



A Peep Into Nigeria's Next Policy Direction

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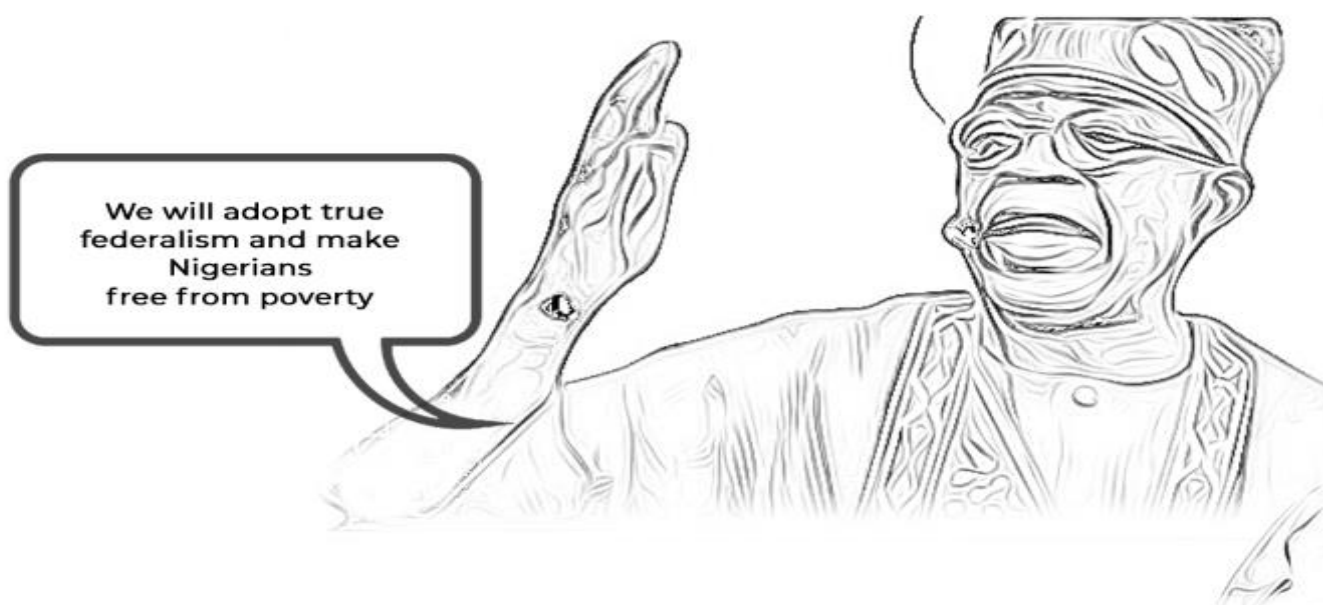
Introduction

After the completion of a two-term tenure, the present administration is set to depart the helm of affairs of the country on the 29th of May 2023 and a new administration will be inaugurated. As per the outcome of the February 25th Presidential elections, the incoming administration will be headed by President-Elect Bola Ahmed Tinubu and supported by his deputy Senator Kashim Shettima. The incoming first and second citizens of the country are veteran politicians in the Nigerian political landscape, having both previously served as Governors in their respective states and members of the country’s Senate.

In this report, we take a detailed view of the proposed social and economic plans of the incoming administration, with respect to political positions held in the past as well as the presidential manifesto which should inform the direction of policymaking in the next quadrennial.

During his time as the Governor of Lagos State (1999-2007), the President-elect achieved several commendable feats. Of these, we highlight the areas that received specific attention. These areas include **infrastructure** (Construction and rehabilitation of several roads and low-cost housing), **education** (rehabilitation of schools and improvement of welfare), and **fiscal autonomy** (reducing dependence on the Federal Government by increasing the State’s Internally Generated Revenue, creation of the Lagos State Debt Management Office and Lagos State Internal Revenue Service and introduced the Land Use Charge) and **welfare**.

However, his time in office as Governor was more than a decade ago. More recent hints from his presidential manifesto released in 2023 and other early indicators point to certain priority areas - **economic acceleration** (through expansionary policies, employment opportunities, and partnership with the private sector), **strengthening security** (through the use of technology and mass recruitment into the army), **infrastructural development** (leveraging on Public Private Partnerships and concessionary funding to provide state of the art infrastructure) and **citizens’ welfare** (increasing government spending on healthcare and making public tertiary institutions self-reliant).



Legacy Review

Prior to being elected as the Governor of Lagos State in 1999, the mega city was being plagued by several challenges some of which include the severe cases of traffic congestion, poor state of infrastructure for the rapidly growing population at the time, unreliable public utilities, solid waste mismanagement, and lack of trust in the public office due to unfulfilled promises.

Upon election into office, the administration sought to tackle the already identified challenges the State was facing. Considering this, the Government incorporated private sector knowledge and contemporary management techniques. This prompted the pursuit of an ambitious plan that included both long-term and short-term objectives; we will focus on the administration's 10-point agenda.

Governor Tinubu's 10-Point Agenda:

Accommodation

Education

Employment

Food security

Health

Power and water supply

Revenue enhancement

Road construction

Tackling environmental degradation

Agenda	Description
Accommodation	Being the most populous city in Africa, accommodation has been an incessant challenge for the residents of Lagos. While previous administrations attempted to solve the problem, the problem persisted. The Tinubu administration proposed a 4-year program, which involved providing mass housing at affordable prices. In addition, a plan for a more relaxed mortgage system was put forward.
Education	Education was a focal point for the Tinubu administration, given the poor state of education in terms of teachers' and students' welfare, infrastructure in public schools and condition of learning. Thus, the administration set out to refurbish and rehabilitate public schools and libraries, provide school furniture and equipment, initiate teacher's welfare enhancement programs, and scholarship schemes amongst other things.
Employment	Considering that the youthful population was high and the unemployment situation was worrisome, the Government had an ambitious plan of creating about 70,000 jobs during their first term in office.
Food Security	The administration's proposed approach to tackling food insecurity was to boost agriculture in the state by facilitating food sustainability, production, processing, and preservation.
Health	The Tinubu-led Government planned to prioritise the improvement in primary health by establishing ward clinics in each of the State's 20 local governments and enhancing the well-being of medical staff.
Power and Water Supply	To solve the epileptic power issue in the State, the Government proposed the development of an Independent Power Project with a generating capacity of 1,410MW.
Revenue Enhancement	On improving fiscal autonomy of the State, they planned a diversification of revenue sources, efficient revenue-collecting techniques, and efficient expenditure management to fund the 10-point agenda.
Road Rehabilitation and Construction	The Government proposed development of the 4 th mainland bridge to link Ikorodu with major link roads in the city.
Tackling Environmental Degradation	This entailed implementing the Kick Against Indiscipline Initiative (KAI), a program designed to address Lagos waste management system. Also, the administration reintroduced monthly environmental cleaning.
Transportation	Creation of the Lagos State Transport Management Authority (LASTMA) and putting in place appropriate traffic control systems. In addition, a mass transit transportation system was to be implemented to provide easy transit for the growing population.

We consider the track record and achievement rate of these initiatives on the next pages.

Achievements

Tinubu’s administration as Lagos State Governor lasted two tenors (eight years) and the Government convincingly left the State in a better condition than when they took office. Below, we highlight the approach taken to tackle the different identified issues as well as the major focus areas and achievements of the administration.

It is important to note that some of the agendas set out by the administration could not be either executed or completed, due to several challenges including conflicts between the federal and state levels. However, this agenda presented a blueprint for the subsequent Governors of the state to follow so as to achieve the long-term objectives of the state.

President Tinubu’s Achievement as Governor:

- Accommodation**
- Education**
- Employment**
- Health**
- Power and water supply**
- Revenue enhancement**
- Road construction**
- Tackling environmental**
- Transportation**

Achievements	Description
Accommodation	<ul style="list-style-type: none"> • Commissioned low-income housing estates in Ikorodu and Ajah. • Launched the Ministry of Housing. • Partnered with the private sector for the development of sites along Ikorodu, Ikeja GRA, Ilupeju, and Ajah
Education	<ul style="list-style-type: none"> • Introduction of free tuition for public school students and payment of WAEC fees for public school students within the State. • Construction and rehabilitation of several schools across the state. • Improving welfare of public-school teachers.
Employment	<ul style="list-style-type: none"> • Launched an electronic payroll system with biometric authentication to eliminate ghost workers from overburdened agency payrolls • Established a long-term payroll deduction for home ownership plan
Health	<ul style="list-style-type: none"> • Introduced programs to control the spread of diseases such as surveillance systems and vaccination campaigns. • Initial phase of Lagos State University Teaching Hospital (LASUTH) developmental projects and The Eye Clinic. • Initiated the creation of the Health Facility Monitoring and Accreditation Agency.
Power Supply	<ul style="list-style-type: none"> • Contracted a private company for the construction of an Independent Power Plant for the generation of 270MW of electricity serving over 100 communities in Lagos State.
Revenue Enhancement	<ul style="list-style-type: none"> • Launched the Lagos State Internal Revenue Service (LIRS). • Drastically improved the Internally Generated revenue of the State and reduced dependence on Federal allocation.
Road Construction	<ul style="list-style-type: none"> • Upgrade of six strategic roads to dual carriageway status complete with streetlights, drainage channels, and walkways. • Construction, expansion, and dualization of several roads across the State (Adeola-Odeku, Mende/Opebi Link Road, Oregun Road, Ejigbi-Ajao Estate/Airport Road, Badagry Expressway).
Tackling Environmental Degradation	<ul style="list-style-type: none"> • Distribution of bins to citizens and the provision of public waste collection bins • Establishment of a special court to prosecute sanitation offenders.
Transportation	<ul style="list-style-type: none"> • Launched the Lagos Metropolitan Area Transport Authority (LAMATA) as well as the Lagos State Traffic Management Authority (LASTMA) • Partnered with a private limited liability company to establish LAGBUS. • Resuscitated the moribund Lagos State Ferry Service by rehabilitating the grounded five ferries in the fleet

Presidential Campaign: Manifesto Review

In Nigeria, political ideologies, manifestos, and campaign promises typically differ by candidate and political party. However, one thing the manifestos and campaign promises usually have in common is the impracticability and eventual failure to deliver on these promises. While candidates in the past may have made unachievable promises, the manifestos broadly represent the ideology and overall direction of the Government, indicating priority areas.

Key Priority Areas of the President-Elect’s Campaign Promises:



One of the major concerns of Nigerians about the outgoing administration is the state of the Nation’s economy. Major economic indicators such as GDP, inflation, exchange rate, external reserves, capital importation, employment rate and trade balance have all deteriorated over the past eight years. Thus, the incoming administration is vocal about running a pro-growth economy, which it believes will improve the economy on both the macro and micro levels. Quantitatively, the government has set an annual economic growth target of 12% in the next four years (an ambitious feat that is yet to be achieved in Nigeria since 2003).

Key Focus Areas in Tinubu's Manifesto

Economy:

The incoming government seeks to achieve economic growth by focusing on major sectors, economic growth drivers and indicators. Particularly, the emphasis is on partnership with the private sector and policy alignment with the monetary policymakers to drive growth.

Agriculture:

The incoming government's plan for Agriculture is to drive large-scale mechanized farming and encourage youthful participation in the agricultural sector to fully unlock value in the sector. We note that if implemented, this should increase agricultural output and set the country on the path to agricultural sustainability and increase export, ultimately improving GDP and trade balance. However, this will require huge funding and different options might need to be explored for achieving the intention.

In addressing the challenges with the agricultural value chain, the incoming government has reiterated its plan to focus on commodities exchanges. The government intends to strengthen the Lagos State Commodities Exchange Board and promote the establishment of new commodities exchanges for strategic commodities.

We highlight that the exchange (and other exchanges), if properly managed will improve transparency, delivery and quality of locally produced commodities (agricultural commodities specifically). Thus, we view this as a feasible solution to improving some of the challenges faced in the agricultural sector.

Employment:

The incoming administration also places emphasis on driving economic growth and eradicating poverty by strengthening the labour market, an approach which we consider important but challenging considering Nigeria's current unemployment rate and labour conditions. The focus is to be on improving youth entrepreneurship and job creation through easy access to credit for individuals with businesses and ideas. Also, the government intends to reform the National Youth Service Corp programme and provide tax incentives for private sector companies to recruit.

The government also aims to launch a major public works program and National Industrial Policy to invest in infrastructure, value-adding manufacturing and agriculture and specific sectors including textiles, cement, steel, oil and gas, petrochemicals, light manufacturing, food, processing and information technology.

The administration has pledged to create industrial growth centres (six Regional Economic Development Agencies) to exploit each geo-political zones competitive advantage and optimize their potential, together with heavy investment in research and development, science and technology.

Manifesto Review

Infrastructure:

Infrastructure is a major focus of the incoming administration. The manifesto promises to develop a National Infrastructure Plan for the nation themed “Build a New Nigeria” which will cover strategic and integrated roads, bridges, rail, water, power, seaports, and airports across the country and provide loans to support essential projects at nominal interest rates.

While we see the need to build world-class infrastructure in the country (in order to attract investors and increase welfare and the ease of doing business), we note the huge funding required to drive the proposed infrastructural developments.

The president-elect hinted at the use of Public-Private Partnerships and initiating a medium to long-term infrastructure financing model. The administration pledges to bridge the long-battled housing gap by creating a mass housing strategy (through collaboration with State Governments and other stakeholders in the construction sector) to construct more than five million houses within the next four years. The commitment to infrastructure is also supported by the promise to introduce a National Mortgage System that will ensure loans are granted to intending homeowners at single-digit interest rates for between 15-30 years.

Oil, Gas, and Mineral Resources:

Given the importance of the Oil and Gas sector to Nigeria’s foreign exchange earnings and total revenue generation, the president-elect has suggested policies to tackle the prevailing challenges plaguing the sector. Firstly, the incoming president has been vocal about his stance on a reform of the Oil and Gas sector in line with the Petroleum Industry Act (PIA).

The government is also firm on the privatization of the Nigerian National Petroleum Commission (NNPC) and removal of fuel subsidies. Also, the incoming administration mentioned the establishment of a national strategic reserve for petroleum products as one of their plans. The administration aims to combat oil theft and vandalism through the establishment of a Special Enforcement and Monitoring Unit which will utilize technology to monitor pipelines. Implementing a host community development trust that ensures increased assistance between IOCs and their host communities.

Also, under the new administration, the government aims to focus on completely deregulating the midstream sector and increasing gas production by 20%. The solid mineral sector will be managed by the State Governments, while the Federal Government will focus on exploration, research, and attracting international investment into the sector. This is expected to further strengthen the State Governments while giving the Federal government enough room to adequately address the issues under its purview. The government’s goal is to increase crude oil production to 2.6mbpd by 2027 and 4.0mbpd by 2030.

We note that over the past 61 years, Nigeria has been unable to achieve this feat with the highest oil production volume being 2.46mbpd, recorded in June 2005. Moreover, our oil production is typically within the OPEC’s quota, which is currently below 2.00mbpd.

Manifesto Review

Power:

Being a major elephant in the room, Tinubu's campaign promises also includes addressing Nigeria's epileptic power supply which has received minimal attention from the past administrations. They hope to tackle this by ensuring sufficient on-grid power generation, transmission and distribution. The administration hopes to achieve uninterrupted power supply by increasing distribution up to 15,000 megawatts (from the current average of 5,000 megawatts). The administration also promises to address the issue of metering and ensure that all electrical connections are metered while encouraging the domestic production of meters.

We note that two of the major issues plaguing the Nigerian electricity sector are power loss (between generation and distribution) and low liquidity in the sector (rising from the inadequate metering system which leads to loss of revenue from consumers). If properly executed, the solutions proposed by the incoming administration will greatly improve Nigeria's power sector.

As is the rest of the world, Nigeria's new government has eyes on sustainability in line with the country's commitment to carbon neutrality by 2060. There is also the planned introduction of a Nigeria First Power Policy, which will treat gas resources as the number one priority to Nigerian power generation.

Economic Policy:

Fiscal policy will be focused on growth by stimulating local production, import substitution, export of manufactured products, and improved revenue generation. The incoming administration set a target to increase the revenue generated by the Federal Government significantly in the next four years, boost external reserves, and move to a surplus budget. Three proposed solutions by the president-elect to tackle the unstable exchange rate problem include: attracting foreign direct investments, maintaining a single floating exchange rate regime, and collaborating with the monetary authority. Further to this, the government aims to -

- boost the supply of foreign currency and moderate demand;
- improve the exchange rate to NGN300/USD in the near term;
- change Nigeria's budget benchmark from oil revenue to a level of government expenditure that optimizes growth and jobs without inducing high inflation; and
- Ensure that all electricity bills are meter-based to eliminate the estimated billing system.

Digital Economy:

On digital technology, some of the ways the incoming administration looks to take advantage of the booming sector include training and building capacity among Nigerian youths and ICT-enabled outsourcing. They have also indicated intentions to implement policies that ease the fundraising process of start-ups, increased technology manufacturing, and improve infrastructure and transportation tailored towards E-Commerce. Furthermore, the administration is keen on implementing government digital services, delivering broadband to 90% of the population by 2025, and encouraging the use of blockchain technology in major sectors.

Manifesto Review

Poverty

In 2022, the National Bureau of Statistics estimated that 63% of Nigerians (133mn people) were multidimensionally poor, using different metrics such as health, education, living standards & work, and shocks. Thus, the poverty level in the country is a cause for concern and has other far-reaching implications including an escalation in the crime rate. Having recognized this, the government emphasizes its commitment to ensuring that all Nigerians can meet their basic needs and hopes to completely eradicate poverty. In this light, the incoming administration promises to create a social welfare scheme with direct monthly cash payments to about 25 million vulnerable Nigerians including pregnant women, unemployed mothers, school-age children, senior citizens, disabled, armed services veterans, etc.

Security

The government proposes to tackle insecurity from several fronts. These include job creation and poverty eradication, revamping of the nation's security outfits (including training and welfare improvement), mass recruitment into the army, and introduction of modernized equipment and technology.

Education And Healthcare

By increasing the budgetary allocation to healthcare to more than 10%, attracting more healthcare workers into the country, improving the quality of healthcare (from primary healthcare to federal hospitals), and banning medical tourism by Government officials, the incoming administration seems to have clear-cut strategies to tackle the problems in the healthcare sector. On Education, increasing the self-reliance of Federal universities by introducing other funding sources such as grants, tuition and corporate scholarships as well as introducing student loans are the key campaign promises.

Conclusion: Summary of Key Policy Changes to Expect



Increase external reserves by incentivizing Foreign Direct Investors.



Adopting a single floating exchange rate regime.



Removal of fuel subsidy and public listing of NNPC Ltd's Shares on the stock market.



Leverage Public Private Partnerships to create Infrastructure.



Mechanized farming to drive commercial production.



Autonomy of Federal Universities' funding, introduction of student loans, and end to strike actions.



Provision of SME loans.



Introduction of credit cards and Buy Now Pay Later

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