



# THE REFORM AGENDA

**Honourable Minister of State for Finance**  
**September 6, 2007**

# OUTLINE



- “A ride on the runway”
  - Where we were...
  - Reforms Cementing The Foundation
  - Outcomes/Results Of The Reforms
  - The Linkage: 7 VS 2020
- New Reform Agenda
  - Translating Reforms Into Welfare Improvements
    - “Making It Real”
  - Key Challenges
  - The Future Is Bright: 13%/13 Years = 20<sup>th</sup>

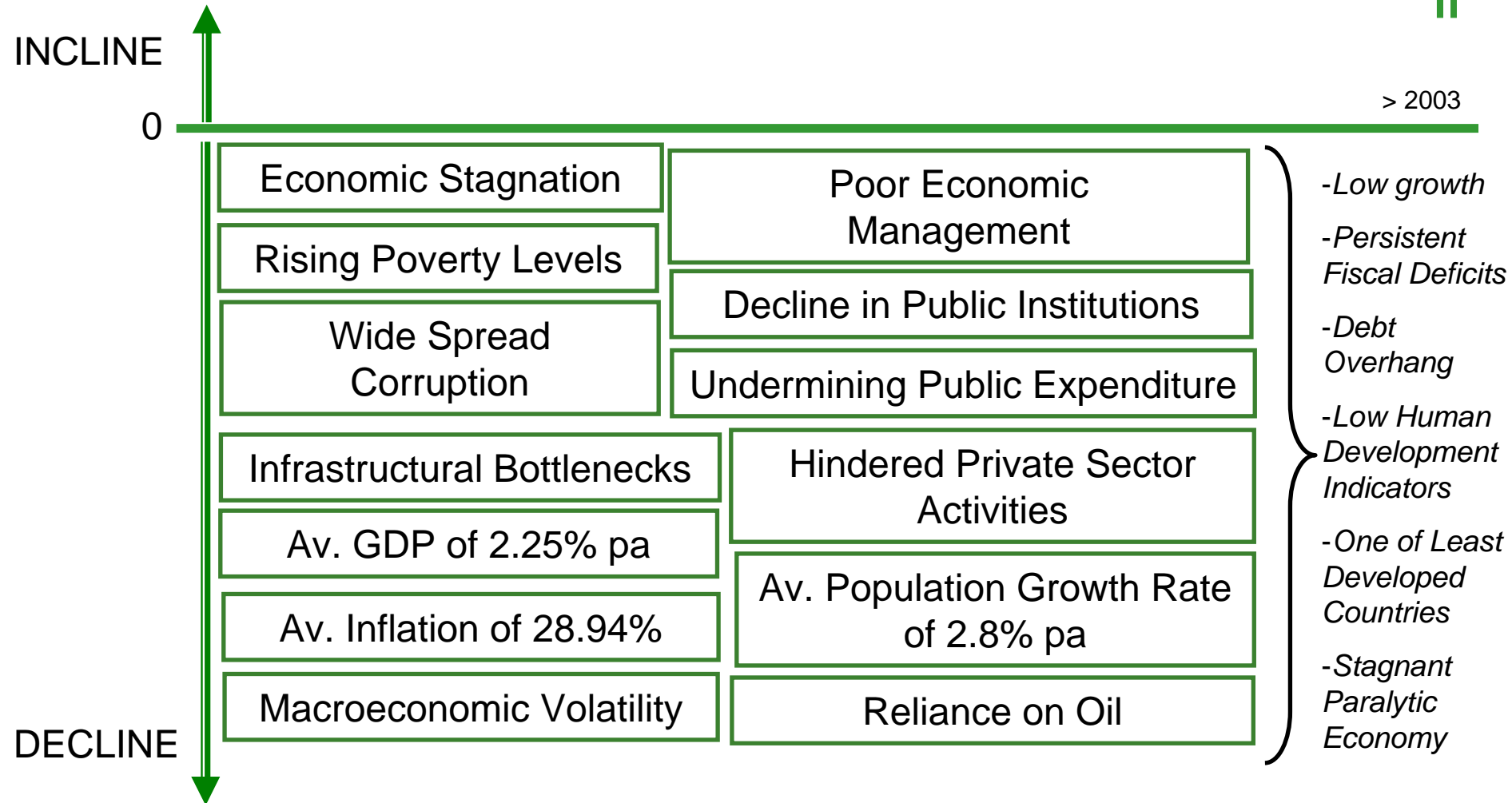


# “A RIDE ON THE RUNWAY”

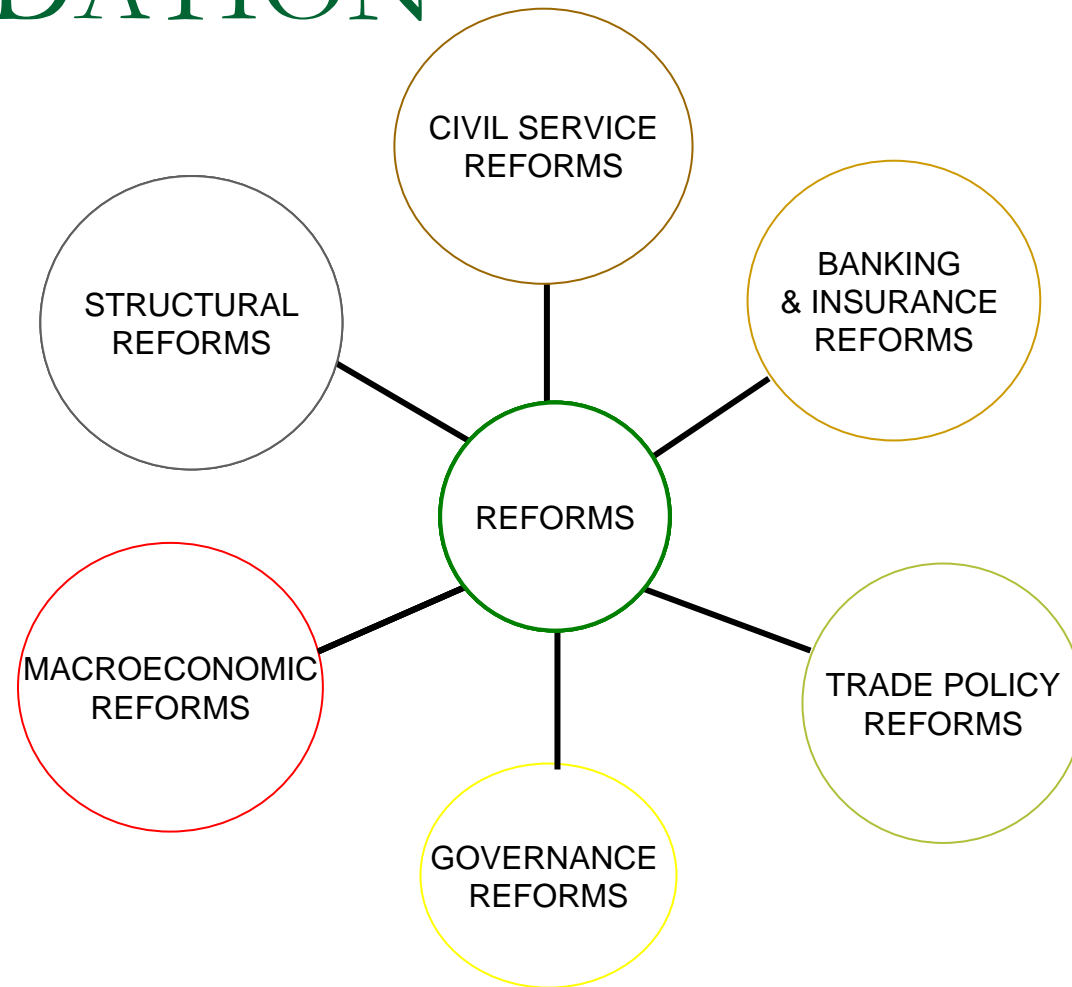
# WHERE WE WERE...



> 2003



# REFORMS CEMENTING THE FOUNDATION



# REFORMS CEMENTING THE FOUNDATION



## MACROECONOMIC REFORMS

- |   |   |   |  |   |   |   |  |
|---|---|---|--|---|---|---|--|
| 1 | Stabilise the Economy                               | 4 | De-Link Public Expenditure from Oil Earnings using appropriate fiscal rule                                     | 6 | Improved implementation of fiscal and monetary policies with private sector crowding effect | 8 | Medium term expenditure framework & Medium Term Sector Strategies to focus on priority areas and value for money |
| 2 | Improve Budgetary Planning & Execution              | 5 | Accumulation of Government savings (Excess Crude) for precautionary, smoothening and inter-generational equity | 7 | Improved debt management & budget preparation process ie 74.8% of GDP (03) to 14.2% (06)    |   |  |
| 3 | Sustained Economic Diversification & Non-Oil Growth |   |  |   |   |   |  |

## STRUCTURAL REFORMS

- |   |  |   |  |
|---|--|---|--|
| 1 | Brighten Business Climate                                  | 4 | Deregulation & liberalisation in Power, Telecoms and Downstream  |
| 2 | Enhance Competitiveness                                    | 5 | Ensure fair, transparent institutions are created from deregulation and privatisation with no private monopolies |
| 3 | Privatisation: SOE underperforming with strain on treasury |   |  |

## CIVIL SERVICE REFORMS

- |   |  |   |  |
|---|--|---|--|
| 1 | Oversized civil service                        | 4 | 12 Ministries, Departments and Agencies have undergone reforms.      |
| 2 | Poorly remunerated                             |   |  |
| 3 | Underskilled and poor service delivery culture |   | How effective and successful is the monetisation of salary increase? |

# REFORMS CEMENTING THE FOUNDATION



## BANKING & INSURANCE REFORMS

- 1 Previously weak, fragmented with weak supervision
- 2 Now capitalised with the emergence of 24 Banks with significant domestic and foreign inflows
- 3 Struggling Insurance Reforms
- 4 Inclusion of BOFIA for CBN autonomy in monetary policy decisions

## TRADE POLICY REFORMS

- 1 From a complex tariff structure of 19 bands & over 5000 line items ranging between 2.5% to 150%
- 2 Adoption of a simplified and transparent Common External Tariff (CET) OF ECOWAS
- 3 CET simplifies the band to 4 bands 0, 5%, 10% & 20% for capital goods, raw materials, intermediate & finished goods
- 4 Significant reduction in clearing time at ports of entry

## GOVERNANCE REFORMS

- 1 Corruption & Poor Governance are distortions to investments, business climate, procurement, service delivery and judicial decisions etc
- 3 Ensure due process through the Bureau of Public Procurement
- 4 NEITI
- 5 EFCC & ICPC

# OUTCOMES/RESULTS OF THE REFORMS



INCR. IN GDP  
GROWTH RATE

DECLINING  
INFLATION

GROWING  
EXTERNAL  
RESERVES

STABLE  
&CONVERGING  
N/\$ EXCH RATE

IMPROVED  
PUBLIC  
EXPENDITURE  
MANAGEMENT

STRENGTHENED  
FINANCIAL  
SECTOR

MACRO-  
ECONOMIC  
STABILITY

RESOLVED  
PENSION & LOCAL  
CONTRACTOR  
ARREARS

IPPIS IN  
6 PILOT MDAs WITH  
SUBSTANTIAL  
SAVINGS

>N123B POORLY  
PLANNED/CONCEIVED  
PROJECTS  
- 2007 -09 MTSS

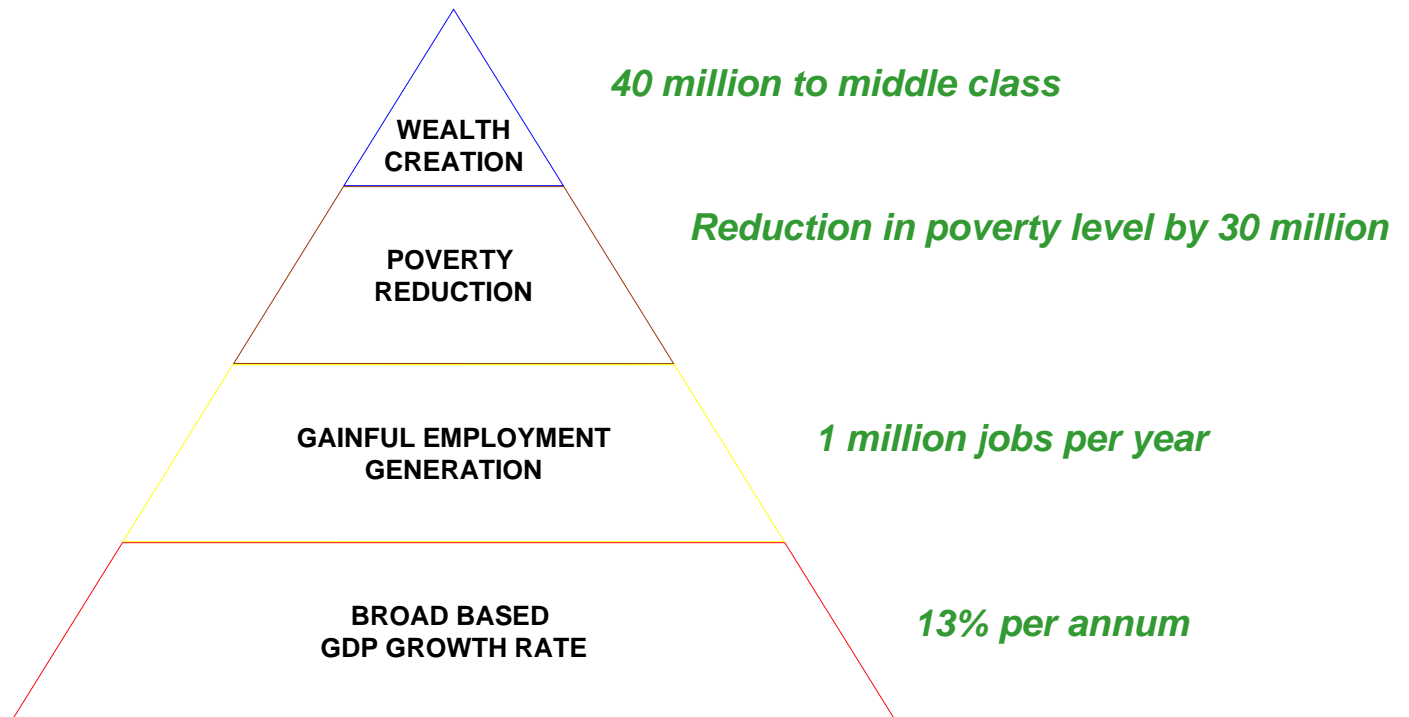
IMPROVED  
DOMESTIC  
INVESTMENT  
CLIMATE

IMPROVED  
DEBT MANAGEMENT  
(EXERNAL, DOMESTIC &  
MDGs = N100B)

SOVEREIGN CREDIT  
RATINGS  
(BB- REAFFIRMED &  
LOOKING +VE)



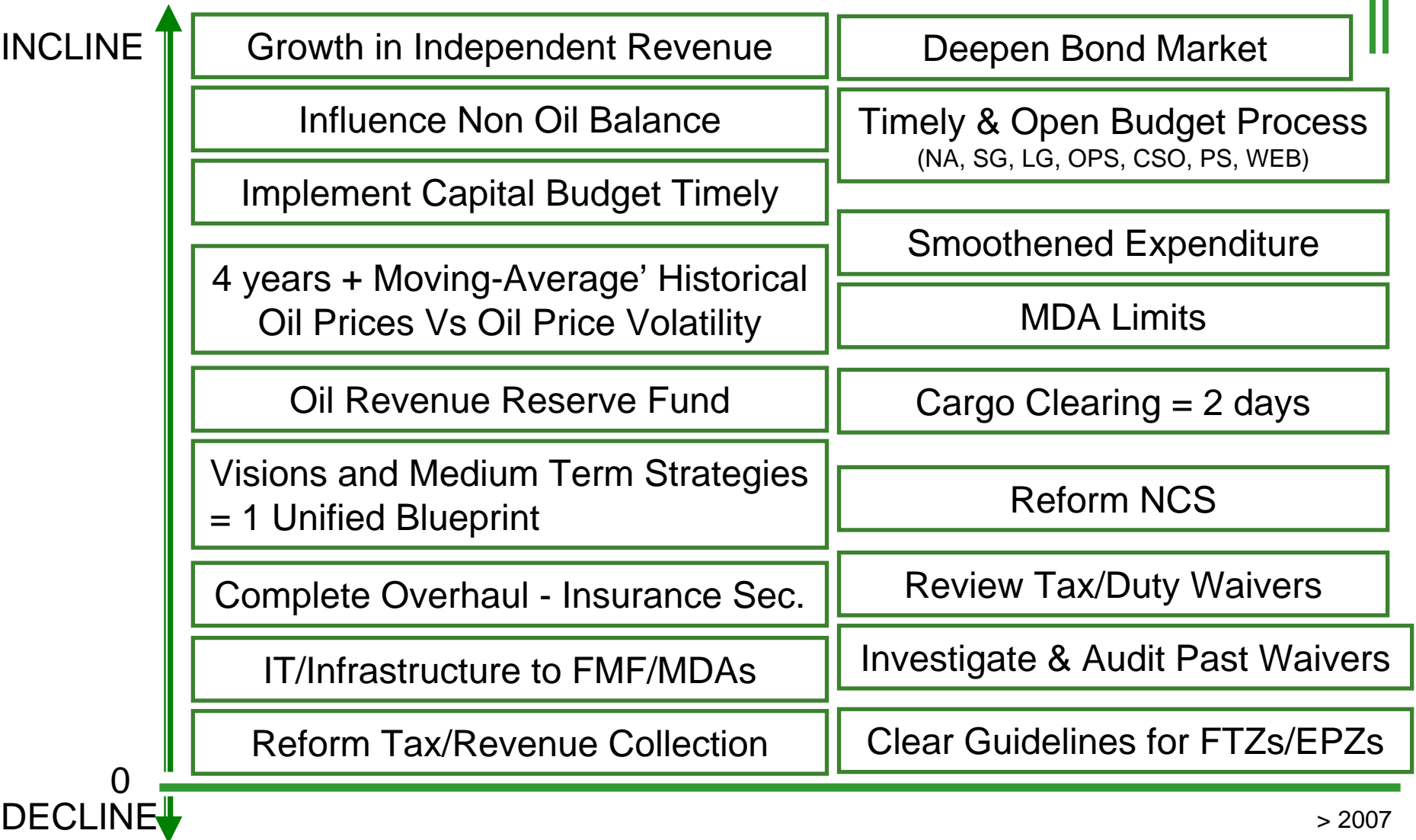
# THE LINKAGE: 7 VS 2020





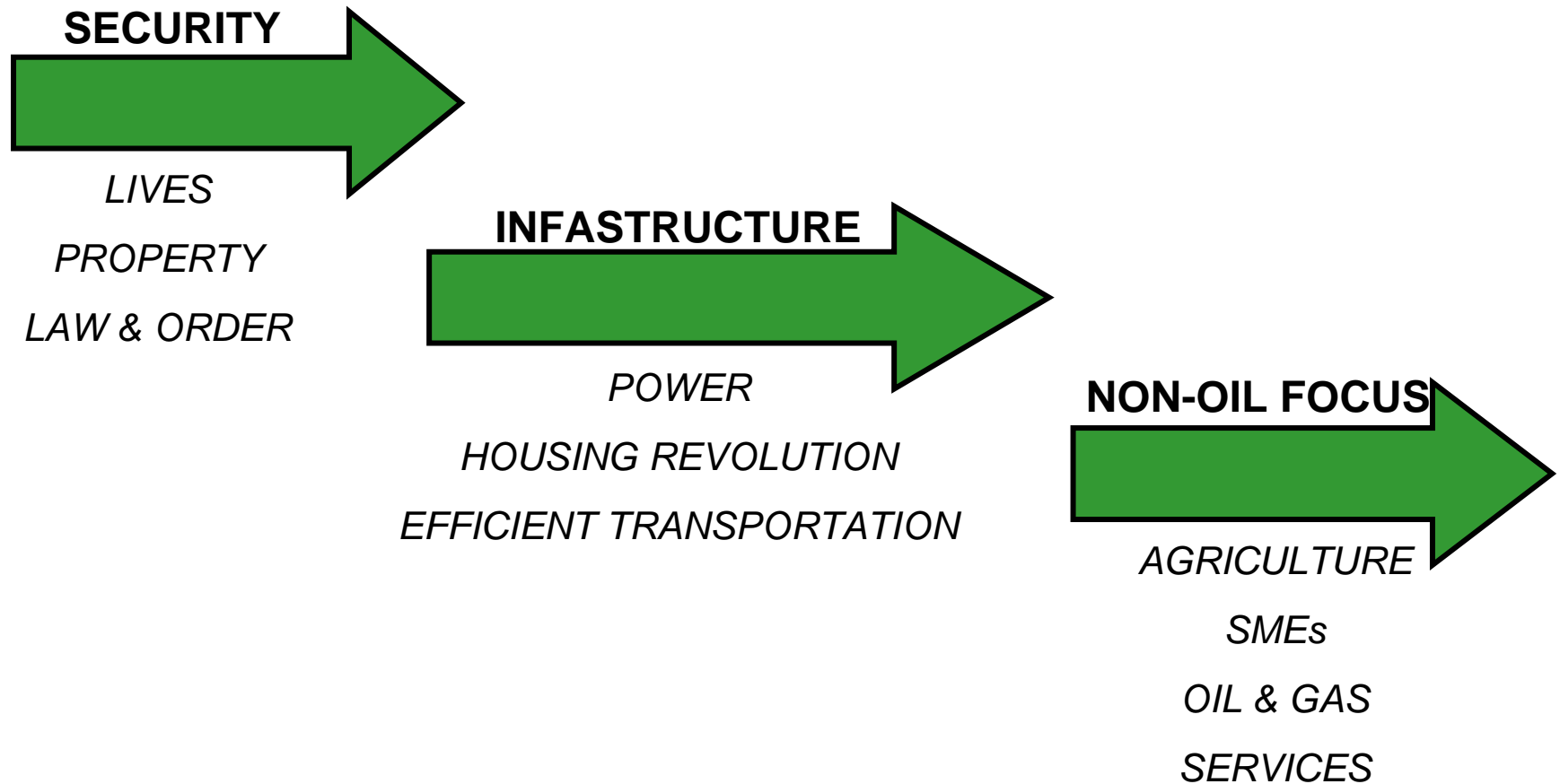
# NEW REFORM AGENDA

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KEY: NA-National Assembly; SG-State Govt; LG-Local Government; OPS-Org. Private Sector; CSO-Civil Soc. Org.; PS-Public Sector; WEB-www.fmf.gov.ng

# TRANSLATING REFORMS INTO WELFARE IMPROVEMENTS – “MAKING IT REAL”



# KEY CHALLENGES



## FISCAL CHALLENGES

1. Ensure better value for money
2. Better mngt of FGN recurrent spending/Govt Spending
3. Streamline/Strengthen Monitoring/Auditing /Reporting
4. Strengthen fiscal co-ordination amongst the 3 tiers of Government
5. Focus of social sector expenditures to achieve MDGs



TEMPO SUSTAINANCE THROUGH  
IMF/EXTERNAL SURVEILLANCE



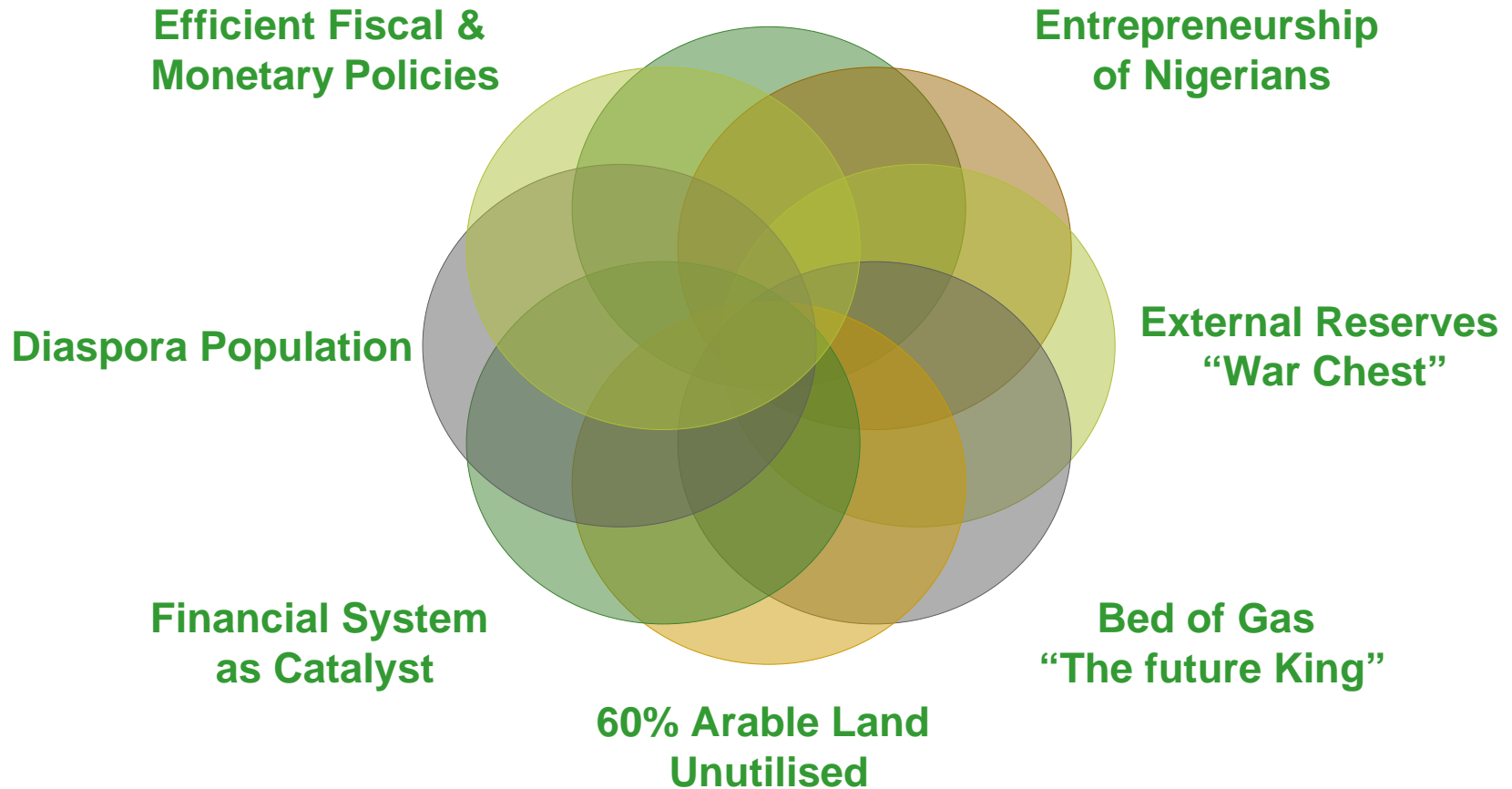
## OTHER CHALLENGES

1. Work closely with NASS to facilitate reform-linked legislations
2. Sustainable investment in Power, Roads, Railways, LNG etc
3. Maintaining macroecon. Stability for sustainable double digit GDP growth rates
4. Effective monetary policies
5. Increased non-oil sector growth for employment generation
6. Low concessional external borrowing
7. Work with NPC to extend reforms via NEEDS II, SEEDs & LEEDs

# THE FUTURE IS BRIGHT:

13% / 13YRS = 20<sup>TH</sup>

Youthful Population





THANK YOU