ADDRESS DELIVERED AT THE MINISTERIAL SEGMENT OF THE 2020 UN HIGH LEVEL POLITICAL FORUM

BY

PRINCE CLEM IKANADE AGBA
HONOURABLE MINISTER OF STATE FOR BUDGET AND NATIONAL PLANNING

AT

THE VIRTUAL LAUNCH OF THE 2020 GLOBAL MULTIDIMENSIONAL POVERTY INDEX

ON

16 JULY AT 11:30AM NEW YORK TIME, 4:30PM NIGERIA TIME.
PROTOCOL

It is a honour and my pleasure to address you on this occasion of the launch of the 2020 global Multidimensional Poverty Index at the ministerial segment of the 2020 UN High Level Political Forum. Since the inception of President Mohammadu Burahi’s administration, we have made progress in poverty reduction, but unfortunately, the advent of COVID-19 and lock down of both global and local economies have impacted on the gains already achieved. Thus, we require more collaboration with the international community or we risk losing hard-won progress on multidimensional poverty over the past decades.

2. Poverty is a global phenomenon and no society can be totally immune from it. The phenomenon, however, varies in scale and intensity from one society to another. The incidence of poverty in Nigeria has over the years become a conundrum for many to understand. Amid abundance of resources, millions of citizens are believed to still live in poverty, while many are living close to the
poverty line due to persistent socio-economic challenges. Up until 2015, Nigeria had one of the world's highest economic growth rates, averaging 7.4% according to the Nigeria economic report released in July 2014 by the World Bank. Following the oil price collapse in 2014–2016, combined with negative production shocks, the gross domestic product (GDP) growth rate dropped to 2.7% in 2015. In 2016 during its first recession in 25 years, the economy contracted by 1.6%. The impact of the contraction of the economy on the source of livelihood, purchasing power and living standard of citizens meant many slipped into poverty. Increased population growth rate in the face of slow growth of the economy also resulted to increased poverty level, which now stands at 40.1% according to the National Living Standard Survey of 2019.

3. In a fast paced and rapidly globalised world such as we find ourselves today, the Multidimensional Poverty Index (MPI) offers a multivariate form of poverty assessment, while at the same time proffering potential direct areas of intervention. So far in Nigeria,
we have independently computed 3 rounds of MPI. The first round was published in 2011, second in 2014 and the latest in 2018, all done under the HDI computation processes. The computations were done using relevant indicators under health, education, standard of living and labour force, which indicated that 22.5% of the total population of Nigeria is MPI poor. MPI is greatly influencing the general knowledge and discussions around poverty in Nigeria. It was very useful in informing lively debates and discussions amongst candidates and the electorate during the general elections last year. Government no longer treats poverty as simply the absence of income, but now looks also at the different dimensions by which poverty affects citizens. This can be clearly seen in many of the programmes and interventions in the last 5 years. Specifically, in targeting the poorest states and communities for the government’s cash transfer and school feeding programmes. The MPI is also a useful tool in implementing the Sustainable Development Goals (SDGs), particularly in the spirit
of leaving no one behind, which is at its core. Presently, work is ongoing with the Office of the Senior Special Assistant to the President on SDGs (OSSAP-SDGs) to update the indicators and monitor Nigeria’s progress towards meeting the targets. Using the MPI, we are also able to target and situate many of special intervention projects under that Office. For example, the deconstructed MPI guided the Office in executing their Primary Healthcare Intervention Projects in 2018 and 2019, with more being planned for under the 2020 budget.

4. Successive governments have demonstrated concerns about the high level of poverty despite enormous resources the country possesses. They have at different times introduced various poverty alleviation programmes such as Operation Feed the Nation, Green Revolution otherwise known as “Back to Land”, Directorate for Food, Roads, and Infrastructure, Directorate of Employment, Better life Programme, Peoples Bank Project, Family Support Programme (FSP), National Economic Empowerment and
Development Strategy, SURE-P and National Poverty Eradication Programme (NAPEP). There has however been degree of ineffectiveness in achieving the set objectives of those programmes or in producing the anticipated results due to poor implementation, inadequate evidence to support the design and inconsistencies.

5. At the onset of the current administration in 2015, it deemed it fit to introduce several Programmes targeted at the poor. Accordingly, the Federal Government rolled out a comprehensive National Social Safety Net Programme in 2016 to address unemployment, tackle poverty, hunger and improve the condition of living of the extremely poor and vulnerable Nigerians. Notable social programmes that forms the social safety net, initiated by this administration to tackle riving poverty levels include the National Home Grown School Feeding Programme (NHGSF), the Government Enterprise and Empowerment Programme (GEEP),
the N-power programme, the National Cash Transfer Programme (NCTP) and economic Stimulus plan.

6. The National Home-Grown School Feeding Programme (NHGSFP) is a government led N70 per day school feeding programme that aims to improve the health and educational outcomes of public primary school pupils. It uses farm produce locally grown by smallholder farmers to provide children nutritious mid-day meals on every school day. The programme links local farmers to the education sector by facilitating their access to the school feeding market and feeds almost 10 million school pupils daily while empowering over 90,000 local catering staff across the country. The current NHGSFP started in 2016 and since inception, over 300 million meals have been served to pupils in 46,000 Public Primary Schools in 34 states. The ultimate target of this program is the improvement of the nutrition of school children (an indicator under the Health dimension measured in MPI) and boosting of local economies in one single policy. The benefits of
this are evident and manifold. The schools provide local farmers with a predictable outlet for their products, leading to a stable income, more investments and higher productivity. The children enjoy healthy, diversified food; making it more likely that they will stay in school, perform better, and improve their adult job prospects. At the community level, Home Grown School Feeding initiatives promote nutrition education and better eating habits and encourage the diversification of production with a special emphasis on local crops. Community involvement, in turn, enhances the sustainability of programmes.

7. The N-power programme was designed specifically to address the challenge of unemployment and provide a structure for large scale skills acquisition and development. It has also helped to diversify the economy by preparing youths for a knowledge economy and equipping them with world-class skills and certification. Through this intervention amongst others, government is addressing the issue of poverty and unemployment,
and in the same stead, empowering the people with skills to be self-employed and creating better lives for themselves. The programme have empowered over 500,000 youths with the needed skills for the job market.

8. The National Cash Transfer Programme (NCTP) provides targeted monthly cash transfers of N5,000 to poor and vulnerable households, with the aim of graduating them out of poverty. As a critical part of this initiative, beneficiaries are continuously supported, mentored and coached to form savings groups by trained Community Facilitators in every ward, who visit them weekly to provide capacity building training on life skills and basic financial knowledge, as well as nutrition, hygiene and sanitation information. This programme has reached approximately 300,000 poor and vulnerable households across the country. An additional N5,000 would be given to families who meet the conditions that are determined by the States as priorities once the supply side of the conditions are provided and functional. Livelihood training is
also provided to enable the beneficiaries take ownership of their lives.

9. The Government Enterprise and Empowerment Programme (GEEP) has provided over a million loans to petty traders and small entrepreneurs across the country. The aim of this programme is to provide financial support and training to businesses at the bottom of the financial pyramid. GEEP is targeted at providing non-collateral micro lending to 1.66 million businesses at the bottom of the financial pyramid. They include traders, women cooperatives, market women, enterprising youth, farmers, and agricultural workers. The scheme comprises MarketMoni, TraderMoni and FarmerMoni.

10. In showing continued commitment of the present administration’s pledge to lift 100 million Nigerians out of poverty in the next 10 years, government’s budget for the social sector including health, education, youths and sports has significantly
increased from N814 million in 2015 to N1.24 trillion in 2019. Thus, we have continued to expand government activities in these areas. However, these gains could be eroded due to the impact of COVID-19 occasioned by the rising rate of infections, the continuous global melt down, and the increasing unemployment on account of layoffs in all sectors of economy. Without any form of stimulus to the economy, the economic growth could contract to about -8.9% in 2020, in the worst-case scenario and -4.4% in the best-case scenario.

11. To prevent a potential deep recession and to accelerate quick recovery of the economy, we developed a three broad strategies namely (i) Economic Stimulus Package, (ii) Mobilization of External Support and Funding (i.e. rapid financing intervention) for the 2020 budget and (iii) Increase in our non-oil revenue generation. These are aimed at retaining and creating jobs, increasing productivity, ensuring social stability and addressing

12. Thus, inspite of the impact of COVID-19 and dwindling revenue from oil, our strategy is to continue to expand government activities to cushion the effect of the pandemic with total estimated stimulus package by the Federal Government of Nigeria of N2.3 trillion. This consist of N500B FGN intervention fund, N1.2T CBN intervention funds, N334B BOI/Bilateral/Multilateral interventions and additional FGN support of N300B. These packages consist to a large extent, of a combination of fiscal and monetary policies, sectoral interventions, and social programmes. The fiscal and monetary policies will support States, businesses, households and individuals through grants, tax relief, payroll support, tariff reductions, and direct support to the health sector. The real sector interventions will focus in particular on Mass Agriculture, Mass Housing, Public Works, Solar Power Installations and support to small businesses. A common feature
of these interventions is that they will create a large number of jobs, empower farmers and entrepreneurs, use up to 100% of local materials, conserve foreign exchange and have guaranteed offtake of outputs especially in Agriculture and Housing.

13. We have commenced mobilization of external support and funding (rapid financing intervention) for the 2020 budget by engaging 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, and IsDB - $113m. Additionally we are also seeking for moratorium from official partners on bilateral and multilateral debt and arrangements to secure commercial debt relief.

14. We are also taking steps to increase our non-oil revenue generation. These steps include but not limited to VAT reforms in the Finance Act 2020 (maintaining the increase in VAT rate to 7.5%), Customs Administration Enhancement, Tax incentives and
exemptions, increase remittances and recovery of unremitted revenues from GOEs, increase revenues from cross-border business transactions, unlock value from FG assets that are lying idle or under-utilised, incentivise the use of up to N2 tn of pension funds for roads and housing development etc.

15. Despite the successes of the social policies introduced by the our administration in tackling poverty in all its forms everywhere in Nigeria, the implementation of the programmes is not without challenges or areas for improvement. The areas of improvements include regular payment of monthly stipends to N-power beneficiaries, funding and publicity to create more awareness.

16. In conclusion, the government’s goal of lifting 100 million Nigerians out of poverty within the next decade appears ambitious, but quite achievable if more targeted social initiatives are put in place and equally sustained. The global
Multidimensional index provides a useful tool for maximum impact of government policies along this line. While there has been a significant setback as a result of the COVID-19 pandemic, Nigeria as a country remains resolute in our quest to create better living standards for all citizens, ensuring that, all citizens at the very least, enjoy the most basic form of essential service. We will also ensure that, even as we focus on taking more people out of poverty and minimizing their deprivation, we will also create better economic opportunities and grow our economy sustainably, so that we leave behind, a sound foundation for future generations to thrive.

21. Thank you all for your kind attention.