



**One Year in Power:
Assessing the Current
Administration's Policy Direction**

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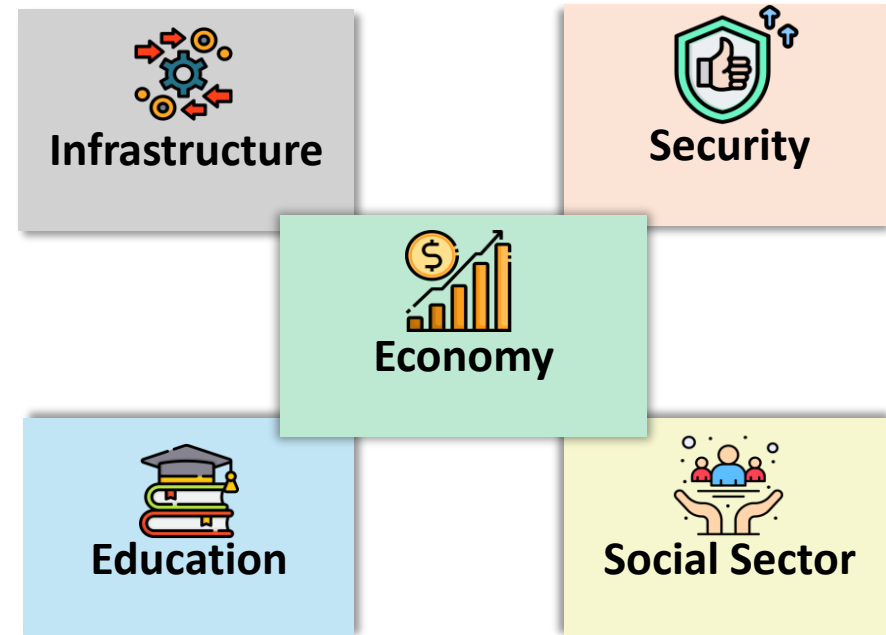
The Tinubu-led administration assumed office on May 29, 2023. As expected in our report titled [“A Peep into Nigeria’s Policy Direction,”](#) a slew of policy changes (from both fiscal and monetary authorities) have been undertaken aimed at delivering on some commitments made by the fiscal authority.

From the outset, the administration expressed its commitment to fostering a pro-growth economy that would enhance both the micro and macroeconomic landscapes. The President’s manifesto and Policy Advisory Council (PAC) report prioritized key areas for change, including the economy, agriculture, employment, infrastructure, oil & gas, and mineral resources, power, economic policy, digital economy, poverty alleviation, security, education, and healthcare. The PAC report also outlined the timeline of the government’s forward targets and achievements over the next eight years, contingent upon re-election for a second term.











Over the remainder of its present term (next three years), the administration is expected to continue its focus on economic diversification, infrastructure development, and social welfare programs. Success in these areas will largely depend on effective policy execution, political stability, and continued public and private sector collaboration.











In this report, we analyzed the performance of the first year vis-à-vis pre-outlined manifesto and gave our opinions on the macroeconomic landscape for the next three years.

Key Priority Areas of President Tinubu’s Campaign Promises



Summary of Key Variables (Then vs Now)

Variable	Then	Now	Change (%)
 Headline Inflation	22.41% YoY	33.69% YoY	+11.28% 
 Food Inflation	24.82% YoY	40.54% YoY	+15.72% 
 Exchange Rate (NAFEM)	NGN461.76/ USD	NGN1,479.69 /USD	+68.79% 
 Interest Rate (MPR)	18.50%	26.25%	+7.75% 
 Unemployment Rate	5.30%	5.00%	-0.30% 

Variable	Then	Now	Change (%)
 Economic Growth (GDP)	2.31% YoY Q1:2023	2.98% YoY Q1:2024	+0.47% 
 Debt Stock	NGN49.85trn As of Q1:2023	NGN97.34trn As of 2023FY	+95.27% 
 Foreign Reserves	USD33.39bn	USD31.79bn	-4.79% 
 Crude Oil Production (mbpd)	1.15mbpd Q2:2023	1.33mdpd Q1:2024	+15.65% 
 Petrol	NGN238.11 per litre	NGN696.76 per litre	+192.62% 

Source: National Bureau of Statistics, Central Bank of Nigeria, FMDQ, Nigeria Upstream Petroleum Regulatory Council, Debt Management Office, Meristem Research



On the side of fiscal policy, the administration has introduced several strategic initiatives aimed at increasing government revenue, enhancing efficiency and optimizing expenditure. Key reforms have been targeted at improving the operations of critical sectors to attract investment from foreign companies and individuals. Additionally, the administration has successfully negotiated strategic partnership agreements with other countries.

Key Point Area	Strategic Policy Objective	Developments in 1 year...	Going Forward
Expenditure	<ul style="list-style-type: none"> Optimize Operating Expenditure to Reduce Cost and Leakages. Eliminate Subsidies. 	<ul style="list-style-type: none"> Implementation of the recommendations of the Stephen Oronsaye report to reduce cost of governance. Disengagement of employees from the Apex bank (c. 200) to allow for proper effectiveness in their operations. PMS subsidy removed in May 2023. Increment of electricity tariff for Band A customers. 	<ul style="list-style-type: none"> Eliminate duplicated offices and functions across MDA's. Implement shared services across MDAs to optimize government expenditure on overheads. Implementation of a budgeting policy to gradually increase funding for capital projects.
Revenue	Deepen tax collection and revenue generation.	<ul style="list-style-type: none"> Established a coordinating body for fiscal policy with the inauguration of the Presidential Committee on Fiscal Policy and Tax Reforms spearheaded by Taiwo Oyedele. 	<ul style="list-style-type: none"> Implement harmonization through the elimination of multiple taxes across the country. Automate revenue collection processes of all tax and levies using big data. To achieve a tax to GDP ratio of 18% and introduce new taxes.
Revitalize Energy Sector	To Address Oil Theft and Vandalism and to Grow Oil and Gas Production	<ul style="list-style-type: none"> Establishment of security troops and personnel to reduce oil theft and pipeline vandalism. Partnered with private players like Dangote Oil Refinery to increase the country's refining capacity. 	<ul style="list-style-type: none"> Unlock the potential of the solid minerals sector. Mandate NNPC and NUPRC/NMDPRA to close out outstanding divestments and contract issues for project delivery clarity. Expand domestic gas reserves and transition to market prices for gas and grow gas utilization across sectors.

Key Point Area	Strategic Policy Objective	Developments in 1 year..	Going Forward
Social Welfare	<ul style="list-style-type: none"> Improve standard of living of the average Nigerian. 	<ul style="list-style-type: none"> Deployed benefit packages (consumer credit scheme, cash transfer to households) to cushion the effect of subsidy removal. Increase of salaries of civil service workers across six salary structures. 	<ul style="list-style-type: none"> To raise the minimum wage to mitigate the impact of subsidy removal and the effects of current government reforms. Provide temporary personal income tax reliefs for low-income earners.
Debt Management	<ul style="list-style-type: none"> Reduce debt servicing cost. 	<ul style="list-style-type: none"> Secured concessionary/low-interest loans from multilateral organisations to reduce debt service cost. 	<ul style="list-style-type: none"> To achieve a debt to GDP ratio of 40%. Raise debt to finance infrastructure projects.
Policy Alignment	<ul style="list-style-type: none"> Synchronization of fiscal and monetary policy. 	<ul style="list-style-type: none"> Establishment Presidential Economic Coordination Council (PECC). 	<ul style="list-style-type: none"> Continuous evaluation of the harmonization between fiscal and monetary policy.

Economic Growth and Capital Market

● The current administration's policy agenda includes initiatives designed to stimulate economic growth, enhance international trade and commerce, and increase participation in the domestic capital market.

Key Point Area	Strategic Policy Objective	Developments So Far.....	Going Forward
Economic Growth	<ul style="list-style-type: none"> Achieve a nominal GDP of USD491.00mn by 2023FY. Implement backward integration initiatives in key sectors to promote local production and substitute imports. 	<ul style="list-style-type: none"> Nominal GDP for 2023FY was USD253.46mn using the exchange rate as of 29th December 2023. Reviewed the minimum capital requirement of Nigerian banks through the recapitalization reform to aid the achievement of USD1trn economy. Launched a 500,000-hectare farming project to cultivate crops like rice, wheat, maize, etc. 	<ul style="list-style-type: none"> Localize the value chains in the top three manufacturing sub-sectors. Accelerate the development of strategic rail corridors for efficient agricultural and trade logistics. Set up financing solutions to support export growth. Implement policies and government initiatives to boost agricultural production.
Trade	<ul style="list-style-type: none"> Position Nigeria as Africa's most efficient trading nation. Negotiate strategic trade partnerships with key nations to enhance market access and reduce trade barriers. 	<ul style="list-style-type: none"> Launched the Nigeria Single Window Trade portal. Signed the Enhanced Trade and Investment Partnership (ETIP) with the United Kingdom. Executed seven trade agreements with Qatar covering key sectors in the economy. 	<ul style="list-style-type: none"> Establish specialized export hubs at seaports and airports to streamline international trade. Explore strategies to aid securing investment financing from leading multilateral finance institutions.
Capital Markets	<ul style="list-style-type: none"> Develop investment products with Fund Managers to attract diaspora and retail investors to local securities 	<ul style="list-style-type: none"> Introduced the Nigeria Diaspora Fund. 	<ul style="list-style-type: none"> Issue project specific debt instruments to support initiatives, such as agricultural growth and industrial expansion. Grow equities market capitalization to GDP to 25%. Encourage greater involvement of pension funds and insurance companies in the capital market. List some government assets on the Nigerian Exchange.



The current administration's policy priorities featured a suite of reforms aimed at achieving price stability and enhancing the effectiveness of monetary policy initiatives.

Key Point Area	Strategic Policy Objective	Developments So Far.....	Going Forward
Inflation	<ul style="list-style-type: none"> Achieve price stability and an inflation target of 13.00%. Improve food supply to address food insecurity and tame food inflation. 	<ul style="list-style-type: none"> Inflation rate at 33.69% as of April 2024. Distribution of seedlings to farmers across Nigeria. Launched a 500,000-hectare farming project to cultivate crops like rice, wheat, maize, e.t.c. 	<ul style="list-style-type: none"> Implementation of year-round cultivation of essential crops such as wheat, cassava, rice, and others.
Monetary Policy	<ul style="list-style-type: none"> Interest rate objective of 9.00%. Reform the CBN operating model. 	<ul style="list-style-type: none"> Cumulative hike of MPR by 775 bps to 26.25%. Raised CRR for commercial and merchant banks to 45.00% and 14.00%, respectively. Adjusted the asymmetric corridor to +100bps/-300bps around the MPR. Organized engagements with international investors to present new monetary policy directions. 	<ul style="list-style-type: none"> Manage money in circulation and liquidity. Collaborate with the Debt Management Office (DMO) to develop strategic plans aimed at returning Nigeria into the Emerging Market Bond indices.
Exchange Rate	<ul style="list-style-type: none"> Establish a transparent and efficient foreign exchange (FX) management framework. Strengthen the country's foreign reserves by enhancing foreign currency inflows. 	<ul style="list-style-type: none"> Unification of exchange rate windows. Settlement of FX backlogs. Deployment of OMO auctions with attractive rates to incentivize foreign inflow and boost FX supply. Reviewed minimum capital requirements for BDCs and other operational guidelines. Foreign reserves currently stands at USD31.79bn as of 28th May 2024. 	<ul style="list-style-type: none"> Ensure a consistent supply of FX into the market to strengthen the country's external reserves, supported by funding from multilateral agencies. Incentivize long-term foreign direct investment and capital importation to sustain supply.

While the administration has enacted several reforms in accordance with the guidelines outlined in the Policy Advisory Document, some action plans are yet to be implemented. Given the execution timeline of 0-18 months for most of these reforms, we anticipate that several will be operational within the next 6 months. The major expected reforms include:

Key Point Area	Strategic Policy Objective	18 months Targets (Dec 2024)
Energy and Natural Resources	<ul style="list-style-type: none"> Unlock Nigeria’s energy potential 	<ul style="list-style-type: none"> Consider integrating NUPRC, NMDPRA, and NCDMB into a single regulator or include all midstream activities into NUPRC scope. Agree a transfer pricing framework for third party gas supply to NLNG. Negotiate with OPEC to review and revise Nigeria's oil production quota. Legitimize illegal refineries.
Monetize: Sale of government assets of up to USD4.5bn	<ul style="list-style-type: none"> Raise funds while driving greater efficiency in the oil and gas sector 	<ul style="list-style-type: none"> Appoint external investment banker, legal advisor and financial advisor– Identify and test transaction principles with key buyers, establish transaction process, establish execution timeframe and assess market conditions for transaction. Complete sale of IOC Operated SW assets.
Monetary Policy	<ul style="list-style-type: none"> Reform CBN’s Operating Model 	<ul style="list-style-type: none"> Review, rationalize and transfer the operations that are incompatible with the core monetary policy management to the relevant fiscal authorities. Specifically amend the CBN Act to substantially curtail the CBN in performing such functions.
Trade	<ul style="list-style-type: none"> Facilitate international trade and commerce. 	<ul style="list-style-type: none"> Offer attractive incentives to encourage the development of warehouses through Public-Private Partnership (PPP) arrangements, strategically located outside port areas. Free up the 4km radius surrounding the ports, allocating space for cargo operations, road networks, and rail connectivity. Reconstruct key performance indicators (KPIs) of vital government agencies to enhance trade facilitation.

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