



**BOUNCING BACK:**  
**NIGERIA ECONOMIC**  
**SUSTAINABILITY PLAN**

**FISCAL AND MONETARY MEASURES**



## NIGERIA ECONOMIC SUSTAINABILITY PLAN FISCAL AND MONETARY MEASURES

### 1 IMMEDIATE FISCAL MEASURES

<b>Objective</b>	Mobilise resources to stimulate the economy and fund projects in the Economic Sustainability Plan.
<b>Policies</b>	<ul style="list-style-type: none"> <li>- Unlock available funds in Special Accounts to create a N500bn intervention fund</li> <li>- <b>Specific measures to support the Private Sector:</b></li> <li>- Activate the provisions of the Finance Act 2020 in support of MSMEs</li> <li>- Structure and launch a Tax Resolution and Settlement Unit</li> <li>- Extend deadlines and suspend penalties for filing tax returns</li> <li>- Incentivise employers to retain and recruit staff during economic downturn (see Table 14 below)</li> <li>- Provide targeted tariff reduction and trade finance facilities to support strategic imports and serve as a boost to economic activity</li> <li>- Support strategic industries affected by the pandemic, such as the aviation, hospitality and road transport sectors</li> <li>□ <b>Measures to support the Health Sector</b></li> <li>- Convert World Bank REDISSE programme to support COVID-19 interventions in the states</li> <li>- Provide funding to pharmaceutical sector to support the procurement of raw materials and equipment required to boost local drug production</li> <li>- Provide N86bn intervention fund for health infrastructure</li> <li>- Accelerated procurement of health material and equipment</li> <li>- Develop incentive package for frontline healthcare workers</li> <li>□ <b>Accelerate Infrastructure Completion</b></li> <li>- Expand the scope of the Road Infrastructure Tax Credit Scheme (RITCS)</li> <li>- Accelerate the construction of 794.4km of approved roads and bridges under RITCS</li> </ul>

<b>Implementing Agencies</b>	Federal Ministry of Finance, Budget and National Planning Central Bank of Nigeria
<b>Timeline</b>	12 months

## 2. FISCAL MEASURES TO SAFEGUARD OIL REVENUES

<b>Objective</b>	Safeguard oil revenues
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Deregulate the price of refined petroleum products and establish a sustainable framework for maintaining the national strategic stock.</li> <li>• NNPC to ensure 100% remittance of royalty and taxes paid by companies in kind to the Federation Account and sustain periodic reconciliation with DPR and FIRS</li> <li>• NNPC to continue to rationalise deductions from oil sector revenue in order to maximise payments to the Federation Account.</li> <li>• Maintain the practice of NNPC paying commercial value for all its crude oil lifting going forward.</li> <li>• Reduce the average production costs of crude oil by at least 20% in the first instance.</li> </ul>
<b>Implementing Agencies</b>	Federal Ministry of Finance, Budget and National Planning, Department of Petroleum Resources, NNPC
<b>Timeline</b>	12 months

### 3. FISCAL MEASURES TO MOBILISE AND PRESERVE NON-OIL REVENUES

<b>Objective</b>	Maximise government revenues and optimise expenditures
<b>Policies</b>	<ul style="list-style-type: none"><li>• Implement the VAT reforms in the Finance Act 2020, maintaining the increase in VAT rate to 7.5%.</li><li>• Develop business continuity plans for tax and customs administration to provide services to citizens, taxpayers, and importers in case of widespread contagion (or mobility restrictions).</li><li>• Rationalise ineffective tax incentives and exemptions.</li><li>• Increase remittances and recovery of unremitted revenues from GOEs.</li><li>• Immediate sign-off of guidelines of Significant Economic Presence (to capture revenues from cross-border business transactions).</li><li>• Unlock value from FG assets that are lying idle or under-utilised.</li><li>• Incentivise the use of up to N2 tn of pension funds for roads and housing development.</li></ul>
<b>Implementing Agency</b>	Federal Ministry of Finance, Budget and National Planning

#### 4. FISCAL MEASURES TO REDUCE NON-ESSENTIAL SPENDING

<b>Objective</b>	Streamline all government expenditure and eliminate non-essential items
<b>Policies</b>	<ul style="list-style-type: none"><li>• Adopt a Financing Plan for the Power Sector Recovery Programme.</li><li>• Eliminate non-critical and administrative capital expenditure.</li><li>• Expand the biometric-based Integrated Personnel &amp; Payroll Information System (IPPIS) to cover all MDAs.</li><li>• Rationalise government agencies.</li></ul>
<b>Implementing Agency</b>	Federal Ministry of Finance, Budget and National Planning
<b>Timeline</b>	12 months

## 5. MONETARY POLICY MEASURES

<b>Objective</b>	Support the economy using monetary measures.
<b>Policies</b>	<ul style="list-style-type: none"><li>• Provide N1tn in loans to boost local manufacturing and production across critical sector.</li><li>• Unify exchange rates to maximise naira returns to FAAC from foreign exchange inflows.</li><li>• Manage the exchange rate in a sustainable manner.</li><li>• Invoke partial risk guarantees for SMEs.</li><li>• Grant additional moratorium of 1 year on CBN intervention facilities.</li><li>• Reduce interest rate on intervention facilities from 9% to 5%.</li><li>• Create N100bn target credit facility for affected MSMEs.</li><li>• Grant regulatory forbearance to banks to restructure terms of facilities in affected sectors.</li><li>• Improve foreign exchange supply to the CBN by directing oil companies and oil service companies to sell foreign exchange to the CBN rather than the NNPC.</li></ul>
<b>Implementing Agency</b>	Central Bank of Nigeria
<b>Estimated Cost</b>	12 months

## 6. MEASURES TO MOBILISE EXTERNAL SUPPORT AND FUNDING

<b>Objective</b>	Mobilise external funding and seek debt relief.
<b>Policies</b>	<ul style="list-style-type: none"><li>• Engage with multilateral and donor agencies to access additional funding for crisis response, i.e. IMF - \$3.4bn; World Bank - \$2.5bn; AfDB - \$0.5bn, African Export-Import Bank - \$0.5bn, IsDB - \$113m.</li><li>• Seek moratorium from official partners on bilateral and multilateral debt.</li><li>• Support arrangements to secure commercial debt relief.</li></ul>
<b>Implementing Agency</b>	Federal Ministry of Finance, Budget and National Planning
<b>Timeline</b>	12 months

## 7. MEASURES TO COLLABORATE WITH AND SUPPORT THE STATES

<b>Objective</b>	Support financial viability of States.
<b>Policies</b>	<ul style="list-style-type: none"><li>• Negotiate suspension of payments in respect of ISPO.</li><li>• Provide moratorium on deductions in respect of bailout loans.</li><li>• Develop guidelines to protect inter-state commerce.</li><li>• Encourage States to achieve SIFTAS and other World Bank programme actions in order to access external support.</li><li>• States should consider issuance of promissory notes to pay their construction debts.</li><li>• Collaborate with State Governments on Affordable Mass Housing, Agriculture and Off-grid Power Projects and other projects in the ESP.</li></ul>
<b>Implementing Agency</b>	Federal Ministry of Finance, Budget and National Planning, Central Bank of Nigeria.
<b>Timeline</b>	12 months



## 8. MEASURES REQUIRING LEGISLATIVE SUPPORT

<b>Objective</b>	Secure appropriate legislative basis for actions to achieve economic sustainability.
<b>Policies</b>	Passage of: <ul style="list-style-type: none"><li>• A Fiscal Stimulus Act.</li><li>• Other provisions to backstop the Economic Sustainability Plan.</li></ul>
<b>Implementing Agency</b>	Federal Ministry of Finance, Budget and National Planning Federal Ministry of Justice
<b>Timeline</b>	0 - 3 months

## 9. CROSS CUTTING IMPERATIVES FOR A POST-COVID ECONOMIC RECOVERY

<b>Objective</b>	To build resilience into the architecture of government and society.
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Collaboration between government, the telecoms ecosystem and banking sector to provide a National Identification Number (NIN) to every Nigerian.</li> <li>• Promote strategic investment to make Nigeria a major hub for the manufacture of generic medicines.</li> <li>• Achieve broadband infrastructure across the country by 2023.</li> <li>• Create a special fund for medical and pharmaceutical research, pooling funds from existing schemes in TETFUND and from corporate social responsibility (CSR) contributions.</li> <li>• Promote a national savings culture by doubling participation in FGN Savings Bonds by reaching a wider set of people and using innovation.</li> <li>• Reform the NHIS to promote universal health coverage.</li> </ul>
<b>Implementing Agency</b>	FM of Science & Technology, FM of Communications & Digital Economy, FM of Education, FM of Health, FM Finance, Budget and National Planning, NIMC
<b>Timeline</b>	12 months