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FG's Policies For Gender Equality:
Women Economic Empowerment Targeted At Sustainable Development


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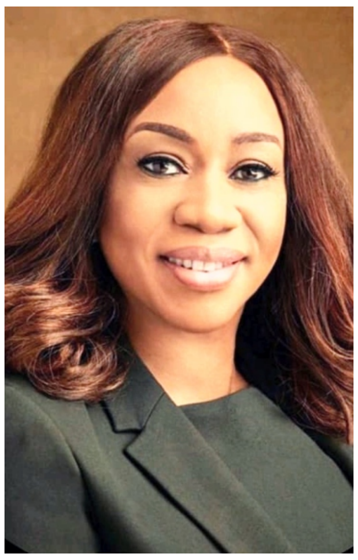
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The federal government has been forthright with its policies for women economic empowerment and gender equality, which arguably has resulted in the Nigerian banking industry gradually experiencing a transformation that features more women assuming top positions, just as in other sectors. ***Enam Obiosio*** *and* ***Musa Ibrahim*** *briefly shed some light on the plights of women, the take of some institutions on the impact of gender equality on the economy and also profile the few women who have become the chief executive officers (CEOs) and chairmen of their banks.*

Promoting gender equality and economic empowerment for women has become a globally recognised and an acceptable reality. Gender issues have also been identified as critical to the achievement of national development goals. In fact, the attainment of gender equality is not only seen as an end in itself, but equally as a catalyst to, and a sine-qua-non for the achievement of sustainable development. Importantly, achieving gender equality and economic empowerment require cooperation between various levels of government as well as non-governmental actors.

In Nigeria, some laudable efforts have been made to put in place the necessary mechanisms required for the elimination of gender discrimination so as to ensure gender parity and human dignity. The national gender policy, which replaced and reinforced the previous national policy on women, is particularly targeted at the gender inequality problem in the country.

In this sense, the federal government earmarked resources nationally for women's economic empowerment programs. The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, would always say that Nigeria can only reduce poverty if the country trains and empowers the women, and assure that the federal government, through the implementation of Finance Acts 2019 and 2020, will provide tax relief, funds and other support to micro, small and medium enterprises (MSMEs), many of which are women-owned.

She had lamented the gravity of violence and sexual abuse against women and girls at this period of COVID-19, noting the recent European Union (EU) report that the 30 percent of women aged between 15 and 49 had experienced

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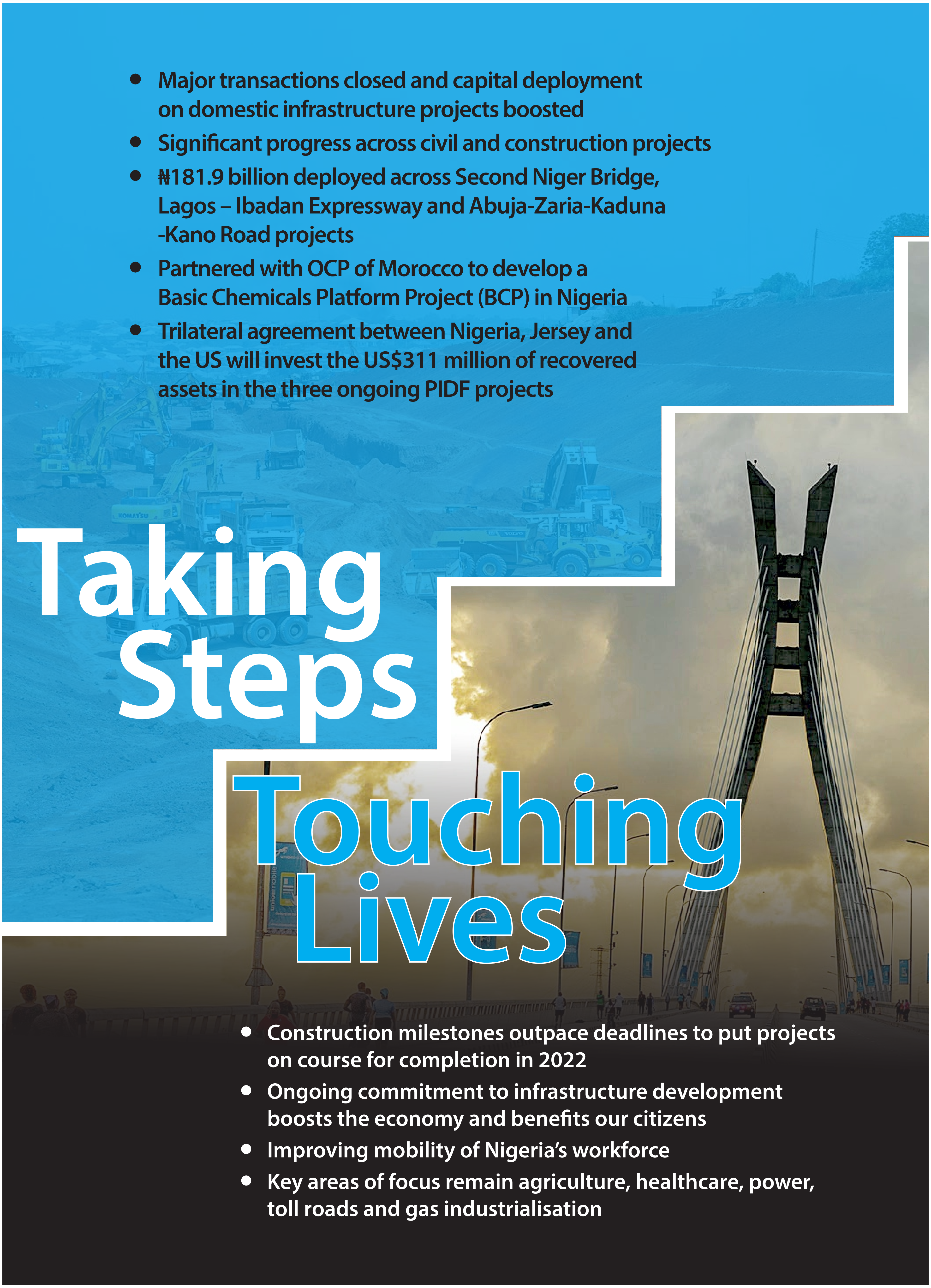

- Major transactions closed and capital deployment on domestic infrastructure projects boosted
- Significant progress across civil and construction projects
- ₦181.9 billion deployed across Second Niger Bridge, Lagos – Ibadan Expressway and Abuja-Zaria-Kaduna -Kano Road projects
- Partnered with OCP of Morocco to develop a Basic Chemicals Platform Project (BCP) in Nigeria
- Trilateral agreement between Nigeria, Jersey and the US will invest the US$311 million of recovered assets in the three ongoing PIDF projects

Taking Steps Touching Lives

- Construction milestones outpace deadlines to put projects on course for completion in 2022
- Ongoing commitment to infrastructure development boosts the economy and benefits our citizens
- Improving mobility of Nigeria's workforce
- Key areas of focus remain agriculture, healthcare, power, toll roads and gas industrialisation

Will The Ban Of Forex Sale to BDCs Change Manufacturers' Woes?

Felix Omoh-Asun

Indications have emerged that forex scarcity is hitting the manufacturing sector hard.

Findings revealed that inability to source the foreign exchange for importation of necessary raw materials is giving the manufacturers sleepless nights. This in fact has pushed prices of goods to the rooftop.

In June 2015, the Central Bank of Nigeria (CBN) released a list of 41 items classified as “not valid for foreign exchange”

With huge deficit in local production amid forex scarcity, manufacturers have had to source foreign exchange in the black market to enable them import raw materials, thus increasing the cost of production. Recent policy shift by the apex put paid to the black market. Or rather, it has pushed higher the means of obtaining forex exchange.

The manufacturers' woes started shortly after President Muhammadu Buhari was sworn into office in May 2015, when the Nigerian government excluded importers of certain goods and services from accessing foreign exchange through the country's forex markets. The move, the government said, was put in place in a bid to conserve the external reserves as well as encourage local production of those items. In 2016, amid a global crash in oil prices, the nation slipped into recession following contractions in its gross domestic product. The recession period was characterised by a deep slump in the value of the Nigerian currency. Since oil proceeds contribute significantly to Nigeria's forex earnings, forex scarcity heightened the pressure on manufacturers and other businesses.

Again in 2020, the nation slipped into yet another recession, amid global economic shutdown induced by the coronavirus pandemic. Nigeria's economy contracted 1.92 percent in 2020, its second annual contraction after 2016. It grew 2.27 percent in 2019.

But the nation's economy unexpectedly came out of the recession in the fourth quarter of 2020 as growth in agriculture and telecommunications offset a sharp drop in oil production and global demand.

Within these years, Nigeria's exchange rate policy has been a subject of controversy, amid uncertainties in the price of forex and inadequate supply, which leads to blended rates for forex transactions.

Until recently when attempts were made at convergence of rates, Nigeria ran multiple exchange rates, especially in the wake of the oil crash of 2016 to the disadvantage of the manufacturers.

There was the “official” rate, pegged by the CBN at N379/N380. There was equally the NAFEX, a market-determined rate for investors and exporters which hovers around N410. Then there is the “black market” rate, typically ignored by the government, which now moves around N500.

These conflicting rates have had negative impacts on the market, and the local currency.

In the last three years, for instance, the Nigerian currency has depreciated 33.61 per cent to N485/$ at the parallel market, according to data from Financial Derivatives

The reality is the

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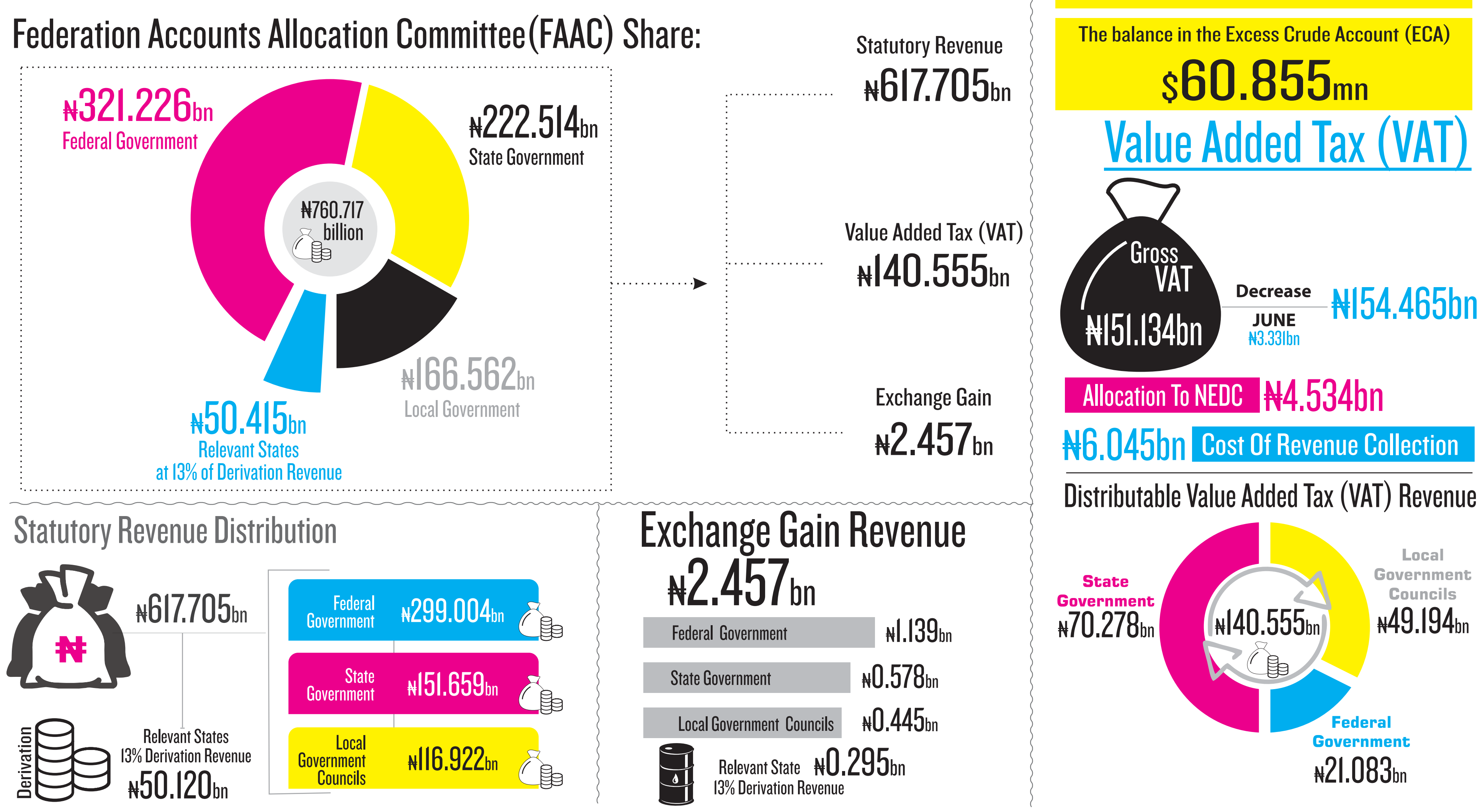
FAAC: FG, States, LGCs Share ₦760.717bn Revenue for July, 2021

Tony Tagbo

Cost Of Collection, Statutory Transfers And Refunds
₦63.501bn



According to the Communiqué, in the month of July 2021, Petroleum Profit Tax (PPT), Companies Income Tax (CIT), Oil and Gas Royalties recorded significant decreases while Value Added Tax (VAT) Import and Excise Duty decreased marginally.

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FG's Policies For Gender Equality: Women Economic Empowerment Targeted At Sustainable Development

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sexual abuse, while another report commissioned by the Ministry of Women Affairs and the United Nations Population Commission in support of Norwegian government also showed that 28 percent of Nigerian women between the ages of 25 and 29 had experienced some form of violence at one time or the other.

It is in response to this ugly development against women that President Muhammadu Buhari inaugurated an Inter-Ministerial Committee on the eradication of sexual and gender-based violence against women. The state governors had to unanimously declare a state of emergency on this.

Mrs. Ahmed believes that there is, just as in other climes and sectors, the need to shape a more gender-inclusive extractives sector in Nigeria. This is in view of the fact that the extractive industries are a male-dominated sector. Evidence suggests that while the benefits of extractive industry projects are enjoyed primarily by men, it is women who bear a disproportionate share of the negative social, economic and environmental impacts. Just two years ago, the EITI Board agreed to revise the EITI Standard to include provisions to make the EITI more gender-responsive.

In her opinion: "As a traditionally male-dominated industry, the extractives sector has been particularly susceptible to gender bias and systematic discrimination across its value chain. Women are underrepresented at all levels, particularly in national and international leadership roles. Consequently, their views and interests are not considered in shaping the sector and they are less likely to benefit economically. There is also an insufficient pipeline of women and girls with the necessary educational background and work experience to enter the sector. At the project level, women are often not consulted by governments and companies during community engagements, in part due to structural barriers such as lack of information.

"These challenges are amplified by a general lack of policies and regulatory frameworks aimed at identifying and protecting the rights of women and ensuring equal representation and access across the sector. The lack of credible and readily available data – particularly disaggregated data – means the stakeholders are limited in their ability to make informed decisions and develop gender-responsive policies, programmes and budgets to tackle inequalities.

Mrs. Ahmed is keen in empowering women and ensuring their full participation in leadership and decision-making roles; ensuring increased transparency and accountability at all levels. According to the World Bank, extractives companies with women in leadership positions see five percent to 20 percent more profit and more robust corporate governance and transparency. Supporting women in the extractive sector will lead to improved and more sustainable economic, social and environmental outcomes, and move us all one step closer to realising the United Nations (UN) Sustainable Development Goals (SDGs).

She is always advocating government policies and regulatory frameworks and programmes that target women. Women must have a seat at the table to participate in decision-making in the sector more generally, as well as to contribute to the development of gender-inclusive strategies more specifically. Companies should also take responsibility for this by developing strategies and programmes aimed at hiring, promoting and retaining women. On the essence of data disclosure, Mrs. Ahmed's take is that it is critical to improve gender inclusion because it provides governments, companies and other stakeholders with information needed to identify areas where women are disproportionately represented, or marginalised.

She would call on women in leadership and decision-making positions to join in the fight against sexual violence and abuse against women and girls, pledging her ministry's commitment to support efforts by the Federal Ministry of Women Affairs and Social Development to end violence against women and girls. Also, during the recent visit by the Director-General (DG) of the National Centre for Women Development, Dr. Asabe Vilita-Bashir, the Honourable Minister of Finance advocated the need to empower women as the only panacea for poverty reduction.

The economic and social imperative for women's economic empowerment is clear. Experts in the subject believe that greater gender equality boosts economic growth and leads to better development outcomes. It contributes to reducing income inequality and boosting economic diversification and, in turn, supports economic resilience.

Last year, the Nigerian Stock Exchange (NSE) had an event, to commemorate the International Women's Day (IWD), organised in partnership with the World Federation of Exchanges (WFE) and Sustainable Stock Exchange Initiative (SSEI), International Finance Corporation (IFC), UN Women, and the United Nations Global Compact Network Nigeria (GCNN). It brought together male and female thought leaders from a wide array of industries to celebrate the accomplishments of women and champion the discourse on how to forge a gender equal world.

While there have been successes over the past few decades as women pushed the boundaries on educational attainment, economic and political participation, and broke through the glass ceiling to lead countries

Speaking at the event, Mr Oscar N. Onyema, Chief Executive Officer (CEO) of NSE, said: "When I learnt of this year's theme, 'Each for Equal', my mind raced to the implications of a truly equal and balanced world; a world where men and women make equal contributions to the society, enjoy equal opportunities, and even enjoy the same rewards and benefits.

Before this present administration, Nigeria ranked 122, among 144 countries on the World Economic Forum's Gender Gap Index, with particularly low relative scores on educational attainment and political representation (both ranked 135). The country was among the 10 percent of countries worldwide that exhibited the highest levels of gender discrimination, according to the Organisation for Economic Co-operation and Development (OECD)'s Social Institutions and Gender Index, with an assessment of 'high or 'very high' in all of the evaluated categories. The country also fell into the group of countries with highest gender inequality in human development outcomes, according to the United Nations Development Programme (UNDP).

The gender and economic inequalities have led to substantial macroeconomic losses in terms of growth, income equality, and economic diversification. Nigeria's real gross domestic product (GDP) per capita growth could, on average, be higher by one and a quarter percentage points annually, if gender inequality was reduced to that of peers in the region. This, therefore, has given credence to the efforts by the government and its agencies to upturn the anomalies.

In view of this imbalance, the Central Bank of Nigeria (CBN)'s Financial Inclusion Strategy last year targeted reducing the proportion of women who are financially excluded to 20 percent. The Micro, Small and Medium Enterprises (MSMEs) Development Fund targets 60 percent of loans from microfinance banks and institutions for women and women-owned enterprises. The introduction of a registry for movable property then is meant to help increase financial inclusion by women, as they are likely to possess immovable property that is often required as collateral. The National Women Empowerment Fund (NAWEF) and the Government Enterprise and Empowerment Program (GEEP) are aimed at providing funds to not only young men but also young women.

The banking sector is usually regarded as one of the critical sectors in Nigeria due to its relevance in digital transformation and creativity. Over the years, the sector has experienced successive leadership dominated by the male folk in both tier 1 banks and other financial institutions in the country.

However, the trend is currently changing as the somewhat new order policies now have created a platform for more women to assume top leadership and decision-making positions in the industry. This move has been hailed by industry experts who have attributed the successes to the dynamic leadership of the CBN Governor, Mr. Godwin Emefiele, who has consistently advocated for gender balance in banks' leadership positions.

Only recently, he challenged stakeholders, most especially in the banking sector, to ensure an all-round gender development and equal opportunities, in order to increase the number of women in leadership positions in Nigeria. This was during the webinar at which the apex bank reiterated its commitment to continually promote gender diversity in the workplace, empower women and increase their active participation in the economy.

According to him, the CBN recognises the potential of female leaders in different organisations and the Nigerian economy at large. Hence, it ensured equal opportunities for

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Analysing CBN's Proposed Digital Currency

*The Central Bank of Nigeria (CBN) recently announced its intention to float a digital currency. In this report, **Musa Ibrahim** analyses the basis for the move and how it will impact the economy.*

Only recently, Central Bank of Nigeria (CBN) declared that it will launch its digital currency on October 1 2021, marking the commencement of a digital currency for the country.

The decision comes after several interventions by stakeholders both in the public and private sectors on how the crypto currency market needs to be regulated and not banned.

Reports gathered that the resolution to launch its digital currency was reached during a recent private webinar at which the CBN said that about 80 percent of central banks worldwide are considering issuing digital currencies.

Rakiya Mohammed, Director of Information Technology of CBN, explained that the apex bank began conducting research in 2017 with regards to developing a digital currency.

In fact, one of the key advocates for a few but regulated cryptocurrency market is the Vice President, Prof Yemi Osinbajo, who had on February 26, 2021spoke on the controversial issue that blockchain technology was generating at the time. He had urged the CBN to regulate and not ban cryptocurrency.

"On the very topical issue of blockchain technology, digital assets, and cryptocurrencies let me say two things. First is that there is no question that blockchain technology generally and cryptocurrencies, in particular, will in the coming years challenge traditional banking, including reserve banking, in ways that we cannot yet imagine. So, we need to be prepared for that seismic shift and it may come sooner than later," he said at the Bankers Committee Meeting.

"Already, remittance systems are being challenged. Blockchain technology will provide far cheaper options for the kind of fees being paid today for cross-border transfers," he said.

Osinbajo noted that, "I am sure you are all aware of the challenge that the traditional SWIFT system is facing from new systems like Ripple, which is based on the blockchain distributed ledger technology with its own crypto tokens. There are, of course, a whole range of digital assets spawned daily from blockchain technology.

"I fully appreciate the strong position of the CBN, SEC, and some of the anti-corruption agencies on the possible abuses of cryptocurrencies and their other well-articulated concerns, but I believe that their position should be the subject of further reflection.

"There is a role for regulation here. And it is in the place of both our monetary authorities and SEC to provide a robust regulatory regime that addresses these serious concerns without killing the goose that might lay the golden eggs. So, it should be thoughtful and knowledge-based regulation not prohibition. The point I am making is that some of the exciting developments we see call for prudence and care in adopting them, but we must act with knowledge and not fear," he said.

Recalled that on February 5, the CBN released a circular addressed to banks and other financial institutions with the directive that transactions in cryptocurrencies and facilitating payment for cryptocurrency exchanges were prohibited.

The CBN further instructed all banks and other financial institutions to identify individuals or entities that transact in cryptocurrency or operate cryptocurrency exchanges and close their accounts.

The CBN letter had elicited varied reactions from the Nigerian public with many expressing concern about the potential negative effect it could have on the country's growing cryptocurrency market and innovation in financial technology.

Some stakeholders supported the ban while others questioned the goals of the policy, which they saw as stifling the livelihood of young Nigerians using cryptocurrencies to escape poverty and unemployment.

The memo, however, created interest in some Nigerians who were hitherto unaware of the existence or workings of cryptocurrencies.

Cryptocurrency Operations

Cryptocurrency is described as a digital asset designed to work as a medium of exchange where individual coin ownership records are stored in a ledger existing in a form of computerised database.

It usually does not exist in physical form like paper money and is not issued by a central monetary authority. It uses decentralised control as opposed to centralised digital and central banking systems.

The first decentralised cryptocurrency, bitcoin, was created in 2009 by presumably pseudonymous developer Satoshi Nakamoto. In April 2011, Namecoin was created and in October 2011, Litecoin was released.

The most popular cryptocurrency transacted in Nigeria is Bitcoin, but others like Dogcoin and Ethereum are also dominant while more cryptocurrencies continue to be created from time to time.

Many youths in Nigeria have found transactions in cryptocurrencies profitable and rewarding, thus increasing its popularity.

In 2017, the CBN had earlier warned that cryptocurrencies were not legal tender, and that investors were unprotected.

Findings reveal that Nigeria has accounted for crypto transaction worth N566 million dollars in the last five years.

According to the estimates, out of the top 10 countries trading volumes, Nigeria ranked third after United States of America (USA) and Russia in 2020, generating more than US$400 million worth of transactions.

Some stakeholders have urged the apex bank to revisit the ban on cryptocurrency transactions and see digital currencies as another tool for economic growth.

Impact on economy

The crypto currency market is gradually becoming a force to be reckoned with as the global economy is now embracing the digital currency as not only a medium of exchange but also a source of risk and store of value.

For instance, Tesler owner, Elon Musk, recently purchased $1.5billion worth of bitcoin, and mastercard will begin to facilitate cryptocurrency transactions later in 2021.

The price of Bitcoin recently skyrocketed to a record high of $51,000, up 5566.67 percent from its value four years ago before falling to $46,000.

In Nigeria, the crypto market expanded so much that the volume of Bitcoin traded monthly is estimated at $200mn according to Buy Coins, one of Nigeria's largest cryptocurrency exchanges.

The recent ban on cryptocurrency transactions could taper investment flows into the country as global investors are beginning to heavily eye the cryptocurrency space.

Just recently, Jay Z and Jack Dorsey announced a $23.6million investment to fund Bitcoin development in Africa.

In addition, there is a fast-growing interest from Wall Street and the big players in the financial industry, such as JP Morgan and Morgan Stanley. This signals a huge potential for the crypto market in the coming years.

There are high expectations of reduced volatility as investors could begin to increase cryptocurrency investments in emerging markets.

This is perceived as a welcomed development by stakeholders, and with the CBN planning to float the currency soon, it will go a long way in improving investment flows that will boost economic growth.

In 2017, the CBN had earlier warned that cryptocurrencies were not legal tender, and that investors were unprotected. Findings reveal that Nigeria has accounted for crypto transaction worth N566 million dollars in the last five years.

Senator Olamilekan (Yayi) Adeola: **A Trailblazer @52**

Kayode Odunaro

In the history of our nascent democracy since 1999, the legislative arm at all levels, unarguably the bastion of democratic practice, had produced some brilliant legislators whose brilliance shines above the usual coloured perception of 'Ghana Must Go Bags', 'Jumbo Salaries' and other such issues derogatorily associated with the parliament at the highest level of National Assembly.

While many of the legislators were/are wayfarers or benchwarmers, as they are usually known, some have made remarkable progress in all aspects of their legislative duties, contributory to national development.

One of such trail blazers with imprints from state legislature, through Federal House of Representatives and now the Senate is Senator Solomon Olamilekan Adeola, aka Yayi. Since his foray into politics as a rookie representing Alimosho State Constituency 1 at the Lagos State House of Assembly, Adeola has left indelible marks on legislative records of the State and now Nigeria.

At the Lagos Assembly where he was from 2003 to 2011, he was appointed the Chairman of Finance and Joint Chairman of Appropriation Committees, where he was instrumental to the enactment of the law that strengthened the Lagos State Internal Revenue Service (LSIRS). The legislative reforms then laid the foundation that catapulted the revenue of the state from a paltry N5billion monthly to about N50billion presently! He was also part of the legislative team that passed the Fiscal Responsibility Act (FRA) and the Public Procurement Act (PPA) of Lagos State, laws that qualified the state to access developmental funds from international financial organisations.

With outstanding performance in critical financial lawmaking function as well as unprecedented representative function through empowerment in health, education, provision of water and electricity, skill acquisition and other areas, it was not surprising that he served two terms and was democratically 'promoted' in 2011 to serve in the House of Representatives.

As a member of the House of Representatives, he blazed the trail as a first-time member with his appointment as chairman of the only constitutional committee, the Public Accounts Committee, a position reserved for ranking members. It was here that, for the first time, this critical committee meant to check unauthorised public expenditure and curb corruption came to the lime light with his activism and his bringing to bear on the job his professional competence in accounting.

Huge monumental corruption was exposed including the frivolous use of government fund by the then Minister of Petroleum Resources Dr. Diezani Allison- Madueke to hire private jets for personal trips. She had to get an injunction to prevent investigation by the committee and was saved by the expiration of that House. She was to face her comeuppance later, but it was clear from what later transpired in succeeding administration that Adeola, then a Honourable member, was onto something grievous to the nation's financial health. He again blazed the trail in this Committee to check recklessness in government expenditure. In fulfilment of his core function as a legislator, Adeola sponsored and successfully pushed through to passage a bill that repealed the Colonial Audit Act of 1956 and Re-Enact the Audit Act of 2014 on May 22, 2015.

Again, his performance as a legislator earned him a nomination and subsequent winning of the senatorial seat of Lagos West, undoubtedly the largest senatorial district in Nigeria of some over 12 million in the 8th Senate. Despite not being on the side of the winning team of Senator Bukola Saraki, to get 'juicy' chairmanship position, Adeola soldiered on in cogent contributions to issues at plenary. By mid-term of that Senate a perceptive Senator Saraki realised that, politics aside, the legislative skills of Adeola were not being put to good use.

Saraki initially appointed him to head an ad hoc Committee to Investigate Revenue Generation and Misused by ministries, departments and agencies (MDAs). This saw Adeola uncovering humongous amount generated but not remitted and misused. However, it was in his pioneering chairmanship of the Senate Committee on Local Content in the Senate that put back Adeola on his impeccable ways again.

Many got their first education of the role of Local Content in the oil industry through the activism that Adeola brought to bear on the issue of local content laws and how some oil majors were cutting corners to short-change Nigerians. Indeed, many oil multinationals came to terms that a new sheriff was in town and had to do the needful of abiding by the local content law through patronising Nigerians and goods that could be sourced in-country, instead of bringing all personnel, goods and services from abroad. All this came to the fore in the investigation of the $16billion Egina Deep Sea Projects.

In the ongoing 9th Senate, Adeola has continued in his trail blazing ways. Appointed as the Chairman of the critical Senate Committee on Finance, he is in his element in financial engineering for the nation at very austere times. He was instrumental in the passage of the 2020-2022 Medium Term Expenditure Framework and Fiscal Strategy Papers (MTEF/FSP) which prefaced and is conditional for all budgets passage. It assisted in the passage of the 2020 Appropriation Act that now returned the nation's budget cycle from January to December, a situation unobtainable for over a decade.

Shortly before the 2020 budget implementation, COVID-19 pandemic struck and the Senator and his Committee were called upon again to work on and assist in passage of a revised MTEF/FSP. He subsequently got the 2021-2023 MTEF/FSP passed, achieving the unprecedented record of dealing with three MTEF/FSP in two years for what is an annual task. Under him also was the consideration and passage of two finance bills to Acts of Parliament in 2020 and 2021. These novel reformist Acts each amended multiple revenue laws to increase revenue and give succour to the under privileged.

But the icing on the cake of his trail blazing legislative dynamism was his novel ongoing investigation into Revenue Remittances of all MDAs, in accordance with Fiscal Responsibility Act, 2007 and the 1999 Constitution and one percent Stamp Duty on all contracts by MDAs. His motivation for initiating this investigation was the recurrent huge budget deficit that has led the government to huge borrowings. And, unlike most legislative probes that yielded no positive results, this one has resulted in, as at last count, over N500 million paid back in three months to the treasury of the government by agencies and contractors that had been illegally spending/withholding revenues and stamp duty respectively. The investigation which has so far covered less than a third of the over 700 MDAs promises to bring in more money for government as acknowledged by the Minister of Finance, Budget and National Planning, Hajia Zainab Ahmed, when she appeared before the committee.

Another spin off from this result-oriented investigation is the issue of some MDAs opting out of the budget completely, as they can generate enough revenues to sustain their operations and pay operating surplus to the government as revenue. This will further reduce the yearly budget deficits of government. Among agencies in this category are The National Agency for Food and Drug Administration and Control (NAFDAC) and Nigerian Electricity Management Services Agency (NEMSA), among others.

There were also revelations of patently corrupt practices during the investigation as happened on the day The

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Senator Olamilekan (Yayi) Adeola

...he blazed the trail as a first-time member with his appointment as chairman of the only constitutional committee, the Public Accounts Committee, a position reserved for ranking members.

EDITORIAL

Now That Strong Pressures On Balance Of Payments Have Somewhat Abated

For the Nigerian economy, whereas the real gross domestic product (GDP) is recovering and the inflation heading down, the unemployment is still of serious concern.

With the recovery in oil prices and remittance flows, and now that the strong pressures on the balance of payments have somewhat abated, imports should not rebound faster than exports and foreign investor appetite ought not to remain subdued, which could result in continued forex shortage. We want to believe that the current decision of Central Bank of Nigeria (CBN) to ban the sale of forex to Bureau de Changes (BDCs) will ensure a whole lot of change in the Nigerian forex system.

By the CBN's action, forex will be conserved; the apex bank has streamlined forex transactions and brought it under its full control to be able to fully monitor forex transactions, achieve operational transparency, garner operational compliance to the regulatory framework, ensure accountability on sales of forex as well as achieve financial stability, provided CBN ensures total compliance by deposit money banks (DMBs) with very stiff penalties for infractions.

It is also anticipated that the policy should reduce the prevailing pressure on the forex as end users are now assured of availability and ease of accessing forex within banking hours at official rates. In addition, we believe that the ban will protect the end-users from arbitrary exchange rates manipulations by the BDCs. With the new policy direction, CBN is expected to conserve the nation's foreign exchange earnings from crude oil sales and build the nation's foreign exchange reserves which has not reflected the appreciable increases in the price of crude oil sales in international market.

Finance experts have in their various interventions since the new policy, commended the CBN's decision and advised that the BDCs should source their monies themselves having deviated from their core roles and resorted to undermining their privileges by involving in illegal dealings.

According to them, BDC is meant for light travellers, someone that is traveling and has no time to go to the bank who can just stopover at the airport and buy few dollars and travel with it. The CBN was allocating forex to them, which was a wrong decision, and it is a terrible thing. That is why they encouraged round-tripping.

Exchange rate unification, according to the experts, is in line with the Fund's and World Bank's recommendations and so improves the country's profile and credit standing before international financial institutions. It signifies that the country is serious in its reform efforts. "It will slow down the rate of depletion in external reserves. The move is likely to check the round-tripping of the forex and reduce the supply of forex in the parallel market. Further, speculative demand for forex is also likely to reduce.

The act of BDCs allegedly being used as vehicles for bribery and corruption will likely reduce. It goes without saying that a more transparent forex market will improve confidence in the economy and could lead to increased foreign investments.

The bottom line is in the long-term benefits of the CBN's new policy on forex trading which is targeted at financial system stability and overall economic growth.

Nigeria recorded a real GDP growth of 0.5 percent in 2021Q1. This represents the second positive growth since 2020Q3. We expect growth in 2021Q2 to be higher than the corresponding and previous quarters mainly considering the base effect.

The CBN has recently set a target of achieving a double-digit economic growth and a single digit inflation rate on or before 2024, according to its Governor Godwin Emefiele. This is commendable, more so that the recent exchange rate measures are encouraging, although further reforms are needed to achieve a fully unified and market-clearing exchange rate.

Apparently, the country's economy has started to gradually recover from the negative effects of the COVID-19 global pandemic. Following sharp output contractions in the second and third quarters, GDP growth turned positive in Q4 2020 and growth reached 0.5 percent (y/y) in Q1 2021, supported by agriculture and services sectors.

The earlier recovery in economic activity is projected to take root and broaden among sectors, with GDP growth expected to reach 2.5 percent in 2021. Inflation is likely to decelerate sometime in the year to reach about 15.5 percent, obviously following the removal of border controls and the termination of base effects from elevated food price levels.

It is our expectation that the government continues to make efforts to strengthen the budget planning and public finance management practices to allow for flexible financing from domestic markets and better integration of cash and debt management.

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Will The Ban Of Forex Sale to BDCs Change...

same at the Investors & Exporters' FX window, where the naira weakened by over 14.35 percent to trade at N412/$ from N360.3/$ at the end of 2017. Following the oil price crash of 2016, the I&E window was introduced to facilitate transactions for individuals and businesses that need dollars to repay loans, dividends, settle trade transactions and address capital repatriation concerns.

Meanwhile, the performance of the manufacturing sector is closely tied to the exchange rate.

"Manufacturers rely on imported raw materials and a weak local currency will negatively impact import costs," an expert explained, adding that his businesses have been affected by the devaluation exercises of the last few quarters.

In 2020, the Nigerian currency was devalued twice, as a means of realising convergence across the numerous forex windows.

The first devaluation occurred on March 20 when the exchange rate went from N307 to about N360 on the Nafex market. The second occurred on August 6 when it went from N360 to N380 to the dollar.

In May, the Central Bank of Nigeria adopted the Nafex rate of N410 as the government's official exchange rate for the naira, effectively devaluing the naira by 7.6 percent from the previous official fixed rate of N379. In March 2021, Nigeria's imported inflation climbed 16.86 per cent.

Meanwhile, within the period of the sundry devaluation exercises and slump in foreign exchange earnings, Nigeria's foreign reserves have recorded significant depletion.

At the height of the coronavirus pandemic, oil prices fell to as low as $18 per barrel, putting enormous pressure on the Nigerian currency, business owners and manufacturers of sundry products. But in the last quarter of 2020, oil prices-built steam as coronavirus vaccine rollouts began in parts of the world.

Despite oil price rally, analysis found that Nigeria's foreign reserves fell by $1.2 billion in February. The reserves rose to $36.5 billion on January 25 and fell to $35.3 billion on February 22.

Data shows that the real GDP growth of the Nigerian manufacturing sector in the past five years has been quite poor, with only 0.8 percent growth recorded in 2019. Between 2015 and 2017, the sector recorded negative growths of -1.5 percent, -4.3 percent, and -0.2 percent respectively.

Mansur Ahmed, president of the Manufacturers Association of Nigeria (MAN), said the lack of adequate forex has hindered manufacturers from purchasing raw materials and entering financial deals with foreign companies because they rely on forex from Bureau De Change (BDC) operators which comes at a higher cost.

"The high cost import bill for the productive inputs decreases manufacturing working capital and feeds into manufacturing commodities prices, thereby making the sector less competitive," he said.

As parts of measures to ease scarcity, boost forex earnings, and meet manufacturers' demands, the CBN has embarked on several policy moves.

In March, as a means of boosting Diaspora remittances, the apex bank introduced the 'Naira 4 Dollar Scheme' for diaspora remittances, which offers recipients of diaspora remittances through CBN's IMTOs to be paid N5 for every $1 received as remittance inflow.

The bank has equally called on exporters to repatriate proceeds, just as it has licensed 10 additional IMTOs for ease of forex transaction.

But analysts opined that all these have yielded little in terms of returns that could boost manufacturers' efforts and enhance forex supply.

In June, the Stanbic IBTC Purchasing Managers' Index moderated to 53.6, from 54.4 in May. Earlier, the First Bank of Nigeria's PMI reading for March eased by 3.02 percent to 51.4 points from 53 points recorded in February. Analysts said this was

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FG's Policies For Gender Equality: **Women Economic Empowerment Targeted At Sustainable Development**

both male and female staff across every cadre. He also cited the CBN/Bankers' Committee affirmative action on 40 percent and 30 percent representation for women in top management and Boards of Deposit Money Banks (DMBs), respectively. Mr Emefiele also listed policies of the bank that had afforded women access to finance, to improve their lot, while identifying unequal access to education, healthcare, finance and cultural barriers with gender stereotyping as some of the barriers limiting the participation of women in leadership.

Women appear to have been over-represented in the informal sector where they face lower pay, less job security and lower social protection. While there have been successes over the past few decades as women pushed the boundaries on educational attainment, economic and political participation, and broke through the glass ceiling to lead countries, corporations, and international organisations, there is much more than needs to be done to achieve gender equality.

No one can agree less that promoting and sustaining gender equality can be an economic game changer. The International Monetary Fund (IMF)'s economic review of Nigeria's economy says closing the gender gap would mean higher growth and productivity, and greater economic stability.

The Nigerian banking sector in particular and the economy in general are beginning to see the change with women presence at the top of their career and practice. There are female bank CEOs and chairman who are currently running and repositioning their respective banks for growth. As such, industry players have applauded the convergence of the fiscal and monetary policies and other mechanisms deployed by the Buhari-led administration to advance women development in the banking and other sectors of the economy.

They are Ireti Samuel-Ogbu of Citibank Nigeria Limited, Tomi Somefun of Unity Bank, Nneka Onyeali-Ikpe of Fidelity Bank, Miriam Olusanya of Gtbank, Yemisi Edun of FCMB, and Halima Buba of SunTrust Bank. In 2015, First Bank of Nigeria Limited, Nigeria's oldest lender, appointed Ibukun Awosika as its first chairman, while Osaretin Demuren was appointed chairman of Guaranty Trust Bank.

Their appointments have pushed the figures upwards, improving the banking sector's gender balance outlook. Below are the very brief profiles of these women who have risen by dint of hard work through the ranks to become CEOs and chairman of their banks:

NNEKA ONYEALI-IKPE, FIDELITY BANK

Nneka Onyeali-Ikpe resumed office as managing director/chief executive officer, Fidelity Bank on January 1, 2021. She is the pioneer female to occupy the position since the bank's inception in 1988. She joined the bank in 2015 and was the former executive director for Lagos and south-west directorate, overseeing the bank's business in the six states that make up the southwest region of the bank.

She holds Bachelor of Laws (LLB) degree from the University of Nigeria, Nsukka; a master of laws (LLM) degree from Kings College, London; and has attended executive training programmes at global institutions including Harvard Business School; The Wharton School University of Pennsylvania; INSEAD School of Business; Chicago Booth School of Business; London Business School and IMD.

MIRIAM OLUSANYA, GTBANK

Only last week, Miriam Olusanya was appointed as the new managing director of Guaranty Trust Bank (GTBank). She becomes the first ever female boss in the bank's 31-year history.

Olusanya now takes over from Segun Agbaje, the erstwhile MD, who moved into a new role as the group CEO of the Guaranty Trust Holding Company Plc.

Prior to her appointment, Olusanya was an executive director at GTBank, a position she occupied since 2018 after a successful period as the group treasurer/head, wholesale banking division. She joined the financial institution as an executive trainee and gradually rose through the ranks over the years. Miriam Olusanya holds a bachelor's degree in pharmacy from the University of Ibadan and a Master of Business Administration (MBA), majoring in finance and accounting, from the University of Liverpool.

YEMISI EDUN, FCMB

Yemisi Edun is currently the managing director of First City Monument Bank Limited (FCMB). She becomes the first female MD of FCMB, following the approval of her appointment by the Central Bank of Nigeria (CBN).

Edun hitherto served as the acting managing director of the bank, a role she embraced after working as the bank's executive director/chief financial officer. Yemisi Edun hoas a bachelor's degree in chemistry from the University of Ife, Ile-Ife and a master's degree in international accounting and finance from the University of Liverpool, United Kingdom.

She is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a certified financial analyst, CFA Charter holder. She is also an associate member of the Chartered Institute of Stockbrokers; an associate member of the Institute of Taxation of Nigeria; a member of Information Systems Audit and Control, U.S.A, and a certified information systems auditor.

HALIMA BUBA, SUNTRUST

In January 2020, Halima Buba was appointed as the new managing director/chief executive officer of SunTrust Bank. She is a seasoned banker with over 20 years cognate experience obtained from working in Allstates Trust Bank, Zenith Bank, Inland Bank Plc, Oceanic Bank Plc and Ecobank Nigeria Limited.

She holds a Bachelor of Science (B.Sc.) degree in business management from the

TOMI SOMEFUN,
UNITY BANK

OSARETIN DEMUREN,
Guaranty Trust Bank

University of Maiduguri and an MBA from the same university. Buba is an alumnus of the Lagos Business School's senior management programme. She is a senior honorary member of the Chartered Institute of Bankers and a fellow of the Institute of Management Consultants.

She sits on the board of several reputable Institutions, including those of the Nigerian Sovereign Investment Authority (NSIA) as a non-executive director and Anchoria Asset Management Company Limited.

IRETI SAMUEL-OGBU, CITIBANK

Ireti Samuel-Ogbu assumed office as the MD/CEO of Citibank Nigeria Limited, a subsidiary of Citigroup, in September 2020. She is the first woman appointed to the lender's top post in Nigeria after 36 years of operating in the country.

Prior to assuming office in Nigeria, she was the head of payments and receivables, treasury and trade solutions (TTS) for Europe, Middle East and Africa (EMEA) at Citi's Institutional Clients Group (ICG) based in London, UK. In the last 32 years, Samuel-Ogbu has held various roles across Citi's businesses in the UK, Nigeria and South Africa, having worked in each of these countries twice. Previous roles have included relationship management with Global Subsidiaries Group and the Public Sector Banking Team, as well as TTS sales, corporate finance and leading Citi's TTS business in two of the largest markets in Africa.

TOMI SOMEFUN, UNITY BANK

In August 2015, Tomi Somefun was appointed as MD/CEO of Unity Bank Plc. She is a career professional with over 35 years post qualification experience, 26 of which were in the banking sector spanning key segments such as treasury & investment banking, corporate banking, retail and commercial banking operations.

Prior to her appointment as MD; she served as the executive director overseeing the Lagos and south-west business directorates, the financial institution division and treasury department of the bank. She is an alumnus of the Columbia Business School, United States of America, and INSEAD, Fontainebleau, France, and holds a certificate of management excellence from Harvard Business School (HBS). She is a member of various professional bodies including the Institute of Directors (IOD), Bank Directors Association of Nigeria (BDAN) and Chartered Institute of Bankers of Nigeria (CIBN).

OSARETIN DEMUREN Guaranty Trust Bank

Osaretin Demuren, who joined the board of the GTBank in 2013, was appointed chairman of Guaranty Trust Bank. She had a successful career with the Central Bank of Nigeria (CBN) which spanned about 33 years and was the first female director of the CBN.

She served as the director, Trade and Exchange Department and was deployed to serve as the director, Human Resources Department in 2004, a position which she held until her retirement from the Central Bank of Nigeria in December 2009.

Demuren holds a Master's Degree in Economics and Statistics from the Moscow Institute of Economics and Statistics, Moscow, and a Diploma in Russian Language and Preliminary Studies from the Kiev State University, Kiev.

DR. (MRS.) AJORITSEDERE AWOSIKA Access Bank

Dr. Awosika, an accomplished administrator with over three decades' experience in public sector governance, became the chairman of the Board of Access Bank on January 8, 2020 following the retirement of Mrs. Mosun Belo-Olusoga.

She was at various times, the Permanent Secretary in the Federal Ministries of Internal Affairs, Science and Technology and Power. She is a Fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy. She holds a Doctorate degree in Pharmaceutical Technology from the University of Bradford, United Kingdom.

She was appointed to the Board of the bank in April 2013 and served as the Vice-Chairman of the Board Audit Committee and Chairman of the Board Credit and Finance Committee.

Dr. Awosika sits on the boards of Capital Express Assurance Ltd and Josephine Consulting Limited.

NEWS IN PICTURES

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed (right) with Senator Gbemisola Saraki at the recent National Conference on Sustainable funding for the transport infrastructure development in Abuja.

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed (right) with Permanent Secretary Ministry of Finance Budget, National Planning, Mallam Aliyu Ahmed, at the one-day sensitisation seminar on the National Vehicle Registry (VREG) in Abuja recently.

House Majority Leader RT Hon. Alhassan Doguwa meets the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed during the House Public Hearing on the 2022-2024 MTEF/FSP at the National Assembly, Abuja.

Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed (right), with Mrs. Grace Ogbonna (middle), Director Economic, Research and Policy Management (ERPM) and Mrs. Anita Shittu, Director, Human Resources at the recently held one day dialogue on COVID-19 in Abuja.

Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed (left), with Hajia Fatima Hayatu, Director Technical Services at the Sensitisation Seminar on National Vehicle Registry (VREG)

From (right) Mrs. Patience Oniha, DG, DMO, Aliyu Ahmed, Permanent Secretary, Mrs. Zainab Ahmed, Honourable Minister, Mr. Ben Akabueze, DG, Budget Office of the Federation, and Alhaji Aliyu Shinkafi, Permanent Secretary, Special Duties, at Public hearing of 2022-2024 MTEF/FSP at National Assembly recently

FEDERAL INLAND REVENUE SERVICE

15 SOKODE CRESCENT, WUSE ZONE 5, P.M.B 33, GARKI, ABUJA, Nigeria

INFORMATION CIRCULAR | NO:2021/10 | PUBLICATION DATE: 3RD JUNE,2021

Subject: CLARIFICATION ON COMMENCEMENT AND CESSATION RULES, AND BUSINESS REORGANISATION: SECTIONS 29 OF CITA, 32 OF CGTA, SECTION 24 & 25 OF PITA AND 42 OF VATA (AS AMENDED BY THE FINANCE ACT).

This circular is issued for the information and guidance of the general public, taxpayers and tax practitioners in line with the provisions of the relevant tax laws. This circular replaces FIRS Information Circular 2020/06 of 29th April 2020.

1.0 Introduction

This Information Circular provides clarification on the administration of the various amendments to relevant tax laws with respect to commencement, cessation and business reorganisation (Section 29 (3), (4) & (9) of the Companies Income Tax Act (CITA), Section 32 of the Capital Gains Tax Act (CGTA), Sections 24 & 25 of the Personal Income Tax Act (PITA) and Section 42 of the Value Added Tax Act (VATA).

2.0 Commencement of Trade or Business

Sections 29(3) of CITA and 24 of PITA, as amended eliminate the occurrence of overlap of basis period upon commencement of trade thereby ensuring that the profits and income of a particular year are only assessed to tax once.

2.1 Basis of Assessment for New Trade or Business

Section 29 of CITA and Section 24 of PITA, as amended provide that tax shall be assessed in the event of new trade, profession, vocation or business on a preceding year basis. As such, the income of a given year is assessed to tax in the immediate following year of assessment.

2.1.1 First Year of Assessment

Section 29(3)(a) of CITA and section 24(a) provide that, for the first year, the assessable profits shall be the profits from the date in which the company or individual commenced to carry on such trade or business in Nigeria to the end of the first accounting period.

As such, a company or an individual shall not be assessed to tax (on the basis of the actual profit/income) in the year in which it commenced business. The profits/income of the first accounting period are assessed to tax in the year of assessment immediately following the year in which business commenced.

Illustration 1

A company or an enterprise commenced business on 1st July, 2020 and makes up its accounts to 30th September same year.

The first Year of Assessment is 2021 and profits or income to be assessed are those of 1st July to 30th September, 2020.

Illustration 2

A company commenced business on 1st January, 2019 and makes up its account to 31st December 2019.
The first Year of Assessment is 2020 and profits to be assessed are those of 1st January to 31st December, 2019.
For an individual taxpayer that commenced business on 1st January, 2020 and makes up its account to 31st December, 2020, the first Year of Assessment is 2021 and income to be assessed are those of 1st January to 31st December, 2020.

Illustration 3

A company commenced business on 1st April, 2019 and makes up its account to 31st March 2020.
The first Year of Assessment is 2021 and profits to be assessed are those of 1st April, 2019 to 31st March, 2020.
Similarly, if an enterprise commenced business on 1st April, 2020 and makes up its account to 31st March 2021, the first Year of Assessment is 2022 and income to be assessed are those of 1st April 2020 to 31st March, 2021

2.1.2 Second Year of Assessment

Section 29(3)(b) of CITA and section 24(b) of PITA stipulate that for the second year, the assessable profits shall be the profits from the first day after the first accounting period to the end of the second accounting period.

Based on the above provisions, the profits or income assessable to tax in the second year of assessment shall be the profits or income arising in the second accounting period only, that is, the accounting period immediately following the first accounting period.

Illustration 4

A company or enterprise commenced ~~business~~ on 1st July, 2020 and makes up its account to 30th September in 2020 and subsequent years.
The first Year of Assessment is 2021 and profits or income to be assessed are those of 1st July to 30th September, 2020.
The second Year of Assessment is 2022 and profits or income to be assessed are those of 1st October, 2020 to 30th September, 2021.

2.1.3 Third Year of assessment

Section 29(3)(c) of CITA and section 24(c) of PITA provide that "for the third year and for each subsequent year, the assessable profits shall be the profits from the day after the accounting period just ended."
Based on the above, profits or income assessable to tax in the third and subsequent years of assessment shall be the profits or income of the accounting period immediately preceding the year of assessment.

Illustration 5

A company or enterprise commenced business on 1st July, 2020 and makes up its account to 30th September in 2020 and subsequent years.
The first Year of Assessment is 2021 and profits or income to be assessed are those of 1st July to 30th September, 2020.
The second Year of Assessment is 2022 and profits or income to be assessed are those of 1st October, 2020 to 30th September, 2021.
The third Year of Assessment is 2023 and profits or income to be assessed ~~are~~ those of 1st October, 2021 to 30th September, 2022.

NOTE:
There will not be any overlap of basis period where the profits of all the relevant years are computed, in line with the new provision. However, there may be an overlap of basis period in the third year of assessment due to transitional issues for a company, that commenced business in 2018, and for an individual that commenced business in 2019.

Illustration 6

A company commenced business on 1st April, 2018 and makes up its account to 31st December in 2018 and subsequent years.
The company's first Year of Assessment falls under the old provision, hence its first year of assessment is 2018 and profits to be assessed are those of 1st April to 31st December, 2018.

The second Year of Assessment also falls under the old provision which is 2019 and profits to be assessed shall be that of: 1st April, 2018 to 31st March, 2019.

The third Year of Assessment is 2020 and profits to be assessed shall be that of: 1st January 2019 to 31st December 2019. An overlap occurs between 1st January – 31st March, 2019 due to the transition.

Illustration 7

Adieu Enterprise commenced business on 1st April, 2019 and makes up its account to 31st December in 2019 and subsequent years.
The enterprise's first Year of Assessment falls under the old provision, hence its first year of assessment is 2019 and profits to be assessed are those of 1st April to 31st December, 2019.

The second Year of Assessment also falls under the old provision which is 2020 and profits to be assessed are those of: 1st April, 2019 to 31st March, 2020.
The third Year of Assessment is 2021 and profits to be assessed are those of: 1st January, 2020 to 31st December, 2020.

Note: An overlap occurs between 1st January, 2020– 31st March, 2020 due to the transition.

2.1.4 Determination of the End of First Accounting Period

The determination of the first year of assessment and the relevant basis period is based on the taxpayer's period-end. Therefore, the first accounting period of a company or individual is the date of commencement to the end of its first accounting year-end.

Illustration 8

ABC Limited was incorporated in July 2019 and commenced business on 1st September, 2019. The Company prepared its first set of financial statements covering 16 months (1st September, 2019 to 31st December, 2020).
The end of the Company's first accounting year period is December 2020 and not December 2019.

Therefore, its first Year of Assessment is 2021 which falls under the new provision. The profits to be assessed shall be that of 1st September 2019 to 31st December, 2020 (first accounting year-end).

The second Year of Assessment is 2022 which falls under the new provision.
The profits to be assessed shall be that of 1st January to 31st December, 2021.
The third Year of Assessment is 2023 and profits to be assessed shall be that of 1st January to 31st December, 2022.

Illustration 9

ABC Enterprise was incorporated in July 2020 and commenced business on 1st September 2020. The Enterprise prepared its first set of financial statements covering 16 months (1st September, 2020 to 31st December, 2021).

The end of the Enterprise's first accounting period is December, 2021 and not December, 2020.
Therefore, its first Year of Assessment is 2022, which falls under the new provision. The income to be assessed shall be that of 1st September 2020 to 31st December, 2021.

The second Year of Assessment is 2023, which falls under the new provision.
The income to be assessed shall be that of 1st January to 31st December, 2022.
The third Year of Assessment is 2024, and income to be assessed shall be that of 1st January to 31st December, 2023.

3.0 Cessation of Business

Section 29(4) of CITA as amended provides that: "Where a company permanently ceases to carry on a trade or business (or in the case of a company other than a Nigerian company, permanently ceases to

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carry on a trade or business in Nigeria) in an accounting period, its assessable profits therefrom shall be the amount of the profits from the beginning of the accounting period to the date of cessation and the tax thereof shall be payable within six months from the date of cessation."

Similarly, Section 25 of PITA as amended, provides that: "Where an individual permanently ceases to carry on a trade, business, profession or vocation in Nigeria, such individual's assessable income therefrom shall be the amount of income from the beginning of the accounting period to the date of cessation and the tax thereof shall be payable within three months from the date of cessation."

3.1 Basis of Assessment

Based on 3.0 above:

a. a company that permanently ceases business operation must file tax returns for the year of cessation within six (6) months. The due date of filing may fall in the year of cessation or in the year following the year of cessation – depending on the date the company ceased operation during the year. If the Company ceases operations between January and June, tax returns and payment shall fall due in that year of cessation. However, if the company ceases operations between July and December, filing of tax returns and payment of tax due may fall into the succeeding year.

b. where an individual permanently ceases business operation, the due date of filing the cessation returns is not later than three (3) months from the date of cessation. If an individual ceases operation between January and September, the filing of cessation returns and tax payment are due in the year of cessation. However, if the individual ceases business operations between October and December, filing of tax returns and payment of tax due may fall into the succeeding year.

There is the possibility of filing tax returns of two years of assessment in the year of cessation. Where this occurs, the company or individual must file the outstanding tax returns in addition to those arising upon cessation of business.

Illustration 10

(Scenario I): XYZ Nigeria Limited makes up its account to 31st December and permanently ceased operation on 30th April, 2020.

The relevant years of assessment and the due date for payment of tax due are as follows:

YOA Basis Period Due Date of Payment

2020 1/1/2019-31/12/2019 30th June, 2020 (PYB)

2020 1/1/2020-30/04/2020 31st October, 2020 (cessation)

In the above scenario, the company would file tax returns twice in the same year – one based on the normal preceding year basis (PYB) and the other being cessation returns.

(Scenario II): If XYZ enterprise makes up its account to 31st December and permanently ceased operation on 30th April, 2021, the position would be:

YOA Basis Period Due Date of Payment

2021 1/1/2020-31/12/2020 31st March, 2021 (PYB)

2021 1/1/2021-30/04/2021 31st July, 2021 (cessation)

From the above, the company/enterprise would file tax returns twice in the same year – one based on the normal preceding year basis (PYB) and the other being cessation returns.

Illustration 11

(Scenario I): XYZ Ltd makes up its account to 31st December and permanently ceased operation on 31st July, 2020.

The relevant years of assessment and the due date for payment of tax due are as follows:

YOA Basis Period Due Date of Payment

2021 1/1/2020-31/07/2020 31st January, 2021 From the above, the cessation returns fall into the year following the year of cessation.

(Scenario II): Xan Yan Zan is a sole trader who makes up account to 31st December; he permanently ceased business operations on 31st October, 2021;

the relevant years of assessment and the due date for payment of tax due are as follows:

YOA Basis Period Due Date of Payment

2022 1/1/2021-31/10/2021 31st January, 2022

Illustration 12

XYZ Ltd makes up its account to 31st March and permanently ceased operation on 30th June, 2020.

The relevant years of assessment and the due date for payment of tax due are as follows:

YOA Basis Period Due Date of Payment

2021 1/04/2019 – 31/03/2020 30th September, 2020 (PYB)

2021 1/04/2020 -30/06/2020 31st December, 2020 (cessation)

Illustration 13

XYZ Ltd makes up its account to 30th June and permanently ceased operation on 30th November, 2020.

The relevant years of assessment and the due date for payment of tax due are as follows:

YOA Basis Period Due Date of Payment

2021 01/07/2019 -30/06/2020 31st December 2021(PYB)

2021 01/07/2020 -30/11/2020 31st May, 2021 (Cessation)

From the above, the cessation returns fall in the year following the year of cessation.

Illustration 14

XYZ is a sole trader and makes up its account to 30th June and permanently ceased operation on 30th November, 2020; the relevant years of assessment and the due date for payment of tax due would be as follows:

YOA Basis Period Due Date of Payment

2021 01/07/2019 - 30/06/2020 31st December, 2021 (PYB)

2021 01/07/2020 - 30/11/2020 28th February, 2021 (cessation)

From the above, the cessation returns fall in the year following the year of cessation.

4.0 Business Reorganisation and Restructuring

4.1 Section 29(9) of CITA

Where a trade or business carried on by a company is sold or transferred to a Nigerian company for the purposes of better organisation of that trade or business or the transfer of its management to Nigeria and any asset employed in such trade or business is sold or transferred, the entities will qualify for the specified concessions subject to the following conditions:

i. The parties must obtain the consent of the Federal Inland Revenue Service ("the Service") in writing;

ii. The companies must prove to the satisfaction of the Service that one company has control over the other or that the companies are controlled by some other person or are members of a recognised group of companies;

iii. The entities involved must have been related for not less than a consecutive period of 365 days before the reorganisation;

Where the conditions are met, the Service may direct that:

1. Commencement and cessation rules shall not apply;

2. Assets would be deemed transferred at Tax Written Down Value (TWDV) for the purposes of capital allowances and as such balancing adjustments will not be made.

4.2 Section 32 of Capital Gains Tax

Act Where a trade or business carried on by a company is sold or transferred to a Nigerian company for the purposes of better organisation of that trade or business or the transfer of its management to Nigeria and any asset employed in such trade or business is sold or transferred, capital gains tax shall not apply where:

a. one company has control over the other or both are controlled by some other person or are members of a recognised group of companies;

b. the companies have been related for a consecutive period of not less than 365 days prior to the date of re-organisation; and

c. the acquired assets are not further disposed within 365 days after the date of transaction.

4.3 Section 42 of Value Added Tax Act

Where a trade or business carried on by a company is sold or transferred to a Nigerian company for the purpose of better organisation of that trade or business or the transfer of its management to Nigeria and any asset employed in such trade or business is sold or transferred, value added tax shall not apply where:

a. one company has control over the other or both are controlled by some other person or are members of a recognised group of companies;

b. the companies have been related for a consecutive period of not less than 365 days prior to the date of re-organisation; and

c. the acquired assets are not further disposed within 365 days after the date of transaction.

4.4 Withdrawal of Tax Concessions

The concessions granted under section 29(9) of CITA, section 32 of CGTA and section 42 of VATA shall be withdrawn where the assets transferred in the reorganisation process are further disposed within 365 days of the reorganization. As such, all relevant taxes shall be treated as due but unpaid from the date it ought to have been paid if there had been no concession, and all penalties and interest shall apply accordingly.

5.0 Amendment or Revision of the Circular

The Service may, at any time, withdraw or replace this Circular or publish an amended or updated version.

6.0 Enquiries

Any request for further information or clarifications on this Information Circular should be directed to the:

Executive Chairman, Federal Inland Revenue Service, Revenue House, 15, Sokode Crescent, Wuse Zone 5, Abuja.

Or

Director, Tax Policy and Advisory Department, Federal Inland Revenue Service, Revenue House Annex 4, 12, Sokode Crescent, Wuse Zone 5, Abuja.

Or

Email: tpld@firs.gov.ng

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.

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

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.

OUR CORE MANDATES

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

PIA: Two Decades Jinx Broken As Buhari Signs Enabling Law

- **Appoints Steering Committee**
- **Finance Minister Lauds President**

Tony Tagbo

History was made in Nigeria on Monday, August 16, 2021 when the President Muhammadu Buhari signed into law the Petroleum Industry Bill (PIB), thereby breaking the almost 20-year jinx trailing the controversial legislation.

The President's ratification of the Petroleum Industry Act (PIA) came about 30 days after both chambers of National Assembly passed the crucial bill which is aimed at reforming the oil and gas sector of the Nigerian economy.

In the last 20 years, past governments have attempted to pass an all-encompassing bill, the scope and complexity of which has ensured repeated failure.

However, in September, 2020, President Buhari sent the bill to the Assembly for consideration by the Senate and the House of Representatives. After several months of scrutiny, the bill was passed on July 1, this year, a relatively quick process which avoided a protracted clause-by-clause negotiation.

What are the changes under the new bill?

The new bill offers a radical departure from past norms. The bill plans for the selling of shares in a reformed Nigerian National Petroleum Corporation (NNPC), the replacement of regulatory bodies, and the reduction and streamlining of royalties.

The legislation suggests that the NNPC should become "a commercially oriented and profit-driven national petroleum company" independent of government, and to be audited annually. Although no dates are yet given for a share sale, it is likely to occur in the next six months with the assenting of the Act by the President.

One of the most contentious areas in negotiations was the amount of money companies pay to local communities, which pushed for a share of 10 percent of regional oil wealth from production. The House of Representatives bill approved an increase in the share of regional oil wealth generated from production which host communities can claim from 2.5 percent to five percent, but the Senate ultimately approved three percent.

The bill also lays down rules for environmental clean-ups, introduces new dispute-resolution mechanisms between government and oil companies, and sets up a midstream government infrastructure fund.

What does the bill passage mean for Buhari's administration?

Given the protracted history of the bill, the passage of the long-awaited bill represents a significant political victory for the President and sends a strong message to international investors. With the oil price recovering to $74 a barrel in July from lows of around $35 last year, as the world economy adapts to the COVID-19 pandemic, the government hopes that the new bill will help to capture more of the country's oil revenues and boost a limited federal budget.

The Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, had noted before the passage of the bill that it would bring changes to taxation in the industry and generate more funds to the government.

According to her, economic activities in the country had started recovering gradually and the federal government has adopted appropriate counter-cyclical fiscal policies to accelerate economic recovery.

Ahmed stated: "It is important to note that the tradition of enacting annual Finance Bill does not preclude the need for more fundamental legislative reforms to our key taxing statutes. These laws are being reviewed and efforts to reform them are ongoing. For example, the PIB will fundamentally change the way in which our petroleum producing companies are currently being taxed under the extant Petroleum Profits Tax Act."

President Muhammadu Buhari's

Clearly, in ensuring the passage of this very important legislation by rallying all the relevant stakeholders, one of those who have been in the forefront of transforming the oil and gas industry is Group Managing Director (GMD) of the NNPC, Mallam Mele Kyari.

For instance, in addressing the National Assembly's House of Representatives' Petroleum Resources (Upstream) Committee, Kyari had urged swift passage of the PIB in order to attract capital, strengthen cost recovery and ensure decent returns on investment.

He had also called for the new law to enshrine a clear separation of roles between industry operators and regulators, and questioned the over-hasty manner in which local content had been pursued in the oil and gas sector.

"You cannot but rely on foreign investment if you want to grow; we have seen the cost of local content shoot up in the last 10 years, magnifying the cost of doing business in Nigeria," Kyari said recently.

According to him, foreign capital was needed in the upstream sector and the only way to attract it was to have stable laws and a friendly business environment that could guarantee cost recovery and a decent return on investment for investors.

Kyari had consistently maintained that for Nigeria to make the most of the industry, the passage of the PIB was imperative as it has the prospect to guarantee a robust fiscal regime, protect the environment, ensure development of host communities, ensure proper alignment with other sectors and encourage investors to expand their investments in Nigeria.

"Getting the petroleum legislation passed is the right thing to do because investors will not invest their money if they are not sure of how they are going to get their investment back and what benefits can they get from their investment and how stable the investment climate is".

Getting the petroleum legislation passed is the right thing to do because investors will not invest their money if they are not sure of how they are going to get their investment back...

Giving kudos to the President for quickly assenting to the Act, Economic expert, Professor Uche Uwaleke, said that the legislation would open up the petroleum sector for more investments thereby boosting economic growth.

In his reaction to the development, Uwaleke said: "This is likely to translate to the establishment of more refineries in Nigeria which will go a long way to meet local consumption with prospects of ending fuel importation and the loss of forex associated with it.

According to him, this could strengthen the value of the naira in the long run as well as create job opportunities in the petroleum value chain.

His words: "The Bill also provided for the application of cost reflective tariffs by operators and the commercialisation of NNPC Limited. One implication of this is that fuel subsidy will completely be removed. The reality is that fuel subsidy is causing incalculable damage to the economy.

"A situation where the government spends close to N1 trillion subsidising fuel consumption is counterproductive. First and foremost, the fiscal situation of the government can no longer support it, given the rising fiscal deficit.

"Again, it has been one scheme that is fraught with corruption, given the fact that there is no accurate figure of volume of domestic fuel consumption.

"More importantly, fuel subsidy is regressive in the sense that it benefits the rich more than the poor. It also crowds out developmental funds which benefit the poor. There is no doubt that the removal of fuel subsidy will result to some hardship by way of rising inflation in the near term.

"But in the medium to long term, it is in the overall interest of the economy as it will free up more resources to fund critical sectors of the economy.

"In order to cushion the impact of fuel subsidy removal on the ordinary Nigerian, the

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NATIONAL BUREAU OF STATISTICS

Nigerian Capital Importation
(Q1 & Q2 2021)

The total value of capital importation into Nigeria declined to $875.62m in the second quarter of 2021 from $1,905.89m in the first quarter of 2021. This represents a decrease of -54.06percent compared to Q1 2021 and -32.38percent decrease compared to the second quarter of 2020.

The largest amount of capital importation by type was received through Portfolio investment, which accounted for 62.97percent ($551.37m) of total capital importation, followed by Other Investment, which accounted for 28.13percent ($246.27m) of total capital imported and Foreign Direct Investment (FDI), which accounted for 8.90percent ($77.97m) of total capital imported in Q2 2021.

By sector, Capital importation by Banking dominated in Q2 2021 reaching $296.51m of the total capital importation in Q2 2021.

The United Kingdom emerged as the top source of capital investment in Nigeria in Q2 2021 with $310.26m. This accounted for 35.43percent of the total capital inflow in Q2 2021.

By Destination of Investment, Lagos state emerged as the top destination of capital investment in Nigeria in Q2 2021 with $780.06m. This accounted for 89.09percent of the total capital inflow in Q2 2021.

By Bank, Stanbic IBTC Bank Plc emerged at the top of capital investment in Nigeria in Q2 2021 with $310.21m. This accounted for 35.43percent of the total capital inflow in Q2 2021.

2021

	FOREIGN DIRECT INVESTMENT			PORTFOLIO INVESTMENT				OTHER INVESTMENT				
	Foreign Direct Investment	Equity	Other Capital	Portfolio Investment	Equity	Bonds	Money market instruments	Other Investment	Trade credits	Loans	Currency deposits	Other claims
Q1	$154.76	$148.56	$6.20	$974.14	$26.88	$138.69	$808.57	$776.99	-----	$760.00	-----	$16.99
Q2	$77.97	$77.97	-----	$551.37	$85.16	$14.54	$451.67	$246.27	$1.50	$209.77	-----	$35.00
	QoQ = (49.62)%	QoQ = (47.51)%	QoQ = (100.00)%	QoQ = (43.40)%	QoQ = 216.84%	QoQ = (89.52)%	QoQ = (44.14)%	QoQ = (68.30)%	QoQ = -----	QoQ = (72.40)%	QoQ = -----	QoQ = 106.00%
	YoY = (47.52)%	YoY = (47.52)%	QoQ = ---	YoY = 43.09%	YoY = 59.93%	YoY = -----	QoQ = 36.02%	YoY = (67.64)%	YoY = -----	YoY = (71.11)%	YoY = -----	YoY = (0.10)%

2020	Q1	Q2	Q3	Q4	TOTAL
FOREIGN DIRECT INVESTMENT	$214.25	$148.59	$414.79	$251.27	$1,028.91
Equity	$213.84	$148.59	$414.79	$248.73	$1,025.96
Other Capital	$0.41	-----	$0.00	$2.54	$2.95
PORTFOLIO INVESTMENT	$4,309.47	$385.32	$407.25	$35.15	$5,137.20
Equity	$639.72	$53.25	$44.10	$18.05	$755.12
Bonds	$231.22	-----	$0.00	-----	$231.22
Money Market Instruments	$3,438.54	$332.07	$363.15	$17.10	$4,150.86
OTHER INVESTMENT	$1,330.65	$761.03	$639.44	$783.26	$3,514.39
Trade Credits	$0.05	-----	$0.00	-----	$0.05
Loans	$559.79	$726.00	$624.45	$668.66	$2,578.90
Currency Deposits	$0.82	-----	$0.00	-----	$0.82
other Claims	$769.99	$35.04	$14.99	$114.60	$934.62
TOTAL	$5,854.38	$1,294.94	$1,461.49	$1,069.68	$9,680.49

2021	Q1	Q2
FOREIGN DIRECT INVESTMENT	$154.76	$77.97
Equity	$148.56	$77.97
Other Capital	$6.20	-----
PORTFOLIO INVESTMENT	$974.14	$551.37
Equity	$26.88	$85.16
Bonds	$138.69	$14.54
Money Market Instruments	$808.57	$451.67
OTHER INVESTMENT	$776.99	$246.27
Trade Credits	-----	$1.50
Loans	$760.00	$209.77
Currency Deposits	-----	-----
other Claims	$16.99	$35.00
TOTAL	$1,905.89	$875.62

2021 GROWTH (%)

	QonQ (Q1 2021 on Q2 2021)	YonY (Q2 2020 on Q2 2021)		QonQ (Q1 2021 on Q2 2021)	YonY (Q2 2020 on Q2 2021)		QonQ (Q1 2021 on Q2 2021)	YonY (Q2 2020 on Q2 2021)
FOREIGN DIRECT INVESTMENT	(49.62)%	(47.52)%	Equity	216.84%	59.93%	Trade Credits	-----	-----
Equity	(47.51)%	(47.52)%	Bonds	(89.52)%	-----	Loans	(72.40)%	(71.11)%
Other Capital	(100.00)%	-----	Money Market Instruments	(44.14)%	36.02%	Currency Deposits	-----	-----
PORTFOLIO INVESTMENT	(43.40)%	43.09%	OTHER INVESTMENT	(68.30)%	(67.64)%	other Claims	106.00%	(0.10)%

TOTAL	QonQ (Q1 2021 on Q2 2021)	YonY (Q2 2020 on Q2 2021)
	(54.06)%	(32.38)%

Capital Importation by Sector (Q1 2021)

Shares	$706.72
Agriculture	$66.40
Banking	$703.93
Brewering	-----
Construction	$1.50
Consultancy	$0.01
Drilling	-----
Electrical	$1.28
Financing	$109.23
Fishing	-----
Hotels	-----
I T Services	$1.60
Marketing	-----
Oil And Gas	$57.25
Production	$182.19
Servicing	$3.56
Tanning	-----
Telecomms	$56.28
Trading	$15.93
Transport	-----
Weaving	-----

TOTAL

$1,905.89

Capital Importation by Sector (Q2 2021)

Shares	$194.59
Agriculture	$28.91
Banking	$296.51
Brewering	-----
Construction	-----
Consultancy	$0.03
Drilling	$13.99
Electrical	$0.34
Financing	$205.88
Fishing	-----
Hotels	-----
I T Services	$0.03
Marketing	$0.02
Oil And Gas	$11.32
Production	$68.03
Servicing	$5.42
Tanning	-----
Telecomms	$0.34
Trading	$50.16
Transport	$0.05
Weaving	-----

TOTAL

$875.62

Capital Importation by Sector (Q2 2021) in percentages

Shares	22.22%
Electrical	0.04%
Production	7.77%
Agriculture	3.30%
Financing	23.51%
Servicing	0.62%
Banking	33.86%
Tanning	0.00%
Brewering	0.00%
Hotels	0.00%
Telecomms	0.04%
Construction	0.00%
I T Services	0.00%
Trading	5.73%
Fishing	0.00%
Consultancy	0.00%
Drilling	1.60%
Oil And Gas	1.29%
Weaving	0.00%
Marketing	0.00%
Transport	0.01%

TOTAL

100.00%

Capital Importation by Destination of Investment (Q2 2021)

ABIA	$0
ABUJA (FCT)	$95.26
ADAMAWA	$0
AKWA IBOM	$0
ANAMBRA	$0
BAUCHI	-----
BAYELSA	-----
BENUE	-----
BORNO	-----
CROSS RIVER	-----
DELTA	-----
EBONYI	-----
EDO	-----
EKITI	-----
ENUGU	-----
GOMBE	-----
IMO	-----
JIGAWA	-----
KADUNA	-----
KANO	-----
KATSINA	-----
KEBBI	-----
KOGI	-----
KWARA	-----
LAGOS	$780.06
NASARAWA	-----
NIGER	-----
OGUN	$0.3
ONDO	-----
OSUN	-----
OYO	-----
PLATEAU	-----
RIVERS	-----
SOKOTO	-----
TARABA	-----
YOBE	-----
ZAMFARA	-----
TOTAL	$875.62

PTAD Pension Transitional Arrangement Directorate

Pension Transitional Arrangement Directorate

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We are always improving our service to pensioners

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These are the steps

#1

PTAD carries out biometric verification of pensioners and computes a payroll approved by the Executive secretary on or before the 15th of every month.

#2

Payroll is uploaded into GIFMIS payment system managed by the office of the Accountant general.

#3

CBN releases the funds required for the payments to the OAGF.

#4

After these steps pensioners will receive their due payments on or before the 25th of every month.

E-mail: **info@ptad.gov.ng, complaints@ptad.gov.ng**
Website: **www.ptad.gov.ng**

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SEC Gets AfDB's Grant For RBSF, CautionsAgainst Ponzi Schemes

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Tony Tagbo

The Securities and Exchange Commission (SEC) a few days ago said that it has received a grant from the African Development Bank Group (AfDB) to finance the risk-based supervision framework (RBSF) implementation and capacity development project.

According to SEC, the principal objectives of the project would include the provision of technical assistance and capacity building on selected areas of the Commission's operations, support implementation of risk-based supervision framework, amongst others.

SEC disclosed that the risk-based supervision framework implementation and capacity development project would strengthen the Commission's supervisory tools as well as its capacity to achieve its mandate of investor protection and minimising systemic risk.

The SEC said that the grant from the AfDB Group Administered/Capital Markets Development Trust Fund is to finance the risk-based supervision framework implementation and capacity development project.

"The principal objectives of this project are to provide technical assistance and capacity building on selected areas of the Commission's operations, support implementation of risk-based supervision framework, improve the securities markets regulatory environment and broadening of market instruments that will help deepen the capital markets in Nigeria strengthen the Commission's supervisory tools as well as its capacity to achieve its mandate of investor protection and minimising systemic risk.

The project includes four components: Risk-based supervision framework implementation, institutional capacity building on regulation, capacity building on green bonds and financial audit.

"Risk-based Supervision Framework Implementation – This component will involve the development of best practice risk-based supervision inspection manuals, tools and guidelines for the market.

The activities include capacity building on prudential risk-based supervision approach such as the development or update of relevant risk matrices and models for data analysis and interpretation as well as expansion of existing anti-money laundering (AML) /combating the financing of terrorism (CFT) matrix.

Capacity building in the area of risk-based supervision will focus on enhancing the recipient's approach in carrying out its monitoring and supervisory role.

The Nigeria Capital Market Master Plan 2015-2025 (CMMP) recognises capacity and skills development as a core aspect and as a catalyst to enhance the recipient's readiness to effectively play its securities market regulator role and promote the growth of the domestic capital markets.

"Institutional capacity building on the regulation of derivatives – This component – aims to enhance the technical and regulatory capacity of staff of the SEC in the area of derivatives which is a relatively less developed segment of the Nigerian capital markets.

This component will also involve the development of operational guidelines on derivatives trading (surveillance and inspection manuals for derivative trading and clearing as well as frameworks for standardised over the counter (OTC) derivative contracts) and benchmarking with global best practices and in the context of the local market.

"The use of derivatives in financial markets has grown rapidly in response to the need to manage risk in a complex financial environment. Derivatives are instrumental in portfolio risk management and an important instrument for stimulating secondary market development.

From Left: Executive Commissioner Operations, Securities and Exchange Commission, Mr Dayo Obisan; Director-General, Mr Lamido Yuguda, and Executive Commissioner Legal and Enforcement, Mr Reginald Karawusa, during the 2nd 2021 Virtual Capital Market Committee Meeting Press briefing in Abuja

"Capacity building on Green Bonds – This component will focus on in-house capacity building and training for staff of the SEC and the Nigerian Exchange Group (NGX) to strengthen their capacity to oversee regulation, registration, listing, trading, verification, monitoring, etc. for green bonds and green finance; development of a tailored framework for standardised green bond offerings; guidelines to enable regulatory review and processing of green bond offerings as well as templates for efficient post-offer monitoring and inspection of green bond issues; and capacity building for market operators.

"Financial Audit – This component will focus on providing financial audit service for the entire grant utilisation programme consisting of all the above-listed components."

SEC added that "selection of consultants will follow the procurement policy and methodology for bank, group funded operations dated October 2015; the request for expression of interest (EOI) is expected to be available in August 2021."

In another development, SEC cautioned Nigerians against ponzi schemes returning in different garbs. Ponzi scheme is a fraudulent investment operation where the operator, an individual or organisation, pays returns to its investors from new capital paid to the operators by new investors, rather than from profit earned through legitimate sources.

The scheme gained currency in the country some years back during which unsuspecting and innocent Nigerians fell victims to the sharp practices of scrupulous operators losing huge sums of money in the process.

According to the Director-General (DG) of SEC, Lamido Yuguda, in the past, three million Nigerians lost N18 billion to ponzi scheme operators, notably MMM.

"Ponzi schemes operate with unsustainable operating models that ultimately lead to huge losses for investors. Following the collapse of the MMM ponzi scheme, the Nigerian Deposit Insurance Corporation (NDIC) had estimated that over three million Nigerians lost about N18 billion. Several other illegal investment schemes have cost Nigerians their assets and life savings."

"The pervasiveness of ponzi schemes undermines regulatory efforts in developing the capital market, and also negatively impacts investor confidence.

Yuguda said that the Commission's efforts in addressing ponzi schemes are, therefore, geared towards investor protection and preserving market integrity, saying that the Nigerian capital market should be a safe destination for investors.

Aside from SEC, the Central Bank of Nigeria (CBN) and other official sources have continuously warned Nigerians about the dangers of ponzi and pyramid schemes, thousands of Nigerians are still lured into the schemes yearly by the promise of quick returns with no risks or hard work.

The most popular schemes that have operated in Nigeria recently include, MMM, Twinkas, Loom, iCharity Nigeria, Loopers Club, MMM Cooperation, Help Naija, Paradise Payment, NNN Nigeria. These schemes, according to reports, operate under different pretences. Some of them even claim to be mutual aid funds for Nigerians who are struggling financially.

In its latest reaction to the development, the SEC again warned Nigeria against the danger of investing in the schemes, adding that any investment schemes that promise unrealistic returns should be treated with caution.

Addressing Journalists shortly after the second capital market committee meeting recently in Abuja, Yuguda called on Nigerians to always check the website of the Commission for list of approved capital market operators before making such investment decisions.

He cautioned the investing public against making hasty investment decisions when the returns on such investment are too attractive, while assuring that the commission will continue to work with relevant agencies of government and other critical stakeholders in the capital market to tackle the issue of ponzi schemes.

He urged every capital market operator to conduct their businesses within the market functions approved for it by the Commission. He said, "The Commission continues its campaign against illegal operators in the capital market, especially ponzi schemes and has adopted multi-level engagements with media platforms and regulators of publicity agencies in order to curb the reach and activities of these illegal operators.

"While we continue our activities to resolve the complaints that have been forwarded to the Commission through the official channels, it is

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CBN Targets Double-Digit GDP Growth, Single Inflation Rate

The Central Bank of Nigeria (CBN) has set a target of achieving a double-digit economic growth and a single digit inflation rate on or before 2024, according to Mr. Godwin Emefiele, Governor of CBN.

Emefiele, who stated this recently in Calabar, said that the double-digit growth and single digit inflation rate are part of target of the 5-year policy thrust of the CBN, and its projections for Nigeria's economy by the end of 2024.

While speaking at a one-day interactive and enlightenment session with organised labour and representatives of the civil society organisations (CSOs) in the South-south zone of Nigeria, the CBN Governor stated that intervention programmes of the bank were well conceived to help the growth of the nation's economy and stabilise its financial system.

The Governor, who was represented by Acting Director of Corporate Communications Department of CBN, Osita Nwanisobi, said that though the projection of a double-digit economic growth and single digit inflation for the nation by 2024 appears to be a tall dream, considering the current economic realities, however, the apex back remains determined to work assiduously in meeting the set target.

He, therefore, asked for the support and participation of Nigerians so that the targets can be met.

Quoting from verifiable economic data, the CBN boss said: "As at last year; in the second quarter, the growth was -6.10 percent, third quarter, it was -3.4 percent but by the fourth quarter, we returned to a positive territory, having a 0.1 percent growth that was fragile still.

"By the first quarter of 2021, we maintained a 0.5 percent growth which was still very fragile. But the vision is still evergreen. The vision is a people-centred CBN that will grow the economy through the people and with the people," he also said.

He stated that as the CBN targets the double digits economic growth, they were also aiming at attaining a single digit inflation rate.

"This is another tall dream because since the advent of the COVID-19 pandemic, inflation has not stopped. In February this year, inflation rate was about 17.8 percent, in March it was moved to 18.2 percent and in April, it started to decelerate. By May, it was 17.9 percent and in June, it was further reduced to 17.7 percent," he said.

The CBN governor appealed to Nigerians to participate in developing the nation's economy by investing in agriculture, which he noted, is one of the means through which the nation's mono-economic indices, which is dependent on crude oil, would be broken.

Godwin Emefiele, Governor of the Central Bank of Nigeria (CBN)

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PIA: Two Decades Jinx Broken As Buhari Signs Enabling Law

government should quickly roll out compensation schemes in the area of health, such as by expanding the national health insurance scheme, education and mass transportation".

Buhari Appoints Steering Committee

Meanwhile, the President has commenced implementation of the newly signed Petroleum Industry Act (PIA) by approving a steering committee to oversee the process.

The steering committee is headed by the Minister of State, Petroleum Resources, Mr. Timipre Sylva.

Other members are, the Permanent Secretary, Ministry of Petroleum Resources, Group Managing Director, NNPC, Executive Chairman, FIRS, Representative of the Ministry of Justice, Representative of the Ministry of Finance, Budget and National Planning, Senior Special Assistant to the President on Natural Resources, Barrister Olufemi Lijadu as External Legal Adviser, while the Executive Secretary, Petroleum Technology Development Fund, will serve as Head of the Coordinating Secretariat and the Implementation Working Group.

The primary responsibility of the steering committee will be to guide the effective and timely implementation of the PIA in the course of transition to the petroleum industry envisaged in the reform program, and ensure that the new institutions created have the full capability to deliver on their mandate under the new legislation.

The committee has 12 months duration for the assignment, and periodic updates will be given to the President.

More jobs to be created - Minister

The Minister of State for Petroleum Resources, Mr Timipre Sylva has assured that no job will be lost in the nation's petroleum sector, following the signing of the bill into law.

President Buhari had on Monday signed the bill, thus providing a legal, governance, regulatory and fiscal framework for the Nigerian petroleum industry, the development of host communities, and related matters.

Although there were fears in some quarters over the fate of workers in the petroleum sector, the minister says the move will instead create more jobs.

"We have already made provisions in the law to ensure that no job is lost in the oil industry as a result of the PIA," the Minister assured on Wednesday. So, no job will be lost as a result of the PIA. All jobs in the petroleum industry will be intact. That was already taken into account, we discussed with labour extensively in the process of drafting the bill."

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Senator Olamilekan (Yayi) Adeola: A Trailblazer @52

Economic and Financial Crimes Commission (EFCC) chairman, Abdulrasheed Bawa, attended the hearing only to see possible lead for further investigation of a Federal Medical Centre (FMC) that generates hundreds of million annually but regularly remits just a million yearly to government, while still drawing millions from budget. While commending the Chairman for his painstaking approach in exposing the corrupt tendencies and bringing revenue to coffers of government, Mr. Bawa said that he would have loved to go away with the head of the agency in question, but for the fact that the parliamentary inquiry was ongoing.

Such is the legislative dynamism for which Adeola is noted, in addition to fully empowering constituents with training, grants, provision of water, electricity infrastructure, street lights and construction of roads, among other projects that had led to his repeated electoral victories at five different and consecutive occasions. In the 9th Senate, three of his 15 bills have been passed by the Senate.

Born on August 10, 1969 at Lagos Island Maternity Hospital to the family of Mr. Ayinde Adeola Ogunleye and Madam Abeeni Olasunbo Ogunleye (nee Akinola), Yayi began his education at the State Primary School, Alimosho in Lagos State. On the successful completion of his primary education, he proceeded to Community Grammar School, Akowonjo, Lagos. He later went to the Ondo State Polytechnic, Owo, now Rufus Giwa Polytechnic, Owo, where he bagged the Higher National Diploma (HND) in accounting. Adeola became a Chartered Accountant at a relatively young age. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow of the Chartered Institute of Taxation (CIT) in Nigeria as well as Member of the Association of Accounting Technicians (AAT).

Adeola worked in The Guardian Newspapers Limited, where he put in almost 12 years of accounting service. He resigned from The Guardian and he proceeded to Olatunji Omoyeni & Co where he led the audit team. Adeola later established his own company, Sootem Nigeria Limited, where he was the chief executive officer (CEO) until his foray into the public service through partisan politics.

He, a Christian and philanthropist, is happily married to Mrs. Temitope Adeola, and the union is blessed with children. Out of his 52 years of age, he has spent 18 serving as a legislator at state and federal level, and still counting, Adeola has set a worthy record of an experienced legislator and looks forward to more service to the people and the nation.

Federal Ministry of Finance, Budget and National Planning

NATIONAL VEHICLE REGISTRY (VREG)

VREG NATIONAL VEHICLE REGISTRY

PRESENTATION OUTLINE

- INTRODUCTION
- THE SOLUTION: VREG
- HOW WILL VREG WORK
- VREG : THE BIG PICTURE
- VREG FOR STAKEHOLDERS
- NEXT STEPS

INTRODUCTION

- Nigeria is the largest importer
- Nigeria has 11M+ Vehicles (NBS, 2018)
- Lack of :
  - synergy among key players in the motor vehicle administration subsector.
  - A centralized nationwide vehicular information system
- This has sustained the menaces of:
  - revenue leakages
  - customs duty evasion,
  - vehicle theft & vehicle-related crimes
  - Road traffic regulation enforcement
  - ineffective vehicle insurance coverage,

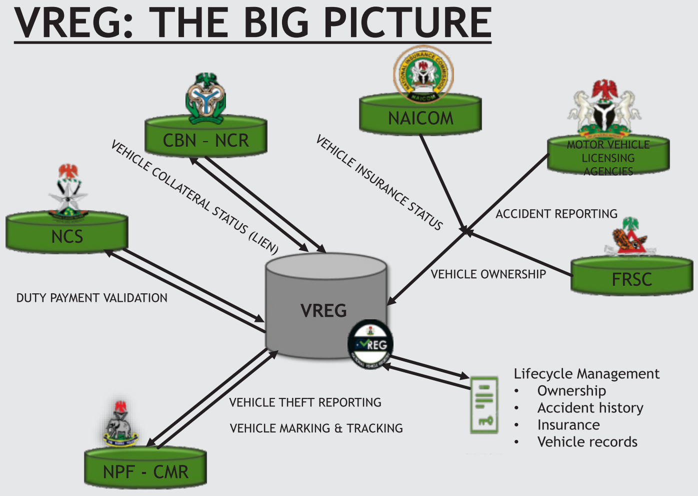
THE SOLUTION : VREG

- VREG is a national repository of vehicular information using the unique vehicle identification number (VIN) for all vehicles in Nigeria.
- VREG was approved by FEC and domiciled in FMFBNP to serve as a unified source of truth for vehicular information in the country.

HOW WILL VREG WORK

- The VREG platform is connected to multiple global VIN databases and vehicle history repositories for the robust curation and storage of vehicular data of all vehicles entering into and within the country.
- All vehicle owners in the country are to register their vehicle via the unique Vehicle Identification Number on the VREG portal.
- This portal is accessible via www.vreg.gov.ng

VREG: THE BIG PICTURE



VREG FOR ECONOMIC GROWTH

- Increased Revenue Generation
- Plugging Revenue Leakages
- Economic Revitalization
- Improved access to credit
- Economic Planning

VREG FOR MOTOR VEHICLE ADMINISTRATION

- Improved road and road user safety
- Enhanced vehicle road worthiness
- Improved traffic regulation enforcement and compliance
- Robust Vehicle and Traffic information database

VREG FOR STATE REVENUE SYSTEMS

(Boards of Internal Revenue, Vehicle Licensing Agencies, FIRS)

- Increased internal revenue
  - Vehicle commerce
  - Taxation
  - Road traffic violation enforcement
  - Vehicle Registration Compliance

VREG FOR NIGERIA CUSTOMS

NIGERIA CUSTOMS SERVICE

- Reinforcement of anti smuggling efforts
- Duty payment validation
- Curbed duty evasion
- Increased revenue generation from enhanced duty collection

VREG FOR NATIONAL SECURITY

- Reduction in vehicle related crimes and theft through improved vehicle information and tracking
- Registration of vehicles in transit
- VIN Individual mapping
- VREG VIN markers for stolen, hot listed, etc vehicles

VREG FOR INSURANCE

- CIMS Central Insurance Management System
  - System for the aggregation of all insurance policies containing quotes to eliminate one size fits all
  - Centralized database aggregating driver vehicle information nationwide to inform insurance policy decisions
- Reduction of liability uncertainty to insurance service providers and beneficiaries
- Vehicle insurance validation
- Revitalization of the entire vehicle insurance ecosystem

VREG FOR CBN

- Bolstering the moveable Asset Registry
- Increased lendability to Nigerians
- Improved access to credit

DMO Lists N150bn FG Bonds For Subscription As VAT Generation Hits N512.25b In Q2

The National Bureau of Statistics (NBS) recently stated that the Federal Inland Revenue Service (FIRS) generated N512.25 billion Value Added Tax (VAT) in second quarter of 2021.

It also recalled that there was a revenue generation of N496.36billion in the first quarter of 2021 and N327.20 billion in the corresponding period of 2020.

The sectoral distribution of Value Added Tax (VAT) data for Q2 2021, which made this disclosure noted it represented 3.20 percent increase in quarter-on-quarter and 56.56 percent rise in year-on-year.

The document read that the data "reflected that the sum of N512.25bn was generated as VAT in Q2 2021 as against N496.39billion generated in Q1 2021 and N327.20billion generated in Q2 2020 representing 3.20 percent increase Quarter-on-Quarter and 56.56 percent increase year-on-year."

The NBS said that other manufacturing generated the highest amount of VAT with N44.89billon generated and closely followed by professional services generating N29.30billion, commercial and trading generating N21.96billion while textile and garment industry generated the least and closely followed by pioneering and pharmaceutical, soaps and toiletries with N77.74million, N169million and N188.71million generated respectively.

According to the report, out of the total amounted generated in Q2 2021, N187.43billion was generated as non-import VAT locally while N207.69billion was generated as non-import VAT for foreign. The balance of N117.13billion was generated as NCS-import VAT.

Meanwhile, the Debt Management Office (DMO) had a few days ago announced the auctioning of three tranches of federal government bonds of N150billion at N1,000 per unit.

The Office recently disclosed that the three bonds are valued at N50 billion each, with interest rates of 13.98 percent at 10-year re-opening, 12.40 percent at 20 years reopening and 12.98 percent at 30 years reopening respectively. Also, the date of the bonds is due February 2028, March 2036 and March 2050.

According to Office, the auction date was August 18, 2021, while the settlement date was fixed on August 20, 2021. The Office disclosed: "N1,000 per unit subject to a minimum subscription of N50,001,000 and in multiples ofN1,000 thereafter.

"For Re-openings of previously issued bonds, (where the coupon is already set), successful bidders will pay a price corresponding to the yield-to-maturity bid that clears the volume being auctioned, plus any accrued interest on the instrument.

The Office further explained that interest rates would be paid semi-annually, with bullet repayment on the maturity date. It also said that the bonds qualify as securities in which trustees can invest under the Trustee Investment Act.

The DMO added that all federal government bonds qualified as liquid assets for the calculation of liquidity ratio for banks.

"Qualifies as securities in which trustees can invest under the Trustee Investment Act. Qualifies as Government securities within the meaning of Company Income Tax Act (CITA) and Personal Income Tax Act (PITA) for Tax Exemption for Pension Funds amongst other investors."

It added: "FGN Bonds are backed by the full faith and credit of the Federal Government of Nigeria and are charged upon the general assets of Nigeria. The Office further said that the bonds are listed on the Nigerian Stock Exchange (NSE) and FMDQ OTC Securities Exchange, urged interested investors to contact designated banks for application.

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Will The Ban Of Forex Sale to BDCs Change...

mainly because of the difficulty manufacturers faced while sourcing forex to acquire raw materials.

In the midst of the melee, exchange rate policy ambiguities, forex rationing, and market shortages continue to disrupt the plans of investors and manufacturers, worsening the business environment.

The manufacturing sector contracted by 1.51 percent in the fourth quarter of 2020, amid concerns that the sector could move deeper into the negative territory if things remain unchecked.

In one of its meetings with Nigerian authorities in February, the International Monetary Fund advocated for a market-driven and unified exchange rate system in Nigeria, adding that it encourages transparency in exchange rate determination for investors and manufacturers.

The Bretton Woods Institution stated that multiple rates, limited flexibility and forex shortages are economic challenges and disincentives to investors. The IMF further recommended a gradual and multi-step approach to establishing a clear and unified exchange rate regime.

Similarly, Financial Derivatives in its assessment also called for a market-determined exchange rate that is "important to boost output growth and drive industrialisation especially with the commencement of the African Continental Free Trade Agreement (AfCFTA)."

The World Bank on its part called for harmonisation of the windows and the various rates, as part of its conditions for resuming talk over a loan request by the Nigerian government.

Shortly after the government moved to the Nafex rate in May, the IMF said the policy was encouraging, adding that further reforms were needed to achieve a fully unified and market-clearing exchange rate that could help boost manufacturing and ease pressure on the local currency.

But despite all of the CBN's interventions, manufacturers continue to grumble over forex-induced skyrocketed costs and sustainability challenge.

In May, the Association of Master Bakers and Caterers of Nigeria (AMBCN) increased prices of bread and biscuits by 30 percent to cushion the impact of rising cost of production. Mansur Umar, National President of the AMBCN, said increase in prices of flour and other baking materials necessitated the development.

Godwin Emefiele, governor of CBN leading the response to the country's dollar shortage and as a means of instilling sanity in the system, the CBN announced the discontinuity of forex supplies to Bureau de Change Operators in the country.

Emefiele announced the end of forex sales and new licence approval after the Monetary Policy Committee, adding that the BDCs had defeated their purpose of existence by becoming wholesale and illegal forex dealers.

He also announced that commercial banks would be monitored to provide forex for the legitimate use of Nigerians.

Although the move was hailed in several quarters, analysts have submitted that the same issues would manifest even with the banks if the fundamental concern in the market isn't addressed. They added that the policy is capable of stifling forex supply to manufacturers.

In his intervention, a former Director-General (DG) of the Lagos Chamber of Commerce and Industry (LCCI), Muda Yusuf, noted that the CBN approach would continue to deepen distortions in the economy, perpetuate round tripping, fuel speculation, suppress forex supply and boost underground economy. He also called on the apex bank to give the market a chance and do away with a fixed exchange rate regime.

And the question remains: Is this a solution to manufacturers' woes? Only time can answer this question.

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SEC Gets AfDB's Grant For RBSF, Cautions Against...

important to reiterate to the investing public to be wary of unscrupulous schemes that promise unrealistic returns on investment. We will like to use this opportunity to reiterate our commitment towards zero tolerance for market infractions. We urge every capital market operator to operate within the market functions approved for it by the Commission.

"The Commission will not hesitate to deal decisively with any operator who carries out any activities outside the function(s) approved for it by the Commission. No capital market can grow without discipline and adherence to laid down rules and regulations.

On the performance of the capital market, he said the Committee observed that market performance has been mixed, driven largely by domestic and global economic factors, the impact and responses to the pandemic and the regulatory environment".

The DG said that in line with its mandate, the Commission has been working on some initiatives that would put the market on the path to recovery. He disclosed that the Commission has registered two fintech capital market operators, which include a digital fund portfolio manager and a digital sub-broker, noting that more would be registered in due course.

Yuguda stated that the Commission has also approved some derivative contracts, developed the regulatory framework for derivatives trading as well as rules on interoperability of central securities depositories in Nigeria.

As part of measures to deepen the commodities ecosystem, he stated that the Commission held engagements with the National Insurance Commission (NAICOM) towards de-risking and insuring certain commodity assets, which "we believe will attract more investments within the space, particularly from the pensions industry".

A technical committee was also constituted comprising representatives of the Commission, Standards Organisation of Nigeria (SON), AFEX, Lagos Commodities and Futures Exchange (LCFE) and Nigerian Commodities Exchange (NCX) to deliver agro-based standards within three months.

To develop an effective price discovery mechanism for the commodities ecosystem, he said that a technical committee has been constituted for this purpose with the mandate of developing modalities for the exercise.

Recovery Rate of Post COVID-19 Era of Nation's Economic Sectors

Felix Omoh-Asun

Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning

The COVID-19 pandemic took the world by storm in early 2020, unleashing a strange sickness and deaths on humanity, devastating economies, disrupting lifestyles, and generally bringing the world to its knees. The pandemic adversely affected all sectors of the economy, causing many to shut down, with attendant losses that could not really be quantified.

In Nigeria, just as in others, it literally sent the economy of the nation into a deep slumber. However, things are looking up for the country, despite the third wave of the pandemic. All sectors of the economy are beginning to bounce back in the second quarter of the years. Meanwhile, Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, would say that the federal government has rolled out measures to caution the effect of the pandemic.

National Economy

Mrs. Ahmed, in encapsulating the recovery plan of the federal government, to downgrade the effect of the pandemic, harped on sustainable and resilient future through medium to long term interventions.

According to her, in cognizance of the reset opportunities that the crisis presents, the government would be pursuing certain policy measures and initiatives. First, there will be a transition to a premium motor spirit (PMS) price modulation mechanism to be driven by underlying international oil and gas prices in the global markets to progressively eliminate regressive petrol price subsidy.

She hinted that the review of tax expenditures by reducing sectors eligible for Pioneer Status Incentives under the Industrial Development Income Tax Relief Act (IDITRA), as well as other tax incentives, a concession and import duty exemptions, aimed to set overall cap on annual tax expenditures going forward, would be inevitable.

Through a consultative process, "we re-energised the Strategic Revenue Growth Initiatives (SRGI), a multi-agency suite of initiatives focused on achieving sustainability in revenue generation; identifying new and enhancing enforcement of existing revenue streams; and achieving cohesion in the revenue ecosystem.

She noted that the initiatives have been broken into clear implementable portfolios owned and domesticated with revenue generating and other key agencies including, the Nigerian Customs Service (NCS), Federal Inland Revenue Service (FIRS), Budget Office, Central Bank of Nigeria (CBN), Department of Petroleum Resources (DPR), Ministry of Finance, Office of the Attorney General of the Federation (OAGF), and Nigerian National Petroleum Corporation (NNPC).

Mrs. Ahmed stated further that significant achievements have also been made in improving transparency and accountability in the governance process through the service wide implementation and use of the Integrated Payroll and Personnel Information System (IPPIS) and the Bank Verification Number (BVN), which are being implemented to help the government streamline payroll processes, save cost and fight corruption.

On post COVID-19 health recovery plan, she said: "We are working on a supplementary budget to provide for the cost of vaccine procurement and delivery: The Federal Ministry of Health (FMoH) plans to vaccinate 70 percent of eligible (18 years and above) Nigerians over the 2021 and 2022 fiscal years.

"It is important to note that the nation has received commitments from COVAX for COVID-19 vaccines that could cover 43.1 million of the eligible population, as donations from some development partners. We are also committed to procuring 29.588 million doses of the Johnson and Johnson vaccine through the AVAT initiative, coordinated by AFREXIM Bank.

"Therefore, the supplementary budget for COVID-19 vaccines will cover the cost of additional vaccines over and above those provided by COVAX, as well as the full cost of operations and logistics for delivering the vaccines around the country.

"Already, the sum of N29.1billion has been released from the routine immunisation budgetary provision (Service Wide Vote) to the National Primary Healthcare Development Agency (NPHCDA) as an advance for the operational cost of deployment of the COVID-19 vaccines. The N29.1billion represents about 52 percent of the amount required over 2021-22. The World Bank has indicated willingness to provide needed facilities in support of our COVID-19 vaccination plan."

Oil & Gas Account For 10% of Nigeria's GDP

It is not far from the truth that Nigeria still depends largely on the oil and gas sector for the sustainability of its economy. Thus, the sector has since picked to lead others in recovery after the pandemic.

> **The country has proven natural gas reserves of 206.53 trillion cubic feet; and average production of about 7, 575 million standard cubic feet per day (MMSCFD)**

Only recently, the Minister of Petroleum Resources, Chief Timipre Sylva, said that the oil and gas sector accounts for about 10 percent of Nigeria's Gross Domestic Product (GDP).

Sylva noted that crude oil exports represented about 86 percent of total export earnings, while the actual government revenue from the sector is 40 percent, bouncing back from the decline it faced in the pandemic era.

The minister stated this while delivering the graduation lecture of the National Defence College Course 29 titled, 'Enhancing Digital Technology in the Oil and Gas Sector of Nigeria for National Development" in Abuja.

According to him, Nigeria has proven crude oil reserves of 37 billion barrels; production capacity of 2.5 million barrels per day; and actual crude oil production of about 1. 5 million barrels daily.

"It is the largest crude oil producer in Africa and holds the largest natural gas reserves on the continent. The country has proven natural gas reserves of 206.53 trillion cubic feet; and average production of about 7, 575 million standard cubic feet per day (MMSCFD)," he said. He cautioned that Nigeria, like other oil producing countries, must continually device imaginative and sustainable ways of deriving the greatest value from its oil and gas resources, given the declining global appetite for fossil fuels, and price volatility.

Insurance:

The sector premiums reached $6.3trillion in 2019 after scaling the $5.0trillion mark in 2018 as the non-life segment surpassed forecast and reported a 3.5 percent growth in premiums to $3.4trillion while the life segment premiums also increased 2.2 percent to $2.9billion mainly due to a recovery in China. Sigma research had expected both non-life and life premiums to contract by 1.0 percent and 1.5 percent respectively in 2020 similar to that of the Global Financial Crisis (GFC) in 2008 due to the effects of the pandemic on the insurance business.

Data as of Q2:2020 also showed that solvency ratios declined on an aggregate level across business lines and regions resulting from investment losses that accrued from financial market volatility during the period. Lower profitability, increased claim payments, and declines in asset values as a result of financial market volatility have forced some insurers to discontinue some pandemic-related insurance policies and remove clauses that expose insurers to pandemic-related claims in existing policies in order to contain claims.

Coming from the stunted growth recorded since it contracted 2.9 percent in 2019, the Nigerian insurance sector recorded a negative 15.3 percent growth in 2020, according to the National Bureau of Statistics (NBS).

Banking:

When COVID-19 took hold across Nigeria, the Central Bank of Nigeria (CBN) took immediate steps, rolling out a stimulus package to combat the effects of the pandemic on critical sectors, including cutting the interest rate on its intervention facilities from nine to five percent. Coming under pressure even before the crisis as a result of a sluggish economy, a challenging operating environment, and increased competitive intensity — the pandemic, currency devaluation, and other macro challenges continue to place roadblocks in the sector's path.

However, Nigerian banks have responded swiftly to the immediate pressures of the pandemic by, for example, adjusting to a remote operating model and revisiting portfolio priorities, and have learned some valuable lessons along the way about what is possible in the 'next normal'.

The unprecedented scale of the COVID-19 crisis forced banks—and indeed all members of society—to re-examine and reimagine the way they do things.

Post pandemic analysis shows that there is a 25 to 40 percent cost-reduction opportunity for Nigerian Banks—primarily to be found in revisiting the branch network and coverage model, increasing efficiency of spend, and increasing productivity through end-to-end digitisation.

Sales and lending processes, which have been heavily reliant on physical interaction, were reviewed to identify automation potential, especially for SMEs. Ultimately, reimagining these processes in line with consumer requirements will lead to a redefinition of the role (and size) of the branch network and required coverage model. Thus, emerging from the pandemic a stronger force in the nation's economy.

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POLICY BRIEF WITH
ENAM **OBIOSIO**

Budgetary Balances, Debt Burdens: **Converting COVID-19 Crisis Into Opportunities**

Nigeria's economy entered a recession in 2020, reversing three years of recovery, due to fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID-19. The containment measures mainly affected aviation, tourism, hospitality, restaurants, manufacturing, and trade. Contraction in these sectors offset demand-driven expansion in financial and information and communications technology sectors.

It is estimated that about 39 million Africans could fall into extreme poverty in 2021, if appropriate support is not provided, with disproportionate effects on women, according to Dr. Akinwumi Adesina, President, African Development Bank (AfDB) Group.

"The continent is projected to grow by 3.4 percent in 2021. Yet, the pandemic shock and ensuing economic crisis have had direct implications for budgetary balances and debt burdens: The average debt-to-GDP ratio for Africa is expected to climb by 10 to 15 percentage points in the short to medium term. That means serious debt challenges might be looming, and disorderly defaults and lengthy resolutions could become a major obstacle to Africa's progress toward prosperity," he says.

With the 2021 African Economic Outlook themed 'From Debt Resolution to Growth: The Road Ahead for Africa,' the Bank has made a strategic and forward-looking choice to discuss a topic that could become a key policy concern in the near term.

As highlighted in the report, recent debt restructuring experiences in Africa have, in Adesina's opinion, been costly and lengthy due to information asymmetries, creditor coordination problems, and the use of more complicated debt instruments. "The report examines current challenges in the international architecture for debt resolution. It discusses legal reforms, financial innovation, enhanced global coordination, and expanding the toolkit available to international financial institutions as possible ways to fix that architecture.

To avoid another 'lost decade' and to build resilient economies, "we need to address Africa's debt and development finance challenges, in partnership with the international community.

On temporary debt relief for developing countries, Adesina's take is that global partnership efforts are being made by the G20 to support temporary debt relief for developing countries through the debt service suspension initiative. However, debt payments in his words: "Are only deferred, and the initiative covers only a small fraction of Africa's total bilateral debt. Much larger financial support is needed, and the private sector creditors need to be part of the solution.

"Even more important, the time for one last debt relief for Africa is now. But such relief would require that African countries credibly commit to their share of the deal through bold governance reforms to eliminate all forms of leakages in public resources, improve domestic resource mobilisation, and enhance transparency—including on debt and in the natural resource sector. In addition to public policies in agriculture, industry or trade, African countries will need an all-out effort to harness digital technologies and an active promotion of free and fair competition to re-ignite growth, leveraging the African Continental Free Trade Area. The nexus between governance and growth is the right focus for putting Africa on a sustainable debt path and forestalling any need for a future debt relief.

Urging the leaders in the continent, he says African policymakers, therefore, must turn the COVID–19 crisis into opportunities by focusing sharply on food and nutritional security; by re-thinking health care and social protection systems; by nurturing the private sector, especially small and medium-sized enterprises and women-led firms; by harnessing and better managing the natural resources revenue streams; by operationalising the Africa Continental Free Trade Area; and by paying greater attention to climate change and resilience.

"As new and effective vaccines and therapeutics against the virus become available, let us work together to build back better an inclusive, resilient, and integrated Africa.

Narrowing into outlook and risks for Nigeria, the economy is projected to grow by 1.5 percent in 2021 and 2.9 percent in 2022, based on an expected recovery in crude oil prices and production. Stimulus measures outlined in the Economic Sustainability Plan (ESP) and the Finance Act of 2020 are meant to boost nonoil revenues.

Improved revenues can narrow the fiscal deficit to 4.6 percent and the current account deficit to 2.3 percent of GDP in 2021 as global economic conditions improve. Reopening borders is meant to increase access to inputs, ease pressure on domestic prices and inflation, projected at 11.4 percent in 2021. Downside risks include reduced fiscal space, should oil prices remain depressed.

In addition, it is be noted that flooding and rising insecurity could hamper agricultural production. Further depletion in foreign reserves from $35 billion (7.6 months of import cover) could lead to sharp exchange rate depreciation and inflationary pressures. It is notable that a potential relapse in COVID–19 cases could exacerbate these risks. High unemployment (27 percent), poverty (40 percent) and growing inequality remain a major challenge in Nigeria.

On financing issues and options, Nigeria's public debt is relatively sustainable at 25 percent of GDP. But, debt service payments are high, and the country's ability to attract external private financial flows is hurt by macroeconomic imbalances and policy uncertainty.

Broadening the tax base could strengthen Nigeria's fiscal buffers, if structural reforms to enhance compliance are supported and illicit financial flows are tackled. Remittances and sharia-compliant sukuk bonds also offer potential financing options, according to Adesina.

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