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How Sukuk Is Impacting Nigeria's Infrastructure Development

- Stakeholders, Experts Laud Govt's Efforts
- Over 25 Roads Constructed Under Sukuk Proceeds

The federal government through the issuance of Sukuk bonds has been able to grow the nation's infrastructure to a reasonable extent, especially roads construction and rehabilitation. **Felix Omoh-Asun** and **Musa Ibrahim,** write.

Critical infrastructural deficit has been the bane of modern Nigeria. Across the country, years of neglect has caused the nation decayed and collapsed infrastructure. From roads to power generation, distribution, and to other sectors of the nation's life, it had been the same story.

However, with the coming of this administration, lines are beginning to fall in place, especially with Sukuk bond which has been substantially focused on roads construction and rehabilitation.

It is of interest to observers that Mrs. Zainab Ahmed, the Honourable Minister of Finance, Budget and National Planning, laid it bare recently when she said that state and local governments will now share some of the responsibilities to fix roads in Nigeria, through Sukuk funding.

She explained that the federal government has decided that proceeds of the N250 billion sovereign Sukuk issued last December by the Debt Management Office (DMO) would be released as part of the 2021 capital expenditure.

This is in line with the Appropriation Act, according to her, which had been extended to March 31, 2022, by the National Assembly.

The Minister, who stated this in Abuja, also disclosed that a total of N3.4 trillion had been released for capital projects as of November 2021.

Speaking at the symbolic cheque presentation ceremony of the N250 billion Sukuk proceeds to the implementing ministries, the Honourable Minister disclosed that since the emergence of Sukuk as a financing window for infrastructure in September 2017, a total of N362.557 billion had

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Ms. Oniha

Mr. Godwin Emefiele

Why CBN unveiled $200 Billion Policy on Non-oil Revenue

- CBN Releases Guidelines On How Customers Can Report Defaulting Banks
- Says e-Invoicing Will Fast Track Export Growth

As part of its regulatory mandate, the Central Bank of Nigeria (CBN) recently unveiled $200 billion Policy on Non-Oil Revenue and released guidelines, procedure on how aggrieved customers can report defaulting banks over excessive charges and other complaints, **Felix Omoh-Asun** and **Musa Ibrahim** *write.*

In a move to address the problems of foreign exchange, the Central Bank of Nigeria (CBN) has announced a policy called, RT200 Programme, to stimulate non-oil exports, with a $200 billion Forex income target between three and five years.

The CBN Governor, Mr. Godwin Emefiele, announced the initiative at the end of the Bankers' Committee meeting, in Abuja.

... cont'd on page 4

Why FG Is Supporting Lawmakers' Probe of Unclaimed Funds in Commercial Banks

By Musa Ibrahim

The Federal Ministry of Finance, Budget and National Planning, the Central Bank of Nigeria (CBN), Office of Accountant General of the Federation (OAGF) and some other agencies of the federal government are currently backing the House of Representatives probe of unclaimed funds in commercial banks as well as unremitted funds collected on behalf of the federal government agencies by the banks.

Recalled that Rep members at plenary on January 26, 2022, had set up an ad hoc committee, chaired by Hon. Idem Unyime, to follow up on the issue which financial experts had posited ran into trillions of naira.

Lending support at the hearing, the Honourable of Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said that the CBN issued on October 2015 guidelines that obligate any bank to have notified the federal government of the existence of any such funds belonging to it.

Represented by the Director-General Budget Office, Mr. Ben Akabueze, the Honorable Minister urged the CBN to ensure it enforces its own guidelines.

Ahmed said: "From the opening remarks of the committee chairman, it will appear that this is focused on unearthing the federal government's balances that may still be hanging in any of the commercial banks. I believe that over the past several years there have been circulars of government seeking to enforce this.

"Because otherwise when we received this invitation that talked about unclaimed funds in Nigeria commercial banks, basically my initial reading of this is that it is related to inactive accounts, dormant accounts, because the extant regulation guiding the management of these issued by the CBN, on October 2015, provides guidelines for the management of inactive accounts dormant accounts and unclaimed funds.

"Those guidelines obligate any bank to have notified the Federal government of the existence of any such funds belonging to it, if they had I'm sure that those funds will not be there.

"I hope that without prejudice to the work of this committee that the CBN will also do the job of enforcing its own guidelines. As the work of the committee progresses, whatever other specific information required of us as a ministry we will be able to provide."

On its part, the CBN, represented by its Acting Director, Banking Supervision, Okafor Maxwell, assured that the apex bank would comply fully to ensure the investigation yields the needed results.

He said: "We are not too clear about the requirements of the committee, but the speech of the chairman made a lot of things very clear. We want to assure that the CBN will cooperate fully to ensure that this job is done. We are going to help the committee follow up whatever necessary to ensure that this job is done."

Also, the representative of Office of Accountant-General of the Federation, Sylva Okorieaboh, agreed that substantial amount of federal government funds might still be lying with commercial banks despite the presidential directive of August 7, 2015, and the circulars and efforts made to compel the commercial banks to comply with those directives.

Okorieaboh, who is the Director, Coordinator Treasury Single Account (TSA), added that if any bank or ministries, departments and agencies (MDAs) were not doing what they were supposed to, then it is clearly an infraction and the work of the lawmakers will help to unravel any fraud.

He said, "the letter we got was not detailed enough to prepare us for today's sitting. However, we are aware that there is likelihood that substantial amount of federal government's funds might still be lying with commercial banks despite the presidential directive of August 7, 2015, and the circulars and efforts made to compel the commercial banks to comply with those directives.

"On the 14th of December, 2021, the Minister of Finance inaugurated new TSA implementation structures and she alluded to the fact that there is a substantial amount that federal government funds are still lying with commercial banks, and directed the banks to return those funds or they will be reported to anti-corruption agencies."

In his presentation, Executive Director, Finance and Administration, Nigerian Maritime Administration and Safety Agency (NIMASA), Chudi Ofordile, lending support to the lawmakers' work, noted that some banks were yet to comply with the directive of the government, that all funds should be transferred to TSA.

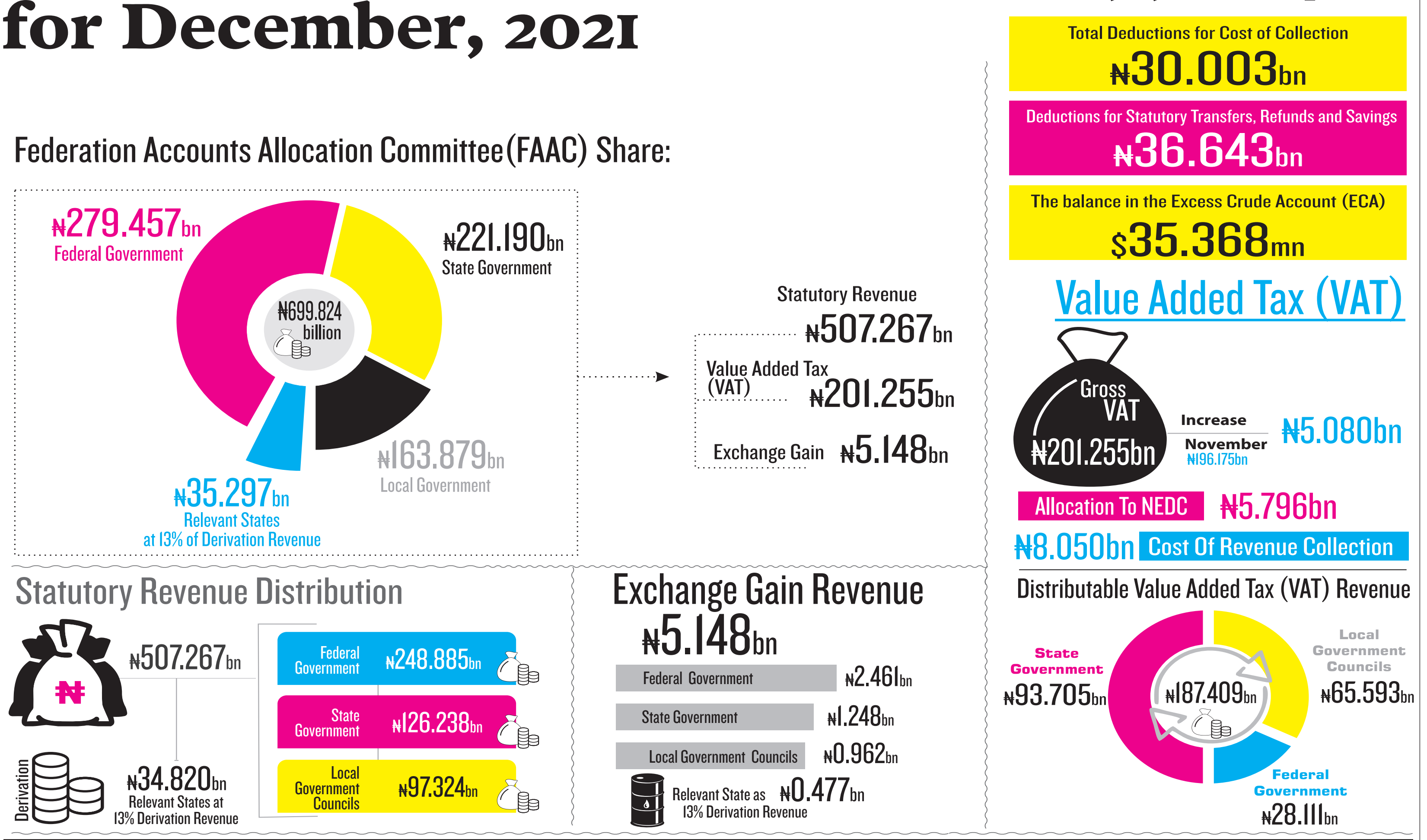
He expressed optimism that the investigation would help the agencies recover some of their funds from those who have not been able to identify them, adding that they have evidence where those funds are and whose custody.

Earlier in his remarks, the committee chairman, Hon. Unyime, said that the assignment was enormous, crucial and sensitive given what the country was facing economically.

He noted that 45 million bank accounts had not been linked to Bank Verification Number (BVN). Hence, the resolutions stipulated that commercial banks submit documents that would help the lawmakers recover the unclaimed funds.

While charging all stakeholders to cooperate with the committee, he warned that commercial banks and other agencies sitting on the funds that belong to the federal government and were not willing to refund, would be suspended from collecting funds for the government.

FAAC: FG, States, LGCs Share ₦699.824bn for December, 2021



According to the Communiqué, in the month of December 2021, Companies Income Tax (CIT) and Value Added Tax (VAT) increased reasonably, Petroleum Profit Tax (PPT) and Oil and Gas Royalties decreased significantly while Import and Excise Duties decreased marginally.

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Why CBN unveiled $200 Billion Policy on Non-oil Revenue

Under the programme, the CBN will synergise with the Deposit Money Banks (DMBs) to fund the construction of dedicated non-oil export terminals, to eliminate the delays currently experienced by exporters.

The initiative will also pave way for loans to companies for value-addition and production of finished goods for export at five percent for a 10-year period, with two years of moratorium.

Other key features of the programme, according to the CBN boss, include Non-oil Commodities Expansion Facility; Non-oil FX Rebate Scheme; and Biannual Non-oil Export Summit.

Rather than exporting raw cocoa, with minimal export proceeds, Mr. Emefiele said that his team would fund companies to produce chocolate in-country.

He said that cashew processing, currently at a mere five percent of the nation's production and sesame seeds processing would be prioritised.

fmfinsights recalls that the federal government has initiated different credit facility programmes to boost exports.

Due to the devastating impact of COVID-19, the federal government through the Nigerian Export Promotion Council (NEPC), launched the one-year intervention Export Expansion Facility Programme (EEFP), in early 2021.

The programme, which is geared towards disbursing a N50 billion Export Development Fund (EDF) that was part of the federal government's N2.3 trillion Economic Sustainability Plan, has since catered for over 1,100 export businesses affected by the pandemic.

To amplify the effect of the EDF, the NEPC empowered a business focused on capacity building – training Nigerian businesses on the rudiments of improving their export. The business, Export and Sell – has also been tasked with training and onboarding over 10,000 Nigerian businesses on Amazon (US).

In another development CBN has also rolled out its e-valuator and e-invoice, the new international trade monitoring platform. CBN also expressed confidence in the policy objectives especially with regards to the implication to Nigeria's external sector.

The CBN policy released recently highlights that all import and export operations will require the submission of an electronic invoice authenticated by the authorised-dealer banks on the Nigeria single window portal, Trade Monitoring System.

In a circular signed by the Director, Trade and Exchange Department, Dr. O. S. Nnaji, to all authorised dealers and the general public, the apex bank stated: "Further to the circular referenced TED/FEM/FPC/GEN/01/005 dated August 05, 2020, all authorised dealers and the general public are hereby informed of the introduction of e-valuator and e-invoice which replaces hard copy final invoice as part of the documentation required for all import and export transactions.

"Effective February 1, 2022, all import and export operations will require the submission of an electronic invoice authenticated by the authorised dealer banks on the Nigeria single window portal – Trade Monitoring System.

Mr. Godwin Emefiele

"This new regulation is primarily aimed at achieving accurate value from import and export items in and out of Nigeria."

According to the CBN, the e-invoicing guidelines require that products that are more than 2.5 percent around the vertical price would be queried and will not be allowed successful completion of Form M or Form NXP as the case may be.

It said that an importer/exporter of goods into Nigeria must ensure that the purchase/sale contract with a foreign supplier/buyer stipulates compliance with the obligations set out in this regulation and that the supplier's/seller's invoice must be submitted in electronic format and authenticated by authorised dealer bank as part of the documentation for payment.

The circular added, "No importer/exporter may effect payment to the credit of any foreign supplier unless the electronic invoice has been authenticated by authorised dealer banks presented together with the relevant document for payments.

"This new guideline is mandatory for all imports above $10,000. These new e-Vouchers will be issued and authenticated by Authorised Dealer Banks (ADBs).

"Importers of any good or service into Nigeria will have to register that good or service supplier into an electronic database. This database is updated annually. The importer of any good or service will then proceed to submit import papers to complete a Form M. Still electronically, the price the importer will quote will be based on a "Global Price Verification Mechanism (GPM) guided by a benchmark price. The GPM will advise a benchmark price for all goods and services, which is the actual spot price advised to the importer by the supplier.

The CBN has also put Deposit Money Banks (DMBs) on notice that it will stop selling forex to them by the end of 2022.

Mr. Emefiele said that the time had come for the banks to go out there and source for forex by funding entrepreneurs with ideas.

The CBN, Mr. Emefiele said, will support the banks by granting rebates and other supports until the banks find their feet in sourcing their forex by themselves.

He noted that the apex bank's policies and measures have led to a significant improvement in diaspora inflow from an average of US$6 million per week in December 2020 to an average of over US$100 million per week by January 2022.

The CBN, he said, would be reviewing these intervention programmes going forward to ensure that they continue to achieve the desired results.

This is as the governor announced a programme that seeks to repatriate $200billion exclusively from non-oil exports over the next three to five years.

The RT200 FX Programme, according Emefiele, targeted increased exports, value addition and improved foreign exchange for the government.

Another segment of the plan includes a non-oil rebate scheme, a central warehousing scheme as well as a concessionary and long term funding for non-oil exporters.

In a bid to ensure strict compliance to financial rules and regulations, the CBN has issued a guide on how aggrieved customers can report financial institutions, especially commercial banks.

The apex bank made known the guidelines and procedure recently in a circular released on their website.

The CBN guide tells the public how and where members of public can lodge a complaint against financial institutions regulated by the CBN such as commercial banks, microfinance banks, primary mortgage institutions and discount houses.

Step By Step Guide

According to the circular seen by fmfinsights, the CBN had made it a two-step process to ensure easy access by consumers all over the country.

First step: Contact Your Institution:

In 2011, the CBN issued a circular instructing all banks to expand their existing ATM Help Desk to handle all forms of consumer complaints.

As a result, if you have a complaint against your bank, you must first file a complaint with the bank/branch where the problem first occurred, and then wait weeks (or more in some situations) for the problem to be handled.

Second step: If Your Bank Fails to Resolve Your Complaint:

You have the option of having your complaint escalated to the Director, when your bank fails to acknowledge your complaint within three days or issue a tracking number, or fails to resolve the complaint within the timelines stipulated by the Consumer Protection Regulation, you should contact the Consumer Protection Department (CPD) of the CBN (CPR).

Third Step: How to Lodge Complaints to CBN's Consumer Protection Department:

Your complaints can only be directed to CPD if your bank/financial institution fails to address your issue within the Consumer Protection Regulation's timeframe (CPR).

Nevertheless, the CBN handles any financial-related complaints that fall under its regulatory authority and involve a financial institution.

Contacting Consumer Protection Department (CPD)

You can contact the CPD through the e-mails: cpd@cbn.gov.ng

Letter of Complaint: The Director, Consumer Protection Department,

Central Bank of Nigeria, Central Business District, Garki, Abuja.

"Your letter of complaint should be addressed to the Director, consumer protection department.

You can submit your letter at the CBN Head Office or any of the CBN branches nationwide," the CBN further stated.

fmfinsights had earlier reported how the CBN issued a downward review of charges for electronic banking transactions in its revised guidelines to charges by banks, other financial institutions (OFIs) and non-bank financial institutions.

This new regulation is primarily aimed at achieving accurate value from import and export items in and out of Nigeria.

Evaluating Performance of FG's Economic Sustainability Plan

Prince Agba

By Tony Tagbo

Recently, the Minister of State Budget and National Planning, Prince Clem Agba, paid an official visit to the National Institute for Pharmaceutical Research and Development (NIPRD) in Idu Industrial Layout of Abuja. The ministerial visit was to ascertain how the N4 billion released to the institute from the Economic and Sustainability Programme (ESP) intervention fund was utilised.

The federal government had released the funds to the NIPRD under the Programme following the devastating effects of the COVID-19 pandemic on the operations of the agency.

After inspecting various laboratories, renovated buildings, equipment and reagents procured through the funding intervention at the NIPRD, the minister was impressed that the management of the institute put to good use the resources.

Agba said that the administration of President Muhammadu Buhari has brought capabilities to solve problems, adding that the Presidential Committee on COVID-19 identified huge deficits in the healthcare sector following the outbreak of the pandemic.

He added that the ESP has built a resilience in the health sector through the disbursement of funds to some health institutions such as NIPRD, NAFDAC and 52 federal medical institutions across the country.

The Director-General (DG) of NIPRD, Dr. Obi Peter Adigwe, had explained that prior to the intervention of the federal government that the research institute was a shadow of itself, bereft of reagents and equipment to undertake research, as the laboratories were dilapidated.

He noted that with the funding support from the federal government, the institute has made significant progress in the renovation of buildings, laboratories and procurement of reagents and equipment, adding that the funding intervention was channelled in the areas such as the procurement of over 90 state-of-art-equipment, infrastructural upgrade, evidenced-based gathering or conference, capacity building for staff and researchers.

Evidently, the implementation of the ESP has gained traction and unarguably is achieving the desired impact on the Nigerian economy. This followed the onset of COVID-19 pandemic which was first reported in Wuhan, China in December 2019, and triggered a strangulating global economic downturn.

On March 30, 2020, President Buhari set up the Economic Sustainability Committee (ESC), chaired by Vice President, Yemi Osinbajo, to develop an economic sustainability plan to last until 2023.

The ESC was mandated inter alia: To develop a stimulus package and come up with measures to cushion the impact of the pandemic on the economy.

The committee hit the ground running and after a series of meetings, drafted and presented the ESP, which was approved by the President.

Osinbajo had updated Buhari on the progress recorded so far in the implementation of the ESP.

The Vice President said that Nigerians across different sectors had been impacted three months into the implementation of different components of the plan, namely micro, small and medium enterprises (MSMEs) Survival Fund; Social Housing Scheme; and Solar Home System, among others.

He also said that under the payroll support track of the Survival Fund, 277,628 beneficiaries drawn from 56,575 businesses had been paid.

"This total number includes the batch of 20,614 beneficiaries that were recently paid for October and 257,014 beneficiaries that were paid for November and December.

"A breakdown of the 257,014 beneficiaries shows that N30, 000 was paid to each of the 222,466 beneficiaries as of November and December payments, while N50, 000 each was paid to 34,548 beneficiaries as of November and December salaries.

"Out of the total number, three percent are beneficiaries with special needs, while 43 percent are female beneficiaries."

The Vice President said that the enumeration of prospective beneficiaries for the transport support track, which was launched in December 2020, was still ongoing.

According to him, the payment of N30, 000 one-time grants to 333,000 artisans across the country is in progress, with payments already made to verified beneficiaries in states under streams 1, 2, and 3, which included, Lagos, Ondo, Kaduna, Borno, Kano, Bauchi, Anambra, Abia, Plateau, Delta and FCT-under stream 1); Taraba, Adamawa, Bayelsa, Edo, Ogun, Ekiti, Katsina, Kebbi, Kogi, Kwara, Enugu, and Ebonyi–under stream 2; and Akwa-Ibom, Cross River, Zamfara, Yobe, Sokoto, Nasarawa, Niger, Imo, Oyo, Osun, Jigawa, Gombe and Benue–under stream 3.

Another component of the ESP, which the Vice President briefed the President on, is the ongoing Solar Home System, designed to connect 5 million households in off-grid underserved communities.

He said that the process of installation of N140 billion Solar Home Systems that would cover up to 5 million households had started.

"The project which will serve about 25 million individuals in rural areas and urban communities began with the enlistment of solar assembling companies and components' manufacturers as well as solar servicing firms.

"Under the scheme, the Central Bank of Nigeria (CBN) will make available funds to private companies involved in the manufacture, installation, servicing of the solar systems, at rates ranging between five percent to 10 percent.

"An important aspect of the scheme is the option of outright ownership by beneficiaries at a cost ranging from N1,500 per week to N4,000 monthly, depending on the capacities, for a period of three years."

Osinbajo also highlighted the progress made so far in social housing; noting that prototype units had been inaugurated in the Federal Capital Territory (FCT), while construction was set to commence in 12 states.

He said that the plan by the federal government to support 1.5 million Nigerians to acquire low-cost houses under the Social Housing Programme of the ESP was on course, as the portal for application by prospective beneficiaries was launched in December 2020, alongside the prototype 1-bedroom and 2-bedroom units.

"The plan is to have a rent to own option as part of federal government's resolve to impact the common man in the social housing scheme expected to also generate 1.8 million jobs and deliver houses to about 1.5 million Nigerian families.

"Sites for early start projects have been identified in all the six geo-political zones in addition to the FCT. The sites include those in Ekiti and Ogun in the South-West, Enugu and Abia in the South-East, Delta and Edo in the South-South, Yobe and Bauchi in the North-East, Kaduna and Katsina in the North-West and Nasarawa and Plateau in the North-Central. Sites have also been identified in Abuja.

"To kickstart the Social Housing Projects, the CBN has already committed a N200 billion-facility with a guarantee by the federal government via the finance ministry."

To kickstart the Social Housing Projects, the CBN has already committed a N200 billion-facility with a guarantee by the federal government via the finance ministry.

Again, while inaugurating the ESP's Cash Transfer Scheme to be facilitated through a wholly technology-based approach, called the Rapid Response Register (RRR), Osinbajo was upbeat of ESP's ability to address poverty in the country.

he said that the federal government's vision of reducing extreme poverty by lifting at least 20 million Nigerians out of poverty in the next two years was within reach.

RRR is the means by which urban poor and vulnerable population can be speedily identified, using geographic satellite technology and other related means for the purposes of delivering cash to households affected by the fallouts of the COVID-19 pandemic.

"The ground-breaking success of the RRR now emboldens us to achieve our aspiration of a social security programme for a minimum of 20 million Nigerians in the next two years.

"This will be the largest of its kind on the continent. This aspiration is, at least from the perspective of this tested approach, now well within our reach.

"The only constraint, of course, is the funding which we must look for because, this country deserves a social security scheme that will not merely alleviate poverty, but also create wealth for the millions of those who are waiting for this opportunity.

"Our government launched the National Social Protection Policy (NSPP) in 2017 to provide the framework for institutionalising the work we started

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FG Exploring Several Fiscal Measures Towards Resolving Revenue Constraints - Ahmed

By Enam Obiosio

At the recent Virtual Panel Session of International Development Week by Toronto Centre titled 'Inclusive Finance in Turbulent Times', the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, who was one of the panellists, stated that as a government, the country is exploring several fiscal intervention measures towards resolving Nigeria's revenue constraints.

The most critical of these efforts, according to her, is the Finance Act, the Strategic Revenue Growth Initiative (SRGI) and the Presidential Revenue Monitoring and Reconciliation Committee (PRM&RC).

The goal of the SRGI is to significantly grow our revenue to gross domestic product (GDP) ratio from the current eight percent to nine percent level to about 15 percent by 2025. The SRGI is built on four pillars which comprise: Achieve sustainability in revenue generation, identify new, and enhance the enforcement of existing revenue streams, achieve cohesion in the revenue ecosystem (people and tools), enhance and strengthen revenue administration to improve compliance.

Under the SRGI, "we continue to work toward enhancing revenue mobilisation by: Improving the tax administration framework including filing and payment compliance, enhancing independent revenue collection by optimising the operational efficiencies and revenue generation focus of government owned enterprises (GOEs). We have now for the first time surpassed the 1 trillion mark for independent revenues.

On some of government's fiscal intervention measures, the impact of the long-lasting pandemic on the efforts, and how she plans to address the challenges, Mrs. Ahmed also pointed to the plugging of fiscal drainers via technology, digitisation and automation.

Another fiscal measure adopted by the government is, according to her, the enactment of the Finance Act, a new fiscal tradition to reform some sections of the extant tax laws. "Some of the new initiatives we have introduced via the various Finance Acts (especially in 2021) to boost revenue include: The N10/litre excise duty imposed on all non-alcoholic, carbonated and sweetened beverages, a 10 percent capital gains tax imposed on shares' disposal transactions where the aggregate disposal proceeds exceed N100 million in any 12 consecutive calendar months, a six percent tax on the turnover of e-commerce business by non-resident companies in Nigeria, and the implementation of the Treasury Single Account to consolidate and management government revenue, which has saved the government over N24 billion monthly.

The measures also include the passage of the Petroleum Industry Act (PIA), which was enacted to bring competitiveness and stability to the nation's oil and gas industry. "The idea of taking Nigerian National Petroleum Company (NNPC) public will bring efficiency to the company and help boost government revenue. We have also done some concessions and privatisation/commercialisation of some national assets. We planned the concession of 36 state-owned assets. Concession of the Calabar and Kano Free Trade Zones is projected to

Mrs. Ahmed

generate as much as N5 billion annually to the federal treasury according to Bureau of Public Enterprises (BPE).

Mrs. Ahmed stated that the pandemic had mixed impact on our fiscal measures to boost government revenue. While the outbreak of the pandemic had significant negative impact on the outcome of oil receipt, there was really no significant impact on non-oil revenue.

"The reduction in crude oil production despite the oil price rally in 2021 affected our projection for oil revenue. In 2021 for example, we were only about to 53 percent of projected oil revenue was achieved.

"The performance of non-oil revenue remained unwavering in the face of the pandemic, a pointer to the effectiveness of the fiscal buffers we put in place for the domestic economy. For the second time in the history of Nigeria since the recession of 2016, non-oil revenue surpassed oil revenue by a significant amount and exceeded its target by over 18 percent or N256.4 billion as at November 2021.

"As a result, all the components of non-oil revenue (include value added tax (VAT), company income tax (CIT) and custom duties) outdid their targets by significant proportions. FG's share of VAT revenue exceeded its target by over 65 percent while CIT and customs revenue (import and excise duties) surpassed their targets by 15 percent and 8.1 percent respectively.

On how do you plan to address the challenges, "While the FG is doing everything possible to further boost domestic revenue mobilisation, we recognise that there are still a lot of challenges to surmount. We are putting structures in place to address this; we plan on introducing the SRGI 2.0 to address some of the identified lapses in the SRGI 1.0.

"Some of the fiscal measures planned under the SRGI 2.0. include: Evaluation of the process and policy effectiveness of Fiscal Incentives; review of Sectors eligible for Pioneer Tax Holiday Incentives under the Industrial Development Income Tax Relief Act (IDITRA); dimensioning the cost of tax waivers/concessions, and evaluating their policy effectiveness; setting annual ceilings on tax expenditures to better manage their impact on already constrained government revenues; and ensuring that ministries, departments and agencies (MDAs) appropriately account for and remit their internally generated revenue.

On her current strategies for inclusive fiscal and finance policies in the country, and what else needs to be done to improve inclusive economic development in the broader African region, she said: "As discussed earlier, we are implementing fiscal policies (including the SRGI and the annual Finance Acts) to improve revenue generation, optimising collections, and targeted tax and other reforms to ensure the necessary fiscal space for implementation of government's policies and the achievement of the sustainable development goals (SDGs). These interventions will allow for investments in key sectors including agriculture, infrastructure, health, and education, thereby promoting sustainable inclusive and economic development.

Additionally, through the country's Debt Management Office (DMO) "we have issued several innovative financing instruments including green bonds and sukuk bonds; which are funding green projects and critical infrastructure projects, respectively.

"We are also working to better position the private sector to invest in and support inclusive economic development and finance in Nigeria. This is being facilitated in part through provisions in the Finance Acts, and the Companies and Allied Matters Act (CAMA) 2020, as well as ongoing reforms under the Presidential Enabling Business Environment Council (PEBEC);

"Furthermore, we are developing a National Integrated National Financing Framework (INFF) to help close the estimated pre-COVID SDG financing gap of $US100 billion for the next 10 years.

Also, we are focusing on comprehensive gender mainstreaming across fiscal policy and public financial management. The interventions being led by the Ministry of Finance, Budget, and National Planning include gender responsive budgeting, which will ensure targeted expenditures across relevant sectors.

Financial Inclusion: Furthermore, on the monetary side, the Central Bank of Nigeria (CBN) is leading interventions aimed at promoting financial inclusion through the National Financial Inclusion Strategy (revised in 2018). Key priority areas include: Creating an enabling environment for the expansion of digital financial services (DFS); enabling the rapid growth of agent networks with nationwide reach; harmonising know your customer (KYC) requirements for opening and operating accounts/mobile wallets on all financial services platforms; creating an enabling environment to serve the most excluded; and improving the adoption of cashless payment channels, particularly in government-to-person and person-to-government payments.

Recognising the gender dimension of financial inclusion (according to 2020 Enhancing Financial Innovation & Access (EFInA) estimates, 45 percent of women are financially included compared with 56 percent of men); the CBN also launched in 2020 a framework for advancing women's financial inclusion in Nigeria. According to the recent EFInA access to financial services in Nigeria, the use of digital services and agent networks has increased significantly between 2018 and 2020, and approximately 81 percent of Nigerians now own a phone.

"We aim to continue these gains towards financial inclusion and in turn improved economic development.

What to do to improve inclusive economic development in the broader African region? "As Africa is not a homogenous continent, it is critical to first emphasise that there is no one size fits all solution; at a high level, it is important to have innovative fiscal policies and financing instruments, with built in accountability mechanisms to ensure that resources are properly targeted to address critical needs including human capital development, agriculture, and infrastructure.

Furthermore, countries will need to: Leverage the opportunity presented by the African Continental Free Trade Agreement (AfCFTA); improve the enabling environment for businesses and work with private sector stakeholders to co-create solutions for the financing and implementing the SDGs; invest in Digital transformation and disruptive innovation; ensure financial and digital inclusion; and deepen commitments to open and transparent governance and citizens engagement.

"Finally, I would like to highlight the importance of greater cooperation and support from foreign governments and development partners. The COVID-19 response (particularly issues around vaccine inequity) indicates a disturbing trend towards promoting individual country interests over global cooperation and inclusion. We need to work together to reverse this trend and ensure inclusive economic development for Africa and beyond.

At the event moderated by Babak Abbaszadeh, President/CEO, Toronto Centre, also featuring David Nabarro, Special Envoy of World Health Organisation (WHO) Director-General for COVID-19, and Anita Bhatia, Assistant Secretary-General of the United Nations (UN) and Deputy Executive Director of UN Women, Mrs. Ahmed also tackled the question bordering on how plans to address the challenges.

Zainab Ahmed: **An Advocate Of Women For Stronger, Inclusive Economy**

Empowering Women, Girls Will Bring Prosperous, National Resilience

By Felix Omoh-Asun and Emeh Obi

This present administration has walked the talk in bringing gender parity to governance.

Outside key positions held by women in the Muhammadu Buhari-led administration, the administration has also leverage on the power and vision of Nigerian women to impact positively on the nation's economy.

Looking at the carefully designed social investment programmes of this administration the female gender has been the most favoured.

Those who say "If you train a woman, you train a nation" are obviously right considering the crucial role women play in family, society and economy at large.

In their efforts to keep the family going, many women have engaged their hands in businesses, no matter how small, and have overtime become wives, mothers, defenders and breadwinners, all rolled in one.

These are among reasons Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, is leading the charge for women empowerment across the country.

According to her, there is a need to prioritise the socio-economic empowerment of Nigerian women and girls in order to achieve the desired strong economic growth in the country.

Considering their huge capacity to engage in small and medium enterprises (SMEs) and create wealth, the finance minister is insisting that Nigeria can only enjoy a stronger and more inclusive economy when the female folks are encouraged to participate alongside men in their large numbers.

"The economic and social empowerment of women and girls is critical to our collective vision of a prosperous and resilient Nigeria. It is therefore imperative that we prioritise the advancement of women in all spheres of society, and specifically in areas relating to their socio-economic empowerment", she noted at a national women conference in Abuja recently.

She argues that if we are to have a stronger and more inclusive economy, it is crucial that "we take a long term and strategic approach to ensuring that women are economically empowered."

Backing her advocacy with data, she says, "Global research shows that, despite their contributions, many women remain economically disempowered. Women are especially vulnerable to poverty and are more likely to be affected by poor service delivery and instabilities."

She thinks that women can optimise their potential when all cultural limitations are removed, education barriers, when they have access to resources they need to create or recreate things, as well as support from family and government.

Aside from the fact that women face challenges in accessing resources, especially financials, property, and other assets, she laments that yet, women hardly receive the critical education, skills and training opportunities they require to excel in business and careers.

She insisted that the way forward is to go back to the basis; from the unfavourable and inadequate policies, regulatory frameworks for women rights, quality education and equal representation across all sectors of the economy, including politics.

Hammering on the need for gender-friendly policies, she says that with inclusive and gender-sensitive policies, socio-economic and cultural barriers that prevent women from participating fully in society and from reaping the economic benefits of their participation will be removed.

Insisting that economic empowerment of women and girls is a necessary driver for the country's development; the minister is calling for action.

She is already matching her words with action as her team has adopted gender responsive budgeting in the preparation of the recently approved 2022 Budget.

According to her, the step was taken, following months of stakeholder-consultations, with support from the International Monetary Fund (IMF).

The Budget Office, she said, would be working with MDAs on implementation of the gender budgeting provisions, with an initial focus on those sectors that have been considered critical to human capital development, including health, education, and humanitarian affairs.

She called for partnership among the various levels of government, civil society organisations (CSOs) and the private sector, urging all stakeholders to show greater interests in the empowerment of women in the country.

By economically empowering women and ensuring their full participation in society, in leadership and decision-making roles, she concluded that Nigeria can ensure improved economic development outcomes for all.

She highlighted that recognising the critical importance of equitable budget allocation and implementation, government has formally introduced a gender lens for national budgets, with an express provision in the 2022budget call circular mandating the use of Gender Responsive Budgeting in the preparation of the recently approved 2022 Budget.

According to Dr Ahmed, this step was taken following months of stakeholder consultation, saying capacity training is currently ongoing, and the Budget Office will be working with MDAs on implementation of the gender budgeting provisions, with an initial focus on those sectors that are critical to human capital development, including health, education, and humanitarian affairs.

She stressed that another area government has some progress is a UN Women supported review of the gender responsiveness of the National Economic Sustainability Plan (ESP), a N2.3 trillion COVID-19 fiscal stimulus plan.

The Minister revealed that in December 2019, government initiated the development of a Nigeria Integrated National Financing Framework which is designed to help countries strengthen planning processes and overcome existing impediments to financing sustainable development at the national level.

She insisted that women must work collaboratively across the federal and state government, and hand in hand with citizens, civil society organisations (CSOs) and the private sector to design and implement the policies and programmes that ensure women's participation and economic empowerment.

"Furthermore, women must have a 'seat at the table,' and be co-creators of any strategic interventions – this is key for sustainable change. At the individual level, we each must take the time to support and mentor the women and girls in our lives, and we should each feel empowered as agents of change. By economically empowering women and ensuring their full participation in society – particularly in leadership and decision-making roles – we can ensure improved economic development outcomes for all," she stated.

The National Cash Transfer Progamme, for instance, has been on since 2015 till date, and women the centre piece.

The programme includes enrolment, trainings and cash pay-outs, with statistics showing it has reached 1,254,492 million Nigerians in different states of the federation.

There is also the Household Uplifting Programme (HUP) also known as the Conditional Cash Transfer targets at addressing deficiencies in capacity and poor investment in human capital among poor and vulnerable households, especially women across the country.

The inclusion in the programme based on the criteria and data subject to Proxy Means Testing (PMT) used for ranking poor and vulnerable Nigerians in the National Social Register (NSR) is another welcome development that has women the main target.


Mrs Zainab Ahmed

EDITORIAL

Government Should Focus On Modular Refineries, Others Before Subsidy Removal

Not a few would say that the suspension of the removal of government subsidy on fuel did not come as a great surprise to many. The issue of subsidy removal has remained contentious over the years. It would be recalled that President Buhari had a few years ago viewed the proponents of the fuel subsidy removal argument as promoters and beneficiaries of corruption.

And indeed, he and many key members of the present administration participated in the 'Occupy Nigeria' protest in Ojota, Lagos 11 years ago. Protesters also included the 'Save Nigeria' group led by Pastor Tunde Bakare.

Some people would say that times have changed; those in Opposition then are now in power and the narrative seems to have changed.

The Buhari administration through Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget And National Planning, and the Minister of State for Petroleum Resources, Mr. Timipre Sylva have argued that unless the fuel subsidy is removed, the oil sector and indeed the Nigerian economy will experience grave challenges. This line of argument was pitched on the provisions of the Petroleum Industry Act (PIA) of August 2021 which provided for the full deregulation of the petroleum sector. According to Mrs. Ahmed, the annual fuel subsidy being borne by government was estimated at N1.8 trillion, with adequate provisions made in the 2022 federal budget to commence the removal from July 2022.

The plan was to hike the price of premium motor spirit (PMS) also known as petrol from the current N162 per litre to about N340 per litre or thereabout.

Of course, the planned removal of the subsidy has generated reactions. The Nigerian Labour Congress (NLC) had come threatening industrial actions against the authorities, involving all its affiliates in a national strike that was scheduled to commence late in January. Many have warned of the grave consequences on the economy and on the livelihood of the planned fuel subsidy removal. Even the former Head of State, General Abdulsalami Abubakar, had warned government against increasing fuel price at this time.

Suddenly, with the comments from members of the public on the issue, the government narrative has changed again. The government has now backdown on the subsidy removal through its decision to 'suspend' the implementation of the PIA for 18 months, implying a backtracking on the removal of the subsidy as earlier scheduled.

In fact, the government already went ahead in preparing a supplementary provision of about N3 trillion in the 2022 federal budget to cover subsidy payments beyond June 2022. However, Mrs. Ahmed's opinion is: "It is not the right time to remove the subsidy," corroborating the position of Mr. Sylva who now says: "At the moment, the complete removal of subsidy is not on our plate at all."

The government, considering the implications of the fuel subsidy removal on Nigerians, has been considerate. The government's decision is based on the fact that going ahead with the subsidy removal as originally planned would have created lots of distortions in the economy as well as further impoverished the average Nigerian, at least in the short term. This is coupled with the fact that in the past few years, real incomes of the average Nigerian are not increasing, added to increases in government taxes generally.

Obviously, Nigeria does not currently have the capacity for local refining of crude oil, which it exports. The rehabilitation of the Port Harcourt Refinery and planned turn-around-maintenance programme for the others in Kaduna, Warri and Port Harcourt are welcome. But government must seriously focus on the operation of the modular refineries, as would have been expected and also pay attention to the 'illegal refineries' that litter the environment in the Niger Delta region, though they are being demolished by government.

It is noted that the forthcoming 650,000 litres capacity Dangote refinery will enhance supply of refined petroleum products when the plant goes into full operations sometime this year. Many are of the opinion that even when Dangote Refinery begins operations, Nigerians would still pay highly for fuel.

The fear also exists that with such development, the four refineries on ground may not work again.

We subscribe to total petroleum products deregulation because that is the ultimate destination for a market economy, as the telecom industry has shown. The deregulation of the telecom industry was a winner because it affordably brought the poorest segments of our society into enjoying a service that a government official once said was "not for the poor".

There is no reason why a deregulated petroleum products economy should not bring the same benefits, and that is what we want.

...Evaluating Performance of FG's Economic Sustainability Plan

... cont'd from page 5

> This is about the largest evidence-based effort by any administration on poverty reduction and its impact on the lives of the poor is huge.

in 2016 on reducing extreme poverty in Nigeria.

"It is based on our administration's vision to create a comprehensive social security programme for the poor and vulnerable, and thereafter the pledge to lift 100 million Nigerians out of poverty in 10 years."

The vice president said that the launch of the RRR social protection method of targeting, which is the first strategy to be developed and tested in the Sub-Saharan Africa region, would enable Nigeria to tackle poverty in a more systematic manner, leveraging technology to expand the scope of the interventions.

"As at Dec. 31, 2020, we have identified and registered about 24.3 million poor and vulnerable individuals into the National Social Register; equivalent to about 5.7 million households.

"Through this project, we are currently injecting about N10 billion directly into the hands of about two million poor and vulnerable people every month.

"This is about the largest evidence-based effort by any administration on poverty reduction and its impact on the lives of the poor is huge," he said.

Sharing similar sentiments, Hajia Sadiya Farouq, Minister of Humanitarian Affairs, Disaster Management and Social Development, said that the initiative would provide a gateway to other important government programmes.

According to Farouq, Nigeria has a database for impact tracking and the expansion of social interventions and related programmes, in line with President Buhari's vision of extending financial support to more Nigerians.

On his part, the World Bank Country Director for Nigeria, Mr. Subham Chaudhuri, commended the federal government for the initiative. He said that it was a critical component in the country's response to the COVID-19 pandemic.

Chaudhuri pledged the support of the World Bank for the project and stressed the need for stakeholders to remain transparent in the selection and disbursement of the funds to the beneficiaries.

The Cash Transfer Scheme which is part of the ESP is designed to build a shock responsive framework for capturing and registering the urban poor and vulnerable populations across Nigeria.

As the federal government plans to spend an estimated N2.3 trillion to fund the ESP, analysts are of the view that the programme is an economic masterpiece, which, if properly implemented, would provide a fillip to the economy and bring relief to Nigerians.

... cont'd from cover page

How Sukuk Is Impacting Nigeria's Infrastructure Development

Ms Oniha

been given to the Federal Ministry of Works and Housing (FMWH) to fund key road projects.

Mrs. Ahmed stated that in view of the significant milestones recorded in the use of Sukuk to reconstruct and rehabilitate road infrastructure, with visible evidence, the government decided to incorporate other ministries with critical road projects into the Sukuk funding structure.

She said: "Today, we have the Federal Capital Territory Administration (FCTA) and Ministry of Niger Delta Affairs (MNDA) joining us. The three ministries (FMWH, FCTA and MNDA) will be sharing the Sukuk issue proceeds of N250 billion, which was successfully issued by the Debt Management Office (DMO) on behalf of the Federal Government of Nigeria on December 29, 2021."

The Minister stated that the disbursement of the N250 billion gives the FMWH N210,565,000,000.00; FCTA -N29,000,000,000.00; and MNDA – N10,435,000,000.00.

On the performance of the 2021 budget, Ahmed noted that as of November 2021, N3.4 trillion had been expended on capital projects, which represented over 74 per cent performance when compared to the total capital budget of N4.569 trillion.

According to her, out of the released N3.4 trillion, N2.98 trillion represented 83 per cent of the provision for ministries, departments and agencies (MDAs') capital, N369.9 billion for Multi-lateral/Bilateral Project-tied loans, and N49.52 billion as Government Owned Enterprises (GOEs) capital expenditure.

Assuring that the government would continue to prioritise spending on critical infrastructure in order to sustain the momentum on gross domestic product (GDP), the minister noted the 4.2 per cent projected growth in 2022 can only be possible through steady increase in spending on critical infrastructure, such as roads.

"I wish to congratulate the DMO for the introduction of the Sovereign Sukuk and for the successes recorded in raising the funds through the product, which now stands at a total sum of N612.557 billion," the minister said.

In her remarks, the Director-General of DMO, Ms. Patience Oniha, expressed delight that since the debut N100 billion Sovereign Sukuk in September 2017, the DMO had issued three more, getting better each time and bringing the total amount so far raised through the Sukuk window to N612 557 billion.

Oniha noted that the introduction of Sukuk as a source of raising funds for government had improved road infrastructure across the six geo-political zones.

According to her, the acceptance of Sukuk by investors and the verifiable evidence of its benefits had encouraged some state governments and institutions to raise funds through Sukuk issuance.

On the last Sukuk issued last December 29, Oniha stated that the level of investor interest in the product was evident from the subscription of over N865 billion received from diverse investors for the N250 billion offered.

According to reports, Nigeria's infrastructure deficit is estimated to be $100 billion (N41.12 trillion) annually.

Little wonder, President Muhammadu Buhari, during the 2021 United Nations (UN) Climate Change Conference, COP26, told world leaders that Nigeria would need 1.5 trillion dollars in 10 years to be able to tackle current realities, infrastructure inclusive.

The federal government and stakeholders in the financial services sector have since come to the realisation that leveraging capital market instruments is the only way to raise capital to tackle the country's infrastructure deficit.

It is on record that Nigeria is the first to embrace Sukuk in Africa and among the top five countries worldwide.

So far, through the issuance of Sukuk, first in 2017, second in 2018 and third in 2020, the DMO has raised N362.57 billion to rehabilitate and construct critical roads across the six geo-political zones.

The DMO reaffirmed that the proceeds of the N250 billion Sukuk bond, fourth in its series, with a 10-year tenure, would be used to finance the rehabilitation and reconstruction of road projects across the six geopolitical zones and the Federal Capital Territory.

According to Oniha, the N250 billion Sukuk, which opened on Dec. 16, 2021 and closed on Dec. 23, 2021, was oversubscribed by 346 percent.

She explained that the existing capital market master plan recognised non-interest banking, initiated by the Central Bank of Nigeria (CBN), followed by the capital market, which also recognised non-interest financial products.

Sukuk increases the level of participation by a more diverse and larger number of investors to grow the domestic investor base and promote financial inclusion.

It aims at growing and developing Islamic finance industry within the Nigerian economy to facilitate the growth of a new asset class in the industry.

Meanwhile stakeholders have hailed government efforts in deploying Sukuk funds to boost growth.

Dr Tajudeen Yusuf, founder and president of the Institute of Islamic Finance Professionals, said Islamic financing was an unstudied/untapped area in the capital market/debt capital market ecosystem.

According to him, if a bank lends money, it must be part of the business, the lender and the lendee will engage in profit sharing, and if there is a loss, they both share the loss on an agreed formular.

Yusuf, who is also an Associate Prof., Department of Actuarial Science and Insurance, University of Lagos, said that all transactions must be asset based or asset backed as it did not encourage speculation.

"That is why the several Sukuk obtained by the federal government is really working, it was oversubscribed because it was meant for infrastructural development (for roads, bridges).

"People who obtain that certificate are being paid regularly by the government and that is just a tip of the opportunities embedded in Islamic finance for the Nigerian economy and any economy of the world.

"Islamic financing is very beneficial especially to those in the formal sector, there must be something you are producing or doing that will add value to people's lives; you must be doing something tangible that is asset based and backed," he said.

He also said the University of Lagos Business School planned to start a Post-graduate Diploma and Masters in non-interest finance beginning this year, for certification and awareness.

Mr. Temi Popoola, the Chief Executive Officer (CEO) of NGX, in one of the many virtual awareness programmes on Islamic financing by the Exchange, said there was a need to find ways to explore the role Islamic financing could play in the current challenging economic climate.

Popoola said that the Islamic Finance Development Report 2020 forecast that global Islamic finance assets would reach $3.69 trillion by 2024.

"The report attributed the strong growth in 2019 to the large issuance of Sukuk in the traditional Islamic finance market of Saudi-Arabia, Malaysia, Iran and others.

"In Nigeria, the Islamic financial market continues to grow with increased interest from market participants and a growing number of players including two Islamic banks.

"Following the devastating effects of the COVID-19 in the global economies, the Islamic finance industry has played a critical role in the global economic recovery.

"In 2020, the Islamic Development Bank raised 1.5 billion dollars with its first Sukuk of sustainability designed to help in the recovery of COVID-19 in its member countries.

"In Nigeria, Islamic finance presents an opportunity for both corporates and the government to raise capital for economic growth," Popoola said.

He added that the assets of the Islamic finance industry grew by 14 percent in 2019 returning to its long-term pattern of strong growth after the slowdown in 2018 when the industry expanded by a moderate two per cent.

Mr Norfaselizan Rahman, the Managing Director (MD), Taj Bank, said the market penetration of Islamic finance was currently low but fast growing.

"There will be some growth or learning curve in Nigeria with its own pattern of growth of Islamic finance development. The market penetration is low but it is growing very fast.

"Going by the financial inclusion of government, the unbanked population are in the North and North-East specifically," he said.

According to a capital market scholar, Prof Uche Uwaleke, there is a need for the federal government to finance budget deficits through the capital market.

Uwaleke, President, Capital Market Academics of Nigeria, advised the federal government to fund the budget deficit by accessing the capital market for Green Bonds, securitisation and privatisation of some of its entities.

fmfinsights recalls that in June 2021, the Family Homes Funds Ltd. issued a seven-year N10 billion corporate Sukuk, the first ever in the country, also the first

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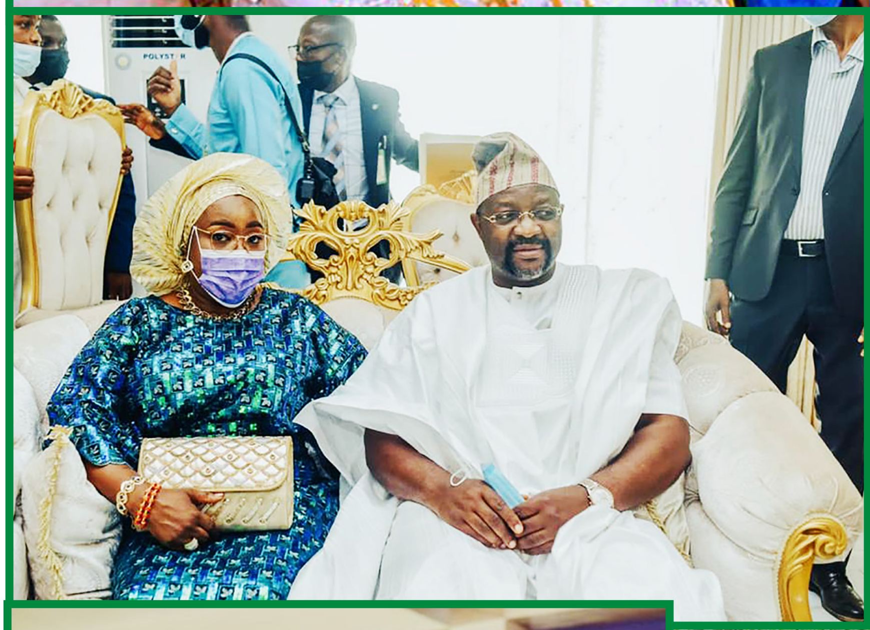
NEWS IN PICTURES

The Honourable Minister of State, Budget and National Planning, Prince Clem Agba, was recently conferred with the title of Oduma of Auchi by His Royal Highness, the Otaru of Auchi sacred kingdom, Alhaji H. Momoh, Ikelebe III. Among the dignitaries that graced the occasion were Vice President of the Federal Republic of Nigeria, Prof. Yemi Osibanjo, Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, Honourable Minister of Sports and Youth development, Mr. Sunday Dare, Accountant-General of the Federation, Alhaji Ahmed Idris, Director-General, Securities and Exchange Commission (SEC), Mallam Lamido Yuguda, Managing Director/CEO, Nigerian Deposit Insurance Corporation, Mallam Hassan Bello.



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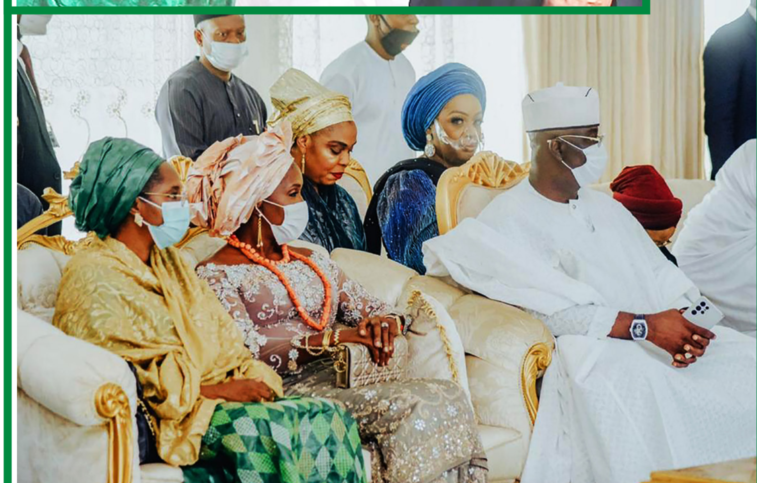

IMF Nigeria: **The Thrust Of Staff Article IV**

According to International Monetary Fund (IMF), the Nigerian economy is recovering from a historic downturn benefiting from government policy support, rising oil prices and international financial assistance. This is contained in its concluding statement that describes the preliminary findings of IMF staff at the end of an official staff visit (or mission) undertaken as part of regular (usually annual) consultations under Article IV of the IMF's Articles of Agreement.

The statement hereby reads: "The authorities' pro-active approach has contained the COVID-19 infection rates and fatalities. With the emergence of fuel subsidies and slow progress on revenue mobilisation, the fiscal outlook faces significant risks. Continued reliance on administrative measures to address persistent foreign exchange shortages is negatively impacting confidence. Without urgent fiscal and exchange rate reforms, the medium-term outlook faces sub-par growth.

The economy is recovering from a historic downturn. Helped by government policy support, rebounding oil prices and international financial aid, Nigeria exited the recession in Q4 2020, earlier than expected. Output rose by 5.4 percent year-on-year (y-o-y) in the second quarter, mainly reflecting base effects from transport and trade sectors and continued strong growth in the IT sector. However, manufacturing and oil sectors remain weak, reflecting continued foreign exchange shortages, and security and technical challenges. Headline inflation rose sharply during the pandemic reaching a peak of 18.2 percent y-o-y in March 2021 but has since declined helped by the new harvest season and opening of the land borders. Reported unemployment rates are yet to come down although COVID-19 monthly surveys show the employment level to be back at its pre-pandemic level.

The COVID-19 pandemic has been well managed but there is a lasting imprint on the vulnerable. As much of the rest of Sub-Saharan Africa (SSA), Nigeria underwent a third wave of the pandemic in August 2021. The authorities' proactive actions, including a robust infection tracking system and a national strategy for vaccine procurement and rollout, have helped keep infection rates and fatalities lower than in many other countries. The economic and social impacts of the pandemic have been more daunting with rising food insecurity and an increase in the already-high levels of poverty. Significant progress has been made in vaccine procurement. However, less than three percent of the eligible population has been fully vaccinated reflecting limited vaccine supply, delivery bottlenecks and high vaccine hesitancy.

The outlook is for a subdued recovery. While real GDP is projected to grow by 2.6 percent this year and continue in the range of 2.6-2.7 percent per annum over the medium term, this is just above the population growth rate implying stagnant per capita income in the medium term. Moreover, despite an easing of food prices,

inflation is projected to remain in double-digits, absent monetary policy reforms. There are significant downside risks to the near-term outlook arising from the uncertain course of the pandemic and the domestic security situation. In the medium term, there are upside risks from faster-than-expected reaching of the Dangote refinery's production capacity along with effective implementation of the 2021 Petroleum Industry Act in terms of higher manufacturing production and investment in the oil sector.

Major reforms in fiscal, exchange rate, trade and governance are needed to alter the long-running lacklustre growth path. On the immediate front, fiscal and external imbalances require removal of regressive fuel and electricity subsidies, tax administration reforms and installing a fully unified market-clearing exchange rate. Over the medium term, moving away from inward-looking policies through trade, monetary and foreign exchange reforms, enhancing public trust through governance and fiscal transparency reforms, and improving welfare through job creation and agricultural reforms are priorities.

Fiscal policy: Remove fuel and electricity subsidies and implement revenue-based fiscal consolidation

The headline fiscal deficit is projected to worsen in the near term and remain elevated over the medium term. Despite much higher oil prices, the general government fiscal deficit is projected to widen in 2021 to 6.3 percent of GDP, reflecting implicit fuel subsidies and higher security spending, and remain at that level in 2022. There are significant downside risks to the near-term fiscal outlook from the ongoing pandemic, weak security situation and spending pressures associated with the electoral cycle. Over the medium term, without bold revenue mobilisation efforts, fiscal deficits are projected to stay elevated above the pre-pandemic levels with public debt increasing to 43 percent in 2026. General government interest payments are expected to remain high as a share of revenues making the fiscal position highly vulnerable to real interest rate shocks and dependent on central bank financing.

The complete removal of regressive fuel and electricity subsidies is a near-term priority, combined with adequate compensatory measures for the poor. The mission stressed the need to fully remove fuel subsidies and move to a market-based pricing mechanism in early 2022 as stipulated in the 2021 Petroleum Industry Act. In addition, the implementation of cost-reflective electricity tariffs as of January 2022 should not be delayed. Well-targeted social assistance will be needed to cushion any negative impacts on the poor particularly in light of still elevated inflation. Nigeria's past experiences with fuel subsidy removal, which have all been short-lived and reversed, underscore the importance of building a consensus and improving public trust regarding the protection of the poor and efficient and transparent use of the saved resources.

Significant additional domestic revenue mobilisation is critical to put the public debt and debt-servicing capacity on a sustainable path. The near-term priorities are to implement e-customs reforms including efficient procedures and controls, developing a VAT Compliance Improvement Program, improving compliance across large, medium, and micro/small taxpayers and rationalising tax incentives and customs duty waivers. As the recovery gains strength and compliance improves, Nigeria will have to adopt tax rates comparable to its peers in the Economic Community of West African States (ECOWAS) to raise revenues to levels targeted in the 2021-25 National Development Plan. The cumulative net savings from the recommended measures, after making room for additional social assistance to cushion impacts of reforms, could amount to 5.1 percent of GDP over 2022-26. Such a consolidation would keep public debt below 40 percent of GDP and reduce dependence on central bank financing of the deficit.

The mission welcomed the recent passage of the Petroleum Industry Act (PIA) and stressed its timely implementation. The PIA aims to improve administration and governance in the petroleum sector, introduce market-based fuel pricing and attract higher investment. Preliminary assessments by the IMF and the World Bank suggest that the approved fiscal terms will provide

Concluding Statement Of 2021 / Mission

greater incentives to invest in the oil and gas industry but will reduce the fiscal take from new and converted fields.

Exchange Rate policy: Reduce administrative measures and allow for a market-clearing unified exchange rate

The mission welcomed steps taken toward unification of the exchange rate and stressed the need for further actions. The discontinuation of the official exchange rate is a step in the right direction but continued dependence on administrative measures to address FX shortages sustains uncertainties and increases the risks of a sudden and large adjustment in the exchange rate. Taking advantage of the favourable global conditions, improving current account and robust oil prices, the mission advised a move to a unified and market-clearing exchange rate without further delays. To preserve competitiveness, any exchange rate adjustment should be accompanied by clear communications regarding exchange rate policy going forward, macroeconomic policies to contain inflation and structural policies to facilitate new investment.

A further move toward a market-clearing exchange rate will also help build foreign exchange buffers through higher capital inflows. Despite the recent SDR allocation and a successful Eurobond issuance, gross reserves remain significantly below the IMF's recommended adequacy levels. Slow FX reforms and uncertainties regarding the ability to repatriate foreign funds have discouraged new capital inflows. With an external position that is assessed to be weaker than implied by Nigeria's economic fundamentals and desired policies, a narrow export base, and limited capital inflows, the mission recommended preserving foreign exchange reserves through sustainable policies. The mission assessed Nigeria's capacity to repay the outstanding credit from the 2020 Rapid Financing Instrument (RFI) to be adequate.

A more open trade regime is needed to unleash the growth potential brought by the African Continental Free Trade Agreement (AfCFTA). The authorities are committed to implementing the AfCFTA and are working to enhance trade facilitation through increased use of technology. However, overall trade regime continues to be protectionist and restrictive with numerous products prohibited from FX access for imports, including basic necessities and food items, high tariff and non-tariff barriers, and difficult trade logistics. Building on current efforts to improve port infrastructure and reduce the burden of customs administration, the mission recommended decisive actions to reduce barriers to trade and reliance on import substitution.

Monetary and Financial Sector Policies: Support the recovery but remain vigilant against inflationary and stability risks

Monetary policy should remain supportive of the nascent recovery but warrants close monitoring. With the recovery yet to be broad-based, inflation projected to decline, and limited fiscal policy space, monetary policy should remain supportive unless exchange rate pressures intensify, or inflationary pressures resurface. The mission advised vigilance to prevent possible adverse feedback loops between persistent high inflation and periodic exchange rate adjustments if monetary policy were to become excessively loose. The out-of-cycle and discretionary use of the cash reserve requirement (CRR) continues to pose regulatory and operational uncertainties for the banking system.

In the medium term, the monetary operational framework should be strengthened to establish the primacy of price stability. Long-term high inflation in Nigeria is associated with the lack of a well-functioning monetary policy operational framework along with the presence of multiple policy goals. The mission reiterated its previous advice to (i) modernise the 2007 CBN Act to establish the primacy of price stability and (ii) strengthen the monetary transmission mechanism by integrating the interbank and debt markets and using central bank or government bills of short maturity as the main liquidity management tool. As the recovery firms up, the CBN also needs to scale back its credit intervention programs as part of a broader monetary structural reform.

The banking sector has been resilient thanks to ample pre-crisis buffers. The systemwide NPL ratio has improved, and profitability has been resilient, resulting in capital buffers above the regulatory minimum. However, stress tests conducted by the authorities show that a severe shock requiring loan reclassification could erode the system's buffers and there are risks that a part of the restructured loans, which represent less than a quarter of the overall loan portfolio, may eventually become delinquent. Tighter market liquidity due to CRR debits and restricted access to the CBN discount window may raise bank funding costs going forward and possibly restrict credit growth at individual banks.

Financial inclusion continued to improve despite the pandemic but remains considerably below Nigeria's ambitious inclusion targets. The share of the financially excluded population remains large overall, particularly in rural areas and among women and youth. The mission recommended prioritising provision of financial access points in remote areas and leverage the new technologies to close the inclusion gap more quickly. The launching of e-Naira bodes strong promises and, over time, could significantly increase financial inclusion and delivery of social assistance if coverage is extended to those with a mobile phone.

The mission supported the time-bound debt relief measures currently in place and recommended vigilance to guard against financial stability risks. The authorities are in the process of implementing a suite of Basel II/III instruments in addition to last year's passage of the new banking law BOFIA. The mission recommended the following measures to forestall stability risks:

· Expiration of pandemic-related loan restructuring as planned in March 2022 in line with the economic recovery.

· Timely action against the chronically undercapitalised banks and, more broadly, application of the new provisions under the BOFIA to further bolster corporate governance.

· Additional regulation to safeguard sound practices and consumer protection in the growing segment of digital payments and lending.

· Introduction of additional macroprudential instruments to better manage systemic and cyclical risks in the context of Basel III implementation.

· An assessment by the central bank of the impact of the recent launch of e-Naira on monetary policy transmission and financial stability.

Structural policies: Increase jobs and worker welfare and strengthen governance

Given the large number of projected new entrants in the labour force and stagnant living standards, economic growth needs to increase jobs and improve worker welfare. With agriculture accounting for almost half of current employment, any job-rich growth will need to rely considerably on this sector at least in the near term. However, the welfare level of agricultural workers, measured by per capita consumption, remains far below other workers reflecting lower productivity. Improving agricultural productivity, which requires increased supply and usage of inputs, initiatives to promote storage and the creation of farm cooperatives to reduce food loss in distribution and higher access to credit, will contribute to more jobs, higher income for agricultural workers, food security and economic diversification given the vast potential in agriculture and agroindustry.

There are ongoing efforts to improve transparency and governance, but more is needed to build public trust to implement difficult but needed reforms. On transparency, the national oil company NNPC has published its last two annual statements to better reconcile gross and net oil revenues remitted to the federation account and the corporate registry has started to publish information on persons with significant control in newly established companies. The government is in the process of presenting whistle-blower legislation to the Parliament to facilitate untraceable declarations of corruption. However, perception of corruption remains high regarding the civil service, leading to low tax compliance and buy-in of reforms. Implementation of transparency and accountability measures committed under the RFI has been slow. Access and quality of information on the COVID-19 spending on the Ministry of Finance's Transparency Portal has been uneven. The COVID-19 spending audits are just starting, and the publication of procurement contract recipients is incomplete.

The IMF mission would like to thank the authorities and other counterparts for the frank and thoughtful discussions and kind cooperation.

IMF Calls For Removal Of Fuel Subsidy, Increase VAT

By Fatimah Bintu Yussuf

The International Monetary Fund (IMF) has urged the federal government to increase Value Added Tax (VAT) and to remove fuel subsidy. The Fund has also called for fiscal measures to help in the generation of revenue and stimulation of sustainable growth.

The IMF reiterated these in its 2021 Article IV Consultation with Nigeria released on Monday, February 7, 2022.

The Institution also noted the need for urgent FX market, fiscal, trade and governance reforms to rescue the economy from muted recovery.

The Fund, however, commended the federal government on measures that have been put in place to avert the avid impact of COVID-19 on the economy.

"Without urgent fiscal and exchange rate reforms, the medium-term outlook faces sub-par growth. There are significant downside risks to the near-term outlook arising from the uncertain course of the pandemic and the domestic security situation", the Fund stated.

"In the medium term, there are upside risks from faster-than-expected reaching of the Dangote refinery's production capacity along with the effective implementation of the 2021 Petroleum Industry Act in terms of higher manufacturing production and investment in the oil sector; major reforms in the fiscal, exchange rate, trade and governance are needed to alter the long-running lacklustre growth path.

"On the immediate front, fiscal and external imbalances require removal of regressive fuel and electricity subsidies, tax administration reforms and installing a fully unified market-clearing exchange rate. Over the medium term, moving away from inward-looking policies through trade, monetary and foreign exchange reforms, enhancing public trust through governance and fiscal transparency reforms and improving welfare through job creation and agricultural reforms are priorities."

The Fund further noted that the fiscal deficit could worsen in the near term and remain elevated over the medium term. According to the statement, the fiscal deficit is projected to widen in 2021 to 6.3 percent of the gross domestic product (GDP) despite the bullish oil prices.

IMF also charged for aggressive tax reform to boost revenues, saying: "Nigeria will have to adopt tax rates compared to its peers in the Economic Community of West African States (ECOWAS) to raise revenues to levels targeted in the 2021-25 National Development Plan."

The Institution, however, commended the country's 'pro-active approach' in managing the COVID-19 crisis.

The efforts, it admitted, has contained the infection and fatality rate.

"The COVID-19 pandemic has been well managed but there is a lasting imprint on the vulnerable. Like much of the rest of Sub-Saharan Africa (SSA), Nigeria underwent a third wave of the pandemic in August 2021. The authorities' proactive actions, including a robust infection tracking system and a national strategy for vaccine procurement and rollout, have helped keep infection rates and fatalities lower than in many other countries," it added.

Recall that contrary to the federal government's plan to remove subsidy on petrol in the second half of this year, the IMF had advised the Nigerian government to fully remove fuel subsidy and move to a market-based pricing mechanism this year as stipulated in the 2021 Petroleum Industry Act (PIA).

The IMF, in its 2021 Article IV Mission statement released then, also projected that despite high oil prices, Nigeria's fiscal deficit would widen in 2021 to 6.3 percent of gross domestic product (GDP).

Fiscal deficit is projected at 3.93 percent and 3.39 percent of GDP in Nigeria's 2021 and 2022 budgets respectively.

The IMF, in the report said: "The complete removal of regressive fuel and electricity subsidies is a near-term priority, combined with adequate compensatory measures for the poor.

"In addition, the implementation of cost-reflective electricity tariffs as of January 2022 should not be delayed. Well-targeted social assistance will be needed to cushion any negative impacts on the poor particularly in light of still elevated inflation.

"Nigeria's past experiences with fuel subsidy removal, which have all been short-lived and reversed, underscore the importance of building a consensus and improving public trust regarding the protection of the poor and efficient and transparent use of the saved resources."

The IMF observed that there were significant downside risks to the near-term fiscal outlook from the ongoing COVID-19 pandemic, weak security situation and spending pressures associated with the electoral cycle.

According to the IMF, over the medium term, without bold revenue mobilisation efforts, fiscal deficits are projected to stay elevated above the pre-pandemic levels with public debt increasing to 43 percent in 2026.

It stated: "With the emergence of fuel subsidies and slow progress on revenue mobilisation, the fiscal outlook faces significant risks. Continued reliance on administrative measures to address persistent foreign exchange shortages is negatively impacting confidence."

The IMF observed that the Nigerian economy "is recovering" from a historic downturn benefiting from government policy support, rising oil prices and international financial assistance.

It noted that the Nigerian authorities' pro-active approach had contained the COVID-19 infection rates and fatalities, adding that with the emergence of fuel subsidies and slow progress on revenue mobilisation, the fiscal outlook faces significant risks.

IMF said: "The economy is recovering from a historic downturn. Helped by government policy support, rebounding oil prices and international financial aid, Nigeria exited the recession in 2020 Q4, earlier than expected. Output rose by 5.4 per cent (y-o-y) in the second quarter, mainly reflecting base effects from transport and trade sectors and continued strong growth in the IT sector.

"However, manufacturing and oil sectors remain weak, reflecting continued foreign exchange shortages, and security and technical challenges. Headline inflation rose sharply during the pandemic reaching a peak of 18.2 percent y-o-y in March 2021 but has since declined helped by the new harvest season and opening of the land borders.

"Reported unemployment rates are yet to come down although COVID-19 monthly surveys show the employment level to be back at its pre-pandemic level.

Noting that the outlook is for a subdued recovery, the IMF observed that while Nigeria's real GDP is projected to grow by 2.6 percent this year and continue in the range of 2.6-2.7 percent per annum over the medium term, "this is just above the population growth rate implying stagnant per capita income in the medium term."

Despite an ease in food prices, it said inflation is projected to remain in double-digits, in the absence of monetary policy reforms.

It also alluded to significant downside risks to the near-term outlook arising from the uncertain course of the pandemic and the domestic security situation, in the medium term.

It added that there were upside risks from faster-than-expected reaching of the Dangote refinery's production capacity along with effective implementation of the 2021 PIA in terms of higher manufacturing production and investment in the oil sector.

IMF called for major reforms in fiscal, exchange rate, trade and governance to alter what it described as "the long-running lacklustre growth path."

The IMF listed near-term priorities for Nigeria to include the implementation of e-customs reforms, including efficient procedures and controls, developing a Value Added Tax (VAT) compliance improvement programme, improving compliance across large, medium, and micro/small taxpayers and rationalising tax incentives and customs duty waivers. the recent passage of the PIA and stressed its timely implementation.

It stated that preliminary assessments by the IMF and the World Bank suggest that the approved fiscal terms would provide greater incentives to invest in the oil and gas industry but would reduce the fiscal take from new and converted fields.

On exchange rate policy, the IMF called for reduced administrative measures and room for a market-clearing unified exchange rate.

It also endorsed steps taken toward unification of the exchange rate and stressed the need for further actions.

The Fund stated: "The discontinuation of the official exchange rate is a step in the right direction, but continued dependence on administrative measures to address FX shortages sustains uncertainties and increases the risks of a sudden and large adjustment in the exchange rate.

"To preserve competitiveness, any exchange rate adjustment should be accompanied by clear communications regarding exchange rate policy going forward, macroeconomic policies to contain inflation and structural policies to facilitate new investment.

"A further move toward a market-clearing exchange rate will also help build foreign exchange buffers through higher capital inflows."

Mr. Alex Okoh

Financial Impropriety Allegations Against BPE Spurious - Senate Committee

•Why Privatised Public Firms Are Not Performing - Report

By Tony Tagbo

Senate Committee on Public Accounts, chaired by Senator Mathew Urhohide, has described as spurious allegations of financial impropriety against the Bureau of Public Enterprises (BPE) by the office of the Auditor-General of the Federation (OAuGF).

The committee which cleared the bureau of the allegations when the Director-General (DG) of the privatisation agency, Mr. Alex Okoh, appeared before the committee during the week, said that the OAuGF did not reconcile its records before going public to accuse BPE of financial misdemeanour.

Recall that the OAuGF had accused the bureau of some financial infractions; especially the non-remittance of revenue on ports concessions in the sum of USD$679,403,172.00.

On the ports concession payments, the DG informed the committee that the bureau was only a party to the concession as all revenues generated from the exercise were paid directly to the landlord-Nigerian Ports Authority (NPA). He stated that the bureau was never part of revenue collection during and after the concession, adding that the OAuGF arrived at the figures by merely looking at the contract documents and assuming the revenues were paid to the bureau.

Okoh regretted that the allegations against the bureau has put a smudge on the reputation and integrity of the bureau and demanded a retraction and apology from the OAuGF.

After listening to the presentation by the DG, BPE and the inadequate response from the OAuGF, the committee exonerated the bureau from all the allegations.

The Committee, therefore, advised the OAuGF to always meet with relevant agencies for post audit reconciliation before going public. It berated the OAuGF for not diligently carrying out its duties.

In another development, the National Council on Privatisation (NCP), chaired by the Vice President, Professor Yemi Osinbajo, has approved the BPE's 2022 work plan.

According to a statement by BPE Head of Public Communications, Ibeh Uzoma Chidi on Friday, the transactions are 11 in the energy sector,10 in the industries and services sector, eight in the agriculture and natural services sector and 13 in the infrastructure and public private partnership (IPPP) sector.

Rising from its first meeting for year 2022 at the Presidential Villa, Aso Rock, Abuja, after its inauguration last week, the council also approved 2022 revenue and expenditure of the bureau, including the 2022 workplan risks and mitigation plans.

It would be recalled that the BPE at the end of every year, carries out a post-mortem review of its activities and achievements via-a-vis the current year's work plan and prepares a detailed work plan containing the deliverables and the cost and revenue estimates for the incoming year for consideration and approval by the NCP.

The workplan provides the framework for tracking the implementation and realisation of the approved projects contained therein. It is a compendium of the various projects and reform initiatives which the BPE intends to carry out in 2022.

In another development, the BPE has given reasons why the privatised and partially commercialised 142 enterprises since its inception in 2004 are not performing.

However, it is believed that 52 out of 142 enterprises (which constitute about 37 percent) are not performing. In fact, about two in five companies privatised by the agency are not doing well.

Okoh confirmed this development while playing host to members of the House of Representatives Committee on Privatisation, led by its chairman, Mr. Ahmed Yerima.

It was also revealed that out of the 142 enterprises, 94 have been monitored while the rest have not been monitored because "some were either assets sale or in the first phase of privatisation and as such did not fall within the BPE's monitoring purview".

The DG attributed the poor performances of the non-performing enterprises to the operating business environment in the country in which many private or privatised public enterprises have either closed down or relocated to neighbouring countries.

Out of the 142 privatised enterprises, the DG said 63 were through core investor sale, nine through guided liquidation, one through sale to existing shareholders, five through public offer and two, through liquidation. He added that eight were privatised through private placement, 41 through concession, two through debt/equity swap and 11 through sale of assets.

Breaking down the enterprises by sectors, the DG said five were in agricultural mechanisation, eight in automobiles, seven in banking and insurance, six in brick making and six in the cement sector.

The others included 10 in energy construction and services, 12 in hotels and tourism, eight in oil and gas, four in paper and packaging, 19 in solid minerals and mining, seven in steel and aluminium, four in the sugar sector, 26 in marine transport sector, 19 in power and one in telecoms.

Meanwhile, determined to resuscitate the ailing firms, the agency had commenced a thorough review of the non-performing enterprises to ascertain the issues affecting their non-performance. Consequently, the federal government constituted a committee on resuscitation of the non-performing privatised companies.

The new initiatives embarked upon by the bureau included; the Afam Power & Yola Distribution Company privatisation, concessioning of the Terminal B of the Warri old Port, restructuring and commercialisation of the Bank of Agriculture (BOA), partial commercialisation of NIPOST, restructuring and commercialisation of the 12 River Basin Development Authorities (RBDAs), reform and commercialisation of three of the nation's national parks and other initiatives in the power sector.

The committee had since submitted its report to the BPE helmsman during which he assured that the federal government has the political will to resuscitate the ailing and non-performing privatised enterprises.

The privatised enterprises, according to Okoh, cut across several sectors, including agriculture, banking, insurance, hospitality, industry and manufacturing, oil and gas, power, port, mines and steel, automobile, paper and packaging, as well as, telecommunications.

He commended the wealth of experience, expertise, commitment, diligence, and intellectualism exhibited by the members of the committee in the course of carrying out their assignment, and was optimistic that the outcome would bring the desired solution to the non-performing privatised enterprises.

According to him, the affected enterprises, which were privatised about 10 years ago in the automobile sector, bricks and clay (housing) sector, oil palm sector, mines, and solid minerals sector, and others failed to meet the aim of privatisation and reform programme of the federal government.

"Hence the government through the National Council on Privatisation (NCP) directed the BPE to investigate the cause(s) for their inability to perform.

"Also, to proffer viable and acceptable solutions to resuscitating them to perform optimally, create employment, boost the economy and increase Gross Domestic Product (GDP), among other benefits", he added.

He also promised that the findings of the committees would be shared among all stakeholders to spur them to meet their organisational objectives and that of the federal government's privatisation and reform programme.

AfDB To Invest $3bn On Pharmaceutical, Vaccines Manufacturing Capacity For Africa

By Fatimah Bintu Yussuf

Africa needs $600 million to $1.3 billion to meet its goal of attaining 60 percent vaccine production by 2040, according to Dr. Akinwumi Adesina, President of African Development Bank (AfDB).

He said investing in health is investing in national security. Thus AfDB plans to invest $3 billion to support pharmaceutical and vaccines manufacturing capacity for Africa.

Dr. Adesina made this known at the recent 25th Ordinary Session of the Assembly of Heads of States of African Union (AU), Addis Ababa, themed: 'Mobilising Financing for Africa's Accelerated Economic Recovery, Development and Integration.'

Adesina noted that the COVID-19 has been a global economic cyclone when Africa witnessed a decline in gross domestic product (GDP) growth of 2.1 percent in 2020, its lowest in 20 years. He maintained that Africa's GDP fell by $165 billion - over 30 million jobs were lost and over 26 million people fell into extreme poverty. However, while developed countries have moved to booster shots, Africa is still struggling with basic shots.

He said: "To address the socio-economic impacts of the pandemic and support economic recovery, Africa will need some $484 billion over the next three years. To eliminate extreme poverty by 2030, the continent will need $414 – $784 billion per year. Africa will need $7-$15 billion a year to deal with climate change. The continent will also need between $68 – $108 billion per year to fix the infrastructure financing gap.

"The AfDB, as the premier development financing institution in Africa, has been mobilizing resources to meet this challenge. The general capital of the bank was increased in 2019 by 125 percent, rising from $93 billion to $208 billion, the highest since its establishment in 1964.

"These resources have allowed the AfDB to scale up support to African economies to tackle the pandemic. The Board of Directors of the bank approved a crisis response facility of up to $10 billion. The bank also launched a $3billion - Fight COVID-19 Social Bond on the international capital markets, which was the largest ever US-dollar denominated social bond in world history. The bank provided $ 27 million as grants to the African Centres for Disease Control," he said.

Speaking further, Adesina stated: "Over the past six years, the AfDB has provided about $39 billion in financing to the continent in support of its High5 priorities to: Light up and power Africa; feed Africa; integrate Africa; industrialise Africa; and improve the quality of life of the people of Africa. These High5s are the accelerators for achieving Agenda 2063.

"An assessment of these High5s by the United Nations Development Program (UNDP) indicated that the High5s would lead to the achievement of 90 percent of the Agenda 2063 goals and 90 percent of the Sustainable Development Goals (SDGs) targets. So much has been achieved on the High5s", he said.

"In the past five years, the work of the AfDB Group has impacted the lives of 335 million people – fast tracking the move towards achieving the Agenda 2063 goals. Close to 21 million people have gained access to electricity. Nearly 76 million people have benefitted from agricultural technologies for food security. More than 12 million people have gained access to finance through private sector investee companies. Over 69 million people have been provided with improved transport. And 50 million people have gained access to improved water and sanitation.

"Feeding Africa remains a top priority. Our Technologies for African Agricultural Transformation (TAAT), has provided drought tolerant technologies for 12 million farmers across Africa. The Bank is supporting the creation of special agro-industrial processing zones in 18 countries to help drive the transformation of agriculture as a major source of wealth and jobs.

"The AfDB, the International Fund for Agricultural Development (IFAD), and the African Union Commission (AUC) launched the Facility for African Food Security and Nutrition at the UN Food Systems Summit. Now dubbed Mission 1 for 200, this financing facility will help to mobilize $1 billion, provide climate resilient and nutrition-rich technologies for 40 million farmers, produce 100 million metric tons of food, and feed 200 million people. This will help to reduce food insecurity in Africa by 80 percent - This is particularly crucial in 2022, the Year of Nutrition in Africa", he emphasised.

The president of the AfDB further stated: "The bank is investing heavily in renewable energy. This includes the world's largest concentrated solar power system in Morocco and the Lake Turkana energy project, the largest windfarm in Africa. Together with Africa50, we have co-financed the 3,000 MW Ben Ban solar power project in Egypt. The bank is also implementing a $20 billion Desert-to-Power initiative to develop 10,000 MW of solar power for the Sahelian zone of Africa, in order to provide electricity for 250 million people. This will become the largest solar zone in the world.

"Africa faces a huge challenge with energy transition, and with climate change. The Bank is working to establish an African Just Energy Transition Facility that will support transition from coal and heavy fuel oil into clean energy. However, Africa will need an energy mix that includes natural gas, to ensure stability of its energy systems, power industries, and ensure competitiveness.

We must go beyond "a just energy transition" to "a just energy system. Africa cannot be poor in an environmentally sustainable manner.

"To support Africa's adaption to climate change, the AfDB and the Global Centre for Adaptation (GCA) have launched the African Adaptation Acceleration Program (AAA-P) with the goal of mobilising $25 billion for climate adaptation for Africa; We must revive the Lake Chad Basin! We must save the Sahel from desertification! And, we must complete the Great Green Wall!

"The AfDB has committed $6.5 billion towards the Great Green Wall", he said.

Adesina thanked the UN secretary-General, Antonio Guterres, and Amina Mohammed, Deputy UN Secretary-General, for their exceptional support for the initiative.

Speaking further, he said: "As we move from COP26 in Glasgow to COP27 in Sharm El Sheikh, to be hosted by President El Sisi, developed countries need to meet their $100 billion commitment on climate finance to support developing countries. This will help Africa.- promises made must be promises kept.

"The issuance of Special Drawing Rights (SDRs) of $650 billion by the International Monetary Fund (IMF) has helped substantially, but Africa only received $33 billion worth of SDRs. African Heads of State at the Paris Summit on African Economies, with the

To address the socio-economic impacts of the pandemic and support economic recovery, Africa will need some $484 billion over the next three years.

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OAGF To Partner National Defence College On Staff Training

The Office of the Accountant General of the Federation is to sponsor Treasury staff for training in relevant courses at the National Defence College.

The Accountant-General of the Federation (AGF), Mr. Ahmed Idris, who dropped the hint in Abuja, noted that this initiative will broaden the horizon and enhance the capabilities of Treasury officers.

He, in a release signed by Mr. Henshaw Ogubike, Director, Information, Press and Public Relations, Office of the Accountant-General of the Federation (OAGF), noted that the National Defence College is one of the prestigious colleges in the country, adding that the Treasury was pleased to be associated with the content and activities of the College.

Mr. Idris, while addressing the Commandant of the National Defence College, Rear Admiral M. M. Bashir, who led the management team of the College on a courtesy visit to him in Abuja, called on the Defence College to make known the relevant courses and assured that treasury officers will be sponsored to attend.

The AGF, who also accepted the invitation of the Commandant to be a resource person and guest lecturer at the college, tasked the leadership of the National Defence College on prudent management of resources and assured of prompt release of approved funds for the college.

He congratulated the Commandant on his recent appointment and applauded successive leadership of the college, whose efforts he acknowledged contributed to the present heights the college has attained.

On the activities of the Nigerian Army, Mr. Idris applauded the gallantry of Nigeria soldiers, especially in the fight against insurgency and promised that the Treasury will continue to support the Nigerian Armed Forces in every possible way.

Speaking earlier, the Commandant of the National Defence College, Rear Admiral M. M. Bashir acknowledged the efforts of the Treasury in implementing policies to enhance transparency and accountability in the management of government resources.

He thanked the AGF for the release of funds to the college and made a case for training of Treasury officers at the College.

Accountant General of the federation Ahmed Idris, and the Commandant National Defence College Rear Admiral MM Bashir, during a Courtesy visit to Treasury House, Abuja.

AfDB To Invest $3bn Pharmaceutical, Vaccines Manufacturing Capacity For Africa

... cont'd from page 16

strong support of President Emmanuel Macron, called for a re-allocation of $100 billion to Africa. Re-allocated SDRs should pass through the AfDB, as a prescribed holder of SDRs."

Passing the re-allocated SDRs for Africa through the AfDB will serve Africa very well.

According to the AfDB president,"First, as a AAA-rated financial institution, the AfDB will be able to leverage the SDRs by 3-4 times. For example, a $50 billion re-allocation through the AfDB will be leveraged to deliver $200 billion to African economies.

"Second, the AfDB will help to recapitalise other African financial institutions, many of which the bank helped to establish, including the Afreximbank, AfDB), East Africa Development Bank (EADB), Central Africa Development Bank (CADB), the Africa Guarantee Fund (AGF), Africa-Reinsurance Company (ARC), Shelter Afrique, Trade and Development Bank (TDB), Africa50, as well as the Development Bank of Southern Africa (DBSA).

"To protect Africa from future economic shocks, it is now critical to establish an African financial stability mechanism. Africa is the only region of the world that has no liquidity buffers to protect the continent against shocks. Europe has … Asia has … Latin America has … The Middle East has. These regions had more protection from the economic effects of the pandemic. Africa did not.

"This has led to widespread regional spill-over contagion effects, and instability. African economies must be protected. The African financial stability mechanism will protect African economies".

He said, "We need more resources to finance Africa's low-income countries, especially those facing fragility. The African Development Fund (ADF), the concessional institution of the AfDB, has helped to support these countries with $8.5 billion in the past five years.

"The ADF has delivered impressive results; The Fund financed the landmark Senegambia bridge., It financed the Rosso bridge between Mauritania and Senegal, it financed Corridor 13 road between Central African Republic and the Republic of Congo, it financed the road network rehabilitation project for Comoros, it financed the revenue authority project for Togo, it financed the Bas Mangoky rice irrigation project for Madagascar. The Fund is also financing the Kandadji multipurpose dam project for Niger".

Dr. Adesina disclosed that more resources are needed to meet the rising needs of low-income countries. African Heads of State and Government, and of the African Union Commission, for the 16th Replenishment of the ADF later this year.

"The Africa Investment Forum (AIF), established by the AfDB and its partners, has helped to secure investment interests worth more than $78 billion. This spectacular level of interest includes a $24 billion transaction for the liquefied natural gas project in Mozambique. The project will make Mozambique the third-largest producer of liquified natural gas in the world.

"We must now link security, investment, growth, and development closely together. To enhance the security of Africa, the AfDB is currently developing Security Indexed Investment Bonds. Proceeds from these bonds, when developed, will support countries and regional economic communities to do four things. First, to upgrade security architecture. Second, to repair damaged infrastructure in conflict-affected zones. Third, to rebuild social infrastructure. And fourth, to protect zones with strategic investments.

"We must build a better future for our youth. It is time to create youth-based wealth all across Africa. To boost financial support for the businesses of our youth, the AfDB is exploring with countries the establishment of Youth Entrepreneurship Investment Banks (YEIB). They will be first rate financial institutions run by the youth for the youth.

"To unleash the business potential of women, the bank's Affirmative Finance Action for Women in Africa (AFAWA) is mobilising $5 billion for women businesses.

"AFAWA is now working at scale. Over $425 million was disbursed in 2021 to banks for lending to women businesses. This year, we will disburse $500 million for women businesses - Our vision is clear: When women win, Africa wins!

"The African Continental Free Trade Area (AfCFTA) offers the continent incredible opportunities to accelerate Africa's development. To achieve this goal, the AfDB has invested massively in infrastructure; from roads, transport corridors, airports, seaports, railways, and digital infrastructure. Over the past 10 years, we have invested over $40 billion in infrastructure. We are connecting nations, connecting businesses, connecting people.

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

The Nigeria Deposit Insurance Corporation (NDIC) is an agency of government of the Federal Republic of Nigeria. It was established in 1988 and is responsible for administering deposit insurance in the country. It protects depositors and guarantees payment of insured funds in the event of failure of an insured licenced deposit-taking financial institution, thereby helping to maintain stability in the financial system.

The NDIC's Public Policy Objectives (PPOs) are: To Protect depositors by providing an orderly means of compensation in the event of failure of an insured financial institution; Enhance public confidence by providing a framework for the resolution and orderly exit of failing and failed financial institutions; and Contribute to financial system stability by making incidence of bank runs less likely. The NDIC had achieved these PPOs through the implementation of its following Mandates:

DEPOSIT GUARANTEE

Insurance of deposit liabilities of licensed deposit-taking financial institutions (banks) and guaranteeing payment to a maximum amount as stipulated in the NDIC Act, in the event of failure of a licensed financial institution. Thus, the sum of N500,000.00 or US$1,613 is paid to each depositor of Deposit Money Bank, Primary Mortgage Bank and Non-Interest Bank while the sum of N200,000.00 or US$645 is paid to each depositor of a Micro-Finance Bank;

BANK SUPERVISION

Supervision of banks to reduce the potential risk of failure, ensure effective payment system and healthy competition in the banking system; hence contributing to financial system stability;

DISTRESS RESOLUTION

Provision of financial and technical assistance to failing or distressed eligible insured institutions, in the interest of depositors; and

BANK LIQUIDATION

Orderly and efficient closure of failed institutions with minimal disruption to the banking and payment system.

NDIC's activities over the years had contributed to the development of the Nigerian economy through the promotion of soundness and safety of the banking system thereby enhancing confidence in the country's financial system.

More adult Nigerians now have access to formal financial services and are deriving numerous benefits through access to savings, credits, insurance and pension. NDIC, in collaboration with other Safety-net Players such as the Central Bank of Nigiera (CBN), has contributed to reducing the percentage of adult Nigerians that do not have acess to financial services from 46.30% in 2010 to 39.50% in 2014 (EFInA Financial Inclusion Study, 2014) in line with the Financial Inclusion policy of the Federal Government.

NDIC is also involved in social and developmental endeavours. Over the years, it has supported many community-based projects. Most of the projects were in the areas of Education and Human Capital Development.

> "ENGENDERING CONFIDENCE IN THE BANKING SYSTEM, PROMOTING FINANCIAL INCLUSION AND EXCELLENT IN CORPORATE SOCIAL RESONSIBILITY ACTIVITIES TOWARDS SUSTAINABLE DEVELOPMENT IN NIGERIA"

OUR CORE MANDATES

- → Deposit Guarantee
- → Bank Supervision
- → Distress Resolution
- → Bank Liquidation

IMF Advises Nigeria To Be Creative on Fuel Subsidy, VAT Increase

By Fatimah Bintu Yussuf

The International Monetary Fund (IMF) has urged the federal government to increase Value Added Tax (VAT) and to remove fuel subsidy. The Fund has also called for fiscal measures to help in the generation of revenue and stimulation of sustainable growth.

The IMF reiterated these in its 2021 Article IV Consultation with Nigeria released on Monday, February 7, 2022.

The Institution also noted the need for urgent FX market, fiscal, trade and governance reforms to rescue the economy from muted recovery.

The Fund, however, commended the federal government on measures that have been put in place to avert the avid impact of COVID-19 on the economy.

"Without urgent fiscal and exchange rate reforms, the medium-term outlook faces sub-par growth. There are significant downside risks to the near-term outlook arising from the uncertain course of the pandemic and the domestic security situation", the Fund stated.

"In the medium term, there are upside risks from faster-than-expected reaching of the Dangote refinery's production capacity along with the effective implementation of the 2021 Petroleum Industry Act in terms of higher manufacturing production and investment in the oil sector; major reforms in the fiscal, exchange rate, trade and governance are needed to alter the long-running lacklustre growth path.

"On the immediate front, fiscal and external imbalances require removal of regressive fuel and electricity subsidies, tax administration reforms and installing a fully unified market-clearing exchange rate. Over the medium term, moving away from inward-looking policies through trade, monetary and foreign exchange reforms, enhancing public trust through governance and fiscal transparency reforms and improving welfare through job creation and agricultural reforms are priorities."

The Fund further noted that the fiscal deficit could worsen in the near term and remain elevated over the medium term. According to the statement, the fiscal deficit is projected to widen in 2021 to 6.3 percent of the gross domestic product (GDP) despite the bullish oil prices.

IMF also charged for aggressive tax reform to boost revenues, saying: "Nigeria will have to adopt tax rates compared to its peers in the Economic Community of West African States (ECOWAS) to raise revenues to levels targeted in the 2021-25 National Development Plan."

The Institution, however, commended the country's 'pro-active approach' in managing the COVID-19 crisis.

The efforts, it admitted, has contained the infection and fatality rate.

"The COVID-19 pandemic has been well managed but there is a lasting imprint on the vulnerable. Like much of the rest of Sub-Saharan Africa (SSA), Nigeria underwent a third wave of the pandemic in August 2021. The authorities' proactive actions, including a robust infection tracking system and a national strategy for vaccine procurement and rollout, have helped keep infection rates and fatalities lower than in many other countries," it added.

Recall that contrary to the federal government's plan to remove subsidy on petrol in the second half of this year, the IMF had advised the Nigerian government to fully remove fuel subsidy and move to a market-based pricing mechanism this year as stipulated in the 2021 Petroleum Industry Act (PIA).

The IMF, in its 2021 Article IV Mission statement released then, also projected that despite high oil prices, Nigeria's fiscal deficit would widen in 2021 to 6.3 percent of gross domestic product (GDP).

Fiscal deficit is projected at 3.93 percent and 3.39 percent of GDP in Nigeria's 2021 and 2022 budgets respectively.

The IMF, in the report said: "The complete removal of regressive fuel and electricity subsidies is a near-term priority, combined with adequate compensatory measures for the poor.

"In addition, the implementation of cost-reflective electricity tariffs as of January 2022 should not be delayed. Well-targeted social assistance will be needed to cushion any negative impacts on the poor particularly in light of still elevated inflation.

"Nigeria's past experiences with fuel subsidy removal, which have all been short-lived and reversed, underscore the importance of building a consensus and improving public trust regarding the protection of the poor and efficient and transparent use of the saved resources."

The IMF observed that there were significant downside risks to the near-term fiscal outlook from the ongoing COVID-19 pandemic, weak security situation and spending pressures associated with the electoral cycle.

According to the IMF, over the medium term, without bold revenue mobilisation efforts, fiscal deficits are projected to stay elevated above the pre-pandemic levels with public debt increasing to 43 percent in 2026.

It stated: "With the emergence of fuel subsidies and slow progress on revenue mobilisation, the fiscal outlook faces significant risks. Continued reliance on administrative measures to address persistent foreign exchange shortages is negatively impacting confidence."

The IMF observed that the Nigerian economy "is recovering" from a historic downturn benefiting from government policy support, rising oil prices and international financial assistance.

It noted that the Nigerian authorities' pro-active approach had contained the COVID-19 infection rates and fatalities, adding that with the emergence of fuel subsidies and slow progress on revenue mobilisation, the fiscal outlook faces significant risks.

IMF said: "The economy is recovering from a historic downturn. Helped by government policy support, rebounding oil prices and international financial aid, Nigeria exited the recession in 2020 Q4, earlier than expected. Output rose by 5.4 per cent (y-o-y) in the second quarter, mainly reflecting base effects from transport and trade sectors and continued strong growth in the IT sector.

"However, manufacturing and oil sectors remain weak, reflecting continued foreign exchange shortages, and security and technical challenges. Headline inflation rose sharply during the pandemic reaching a peak of 18.2 percent y-o-y in March 2021 but has since declined helped by the new harvest season and opening of the land borders.

"Reported unemployment rates are yet to come down although COVID-19 monthly surveys show the employment level to be back at its pre-pandemic level.

Noting that the outlook is for a subdued recovery, the IMF observed that while Nigeria's real GDP is projected to grow by 2.6 percent this year and continue in the range of 2.6-2.7 percent per annum over the medium term, "this is just above the population growth rate implying stagnant per capita income in the medium term."

Despite an ease in food prices, it said inflation is projected to remain in double-digits, in the absence of monetary policy reforms.

It also alluded to significant downside risks to the near-term outlook arising from the uncertain course of the pandemic and the domestic security situation, in the medium term.

It added that there were upside risks from faster-than-expected reaching of the Dangote refinery's production capacity along with effective implementation of the 2021 PIA in terms of higher manufacturing production and investment in the oil sector.

IMF called for major reforms in fiscal, exchange rate, trade and governance to alter what it described as "the long-running lacklustre growth path."

The IMF listed near-term priorities for Nigeria to include the implementation of e-customs reforms, including efficient procedures and controls, developing a Value Added Tax (VAT) compliance improvement programme, improving compliance across large, medium, and micro/small taxpayers and rationalising tax incentives and customs duty waivers. the recent passage of the PIA and stressed its timely implementation.

It stated that preliminary assessments by the IMF and the World Bank suggest that the approved fiscal terms would provide greater incentives to invest in the oil and gas industry but would reduce the fiscal take from new and converted fields.

On exchange rate policy, the IMF called for reduced administrative measures and room for a market-clearing unified exchange rate.

It also endorsed steps taken toward unification of the exchange rate and stressed the need for further actions.

The Fund stated: "The discontinuation of the official exchange rate is a step in the right direction, but continued dependence on administrative measures to address FX shortages sustains uncertainties and increases the risks of a sudden and large adjustment in the exchange rate.

"To preserve competitiveness, any exchange rate adjustment should be accompanied by clear communications regarding exchange rate policy going forward, macroeconomic policies to contain inflation and structural policies to facilitate new investment.

"A further move toward a market-clearing exchange rate will also help build foreign exchange buffers through higher capital inflows."

... cont'd from page 9

How Sukuk Is Impacting on Nigeria's Infrastructure Development

Ms Oniha

Sukuk to be registered by the Securities and Exchange Commission (SEC) and certified by the Financial Regulation Advisory Council of Experts (FRACE) of the CBN.

The issue for a seven-year and 13 percent bond will be due in 2028 under Family Homes Fund N30 billion Sukuk programme, which was oversubscribed by 2.1 percent.

According to the firm, the net proceeds will be used to finance and develop affordable homes for low-income earners.

Mr. Femi Adewole, Chief Executive Officer of Family Homes, said the debt capital market had allowed the company to diversify its funding: "We are very proud of this landmark transaction, which is the first ever certified corporate Sukuk issued in Nigeria."

As at Dec. 2021, the CBN had licensed only three Non-Interest Banks in Nigeria. They are: Jaiz Bank Plc, Lotus Bank Ltd. and TAJ Bank Ltd.

The rise of Islamic finance is giving Nigerians a choice and, in a way, achieving the financial inclusion mantra of CBN.

There are also those who do not want to engage in interest, gambling and others, who believe in ethical products; Islamic finance provides that for Nigerians.

Also, Islamic finance is not religion biased. Muslims, Christians can go into any Islamic finance institution, obey the rules, and they will not be asked the religion they practice.

Indeed, there is need for robust awareness and capacity drive to promote Islamic financing by leveraging capital market instruments for Nigeria's financial inclusion drive, and overall economic growth.

In the same vein, Minister of Works and Housing, Mr. Babatunde Fashola hailed the DMO for the Sukuk initiative, which was heavily criticised by some members of the public who alleged that the administration was adopting it to islamise Nigeria.

I think some calm came when we explained that the first N100 billion was going to be applied equally to all the six zones of Nigeria, meaning that each zone was going to get about N16. 6 billion.

He described the Sukuk option as a method of Public Private Partnership (PPP) that has become successful in the country.

According to the minister, "The first Sukuk of N100 billion was deployed to 25 roads and it delivered a total of N482 km; the second Sukuk in 2018 was deployed to 28 roads and it delivered a total of 643 km; the third 2020, of N162 billion was deployed to 44 roads and delivered 757 km. Many of these roads had been awarded before we came but were not funded. Each year Sukuk came we were told the number of km that we must deliver with this money.

"Part of the impact is that it created jobs for 97 construction and contraction companies "who are keeping people at work; who are demanding supplies of diesel, bitumen, asphalt and that is how the money is moving round the economy.

"When you pass any of these roads, say a prayer for DMO, say a prayer for the Ministry of Finance and say a prayer for the members of the National Assembly, because in government, nobody can do it alone."

The Minister of the FCT, expressed gratitude that Abuja was allocated N29 billion from the N250 billion proceeds in order to fund six on-going road projects.

According to him, Sukuk has become a veritable means of funding infrastructure projects with private funds.

Roads Financed Through Sukuk

According to Data obtained by fmfinsights from the DMO, a number of roads and infrastructure has been financed through the proceeds of Sukuk.

Some of them include the construction of Oju/Loko-Oweto bridge over River Benue to link Loko (Nasarawa state) and Oweto (Benue state) along route, Dualisation of Abuja-Abaji-Lokoja road section I (international airport link road junction – Sheda village, Dualisation of Suleja-Minna road in Niger state phase, Dualisation of Abuja-Abaji-Lokoja road: Section IV Koton Karfe-Lokoja in Kogi state.

Others are the dualisation of Lokoja-Benin road: Obajana-Okene in Kogi state, Dualisation of Kano-Maiduguri road linking Kano-jigawa-Bauchi-Yobe, Dualisation of Kano-Maiduguri road linking Kano-Jigawa-Bauchi-Yobe and Borno states. Section III (Azare-Potiskum) in Bauchi.

Also, the Dualisation of Kano-Maiduguri road linking Kano-Jigawa-Bauchi-Yobe and Borno states. Section IV (Potiskum-Damaturu road) in Yobe, Dualisation of Kano-Maiduguri road linking Kano-Jigawa-Bauchi-Yobe and Borno states. Section V (Damaturu-Maiduguri).

Similarly, the Dualisation of Kano-Maiduguri road linking Kano-Jigawa-Bauchi-Yobe and Borno states. Section I (Kano-Wudil-Shuari) in Kano, Dualisation of Kano-Katsina road phase I, Kano town at Dawanau roundabout to Katsina border in Kano, Construction of Kano western bypass as an extension of dualisation of Kano-Maiduguri road section as well as Construction of Kaduna eastern bypass.

Others are Rehabilitation of outstanding section of Onitsha-Enugu expressway Amansea-Enugu border, Rehabilitation of Enugu-Port Harcourt dual carriage section I: Lokpanta-Umuahia in Abia, Rehabilitation of Enugu-Port Harcourt dual carriage sectionII Umuahia tower-Aba township rail, Arehabilitation of Enugu-Port Harcourt road section III: Enugu-Lokpanta, Rehabilitation of Enugu-Port Harcourt road section IV: Aba-Port Harcourt in Rivers as well as dualisation of Yenegwe road junction-Kolo-Otuoke-Bayelsa palm in Bayelsa and the dualisation of Lokoja-Benin road: Obajana junction-Benin section II phase I: Okene-Auchi, Kogi/Edo states as well as the dualisation of Lokoja-Benin road: Obajana junction-Benin section III phase I: Auchi-Ehor in Edo.

Also in the list are the Dualisation of Lokoja-Benin road: Obajana junction-Benin section IV phase I: Ehor-Benin city, Edo state, Reconstruction and asphalt overlay of Benin-Ofosu-Ore-Ajebandele-Shagamu dual carriageway phase, Reconstruction of outstanding section of sections of Benin-Ofusu-Ore-Ajebandele-Shagamu dual carriageway phase II and also the dualisation of Ibadan-Ilorin road. Section II: Oyo-Ogbomosho road in Oyo.

N250 Sukuk Fund For 2022

Meanwhile, the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed has handed the N250 billion 2021 Sukuk proceeds to the Ministers of Works and Housing, Mr. Babatunde Fashola, Federal Capital Territory, Alh. Miohammed Bello and Niger Delta Affairs, Sen. Godswill Akapbio, to execute different road across the country.

The N250 billion was realised from the Sovereign Sukuk which was issued by the DMO, on behalf of the federal government, in December, 2021, as part of the Domestic Borrowing in the 2021 Appropriation Act.

Last year's N 250 billion was the fourth in the series which began in 2017, with the total amount raised through Sukuk now standing at N612. 557 billion. All have been applied to road infrastructure.

Out of the current N250 billion, Works and Housing received N 210. 56 billion; FCT, N29 billion; while Niger Delta got N10. 43 billion.

In her address, Mrs. Ahmed disclosed that with today's releases of N250 billion, total 2021 capital release stood at N3.65 trillion, representing 80 percent of the N4.56 trillion capital budget for last year.

She said, "This N250 billion will be released as part of the 2021 capital expenditure in the 2021 appropriation Act which has been extended by the National Assembly to March 31, 2022.

So, with this additional N250 billion, the total capital releases will now move to N3.65 trillion representing 80 percent of the capital appropriation for 2021.

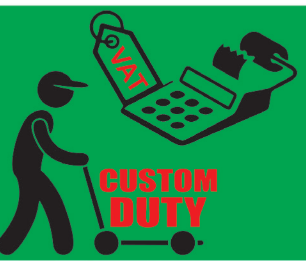
The Director-General (DG) of the DMO, Ms. Patience Oniha said, "The introduction of Sukuk as a source of raising funds for the government has improved road infrastructure across the six geo-political zones. As you travel each time, it is impossible to travel up to 200 km or 300 km and not see a Sukuk road and even in some cities, as well.

"The acceptance of Sukuk by investors and the verifiable evidence as a means of financing roads has encouraged some state governments to also issue Sukuk, at the sub-national level."

According to her, the symbolic presentation of the cheque was an indication that the federal government was ready to run with the projects to be funded with the proceeds, as the money was ready for utilisation.

She said, "The Sukuk is tied to the development of road infrastructure which is very closely aligned with the strategic objectives of the administration of President Muhammadu Buhari. Needless to say, improvement in infrastructure, because of the multiplier effects it has, is accepted as one of the best ways of creating jobs, supporting and attracting new businesses and promoting overall growth and development.

NIGERIA CUSTOMS SERVICE (NCS)



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Where Expected Recovery Is Slower, Leading To Widening Divergences

POLICY BRIEF with ENAM OBIOSIO

Some analysts at the International Monetary Fund (IMF) would state that after an unparalleled contraction in 2020, sub-Saharan Africa is set to grow by 3.7 percent in 2021 and 3.8 percent in 2022.

The recovery is supported by rising commodity prices, improving global trade and financial conditions. But, according to Abebe Aemro Selassie and Habtamu Fuje, both of the IMF, this welcomed rebound is relatively modest by global standards, leading to a widening income disparity with developed economies.

The vaccine rollout in sub-Saharan Africa has been the slowest in the world, leaving the region vulnerable to repeated waves of COVID-19. The region has fully vaccinated only three percent of its population, well below the level needed to reach herd immunity. Although the world was set to produce around 12 billion doses last year, it was obvious that it will likely be more than a year before a meaningful number of people are vaccinated in sub-Saharan Africa.

"The expected recovery is slower than in other regions, leading to widening divergences. The analysts are of the opinion that differences in growth rates between regions are expected to continue over the medium term amid persistent global disparities in vaccine access and stark differences in the availability of policy support. Advanced economies are forecasted to return to their pre-crisis growth path by 2023. Sub-Saharan Africa, on the other hand, does not regain the lost ground any time soon. The region would have to grow twice as fast in the next three years to match the type of recovery seen in advanced economies.

Their point is that the pandemic has also worsened the pre-existing divergence across sub-Saharan African countries and within individual countries. "Even before the pandemic, non-resource-intensive countries that have a diversified economic structure had been growing faster than resource-rich countries. But this gap has been exacerbated by the pandemic, which has highlighted key disparities in resilience.

"Similarly, the pandemic has elevated divergence within individual countries, along lines of employment, gender, geographic residence, socioeconomic status, and formal/informal workers. Rising food prices, combined with reduced incomes, also mean that households must reduce food consumption, threatening past gains in poverty reduction, nutrition, and food security.

Sub-Saharan African countries are facing a difficult fiscal policy trilemma—balancing tradeoffs between pressing development-spending needs, containing public debt, and mounting resistance to tax revenue mobilisation.

In their words: "Meeting these goals has never been easy, but the pandemic has made it even more difficult. The spending needs of sub-Saharan Africa are growing and becoming pressing as the pandemic takes a toll on health, employment, education, infrastructure investment, and poverty reduction efforts. Climate change adds to the burden.

"Sub-Saharan Africa is the world's smallest contributor to greenhouse gas emissions—less than five percent of global emissions—but nonetheless the region is perhaps the most vulnerable to climate shocks. One-third of the world's droughts already take place in sub-Saharan Africa, and its dependence on rain-fed agriculture makes it particularly vulnerable. Climate change can also act as a multiplier for conflict and fragility, worsening pre-existing tensions, weak governance, and other socio-economic concerns. Adapting to climate change, and assisting in worldwide mitigation efforts, will require new and robust climate-finance mechanisms.

International cooperation remains vital.

They stated: "Without external financial and technical assistance, the divergent recovery paths of sub-Saharan Africa and the rest of the world may harden into permanent fault lines, jeopardising decades of hard-won progress. So far, international organisations and donors have mobilised swiftly to support the region. Looking ahead, the voluntary channelling of Special Drawing Rights (SDR) from countries with strong external positions to those most in need can further magnify the impact of the new SDR allocation. Used wisely, these resources could shape the region's post-pandemic recovery path.

Despite the difficult years ahead, the region's potential as a source of global demand remains undiminished. Over the next three decades, the global population is set to increase by about 2 billion. Half of that growth will take place in sub-Sahara Africa, as the region's population is projected to double from about 1 billion to 2 billion. This makes the region potentially one of the world's most dynamic economies, and one of its most important markets.

To them, notwithstanding the authorities' proactive approach to contain COVID-19 infection rates and fatalities and the recent growth improvement, socio-economic conditions remain a challenge. Levels of food insecurity have risen and the poverty rate is estimated to have risen during the pandemic.

"The outlook faces balanced risks. On the downside, low vaccination rates expose Nigeria to future pandemic waves and new variants, including the ongoing Omicron variant, while higher debt service to government revenues (through higher US interest rates and/or increased borrowing) pose risks for fiscal sustainability. A worsening of violence and insecurity could also derail the recovery.

On the upside, the non-oil sector could be stronger, benefitting from its recent growth momentum, supportive credit policies, and higher production from the new Dangote refinery. Nigeria's ratification of the African Continental Free Trade Agreement could also yield a positive boost to the non-oil sector while oil production could rebound, supported by the more generous terms of the Petroleum Industry Act.

Considering the Executive Board Assessment, the analysts would state that Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities' proactive management of the COVID-19 pandemic and its economic impacts. They noted, however, that the outlook remains subject to significant risks, including from the pandemic trajectory, oil price uncertainty, and security challenges. Looking ahead, they emphasized the need for major reforms in the fiscal, exchange rate, trade, and governance areas to lift long-term, inclusive growth.

Directors highlighted the urgency of fiscal consolidation to create policy space and reduce debt sustainability risks. In this regard, they called for significant domestic revenue mobilisation, including by further increasing the value-added tax rate, improving tax compliance, and rationalising tax incentives. Directors also urged the removal of untargeted fuel subsidies, with compensatory measures for the poor and transparent use of saved resources. They stressed the importance of further strengthening social safety nets.

Directors welcomed the removal of the official exchange rate and recommended further measures towards a unified and market-clearing exchange rate to help strengthen Nigeria's external position, taking advantage of the current favourable conditions. They noted that exchange rate reforms should be accompanied by macroeconomic policies to contain inflation, structural reforms to improve transparency and governance, and clear communications regarding exchange rate policy.

Directors considered it appropriate to maintain a supportive monetary policy in the near term, with continued vigilance against inflation and balance of payments risks. They encouraged the authorities to stand ready to adjust the monetary stance if inflationary pressures increase. Directors recommended strengthening the monetary operational framework over the medium term—focusing on the primacy of price stability—and scaling back the central bank's quasi-fiscal operations.

Directors welcomed the resilience of the banking sector and the planned expiration of pandemic-related support measures. They agreed that while the newly launched e-Naira could help foster financial inclusion and improve the delivery of social assistance, close monitoring of associated risks will be important. They also encouraged further efforts to address deficiencies in the AML/CFT framework.

Directors emphasised the need for bold reforms in the trade regime and agricultural sector, as well as investments, to promote diversification and job-rich growth and harness the gains from the African Continental Free Trade Agreement (AfCFTA). Improvement in transparency and governance are also crucial for strengthening business confidence and public trust. Directors called for stronger efforts to improve transparency of COVID-19 emergency spending.

Directors noted that Nigeria's capacity to repay the Fund is adequate. They encouraged addressing data gaps to allow timely and clear assessments of reserve adequacy.

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