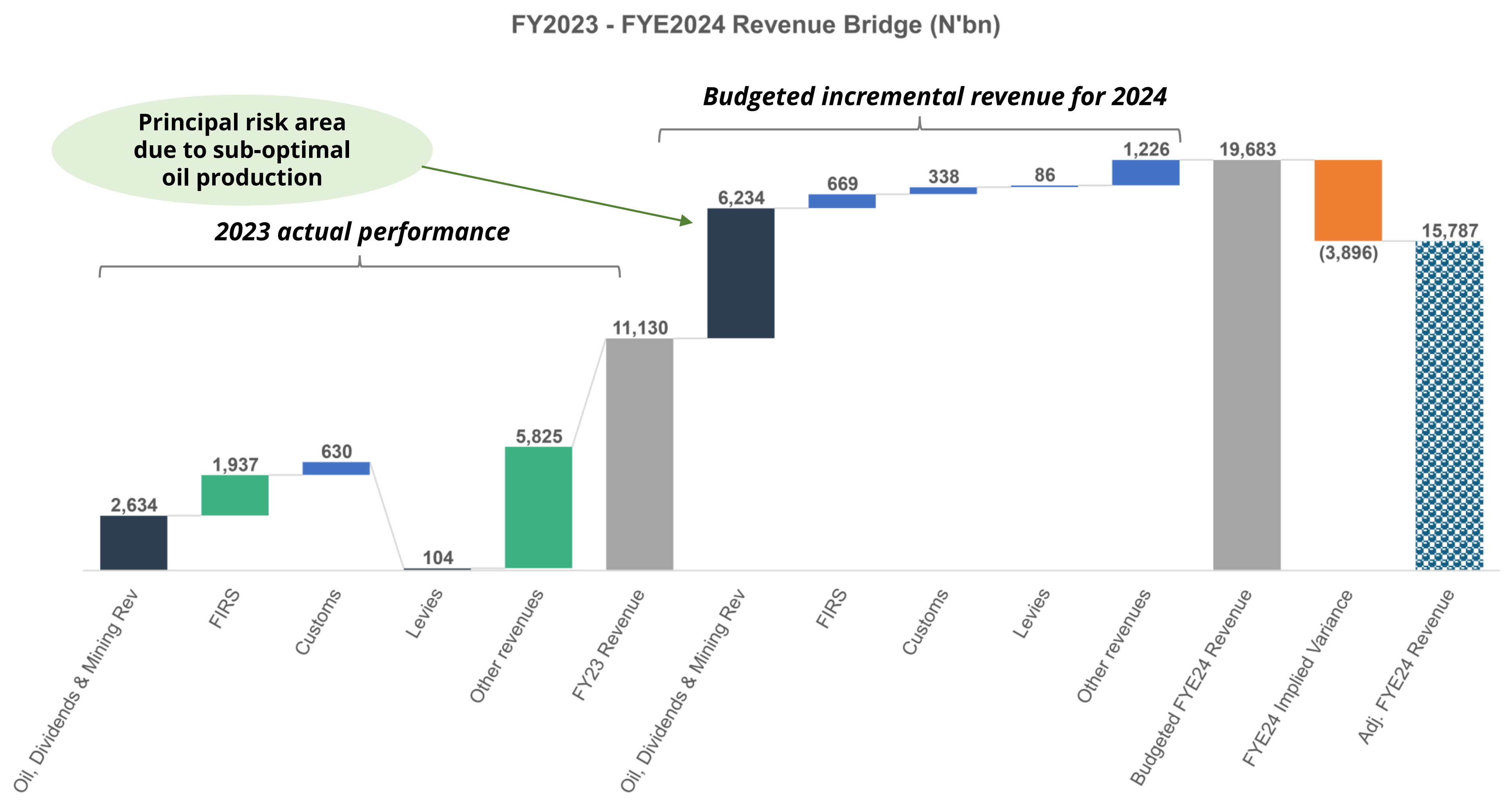
[1] Assumes only 50.0% of required incremental interest payment in FY'24

****For the purpose of this analysis, we have not made any assumptions on the impact the emergency economic intervention would have on GDP in 2024***

- In allocating spend, revenue accretive projects/spending should be prioritised to reduce the impact on leverage metrics
- Assuming tax waivers of up to 0.25% of GDP are issued in support of the economic intervention, budgeted revenue declines by -3.0%
- Additional 2024 borrowing and debt service will increase by 79.0% and 7.0% respectively

Constrained revenues impede the government's ability to intervene

Our ability to achieve the 2024 Budgeted revenue step-up of 77.4% from 2023 actual is at risk should oil production remain at 27.0% below budget. 50% of the annualized YTD variance suggests a lower-than-budgeted revenue of ~₦15.7 trn* at the current run rate.



- FG retained revenue for January & February 2024 was approximately 60.0% of budget, largely driven by lower crude oil production volumes (running at 74.5% of budget projection)
- If current revenue shortfalls persist, the revenue for 2024 is unlikely to exceed ₦15.8 trillion

Source: Budget Office, Ministry of Budget and National Planning
**Annualised adjusted revenue calculation is based on available data for January & February 2024 as per budget performance and as such may not include some key elements.*

Moving forward

Framework for implementation of stabilisation plan

1 Direction

- Mr President and the Presidential Economic Coordination Council ("PECC") to review the EET plan and provide guidance regarding:
  - Strategic direction
  - Priority areas of focus based on fiscal realities

2 Policy and plans

- Development/finalisation of well-thought through and well-articulated policies and implementation plans which take into consideration other existing or planned policies, plans, projects and initiatives

3 Implementation/Coordination

- Decisive and effective implementation of intervention policies and plans
- Effective coordination of policies and plans through economic management team and a delivery unit in the Office of the Finance Minister
- Delivery Unit will work with key MDAs to ensure capacities and resources are available, remove bottle necks, and accelerate implementation

4 Monitoring

- Monitoring to ensure effective implementation of policies and plans
- Monitoring actual outcomes and comparing to targets
- Making recommendations accordingly

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Key implementation considerations for Mr President

Food security	▪ As the country approaches the 'lean' season between dry and wet season harvests (May to August), an amplified food security response should be enacted. Mr. President may therefore choose to: – Request for food emergency support from the World Food Programme – Convene the National Council of Nutrition
Strategic response to budget and time constraints	▪ Expenditure to sectors identified as macro-critical should be prioritised and accelerated ▪ In addition, support to MSMEs should be accelerated as they comprise 96.7% of all businesses – MSMEs account for nearly 90.0% of the jobs in the country; 67.0% of MSMEs youth-owned and MSMEs contribute over 45.0% to the country's gross domestic product (GDP) – **Accelerated disbursement of the ₦200bn Intervention fund (₦75 bn for Manufacturing and ₦125bn for MSMEs) announced in 2023 and included in this ASAP plan**
Federation imperative	▪ Given the states importance in key economic activities, Mr. President may therefore choose to: – Convene a National Council for agricultural productivity to ensure a coordinated programme across the federation to boost agriculture production and limit post harvest losses – Empower the Power Sector Working Group dealing with subsidies to also clear the path of private sector participation by ensuring that necessary legislation is signed
Tax Holidays	▪ Temporary deferment on implementation of certain tax plans: – Increase of excise duties on beverages – Introduction of "sin tax" on sugar sweetened beverages – Introduction of tax on single use plastics