



FISCAL STIMULUS MEASURES IN RESPONSE TO THE COVID – 19 PANDEMIC AND OIL PRICE FISCAL SHOCK

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INTRODUCTION

On Monday, 6 April 2020, the Honourable Minister of Finance, Budget & National Planning, announced that President Muhammadu Buhari approved a Fiscal Stimulus Package, as part of intervention efforts to manage the adverse impacts of the COVID-19 pandemic.

We highlight the **Fiscal Stimulus Package** below.

ESTABLISHMENT OF A N500 BILLION COVID-19 INTERVENTION FUND ("THE CRISIS INTERVENTION FUND")

The Crisis Intervention Fund will be utilised to:


- Upgrade healthcare facilities earlier identified by the Presidential Task Force on COVID-19 and approved by the President;
- Finance the Federal Government of Nigeria (FGN)'s interventions to support states in improving healthcare facilities;

- Finance the creation of a 'Special Public Works Program' that will result in the employment of about 774,000 Nigerians; and

- Fund any additional interventions that may be approved by the President.

ENHANCED FINANCIAL SUPPORT TO THE 36 STATES AND THE FEDERAL CAPITAL TERRITORY (FCT)

- The Nigeria Centre for Disease Control (NCDC) has been given access to the Regional Disease Surveillance Systems (REDISSE) facility of the World Bank in the sum of US\$90 Million.



The FGN will request additional financing from the REDISSE (US\$100 million) and draw down on its existing facility with the World Bank (US\$82 million). These sums will be utilised to provide COVID-19 emergency needs to the 36 states and the FCT.

·The FGN has provided N102.5 billion for direct interventions to combat Covid-19, N6.5 billion of which has been made available to the NCDC for critical expenditure and N10 billion provided to the Lagos State Government.

·The sum of US\$150 million will be withdrawn from the Nigeria Sovereign Investment Authority (“NSIA”) Stabilization Fund to support the June 2020 Federation Account Allocation Committee (“FAAC”) disbursement.

·The Federal Ministry of Finance, Budget and National Planning will liaise with the CBN on a “Debt and Interest Moratorium for States on Federal Government and CBN-funded loans” to create fiscal space for States, given the projected shortfalls in FAAC allocations.

TAX RELIEF

· Ministerial orders and circulars will be issued to recognise the tax deductibility of donations to support the efforts to combat COVID -19.

AMENDMENT OF THE 2020 APPROPRIATION ACT

·The benchmark oil price for 2020 has been adjusted to US\$30/barrel and oil production to 1.7mbpd.

·Non-Oil revenue projections including various tax and customs receipts, as well as proceeds of privatisation exercises have also been adjusted downwards. The Budget Office is working on an amendment to the 2020 Appropriation Act as well as a revised 2020 – 2022 Medium-Term Expenditure Framework/Fiscal Strategy Paper (“MTEF/FSP”).

The proposed amended budget will provide for the COVID-19 Crisis Intervention Fund and other adjustments required due to the decline in international oil prices.

The **Fiscal Stimulus Package** will ensure that Nigeria's healthcare system, fiscal position and economy are sufficiently supported to weather the shocks of the COVID-19 pandemic.





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