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Finance Minister Makes Another Feat With MoFI

The federal government would want to adopt management models to minimise challenges facing federal government-owned enterprises (FGOEs), while helping to ensure the quality of services and avoid the associated fiscal risks. Currently, the government set up a committee to review and recommend appropriate measures for the restructuring of Ministry of Finance Incorporated (MoFI). ***Enam Obiosio*** *sheds some light on the process.*

President Muhammadu Buhari-led administration has done it again; it is a feat that sweetens the ears – having decided, through Mrs. Zainab Shamsuna Ahmed, Honourable Minister of Finance, Budget and National Planning, to put a new life into the Ministry of Finance incorporated (MoFI).

The corporation is not new per se, for it has since been in existence as corporation sole known as the Ministry of Finance Incorporated by an Act No.7 of 12th March 1959. But it has been facing some challenges ever since its inception.

Obviously, it is corporation sole with perpetual succession, with common seal, and can sue and be sued in its name.

The MoFI, which is currently undergoing a restructuring process under the leadership of Mrs. Ahmed, was initially a special division in the Office of the Accountant-General of the Federation (OAGF). It was established for

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Mrs. Zainab Ahmed, Honourable Minister Of Finance, Budget And National Planning

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Finance Minister Makes Another Feat With MoFI

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the sole purpose of taking charge of all government investment in accordance with government policies.

However, a technical committee comprising the OAGF and the management services office (MSO) in the Office of the Head of the Civil Service of the Federation was constituted to review the then OAGF structure which would best suit its mandate to achieve efficiency and excellence in service delivery. As a result of the recommendations of the committee, MoFI was reduced from a department to a division in the department of revenue and investment. This reduction in the status of MoFI was believed to be done in favour of bringing about togetherness and harness all revenues from Investments and independent revenues accruable to the federal government for proper accountability.

The incorporation was to own and commercially manage investments and assets on behalf of the federal government. The core functions of MoFI are ownership of shares in all public companies and parastatals as the investment arm of the federal government; monitoring and controlling investment in public companies; collection of revenue for the government in the form of principal loans, repayments dividends from investments, etc.; obtaining share certificates on equity investments in its own name on behalf of the federal government; and keeping records of government investments in equities, loans and special funds.

Other functions include representation in the boards of companies for control purposes; setting targets of return on investments; collaborating with Bureau of Public Enterprise (BPE) on matters relating to the privatisation and commercialisation of government owned companies and parastatals.

This then allowed the Ministry of Finance to focus on its core role of policymaking and regulations, while MoFI would own and manage the investments on a commercial basis.

Convincingly, it was to provide basic services to citizens, and its economic importance is relevant in terms of public finance. At the same time, as state-owned enterprise (SOE), it has apparently been confronted with myriad problems.

On the challenges facing the MoFI, there is the lack of a standard governance structure or operating model for MoFI and the portfolio companies; there are no clearly defined roles and responsibilities of officers on the board of federal government's companies; there is no existing dividend policy that guides the collection, management, and reinvestment in government agencies and companies; there is no financial model for projecting anticipated returns and cash flows from MoFI's assets and investments; inadequate funding to properly manage the wealth of assets and investments; there are issues of underperformance, lack of accountability, inability to contribute towards debt servicing, and perpetual dependence on allocations from federal government's budget.

Other challenges are that the government representatives on some of the boards of companies are not known; since its enactment in 1959, the MoFI Act has not been modified to reflect the current market and economics; and inability to properly leverage on assets and investments due to the undervaluation in MoFI records.

On the relationship with other government agencies supervising the investments, many of the investments are not under the direct supervision of Federal Ministry of Finance, Budget and National Planning but by other ministries, departments and agencies (MDAs).

The guidelines and principles that define the relationship between MoFI and other MDAs with respect to managing these investments and loans are not complied with by the MDAs. In most of the boards of the companies, MoFI is neither represented nor adequately represented, MoFI is usually not involved in the corporate governance issues of the portfolio companies neither is it carried along by the supervising MDAs except when the federal government is expected to make financial contribution through capital injection or loans.

In most cases, MoFI is not involved in the operations of these entities neither is it provided with adequate information on what is going on with the entities, and when MoFI requests for information/update as regards financial statements and other relevant information from the companies, the requests are usually not attended to.

Concerning the relationship between MoFI and the portfolio companies, there is little or no relationship between the portfolio companies and MoFI once the companies become operational.

For most of the portfolio companies, MoFI is not consulted in establishing the board of directors and in the choice of members of the board of these companies.

On corporate governance structure, there is no clearly defined governance structure, processes, systems and procedures in place to guide how MoFI is managed. There is no evidence of specific international standards guiding the corporate governance of MoFI and the portfolio companies that it oversees; and there is no evidence that MoFI has a say in terms of how the portfolio companies are governed.

In view of target setting and performance monitoring, there was no evidence that any performance targets are set for the portfolio companies; there was no evidence that their performances were being tracked and reported and as such, erring companies cannot be sanctioned; there was no evidence that there are consequences for erring companies that fail to meet their performance targets; and the law guiding MoFI has not been reviewed or amended since it was enacted in 1959.

Currently, the government would want to adopt management models to eradicate or minimise the problems, while helping to ensure the quality of services and avoid the associated fiscal risks.

The Honourable Minister Of Finance, Budget And National Planning, **Mrs. Zainab Ahmed** and **Mr. Ben Akabueze**, Director-General (DG) Budget Office of the Federation, during MoFI sensitisation workshop in Abuja

According to the legislation, MoFI should ideally be used as a platform to derive the most value from different classes of assets owned or investments made by the government.

The federal government owns a vast portfolio of different asset classes. For the assets that are currently held by MoFI, it is used as a special purpose vehicle (SPV) and custodian to hold federal government's shares, but it is not actively involved in managing these investments. The sub-total of assets under management is over N1billion, while the sub-total of loans to government is over N167billion.

The current approach to managing the assets and investments is laden with several challenges. There is no single 'point of truth' on the assets such as the operational status, the financial value, the person responsible for them; the assets are known to have under-performed over the years, thereby worsening the revenue challenges of the government; there is no clearly defined strategy to manage the assets to ensure that government's interest in the assets is protected at all times, regardless who is running them; there is no clearly defined performance targets for the assets, neither is there sufficient private sector type corporate governance structures in place to guide their management.

As evidence of the underperformance of some of the assets, several of the assets were launched using borrowed funds with the understanding that cash flows from the businesses will be used to service the loans. Also, several of the government owned entities were started with the assumption that once they become operational, they will be yielding dividends for government thereby helping to strengthen government's fiscal position. Except for a few of them, majority of the entities that were started with public funds have not only failed to contribute to the repayment of the loans used to fund their start-ups, but they still depend on the government to fund their recurrent expenditure without a clear plan on how to improve their fiscal position. In other words, they have become a drainpipe on the government.

Given the fiscal challenges that government currently faces compounded by the historic collapse of oil prices and the COVID-19 pandemic, it is no longer news that the government needs to revisit its asset management strategy to help increase the level of revenues generated from its investments and assets.

It is against this background that the Honourable Minister of Finance, Budget and National Planning called for the review of MoFI with respect to its role as the platform for managing government owned assets, particularly those that ought to be generating cash flows and paying dividends to government; develop an inventory of different classes of government-owned assets and provide the Honourable Minister and government visibility over the statuses of the assets at a 'click of a button' on a near real time basis; review the performance of the identified assets with a view to developing an asset management strategy that will lead to an optimum performance of the assets and ensuring that government is deriving the most benefits from the assets; ensure cash flows and dividends from the assets and businesses contribute towards servicing the debts that were used to stablish the companies or acquire the assets; and take any other actions that may lead to improving government's fiscal position.

In view of this, the Honourable Minister set up a Ministerial Committee to review the current status of MoFI with a view to restructuring and repositioning MoFI for the present and future challenges and opportunities.

Precisely on the 30th of October, 2020, a restructuring committee was inaugurated to address the challenges facing MoFI, with the mandate to provide the list and inventory of local and international assets and investments under the custody of MoFI; identify challenges with the current MoFI Establishment Act; review the operational and the corporate governance structures; propose how to restructure MoFI into a world class asset management company capable of better serving the needs of the federal government while addressing the challenges.

Upon completion of the diagnostics aspect of the assignment, several recommendations have been made by the committee.

These recommendations are within the following thematic areas: Assets, financials and accounts, strategic direction, legal framework, 90-day action plan, and support needed to further and coordinate the work streams.

There is the question bothering on the committee's thinking, whether it is going to be a government/private sector project or solely government, and the share capital base. According to the committee's recommendation, MoFI will transit from being a custodian and registry of government-corporate assets to becoming an active investment manager of federal government-corporate assets after its formal launch.

It is recommended that MoFI incorporates at Corporate Affairs Commission (CAC) as a wholly owned subsidiary company operating as a standalone, self-accounting corporate entity with a board of directors and be managed as a profit-oriented private sector style business with a best practice governance structure. It will have the power to invest, reinvest and manage federal government's assets. The new MoFI will be like the current Nigeria Sovereign Investment Authority (NSIA) in operating structure but will be focused on assets owned by the federal government.

MoFI has a book value of over N1trillion. This is the book value and not the current value of MoFI's investments. The reformed MoFI will be launched before the end of this current administration.

Afreximbank To Support Nigeria With $4bn To Tackle Food Crisis

Felix Omoh-Asun

African Export-Import Bank (Afreximbank) said that it plans to assist Nigeria from the $4 billion Ukraine Crisis Adjustment Trade Financing Programme for Africa (UKAFPA) launched last month.

According to it, the move would help mitigate the impact of the food and fuel crises in the country.

President/Chairman of Afreximbank, Prof. Benedict Oramah, made this known at a virtual news conference on the US$4 billion UKAFPA.

He said that this is a programme of credit facilities that the bank had developed to manage the impacts of the Ukraine crisis on African economies and businesses.

It was launched as programmed response to an urgent call for emergency intervention by member states of the bank, saying UKAFPA-compliant financing requests received from across Africa exceeds US$15 billion.

A promoter of intra-African trade, Oramah said the fund is among ambitious programmes to support the continent's states and businesses so that they can cope with the soaring costs associated with the war in Ukraine.

After disbursing more than $7bn to fight against Covid-19 and supporting the deployment of the African Continental Free Trade Area (AfCFTA), he said Afreximbank is preparing to implement a new "boost" to the economy. This time, it seeks to combat the economic consequences associated with the war in Ukraine.

Prof. Benedict Oramah, President/Chairman of Afreximbank

On 31 March, the bank's board of directors approved the launch of a trade finance programme designed "to assist African countries' adjustment." Called "UKAFPA", for Ukraine Crisis Trade Financing Programme for Africa, this programme – which has been endowed with a sum of $4bn – aims to set up lines of credit for African economies and companies.

Oramah disclosed through virtual press conference that the aid will assist Nigeria to deal with the current food crisis.

He spoke barely 24 hours after President Muhammadu Buhari ordered the release of 40,000 metric tonnes of grains from the Strategic Grains Reserve to help cushion the prevailing food shortage across the country.

The Afreximbank boss also stated that the bank will assist the country in the area of fuel importation, adding that Nigeria is not exempted from global economic crisis caused by covid 19 and recent Russian War against Ukraine.

According to him, "Nigeria is an African Union and Afreximbank member and should be able to access the facility as a member country. We supported fuel import and we are expanding that because there are urgent needs. There are discussions currently going on with regard to food also. We are supporting Nigeria.

"We are living in an unprecedented time. Since two years, the world has been going through major challenges. The COVID-19 pandemic, which became a global challenge and crisis in the first quarter of 2020, is still raging.

"Again, early this year, the Ukraine crisis set in. The crisis was magnified by sanctions that have been placed and the fact that the war affects Ukraine in many other ways.

"Russia and Ukraine are the bread baskets of the world; they produce most of the world's wheat, corn, corn flour, and a number of food items. The same thing applies to agro-chemical items, especially fertiliser. Africa is very dependent in all these. Many countries in Africa import most of their wheat and fertiliser from Russia and Ukraine.

"Tourism arrivals from Russia and Ukraine support economies of many African countries. So, with the war, and the sanctions that followed, all of a sudden, all these became threatened. So, the effect has been rising food prices and challenging economic situation. And there is indication that if this continues, the continent might run back into recession, " Oramah said.

He also called on international development partners to assist the bank to raise $15 billion need to cushion economic crisis in Africa.

He said: "We use this opportunity to call on the international community to join us in this effort. This is really a call to action because we see, everyday, request from companies from various countries. We have made our own modest contribution; we are determined to do all we can, working with partners to deal with this urgent short-term demand.

"We have good relationship with the Arab world and all the big financial institutions. We have our institutions in Africa also, which we will approach to pull resources together. We also get support from European institutions. We also have structures to increase our capacity to be able to get more than $4 billion."

The Minister of Agriculture and Rural Development, Muhammad Abubakar informed journalists in Abuja that President Buhari directed the grains to be released to cushion the effects of rising prices of commodities, especially during the Easter and Ramadan period.

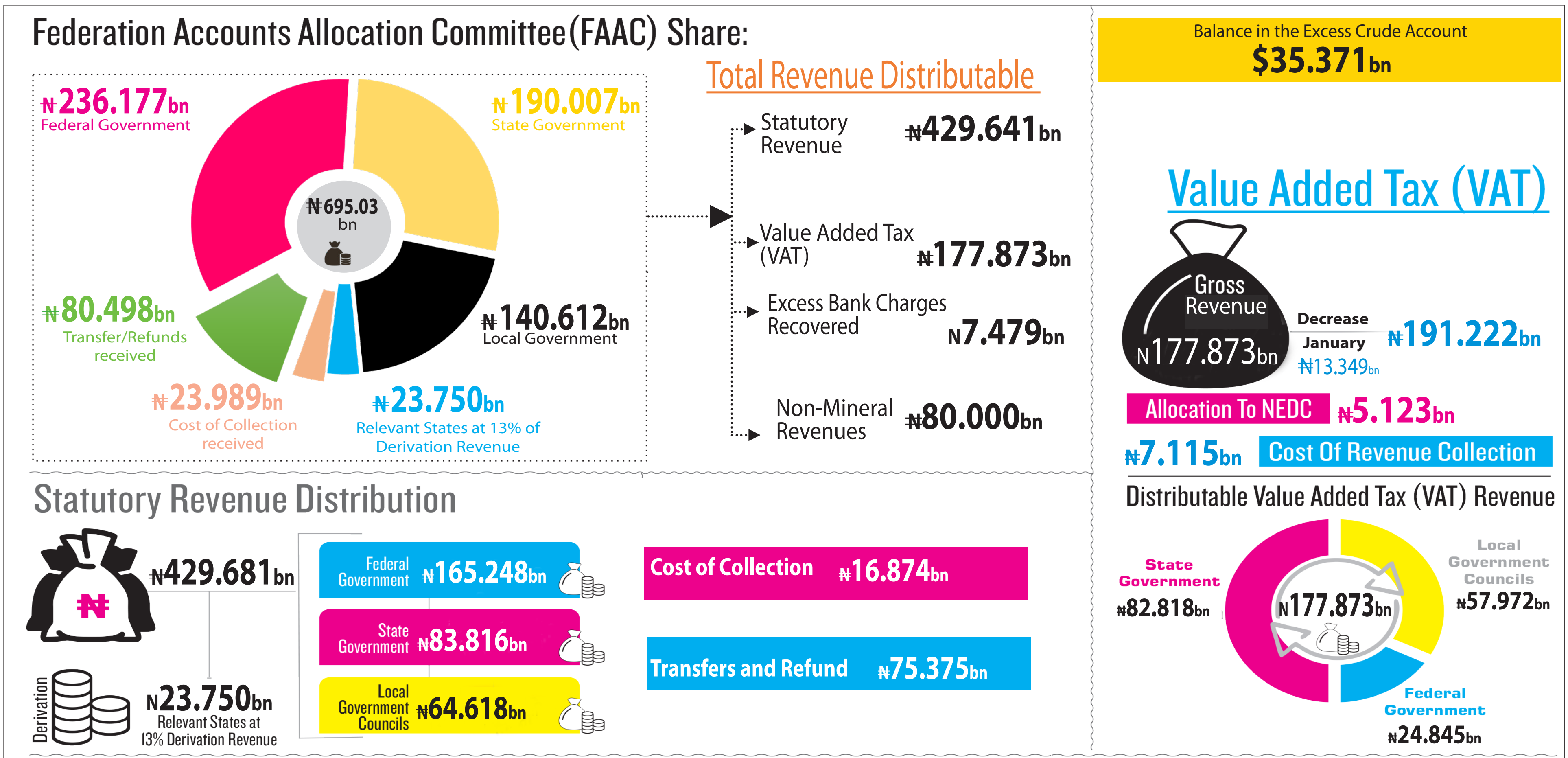
Abubakar said 12,000 metric tonnes of the grains would be released to the Ministry of Humanitarian, Disaster Management and Social Development for distribution.

The distribution, he said, would be done along the model used in early 2020 during the Covid-19 lockdown, where FG distributed 70,000 metric tons of assorted food items across some states and the Federal Capital Territory.

He said, "I'm here this afternoon as a result of summoning by His Excellency, Mr. President, President Muhammadu Buhari. He directed and approved the release of grains from our Strategic grain Reserve by the Federal Ministry of Agriculture and Rural Development.

"This is to cushion the effect of some of the issues we are facing with high prices of commodities across the country and the festivities-Ramadan, Easter, Sallah-so that there will be a little cushion for the people during these festivities," the minister said.

FAAC: FG, States, LG Receives N695bn For February



According to the Communiqué, in the month of February 2022, Companies Income Tax (CIT), Petroleum Profit Tax (PPT) and Oil and Gas Royalties decreased significantly while Value Added Tax (VAT), Import and Excise Duties decreased marginally.

FEDERAL INLAND REVENUE SERVICE FIRS

A COMMUNIQUE ISSUED AT THE END OF THE 2ND ANNUAL NATIONAL TAX DIALOGUE

The 2nd Annual National Tax Dialogue themed "**Tax Harmonisation for Enhanced Revenue Generation**" took place at the Banquet Hall of the State House, Abuja on Tuesday 29th March 2022. The event was declared open by His Excellency, the President and Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria, President Muhammadu Buhari, GCFR and many other prominent Nigerians were in attendance.

The major outcome of the 2022 National Tax Dialogue includes:

1. Taxation, being a sovereign tool for perpetuating organised society, peace, development and growth, must not be politicised. Tax authorities should not be distracted by politically motivated actions; instead, they should be supported by everyone to enable them to function efficiently and maximise the revenue potentials of the tax system.

2. Any discontent by some subnational governments with the current revenue distribution framework should be addressed without any political colouration. The Federation Accounts Allocation Committee (FAAC), National Economic Council (NEC) and National Assembly should come up with an amicable resolution without delay.

3. Governments, at all levels, must grow tax revenue without necessarily raising new taxes considering the volatility of revenue from commodities.

4. Available data indicates that countries with smaller economy and tax base than Nigeria are faring much better in terms of tax revenue collection, and the ratio of tax-to-GDP because they have streamlined their tax system. Hence, tax policy, legislation and administrative practices, at all levels, must be harmonised into one indivisible whole starting with a harmonised national taxpayer registration system.

5. A fragmented tax system i.e. one which is characterised by multiple or overlapping taxes or duplicated tax administrations, is inefficient and compromises tax revenue generation. Similarly, the multiplicity of tax administration is as undesirable as the multiplicity of taxes; either case creates uncertainty and instability in the economy. Therefore, governments at all levels should harmonise all revenue- generating functions into a single platform under the administration of only one revenue authority of each government.

6. Modern and efficient tax administration needs data – particularly, big data. Nigerian tax authorities must use data to track all economic activities and identify all taxable persons. Government should create relevant policy and statutory framework for a centralised data sourcing, warehousing, analysis and retrieval system that every tax authority can plug into.

7. The last time government commissioned a study of the tax system was about two decades ago whereas, the social-economic environment had changed severally and materially during the same period. Government should commission a study group to review the entire tax scape including:

    1. a review of available resolutions, reports, communiques, etc. of various tax conferences, workshops, symposia, etc.; identifying key resolutions and recommendations;
    2. identification of measures, practices, policies and laws that are capable of inhibiting business, investments and growth of the Nigerian economy, for recommended changes, deletion or repeal;
    3. carrying out a study of modern tax practices, policies, laws, etc. of relevant countries with a view to instituting similar ones in Nigeria; and
    4. providing a roadmap for harmonisation of the Nigerian tax system.

8. The impending general election is an opportunity for intending political office holders to showcase their tax agenda. Independent National Electoral Commission (INEC), Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices and other Related Offences Commission (ICPC) and all other relevant agencies should work with the relevant tax authority in screening candidates to ensure tax compliance as part of eligibility for public office. Any individual who is not tax compliant should not be trusted with the resources of the people.

9. Two principal factors militating against voluntary tax compliance are ineffective communication and trust deficit. Tax authorities should develop effective tax communications strategies while governments at all levels must ensure that taxpayers receive value for taxes paid.

Signed
Muhammad Nami
The Executive Chairman, Federal Inland Revenue Service.

AKK Pipeline Project: NNPC To Deliver First Gas In Q1 2023

Felix Omoh-Asun

The vision of the present administration to solidify the nation's economy in all areas is beginning to yield result.

This is as the Board of the Nigerian National Petroleum Company Limited (NNPC) said that the progress of work done on the Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline Project had made it possible for gas to be delivered in the first quarter of 2023 target.

The GMD/CEO, Mallam Mele Kyari, while taking other NNPC board members on an official tour of Segment A sites in Abaji Area Council of the FCT, last week, said that the project was near completion.

Kyari, who was accompanied by other members of his management team, stated that as a result of activities around the AKK project, the country will see over eight billion standard cubic feet (scf) of gas injected into the domestic pipeline which will improve power generation, facilitate industrial development, create thousands of job opportunities and deepen domestic gas utilisation.

He, who described the Ajaokuta-Kaduna-Kano Pipeline as "a signature project of this administration", said that it was time for Nigeria to take advantage of having the highest gas reserves in Africa.

Earlier in her remarks, the Chairman of the NNPC board, Senator Margery Okadigbo, said that based on the magnitude of work done at the various construction sites, the projection to have first gas by the first quarter of 2023 was realisable.

She noted that the country stood the chance to leverage on the current realities to provide solutions to the global gas supply challenge.

Chairman of Oilserv, the Company handling Segment A of the AKK project, Mr. Emeka Okwuosa, confirmed his company's readiness to deliver the project on schedule.

Mallam Mele Kyari, MD/CEO, NNPC

He assured that the project managers and teams were more than competent to deliver the project within record time.

Recall, President Muhammadu Buhari had said in Malabu, Equitorial Guinea in October 2019, while on official visit to that country that the federal government would soon commence the construction of the Ajaokuta-Kaduna-Kano (AAK) gas pipeline.

President Buhari, while addressing the 5th Gas Exporting Countries Forum (GECF) Summit, said Nigeria has led the way in the construction of the West Africa Gas Pipeline which runs through four West African countries.

The 600-kilometre AAK gas pipeline which forms phase one of the Trans-Nigeria Gas Pipeline (TNGP) project, is designed to enable gas connectivity between the east, west and north.

President Buhari said that the viability of extending the gas pipeline system across the Sahara to Algeria in North Africa is still under consideration.

"We are mindful of the energy deficit in the developing world especially, here in Africa where we have nearly 600 million people without access to modern energy. As responsible leaders, it is our duty to preserve the environment not only for the present but for future generations," he said.

"We can achieve this balance between our energy deficit and environmental preservation needs by developing and deploying new technologies. Although classified as fossil fuel, natural gas is a viable solution to both our energy and environmental challenges.

"Natural gas has the added advantage of availability and affordability. To fully leverage this potential, nations need to pool resources to put up trans-border and trans-regional energy infrastructure.

"The Paris Accord of 2015 signalled the first major global commitment to a deliberate effort on this inevitable transition.

"Nigeria is proud to be one of the first signatories to the historic Agreement. We in Nigeria have led the way by the construction of the West Africa Gas Pipeline which runs through four West African countries."

President Buhari also commended the the founding fathers of the GECF for "promoting natural gas in the global energy mix."

Then while officially launching the project in July 2020 in Abuja, President Buhari disclosed that the $2.6 billion gas pipeline project that would further enhance the country's energy security, local media reported.

In a virtual meeting, President Buhari said that the project was going to provide gas and also facilitate the revival of moribund industries in the West African country.

"Today marks an important chapter in the history of our great nation. It marks the day when our domestic natural gas pipeline networks from Obiafu in Rivers State, Escravos in Delta State and Lekki in Lagos State, are being connected through Kaduna to Kano states thereby further enhancing national energy security," the Nigerian National Petroleum Corporation (NNPC) quoted Buhari as saying.

The president said that the project will create direct and indirect employment while fostering the development, technology transfer and promotion of local manufacturing.

"We promised the nation that we will expand the key critical gas infrastructure in the country to promote the use of gas in the domestic market.

"These include the Escravos to Lagos Pipeline System - 2 (ELPS-2), Obiafu – Obrikom - Oben (OB3) pipeline and the AKK. I therefore directed NNPC to ensure that these critical projects are completed on time, within budget and specification," he added.

The Ajaokuta–Kaduna–Kano (AKK) pipeline is a 614-kilometer (381.5-miles) pipeline developed by Nigerian National Petroleum Corporation (NNPC) to transport natural gas from southern Nigeria to central Nigeria.

The project represents phase one of the 1,300-km (808-mi) Trans-Nigerian Gas Pipeline (TNGP) project, which is being developed as part of Nigeria's Gas Master Plan to utilize the country's surplus gas resources for power generation as well as for consumption by domestic customers, according to NS Energy.

Economic Recovery On Track As IMF Raises Nigeria's GDP Growth Forecast

Cuts Global Growth Projection To 3.6% On Worsening Inflation, Others

Musa Ibrahim

Owing to the ongoing reforms by the federal government, the International Monetary Fund (IMF) has raised Nigeria's 2022 economic growth forecast from 2.7 percent it previously estimated to 3.4 percent.

The fund had revised upward its growth forecast for the Nigerian economy in 2022 by 0.3 percent to 2.6 percent compared to its earlier projection in its April 2021 edition, while it retained its growth forecast for 2021.

The IMF stated this in its latest World Economic Outlook (WEO) released at the 2022 hybrid spring meetings in collaboration with the World Bank, in Washington DC.

The report noted that Nigeria's upward review was due to increase in oil prices.

The fund said, "The increase in oil prices has however lifted growth prospects for the region's oil exporters, such as Nigeria. Overall, growth in sub-Saharan Africa is projected at 3.8 percent in 2022.

"In sub-Saharan Africa, food prices are also the most important channel of transmission, although in slightly different ways. Wheat is a less important part of the diet, but food in general is a larger share of consumption.

"Higher food prices will hurt consumers' purchasing power particularly among low-income households and weigh on domestic demand. Social and political turmoil, most notably in West Africa, also weigh on the outlook."

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

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CBN Orders Release Of N3.5bn As Rebate To 150 Exporters

Chiamaka G. Okpala

The Governor of Central Bank of Nigeria (CBN), Godwin Emefiele, has ordered the immediate release of N3.5 billion as rebate to 150 exporters who participated in the race to $200 billion scheme.

This was one of the outcomes of the Bankers' Committee meeting held in Abuja recently.

The CBN had in February disclosed that it would pay exporters N65 for every $1 sold into the economy through the Investors &Exporters window and N35 for every$1 repatriated and sold into I&E for individual use.

It disclosed this in a guideline for the newly introduced RT 200 programme.

The RT200 programme is designed to help ease the inadequacy of forex supply and the constant pressure on the exchange rate, Emefiele had declared.

The monetary authority believes that the RT 200 will help the country raise $200bn in forex earnings from non-oil proceeds over the next 3-5 years.

The FX programme is anchored on five key agendas which include: value-adding exports facility; non-oil commodities expansion facility; non-oil FX rebate scheme; dedicated non-oil export terminal and bi-annual non-oil export summit.

On payment incentive, the guideline which was released on Sunday read, "The Scheme shall pay, N65 for every US$1 repatriated and sold at the I & E Window to ADBs for other third party use, and N35 for every US$1 repatriated and sold into I&E for own use on eligible transactions only.

Meanwhile, speaking during a virtual press conference after the Committee's meeting, last week, the Managing Director (MD) of Fidelity Bank, Nneka Onyeali-Okpe, said that the rebate to the exporters will be paid quarterly.

She said: "The CBN Governor during the meeting announced the immediate release of N3.5bn incentive to various exporters under the RT200bn programme.

"This rebate we just announced will be paid quarterly to exporters who qualify. All this is to ensure that we boost the foreign exchange that goes into the country."

Responding to questions from journalists, the Managing Director disclosed that 150 exporters were going to benefit from the rebate this quarter.

She also said that through the programme $60m has been injected into the economy since February when the scheme was launched.

"According to data from the CBN, $60 million has come into the country since the programme commenced in February.

"For the number of beneficiaries of N3.5 billion, there are 150 customers at various levels and some under the finished goods and some under the semi finished goods," she added.

The MD explained that only Plateau State has concluded plans to establish non-oil exports terminal in line with the CBN's plan to reduce the challenges of exporters at the ports.

"Only state government that has concluded its plans to establish such ports. All other state governments are at different levels of engagement.

"This project is only one month old and getting an export processing zone running is not very easy, so we expect that will take a little more time", she added.

Meanwhile, the Managing Director of Guaranty Trust Bank, Mariam Olusanya, revealed that e-naira wallet downloads have risen to 756,000 in six months.

She said: "Since it was launched, we have seen 756,000 downloads of the app. In terms of consumer wallets we have seen 165,000 downloads and 2,800 merchant wallet downloads."

She added that members of the Committee will continue to push for the adoption of e-naira across the country.

AMCON Recoveries Have Surpassed N1 trn, Says Kuru

- Identifies 350 Accounts With N3.2 trn 'Criticised Assets'
- Says N2 trn Out N4.7 trn Liability So Far Repaid

Musa Ibrahim

The Managing Director (MD) of the Asset Management Corporation of Nigeria (AMCON), Ahmed Kuru, has said that the organisation has made recoveries of over N1 trillion to date.

According to him, the Corporation has equally resolved more than 5,000 relationship issues as well as salvaged several businesses currently operating across the country within the same period.

Recall that AMCON was established in 2010 to, among others, stabilise the financial system by taking over non-performing loan (NPL) assets of banks.

When he addressed the Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN) led by its President, Richard Akintude, Kuru said that AMCON has done well to stabilise the financial system.

He explained that AMCON is still battling with cases arising from the global financial crisis but is not entertaining new ones.

He noted: "Let us not forget that some of the NPL cases had been there for over 10 years before they were transferred to AMCON. We have been able to intervene and salvage so many transactions and recover several of such transactions.

"We are more focused on how we close some of these transactions so that everybody will be satisfied.

Akintude informed the media that the association was seeking collaboration with AMCON on better ways to develop insolvency practices and business recovery in the country.

Major Recoveries, Achievements of AMCON Under Mr. Kuru

He was reappointed by the President for a second and final term of five years. Under his watch, AMCON's debt recovery system was strengthened, which has enabled the corporation to collaborate and perform more efficiently with asset tracing engagements.

Prior to his appointment as AMCON Boss in August of 2015, he served as the Managing Director/ CEO of erstwhile Enterprise Bank Limited.

fmfinsights has gathered, according to figures from AMCON, that a total recovery of above N1.2 trillion has so far been made.

Also, the AMCON boss was quoted recently to have said: "AMCON has sold assets worth about N500 billion and have resolved close to 5000 Eligible Bank Assets (EBSs). The corporation has paid over N2 trillion to the CBN.

The fundamental objectives for the establishment of AMCON was to rescue commercial banks and some underlying strategic businesses in Nigeria from the brink of collapse in the aftermath of the global financial crises of 2008 through acquisition of non-performing loans and to dispose of the underlying assets in the most profitable manner."

He added: "AMCON also had the mandate to recapitalise the banks and to recover the debts using the various resolution mechanisms created under the Act, which, without mincing words, I can tell you have been executed effectively. As at today, AMCON has achieved the first mandate of purchasing the Non-performing Loans (NPLs) and providing liquidity to the commercial banks."

Future Plans

Speaking further on thee future plans of the agency, the MD said: "We are currently focused on the second and most difficult phase of recovery and restructuring of the bad loans. Recall that AMCON acquired over 12,000 non profiting loans (NPLs) worth N3.7 trillion from 22 banks and injected N2.2 trillion as financial accommodation to 10 banks in order to prevent systemic failure.

"As a result of this intervention, our current liability with Central Bank of Nigeria (CBN) is around N4.7 trillion; while the sum of N2 trillion had been repaid so far," he added.

In the area of supporting businesses, Mr. Kuru noted that intervention efforts in Arik Air with the support and collaboration of the federal government did a great service to the growth of the sector.

● **Ahmed Kuru,** MD, (AMCON)

"A similar intervention in Aero Contractors also saved the airline from collapse. As a matter of fact, the Nigerian Civil Aviation Authority (NCAA) certified Aero, which is under AMCON receivership, to commence C-check maintenance services on Boeing series in Nigeria. This is a commendable feat in Nigeria's aviation industry and there are several other companies that we have saved.

"Again, in an attempt to focus our resources on the recovery mandate, we have identified about 6,000 loans with outstanding balances below N100 million, which constitute only 20 percent of our current portfolio. This portfolio has been outsourced to debt recovery agents under the Asset Management Partners (AMP) scheme, which has created huge employment opportunity for others. This has enabled the corporation to focus on fewer accounts, which make up 80 percent of the portfolio," he further explained.

He believes that if AMCON is able to resolve the nearly 2000 accounts, it would have achieved more than 80 percent of its recovery mandate.

"In line with our sunset period, we are tinkering with the idea of increasing the threshold of the AMP scheme to N1billion. We have also classified 350 accounts with current exposure of over N3.2 trillion into a category referred to as 'criticised assets'.

"We consider the resolution of these accounts to be germane to the success of AMCON's recovery mandate. We give special attention to these accounts at top management level and develop strategies for resolving them. The largest concentration is in the energy sector, which constitutes 27 percent. As we have always stated, one of the major challenges to AMCON's recovery mandate is the slow pace of our judicial processes," he further stated.

Mr. Kuru stated that AMCON have continued to engage with the judiciary, as that there is now greater awareness about the role of AMCON amongst the Judges at the trial courts as well the Justices of the appellate courts which have been supportive.

"Just as it is with the judiciary, the media have come to understand that AMCON is fighting for the good of all Nigerians, because recovery of these monies and its judicious application to the Nigeria economy will improve critical infrastructure such as roads, rail lines, security, power generation and distribution, mass housing and a whole lot of others. That is what we have been doing in a nutshell," he said.

CONTINUES FROM PAGE 5

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.

Overall, real Gross Domestic Product (GDP) is estimated by the IMF to have shrunk by 3 percent in 2020, although mitigating measures in the Economic Sustainability Programme (ESP) prevented the decline from being much worse.

Meanwhile, owing to the worsening global growth prospects occasioned by the combined effects of inflation, the war in Ukraine and lingering COVID-19 pandemic, the IMF Tuesday announced a downgrade of its growth projection from 4.4 percent to 3.6 percent.

The cut is 0.8 percent from the 4.4 percent global growth projections of January to 3.6 percent in its latest update announced on April 19.

The impacts of the three critical are outlined in the World Economic Outlook report, released at the beginning of the Spring Meetings of the IMF and World Bank in Washington, DC by new chief economist, Pierre-Olivier Gourinchas.

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There are three main reasons for the downgrade of which the first is the war invasion of Ukraine by Russia, which is increasing energy and commodity prices around the world and is leading to less output and more inflation that is expected to persist longer in most countries that are higher.

Second is the slowdown of the Chinese economy with more frequent lockdowns due to Omicron that is weighing down and then also, the elevated price pressures in many parts of the world or, leading central banks to tighten monetary policy controls according to Gourinchas, IMF's Chief Economist.

Overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging.

"Well, there are several important downside risks to our forecast. First, let me start with the war itself. The conflict could escalate, the sanctions could become broader, and this would weigh down on economic activity.

Second, inflation pressures are building up. In some countries, like the US, inflation is at the highest level in 40 years. There is a risk that this could persist and would call for more forceful action by central banks that would weigh down on output and economic activity.

Inflation in Nigeria shot up to 15.92 percent in March, the fastest in five months, rising from 15.7 percent in February.

Third, the COVID 19 pandemic is still with us. We could see the emergence of new variants that are resistant to vaccines that would cause more lockdowns and disrupt global supply chains. Fourth, we could have in the context of tightening policy rates around the world, we could see also more financial instability.

Many countries might find that capital flows out, and currencies could start depreciating. This financial instability is another factor. Lastly, we have also the potential for social unrest given the increase in energy and food prices in many countries," added Gourinchas.

For policymakers to be able to cushion the impact of the war and the pandemic, they will need to pay longer-term attention.

"Well, our advice to policymakers is first, do everything we can to end the war now. Beyond that, we can think about monetary policy, fiscal policy and health policy.

For monetary policy, Gourinchas said central banks need to act decisively to make sure that inflation expectations remain well-anchored and not drift away from central bank targets.

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EDITORIAL

Government Should Increase Initiatives For Modernisation of Agriculture In Nigeria

The global connected agriculture market size is expected to reach USD 12.57 billion in 2028 and register a steady CAGR over the forecast period, according to latest analysis by Emergen Research.

Factors such as increasing government initiatives in developing countries to promote modernisation of the agriculture sector, increasing public-private partnerships among governments and agro-processing organisations to promote sustainable agriculture initiatives are expected to drive global connected agriculture systems market revenue growth over the forecast period. Farmers are becoming increasingly dependent on smartphones and other intelligent devices and technologies to keep up-to-date with the latest developments in the agriculture sector.

Increasing incidence of severe weather conditions in some countries resulting in deterioration of crop production - both in terms of quantity and quality - has been resulting in increasing focus towards more advanced and smarter agriculture practices and solutions in the recent past.

Farmers are increasingly adopting IoT-based solutions in order to obtain information in real-time regarding weather conditions such as humidity, rainfall, and temperature, which in the long runs helps in increasing agricultural productivity.

Decline in availability of agricultural workforce is increasing dependence on and utilisation of autonomous robotics into agriculture, which reduces reliance on manual labour and increases efficiency, product yield, and quality.

Rising need to monitor crop health and conduct field analysis is increasing utilisation of agriculture drones. Drones with thermal or spectral sensors have ability to specify areas that require changes in irrigation techniques and approaches.

Prototype drones replace the need for manual labour as these are designed and tested for use in seeding and planting, which is increasing their demand.

Demand for crop-spraying drones has also been increasing and these drones operate on a combination of GPS, laser measurement, and ultrasonic positioning, and advancements in this technology is expected to further result in rapid deployment going ahead.

In the near term, we call on the Central of Nigeria (CBN) to take decisive action to prevent inflation from becoming entrenched and keep expectations of future price increases in check. Interest rates might have to rise beyond what is currently priced in markets to get inflation back to target in a timely manner. This may entail pushing interest rates well above their neutral level. There should be clear communication to avoid unnecessary volatility in financial markets, by providing clear guidance about the tightening process while remaining data dependent.

The CBN should continue with significantly tightened policy —to preserve our inflation-fighting credibility and anchor inflation expectations.

Policymakers should tighten selected macroprudential tools to tackle pockets of elevated vulnerabilities, while avoiding a broad tightening of financial conditions. Striking the right balance here is important given uncertainties about the economic outlook, the ongoing monetary policy normalisation process, and limits on post-pandemic fiscal space.

Policymakers should be ready to face structural issues such as fragmentation in capital markets, which would have implications for the role of the naira. Payment systems could face similar risks as CBN manages our own digital currency that is independent of existing international networks. Also, everything should be done to narrow regulatory gaps to ensure integrity and protect consumers in the fast-evolving world of crypto assets.

At the same time, tradeoffs between energy security (adequate, affordable supplies) and climate (regulatory mechanisms intended to increase oil and gas prices) should be laid bare as supply and price effects of international sanctions on Russia ripple across the world. There may be some setbacks in the climate transition in the immediate future, but the impetus to reduce energy dependency on Russia could be a catalyst for change. Policymakers should, therefore, strive to honour commitments on climate and intensify efforts to achieve net-zero targets, while taking additional appropriate steps to address energy security concerns.

IMF Cuts Global Growth Projection To 3.6% On Worsening Inflation, Others

Ahmed Ahmed

Owing to the worsening global growth prospects occasioned by the combined effects of inflation, the war in Ukraine and lingering COVID-19 pandemic, the IMF Tuesday announced a downgrade of its growth projection from 4.4 percent to 3.6 percent.

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For policymakers to be able to cushion the impact of the war and the pandemic, they will need to pay longer-term attention.

"Well, our advice to policymakers is first, do everything we can to end the war now. Beyond that, we can think about monetary policy, fiscal policy and health policy.

For monetary policy, Gourinchas said central banks need to act decisively to make sure that inflation expectations remain well-anchored and not drift away from central bank targets.

"At the same time, they need to act in a nimble and data-dependent way to support growth and make sure that the hiking cycle that should happen is not going to be disruptive".

On fiscal policy, he noted that the trade-off is different and It's between rebuilding fiscal buffers on the one hand and protecting vulnerable populations that have been hit by the increase in energy and food prices.

"So our advice is first. In countries where the health situation allows, withdraw the support that was put in place in the last two years, then address vulnerable populations, and implement targeted and temporary policies that will help them face higher prices for food and energy.

He said the targeted policies can take different forms like utility bill discounts, subsidies for food and energy prices as long as they are temporary and there are clear sunset clauses, and that all of these policies are inscribed in fiscal frameworks, medium-term fiscal frameworks to ensure fiscal sustainability.

Finally, on health policy, he urged the implementation of a comprehensive toolkit with monitoring, tests, vaccines and treatments to make sure that all countries can emerge from the COVID 19 pandemic.

This, Gourinchas said will require international donors to complete the funding for the international tools which requires about $23.4 billion.

RT 200 Policy Yielding Results As CBN Realises $60 mn After 2 months

- 150 Exporters To Get N3.5 Rebate
- As e-naira Records N765,000 Downloads In 6months

The Central Bank of Nigeria (CBN) launched the RT 200 Policy. Two months after, the policy is yielding positive results in terms of forex being repatriated as part of its policy objectives. Our correspondent, ***Musa Ibrahim*** *writes.*

Mr. Godwin Emefiele, CBN Governor

In a bid to mobilise forex into the country, the Central Bank of Nigeria Central Bank of Nigeria (CBN) recently announced that it has brought into the country a total sum of $60 million from its RT 200 policy which was launched in February this year.

The Managing Director (MD) of Fidelity Bank Plc, Nneka Onyeali-Ikpe, said this during a virtual press conference at the end of the 30th bankers committee meeting held recently.

She said, "Figures from the CBN has shown that $60 million have so far being realised from the RT 200 policy as it stands. Subsequently, a total of N3.5billion rebate has been approved by the CBN and banks are expected to release these monies to 150 exporters qualified to benefit from the rebate policy."

She said that the 150 exporters would get the rebate immediately and it would be a continuous process.

Continuing, the MD noted that the central bank is extending the policy to states that are interested in setting up export processing zones for exporters to boost exports in the country.

Lending his voice to the NQR code launched by the Nigeria Inter-Bank Settlement System, the Managing Director (MD) of Wema Bank, Ademola Adebishe, said the bankers committee reviewed the progress so far made with a resolve to facilitate the acceptance of the technology.

"We have reviewed the level of adoption of the NQR code launched by the NIBSS. The idea behind it is to improve financial inclusion and promote contactless transactions from individual to individual (P-P) as well as individual to business (P-B).

"The decision of the bankers committee, therefore, is to ensure that it is accepted in 176 countries of the world and increase awareness for its acceptance," he said.

Reeling the progress report so far on the e-naira launched six months ago, the Managing Director (MD) of Guaranty Trust Bank, Miriam Olusanya, said the digital currency is gradually gaining acceptability by Nigerians.

She said "Since the e-naira launch in October 2021, we have so far recorded 765, 000 downloads. Also, we have about 165,000 consumer wallets while the merchant wallet is about 2,800.

"Currently, it is an app, but the long term plan is to redesign it to aid financial inclusion by using the USSD to bring the unbanked, support the digital economy and boost federal government's social intervention."

Also speaking, the Managing Director (MD) of Sterling Bank, Mr. Abubakar Suleiman, said that the bankers committee is partnering with the Chartered Institute of Bankers of Nigeria (CIBN) to train more Nigerians in digital financial inclusion, especially to fastrack the adoption of e-naira.

According to him, "The e-naira is a breakthrough in digital transactions, and as banks, our role is to encourage adoption of the technology which we hope the partnership with CIBN will produce."

Earlier in his remarks, the Director Banking Supervision at the Central Bank of Nigeria (CBN), Mr. Haruna Mustapha, said that the bankers committee meeting had focused on the e-naira, RT 200 policy and the initiatives on payment platforms.

Mustapha said it was important to review the policies to see areas where they will need improvement to support growth and development of the economy.

Background

The CBN had announced an initiative on 10th February 2002, and launched the RT200 Programme, to stimulate non-oil exports, with a $200 billion forex income target in the next five years.

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

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

It is also expected to provide loans to companies for value-addition and production of finished goods for export at five percent for a 10-year period, with two years of moratorium.

Other key features of the programme, according to the CBN boss, included non-oil commodities expansion facility; non-oil FX rebate scheme; and biannual non-oil export summit.

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

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

Highlights Of The Policy So Far

So far, $60 million repatriated from policy in two months; N3.5 billion rebate released; 150 exporters to benefit; policy to last for at least five years; and targets mostly non-oil exports.

Why CBN Debited 10 Banks N7.02 trn Over CRR Violation

Kingsley Benson

The Central Bank of Nigeria (CBN) debited 10 banks a total N7.02 trillion over failure to meet the 27.5 percent Cash Reserve Requirement (CRR) threshold.

According to audited financial statements of the banks, the apex bank had debited them a sum of N6.71trillion in 2020 for not meeting its monetary requirement.

The CRR is the minimum amount banks and merchant banks are expected to retain with the CBN from customer deposits and it carries no interest and is not available for use by the banks in their day-to-day operations.

In early 2020, the apex bank's Monetary Policy Committee (MPC) increased CRR by five per cent from 22.5 percent to 27.5 percent over its intention to address monetary-induced inflation whilst retaining its 65 percent Loan Deposit Ratio (LDR) policy.

The CBN by regulation forces banks to retain up to 27.5 percent of their deposits in CRR requirement, meaning that the deposits are not accessed by the banks for loans and advances.

The policy, which started in 2019 has drawn criticisms from most of the banks and shareholders who have cited a drop in their profit as a major consequence.

The banks include: Access Bank Plc, Guaranty Trust Bank (GTBank), United Bank for Africa (UBA) Plc, FCMB group and Sterling Bank Plc.

The others are; Union Bank of Nigeria Plc, Stanbic IBTC Holdings Plc, Fidelity Bank Plc, and Zenith Bank Plc.

Analysis of the 2021 audited accounts shows that Access Bank, followed by Zenith Bank suffered the highest debits in 2021, among other 10 banks, while Sterling bank suffered the lowest debit.

Access bank and Zenith Bank are the top two banks in terms of customer deposits.

Access Bank reported 12 percent increase in restricted deposits with CBN in 2021 to N1.47trillion from N1.31trillion reported in 2020, while Zenith Bank reported a decline of 6.05 percent to N1.25trillion CRR deposit with CBN as against N1.33trillion in 2020.

GTBank, the banking subsidiary of Guaranty Trust Holding Company reported N953 billion CRR debit with CBN, a decline of 5.5 percent from N1.01trillion reported in 2020.

The Group in its 2021 audited results explain, "restricted deposits with central bank comprises restricted deposits with the central bank not available for use in the Group's day-to-day operations.

"The GTBank Nigeria had restricted balances of N953,040,540,000 with the CBN as at 31 December 2021 (December 2020: N1,008,748,051,000). This balance is CBN cash reserve requirement. The cash reserve ratio represents a mandatory total Naira deposit which should be held with the CBN as a regulatory requirement."

The group in its 2021 investors/analysts' presentation noted that CRR closed at N952 3 billion in 2021 from N1 009 trillion in 2020, resulting in effective CRR ratio of 37.6 percent from 44.33 percent in 2020 (with Special Bills, CRR closed 59.7 percent).

However, UBA's suffered a debit of N915.15billion in 2021, a decline of 13 percent from N1.05trillion reported in 2020.

Union Bank of Nigeria and Stanbic IBTC reported 28 percent and 22 percent increase in deposits kept with the central bank as CRR in 2021, respectively.

The effect can be seen in both banks' profits reported in the year under review.

From recording a mandatory deposit of N454.8billion with CBN in 2021 from N356.45billion in 2020, Union Bank of Nigeria reported 20 percent decline in profit before tax to N20.69 billion in 2021 from N25.97 billion, as Stanbic IBTC reported 30.3 percent drop in profit before tax to N66 billion in 2021 from N94.72 billion when its CRR closed 2021 at N423.18billion in 2021 from N348.17billion reported in 2020.

Other banks are Fidelity Bank with N686.1billion CRR debit from CBN in 2021 as against N540.13billion in 2021; Wema Bank grew its CRR debit to N313.8billion in 2021 from N246.97billion in 2020; FCMB Group closed 2021 with N309.63billion CRR debit with CBN from N289.14billion in 2020 and Sterling Bank reported N243.87billion mandatory reserve deposits with CBN from N228.79billion in 2020.

Analysts at GTCO in its report titled "Nigeria Macro-economic outlook for 2022," explained that the reason for the tight system liquidity is the CBN's discretional CRR debits which posed a huge challenge to credit growth for most banks.

According to them, "A rough estimate of the industry's effective CRR position suggests that about 50 percent of total naira deposits are sterilised with the CBN as CRR and Special Bills.

"Going into 2022, the general build-up to the 2023 Elections will very likely result in a system awash with liquidity. We believe that the apex bank will tighten the system from the second half of the year just as political campaigns start, to mop-up excess liquidity from the system.

"Although it is unlikely that the CBN will slow down on its discretional CRR debits, we expect more banks to approach the apex bank for the release of a portion of their 'excess' CRR to assist them in funding their transactions, payment of regulatory levies/fees, etc."

NEWS IN PICTURE

The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Shamsunna Ahmed,** with others during the Ministry of Finance Incorporated (MoFI) Stakeholders sensitisation workshop in Abuja.

NEWS IN PICTURE

2ND ANNUAL NATIONAL TAX DIALOGUE

FIRS FEDERAL INLAND REVENUE SERVICE

FEDERAL INLAND REVENUE SERVICE 15 SOKODE CRESCENT, WUSE ZONE 5, P.M.B 33, GARKI, ABUJA, NIGERIA

KEY CHANGES TO TAX LAWS INTRODUCED BY 2021 FINANCE ACT

A. Capital Gains Tax Act (CGTA)

1. Capital gains from the disposal of stocks and shares in Nigerian companies, for aggregate proceed amounting to Woo million or more in any period of consecutive months, is liable to CGT at 10% where the proceeds have not been reinvested within the same year of assessment in the acquisition of shares in the same or other Nigerian Companies [Section 30(2) CGTA].

B. Companies Income Tax Act (CITA)

2. Profits of companies engaged in educational activities now liable to tax due to the removal of educational activities from the exempt provisions of Section 23(1)(c) of CITA.

3. The profits of companies from the exports of goods produced in Upstream. Midstream and Downstream Petroleum operations are liable to tax as clarified in section 23(1)(q) of CITA.
4. Non-resident companies liable to tax on profits arising from providing digital goods or services to Nigerian customers under the Significant Economic Presence (SEP) Rule may be assessed on fair and reasonable percentage of their turnover in the event that there is no assessable profit, the assessable profit is less than what is to be expected from that type of trade or business, or the assessable profit cannot be ascertained **[Section 3o (1)(b)(iia) of CITA].**

5. Capital allowance on qualifying capital expenditure incurred in generating tax-exempt income is not deductible from the assessable profits arising from income not exempt from tax under CITA. Capital allowances accruing in respect of QCE employed for both taxable and tax-exempt income shall be pro-rated where the tax-exempt income constitutes more than 2o% of the total income of the company **[section 31(1A) (1B) of CITA].**

6. Capital allowance on qualifying capital expenditure incurred by small companies are deemed utilised during the periods such companies are tax-exempt **[section 31(1C) of CITA).**

7. Minimum tax rate is reduced from 0.5% to 0.25% for any two consecutive :v.,'counting periods falling on 1 January 2019 to 31 December 2021, as may be elecLA by thetaxpayer **[Section 33 of CITA].**

8. A company engaged in a trade or business of gas utilisation in downstream operations in Nigeria is entitled to a tax-free period, with respect of that trade or business, only once in its lifetime: additional investment, reorganisation or other forms of corporate restructuring shall not qualify it for further incentive. The company will also not be entitled to similar incentive under any other sections of CITA or other law **[Section 39(1)(a) of CITA].**

9. Any company that claims the reduced 0.25% rate under the minimum tax rule in section 33 of CITA but filed its tax returns late is liable to penalty that is equal to the benefits or reduction claimed **[Section 55 of CITA]**.

10. Taxpayers may pay tax due in instalments provided that the final instalment shalt be paid on or before the due date of payment **[Section 77 of CITA].**

11. WHT deducted from payments to a Unit Trust shall be the final tax on such income provided the said deduction is fully remitted to FIRS [Section 78(4) of CITA].

C. Tertiary Education Trust Fund Act (TETFA)

12. The rate of tertiary education tax has been changed from 2% of assessable profits to 2.5% of assessable profits [Section 1 of TETFA].

D. National Agency for Science and Engineering Infrastructure (NASENI) Act

13. Companies engaged in the business of banking, mobile telecommunication, ICT, aviation, maritime and oil and gas with turnover of Nino million and above, are liable to pay NASENI Levy at 0.25% of their profits before tax and the tax is to be administered by FIRS **[section 20 of NASENI Act].**

E. Nigeria Police Trust Fund (Establishment) Act

14. FIRS is vested with the duty to assess, collect, account and enforce the payment of the Nigeria Police Trust Fund Levy. The levy is 0.005% of the net profit of companies operating business in Nigeria as provided under Section 4 of the Nigeria Police Trust Fund (Establishment) Act.

F. Value Added Tax Act (VATA)

15. Non-Resident Suppliers of taxable goods or service, to Nigeria, or any other person appointed by the Service to collect tax under the VAI Act have statutory obligation to collect the tax and remit same to the Service **[section to of VATA]**.

16. Companies engaged in Upstream Petroleum operations will continue to have obligation to withhold VAT, even when they have not commenced commercial operations or have not reached N25 million turnover **[Section 15 of VATA].**

G. Federal Inland Revenue Service (Establishment) Act (FIRSEA)

17. Any person who fails to grant FIRS access to its information processing systems to deploy its automated tax administration technology after a 30 days' notice, or such extension granted by the Service, is liable to a penalty of N25,000 for each day it continues to fail to grant the access [Section 25 (4B) of FIRSEM.

18. Any bank that fails to prepare and submit quarterly returns of new accounts or any information requested by the relevant tax authority, or submit incorrect returns or information, under section 28 of FIRSEA or sections 47 and 49 of PITA, is liable to a penalty of Nim for each quarterly return or information not provided or incorrect returns or information provided.

19. Any person employed in the Service or otherwise that has access to taxpayeinrformation is under a strict legal obligation to keep such information confideLnetaiakl.ages of taxpayer information by such person is liable to fine, imprisobnomteh nfit noe rand imprisonment **[Section 50 of FIRSEA].**

20. It is an offence, punishable by a fine ofNiom, imprisonment or both, for any agency of the Federal Government (other than FIRS) or any of their staff or consultant, to a demand for books or returns for the purposes of tax, or carry out the function of assessment, collection or enforcement of tax, or pay any portion of tax revenue to any portion of tax revenue to any person or into any account, other than the relevant accounts designated by the constitution or relevant laws of the NationalAssembly **[Section 68(3) of FIRSEA]**.

21. Other Agencies of the Federal Government are under statutory obligation to report cases requiring tax investigation, enforcement or compliance, encountered in the course of performing their function, to the Service for necessary action; they are forbidden from carrying out tax monitorinig, audit or investigation **[Section 68(5) of FIRSEA]**

All enquiries on any aspect of this publication should be directed to the office of:

Executive Chairman, Federal Inland Revenue Service, Revenue House, No. 15 Sokode Crescent, Wuse Zone 5, Abuja	or	Director Tax Policy & Advisory Department, Revenue House, Annex 4 No. 12 Sokode Crescent, Wuse Zone 5, Abuja.

E-mail: enquiries@firs.gov.ng; tpld@firs.gov.ng
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Energy, Prices of Food Items, Pushed Inflation To 15.92%

Albert Egbede

As normalcy is beginning to resume in the oil and gas sector following the scarcity witnessed in the energy sector, March inflation report has shown that the effect of the scarcity recorded last month has resulted in a further increase in inflationary figures.

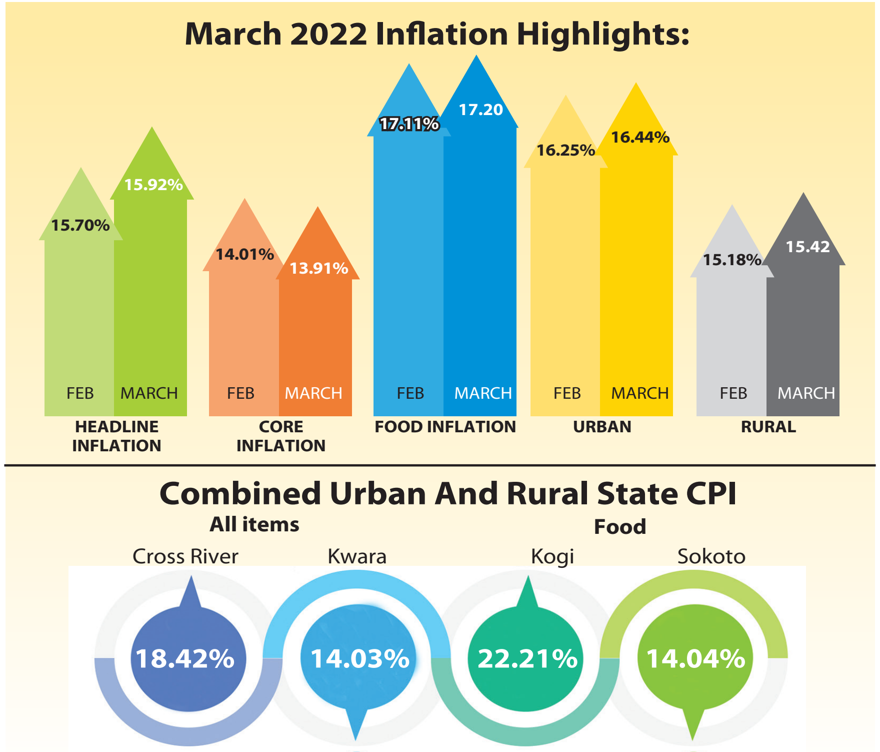
This is just as the consumer price index (CPI), which measures the rate of increase in the price of goods and services, surged to 15.92 percent in March 2022, according to the National Bureau of Statistics (NBS) report released recently.

The figure represents the highest rate recorded since October 2021 — and 0.22 percent points higher than the 15.7 percent recorded in the previous month (February 2022).

According to the bureau, the rate is 2.25 percent points lower compared to 18.17 percent recorded in March 2021, indicating a slow down (year-on-year) in March 2022.

"On month-on-month basis, the headline index increased to 1.74 percent in March 2022, this is 0.11 percent points higher than the rate recorded in February 2022 (1.63 percent)," the report said.

The percentage change in the average composite CPI for the twelve months ending March 2022 over the average previous twelve months period is 16.54 percent,



this shows 0.19 percent points decrease compare to 16.73 percent recorded in February 2022.

"The urban inflation rate increased to 16.44 percent year-on-year in March 2022 showing a decline of 2.32 percent points from the rate recorded in March 2021 (18.76 percent). In the same vein, the rural inflation increased to 15.42 percent in March 2022 with a decrease of 2.18 percent points from 17.60 percent recorded in March 2021.

"On a month-on-month basis, the urban index rose to 1.76 percent in March 2022, this was up by 0.11 percent points from the rate recorded in February 2022 (1.65 percent). The rural index rose to 1.73 percent in March 2022, with a 0.12 percent point increase from 1.61 percent recorded in February 2022."

The core inflation rate dropped to 13.91 percent in March from 14.01 percent recorded in February 2022. The rise in the core index was attributed to the increase in the prices of gas, garments, cleaning, repair and hire of clothing, shoes and other footwear.

Other items, which recorded significant price increases, include clothing materials, other articles of clothing and clothing accessories, liquid fuel, fuels and lubricants for personal transport equipment and other services in respect of personal transport equipment.

The report also said food inflation rose to 17.2 percent in the review month, an uptick compared to the 17.11 percent recorded in the preceding month. This rise in the food index was caused by increases in prices of bread and cereals, food product, potatoes, yam and other tubers, fish, meat, oils and fats.

Recalled that Russia-Ukraine war has had a ripple effect on global food prices, affecting gas and food prices, most especially bread prices.

The Russian Federation and Ukraine, combined, accounted for around 30 percent and 20 percent of global wheat and maize exports, respectively, over the past three years.

Also, the March report, by the Food and Agriculture Organisation (FAO) said global food prices surged by 13 percent in March, making a giant leap to the highest level ever.

March 2022 Inflation Highlights

Headline Inflation March 2022 15.92 percent February 2022 15.70 percent

Core inflation March 2022 13.91 percent February 2022 14.01 percent

3. Food inflation March 2022 17.20 percent February 2022 17.11percent

4. Urban March 2022 16.44 percent February 2022 16.25 percent

5. Rural March 2022 15.42 percent February 2022 15.18 percent

Combined urban and rural state CPI

All Items

Highest - Cross River -18.42 percent

Lowest- Kwara -14.03 percent

Food

Highest - Kogi - 22.21 percent

Lowest - Sokoto -14.04 percent

PFAs Driving Pension Growth, Invests N74.5 bn On Infrastructure

● As Over 63,000 RSA Users Switch Accounts

Pension Fund Administrators (PFA) have intensified investments into the pension sector to boost growth and growth assets of the sector. Our correspondent, ***Majeed Salaam*** *writes.*

Latest report from National Pension Commission (PenCom) has shown that Pension Fund Administrators invested N74.54 billion in infrastructure from the N13.76 trillion under the Contributory Pension Scheme (CPS) at the end of February 2022.

As it stands, investors have continued to lobby operators of the scheme to invest more funds into infrastructure development.

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, said that the bank was seeking to access part of the pension funds for infrastructure projects.

He said this at the InfraCorp term-sheet signing event in Lagos.

According to him, InfraCorp is a government-backed infrastructure investment vehicle established and co-owned by the CBN, Africa Finance Corporation (AFC), and Nigeria Sovereign Investment Authority (NSIA) (the promoters) and managed by its own board and management.

The vehicle, he said, was established to harness opportunities for infrastructure development in Nigeria by originating, structuring, executing, and managing end-to-end bankable projects, managed by reputable and highly experienced infrastructure asset managers and in partnership with public and private sector participants.

He said that InfraCorp would mainly leverage public-private partnerships to unlock assets for the development and completion of projects.

Emefiele said: "From today, we are unveiling InfraCop to Nigeria and because we are sure, we are confident that the funding of N15trillion is available. We have done our scoping, we believe that a substantial portion of the N15trillion is available locally.

"There is a lot of liquidity today, not just in the banking industry; there is a lot of liquidity that is currently held by our pension funds managers. I understand from the last count that the size of Nigeria's pension fund is over N13trillion."

He added: "I am told that in another three to five years, Nigerian pension assets will rise from almost N20trillion to N25trillion. In other countries where infrastructure corporations have worked, pensions funds have been used to develop the infrastructure of those countries.

"Emerging market economies have used private sector funds coming from either pension fund managers or the banking industry to set an example that we here in Nigeria that we stand ready to support infrastructure development, to support the government in the development of Nigeria infrastructure, and that is our solemn pledge today that we will."

The Pension Fund Operators Association of Nigeria has said that the CPS is helping Nigerian workers to save for retirement and provide funds for infrastructure development.

It, however, stated that the funds could only be invested in assets approved according to guidelines set down by PenCom.

63,738 RSA Holders Switch Account

Also, latest report from PenCom shows that no fewer than 63,728 workers under the Contributory Pension Scheme that were displeased with their Pension Fund Administrators have changed their pension companies since the National Pension Commission opened the transfer window.

Figures obtained from PenCom showed that the contributors transferred N226.98billion to new PFAs of their choice.

According to PenCom, 2,799 aggrieved contributors transferred N18.9bn in the fourth quarter of 2020, while 12,681 transferred N47.78bn in the first quarter of 2021.

In the second and third quarters of 2021, 10,166 and 12,872 displeased contributors left their PFAs and transferred N35.89billion and N45.56billion respectively, while in the fourth quarter of 2021 and first quarter of 2022, 12,874 and 12,336 workers transferred N42.49billion and N36.36 after leaving their former PFAs.

Section 13 of the Pension Reform Act 2014 specifies that a Retirement Savings Account holder may transfer his RSA from one PFA to another.

It added that such transfer should not be more than once a year.

PenCom opened the transfer window in November 2020, which allowed contributors to change their PFAs.

"Effective transfer of RSAs from one PFA to another requires an accurate and reliable database as it is important to ensure that the pension assets transferred belong to the bonafide RSA holders initiating the transfers," it said.

PenCom noted that the opening of the RSA transfer window was done after it ensured that robust IT infrastructure to drive the process was put in place.

It said the process was finalised in June 2019 with the deployment of an enhanced contributor registration system for the pension industry.

The pension regulator said that the ECRS incorporated extensive validations, controls and data requirements that would deliver high data integrity standards for the pension industry.

It said that the upgrade of RSA holders' details to meet the ECRS standards was, therefore, a prerequisite for RSA transfers.

Those who registered with various PFAs from the inception of the Contributory Pension Scheme to June 2019 were required to get recaptured, it added.

Why SEC Is Raising Concerns On Unclaimed Dividend

Joseph Uchea

The Securities and Exchange Commission (SEC) has explained why it is concerned about the capital market's high rate of unclaimed dividends.

Mr. Lamido Yuguda, the Director-General (DG) of SEC, made this known during the Post Capital Market Committee (CMC) webinar press briefing recently.

Unclaimed dividends, according to the DG, were caused by multiple subscriptions, in which some investors used various methods to subscribe for more than the allowed amount of shares during public offerings.

Despite the fact that dividends are now issued electronically, Yuguda noted that there is still a large number of unclaimed dividends. He said that the number of unclaimed dividends would plummet if everyone mandated their accounts.

"This process is still open; you can do that with the registrar, from commercial banks.

"We also have on our website a tool which helps you to determine any unclaimed dividend that you may have and I will encourage everyone to take advantage of these tools," he said.

Yuguda said that dividends that had not been claimed over a certain period were being transferred into the trust fund.

According to him, if anyone comes forward at any given time to claim their unclaimed dividend, this fund will be able to repay those dividends without any problems.

The DG said that any investment scheme not registered with the Commission was not a bonafide capital market operator.

He urged investors to always check with SEC to know the licensed operators before investing.

"SEC can register a capital market operator and that operator in the cause of his business begins to show signs of distress, the SEC has adequate mechanism to deal with this through our monitoring and enforcement arm," he said.

Mr. Lamido Yuguda, Director-General of the SEC

Recalled that worries have grown after the federal government as àdecided to securitise unclaimed dividends and inactive account balances in the country for up to six years.

The management of unclaimed dividends and dormant account balances has been included in the recently assented 2020 Finance Bill, along with many other provisions intended by the Federal Government of Nigeria to mitigate Nigeria's fiscal frailties and economic crunch caused by the emergence of COVID-19.

The funds realised will be placed in a trust fund, managed by the Debt Management Office (DMO). The DMO's responsibility also includes payment of claims for such dividends and the accompanying compensation for accrued interest.

The SEC revealed that unclaimed dividends in the Nigerian Capital Markets rose to N170 billion as at December 2020.

The figure rose from N158.44 billion total unclaimed dividends as of December 2019, citing issues related to poor identity management.

The SEC issued a circular in 2015 requiring business registrars to refund unclaimed dividends kept for up to 15 months to the paying corporations.

Similarly, the Companies and Allied Matters Act (CAMA) 1990 (updated 2020) required corporations to publish a list of unclaimed dividends that included the names of all intended recipients. Unclaimed dividends could then be repurposed for investment purposes.

Assures Staff on Industrial Harmony

Meanwhile the management of (SEC) has assured staff of the Commission of its commitment to ensure industrial peace and harmony in the SEC.

Executive Commissioner Corporate Services of the SEC, Ibrahim Boyi, stated this while addressing protesting members at the headquarters of the Commission recently.

Boyi assured the staff of management's readiness to dialogue with the staff in a bid to ensuring industrial harmony in the Commission.

Technology Right Way to Go

Also, SEC has restated its commitment to ensuring that technology plays a major role in enabling the nation's capital market attain its full potentials.

Yuguda stated this during a meeting with the management Team of Financial Sector Deepening (FSD) Africa in Abuja, last weekend.

FSD Africa's support is centred around the development of capital markets master plans, conducting institutional capacity assessments, and creating capacity for sustainable finance such as green bonds, helping markets to adapt to their operating climate.

Yuguda expressed the Commission's delight with the support from FSD Africa in the areas of Human Resource transformation, Information Technology Strategy as well as Capital Market Master Plan review.

"I cannot but express my support to FSD Africa for the various support they have given to the Commission in various areas. We are very excited about the Human Resource Transformation exercise as the report will assist the Commission in profound ways that will lead to optimal productivity of staff.

"What you are doing is commendable, you are looking at African financial markets and trying to assist to ensure that productivity and development is enhanced. We therefore assure you that these investments are well placed and we will continue to work to earn the confidence that you have in us".

"We are glad with all the assistance we have received, the Master plan review has been concluded by PWC and we hope that the implementation of the Capital Market Master Plan will deepen our market and improve the capital market's contribution to our economic growth and national development.

To this end, the review of the Capital Market Master Plan better positions the SEC to deliver on these objectives in these very challenging times. The FSD Africa and SEC Nigeria's laudable partnership underscores our mutual goals to build financial markets that are robust, efficient and above all inclusive."

SEC has over the years resolved its commitment in leveraging technology to improve capital markets operations.

SEC, Others Working To Tackle Cybersecurity Risks, Says Yuguda

Majeed Salaam

The Securities and Exchange Commission (SEC) is currently working with other agencies on strategies to tackle potential cyber security threats in the capital market.

The Director-General of SEC, Lamido Yuguda, disclosed this recently after the first Capital Market Committee (CMC) meeting of 2022.

For over two decades, the CMC has served as a veritable platform for interface amongst capital market stakeholders to discuss issues, germane to the development and orderly conduct of market activities.

The SEC DG recalled that during the last CMC in 2021, Colonel Bala Fakandu of the Office of National Security Adviser (ONSA) sensitised members on the implementation of the National Cybersecurity Policy and Strategy for the finance and capital market sector.

He said that the issue of cybersecurity is becoming increasingly important globally as many of the activities of individuals and organisations are now being conducted digitally more than ever before.

The SEC DG told journalists that while this has significantly raised efficiency level, it has triggered a new set of risks that the commission must recognize and guard against.

This, according to him, necessitated the need to work towards a sectoral strategy for tackling these risks.

He said: "The issue of cybersecurity is becoming increasingly important globally. Many of our activities as individuals and organisations are now conducted digitally more than ever before.

"While this has significantly raised our efficiency level, it has triggered a new set of risks which we must recognise and guard against. We are working towards a sectoral strategy for tackling these risks."

Yuguda said that the commission will continue to enhance the existing regulatory framework guiding the operations of the market by keeping pace with the evolving changes in market practices, especially with the advent of financial technology which has significantly altered the ways and means of transacting business in the capital market.

He also said the commission has successfully concluded the extensive review of the ISA 2007 to pass the Investment and Securities Bill 2021 into law during the year 2022.

"In conjunction with the National Assembly committees on the capital market, the commission organised a retreat to review the entire Bill. We sincerely appreciate the support received from both the Senate and House of Representatives Committees on the capital market during the review exercise," he said.

Speaking on the updated Master Plan, which would guide the development of the capital market for the next five years, the SEC DG explained that the review, which forms a critical part of the implementation process and was necessary to ensure that the initiatives remain relevant, are measurable and goal-oriented, has been completed.

He added that the commission would in the nearest future be extending an invitation to all market stakeholders for the launch of the revised Masterplan.

On the issue of transaction fees which were non-existent or negligible in the debt capital market, the SEC DG said that the cost of regulation was relatively the same as in other instruments and markets.

This, he noted, is in addition to the fact that tax advantage gave the market some support, allowing it to grow.

He added: "This support was largely financed by fees from other segments of the capital market. We believe that the debt capital market has grown tremendously and is mature enough to contribute to the cost of regulating the Nigerian capital market, ensuring it remains safe and fair to all participants.

"As such, the commission introduced a regulatory fee structure on secondary market transactions in debt instruments, which took effect from January 1, 2022."

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

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

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

DEPOSIT GUARANTEE

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

BANK SUPERVISION

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

DISTRESS RESOLUTION

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

BANK LIQUIDATION

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

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

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

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

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

OUR CORE MANDATES

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

We Have Recovered N53.5 bn Within The Last 12-18 Months – Finance Minister

Kingsley Benson

Mrs. Zainab Ahmed, Honourable Minister Of Finance, Budget And National Planning

Working in collaboration with the Office of the Accountant General of the Federation (OAGF), the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed, has said that the federal government has recovered N53.5billion within 12 to 18 months.

In her speech at the formal launch of the 'Project Lighthouse Debt Analytics And Reporting Platform' recently in Abuja, she said: "We have been able to recover the sum of N53.5 billion within the last 12-18 months, through the Government Integrated Financial Management Information System (GIFMIS) as a recovery touch point."

However, to consolidate on the current effort of the project, a debt recovery application has been built to be monitored by the new debt recovery unit, according to her.

The debt recovery unit, as she stated, "will capitalise on the effort made by the project consultants to provide the government with up-to-date records into its credit status by harmonising debt records across all MDAs within the country, give debtors access to a platform to view and offset debt in a seamless and secured manner as well as strengthen the institutional framework for enforcement and management of the federal debt recovery plan."

Mrs. Ahmed recalled that a perfunctory review of perceived significant leakages in federal government led the Ministry of Finance, Budget and National Planning to issue a directive on 26th September 2019, to all government agencies in a bid to aggregate all government's debts across all ministries, departments and agencies (MDAs), with a view to having a single window on the credit profile of government.

Stating further on the efforts being made by the government, she said: "Sequel to the issuance of the finance circular, the ministry, through the consolidation efforts of the project, has been able to aggregate monumental debts of approximately N5.2 trillion. These debts came to the spotlight from data aggregated from over 5,000 debtors across 10 MDAs.

Mrs. Ahmed noted: "Despite the fact that we live in a technology and data-centric world, we have not had a culture of using data and information to guide the formulation, implementation and impact assessment of our initiatives and policies or even in carrying out our mandate as a ministry. This modus operandi presents a number of challenges."

In her words: "First, our policies are not usually empirically based. Second, we are not able to effectively track the implementation and impact of these policies, initiatives, programmes and mandate. Third, we lack data to help guide the revision or optimisation of these policies.

In response to the aforementioned challenges, the Honourable Minister said that the Federal Ministry of Finance, Budget and National Planning initiated 'Project Lighthouse'. In July 2017 during the first phase of Project Lighthouse, data, according to her, was mined from multiple sources to support the implementation of the Voluntary Assets and Income Declaration Scheme (VAIDS).

"The data included tax records from tax authorities, company ownership and directors from Corporate Affairs Commission (CAC), land records from land registries, company directors' information from National Insurance Commission (NAICOM), Asset Management Corporation of Nigeria (AMCON), non-structured data from online sources, contractor payment records from GIFMIS, Remita, etc. "All these data helped us to identify and better profile individual and corporate taxpayers. It also helped to identify tax defaulters and potential beneficiaries of VAIDS.

The exercise, Mrs. Ahmed stated, raised awareness about VAIDS. "It increased the level of responses we got, helped us to know more about taxpayers, their assets and income sources that were hitherto unknown to government and tax authorities,' she also stated.

On the system capabilities, she said that the main capabilities of the Project Lighthouse debt recovery application are: Admin:- to create users and their usage profiles; Public:- to allow owners/representatives of registered companies with the Corporate Affairs Commission (CAC), sign up on the system and ascertain the status of their liabilities to the government; Payment Management:- to be used by debtors to offset debt in a seamless and secured manner; Government Interface:-to be used by the Federal Ministry of Finance, Budget and National Planning to track the credit profile of the government, ascertain details of outstanding amount due and amount recovered from debtors.

"It also gives MDAs access to update debt records progressively. In addition to this, a fully functional website has been developed to effectively manage public perception around the government debt recovery efforts and revenue improvement strategies," she also stated.

According to Mrs. Ahmed, the usefulness of the platform for revenue generation effort would be dependent on the cooperation and commitment of the key stakeholders in providing quality and relevant debt-related information to populate the platform.

"It is also our belief that your organisation stands to benefit immensely from the intelligence that Project Lighthouse will be producing," she said.

Using the opportunity of the formal launch, Mrs. Ahmed urged all federal government owned enterprises (FGOEs) and MDAs to update their list of debtors on a month-on-month basis against the Project Lighthouse debt recovery portfolio. "This also encompasses the development of an institutional framework for enforcement, recovery and management of the fiscal environment," she further said.

On the challenges faced in the process, she said: "These achievements were not without challenges, but as a team, we worked tirelessly to put these challenges behind us, to mutter our modest strides. As a government, we recognise that bringing up the issue of tax will automatically bring up the issue of service delivery and good governance."

Stating further she again said" "We welcome that dialogue because it is an important part of the social contract that any taxpayer has the right to demand. In that regard, you have the full assurance that the President Muhammadu Buhari led administration is committed to best value, improving fiscal transparency, and driving Nigeria's growth.

"More efficient revenue mobilisation and blocking leakages would provide more funds to deliver on the needs of Nigeria. A growing economy, focusing on the areas where we have comparative advantage, with a strong focus on infrastructure and improved ease of doing business, is a clear recipe for growth, profit and progress. I will be the first to admit that more efforts are needed in this direction. "However, I am convinced that the structures this administration has put in place will in no distant time revolutionise fiscal policy in the country and anchor a robust economic growth.

In conclusion, the Honourable Minister stated her firm belief that together "we can dramatically change our revenue story by fully and innovatively exploiting the great power of big data analytics and related technologies."

Apart from urging all stakeholders to put in their best to ensure the successful implementation of this initiative, she hoped that "this is only the beginning of a very important journey of strengthening the institutional framework for debt enforcement, recovery and management of the fiscal environment."

Mrs. Ahmed noted that the Federal Ministry of Finance, Budget and National Planning has witnessed great feats under her watch, and these have had great impact on the economy, one of which is the launch of Project Lighthouse Debt Analytics and Reporting Application.

On the efforts to sustaining the economy, she recalled that one of the key economic policy objectives of the current administration, as contained in the Economic Recovery and Growth Plan (ERGP), is improving overall federal government revenues by targeting and increasing revenues from non-oil revenue sources. "ERGP also aims, among other goals, to increase the tax base by drastically increasing the Company Income Tax and Value Added Tax compliance, bringing additional taxpayers into the tax net, and increase Tax to GDP ratio.

"You will recall that in the last few months, major steps have been taken to improve the fiscal position of government. One of such steps is the implementation of quite a number of portfolio initiatives under the Strategic Revenue Growth Initiatives (SRGI), which some of you have been participating in," she stated.

She further noted: "Despite the fact that we live in a technology and data-centric world, we have not had a culture of using data and information to guide the formulation, implementation and impact assessment of our initiatives and policies or even in carrying out our mandate as a ministry."

fmfinsights
Economy & Investment

ADVERT RATE

COLOUR

PRODUCT

Size	Rate	Vat (7.5%)
F/P	557,916.68	41,843.76
H/P	316,462.50	23,734.68
Q/P	152,770.00	11,457.76
14.5x5	452,218.76	33,916.40
14.5x3	271,293.26	20,347.00
10x6	374,250.00	28,068.76
10x5	311,875.00	23,390.62
10x4	249,500.00	18,712.50
9x6	336,825.00	25,261.88
9x5	280,687.50	21,051.56
9x4	224,550.00	16,841.26
9x3	168,412.50	12,630.94
8x6	299,400.00	22,455.00
8x5	249,500.00	18,712.50
8x4	199,600.00	14,970.00
7x6	251,975.00	18,898.12
7x5	218,312.50	16,373.44
7x4	174,650.00	13,098.76
7x2	172,150.00	6,549.38
6x4	149,700.00	11,227.50
6x3	112,275.00	8,420.62
6x2	74,850.00	5,613.75
5x6	187,125.00	14,034.38
5x5	155,937.50	11,695.32
5x4	124,750.00	9,356.26
5x3	93,562.50	7,017.18
5x2	62,375.00	4,678.12
4x4	99,800.00	7,485.00
4x3	74,850.00	5,613.76
4x2	49,900.00	3,742.50
3x2	37,425.00	2,806.88
2x2	24,950.00	1,871.26
2x1	12,475.00	935.62
1x1	6,237.50	467.82

PUBLIC NOTICE POLITICAL

Size	Rate	Vat (7.5%)
F/P	578,838.55	43,412.90
H/P	328,329.84	24,624.74
Q/P	158,498.88	11,887.42
14.5x5	234,558.65	35,183.80
14.5x3	284,858.44	21,364.38
10x6	388,303.80	29,122.78
10x5	323,586.50	24,268.98
10x4	258,869.20	19,415.20
9x6	349,473.42	26,210.50
9x5	291,227.85	21,842.08
9x4	232,982.28	17,473.68
9x3	174,736.70	13,105.26
8x6	310,643.04	23,298.22
8x5	258,869.20	19,415.20
8x4	207,095.36	15,532.16
7x6	271,812.66	20,385.94
7x5	226,510.55	16,988.30
7x4	181,208.44	13,590.64
7x2	90,604.22	6,795.32
6x4	155,321.52	11,649.12
6x3	116,491.14	8,736.84
6x2	77,660.76	5,824.56
5x6	194,151.90	14,561.40
5x5	161,793.24	12,134.50
5x4	129,434.60	9,707.60
5x3	97,075.95	7,280.70
5x2	64,717.30	4,853.80
4x4	103,547.66	7,766.08
4x3	77,660.74	5,824.56
4x2	51,773.84	3,883.04
3x2	38,830.38	2,912.28
2x2	25,886.92	1,941.52
2x1	12,943.46	970.76
1x1	6,471.72	485.38

BLACK AND WHITE

PRODUCT

Size	Rate	Vat (7.5%)
F/P	366,792.56	27,509.44
H/P	198,423.18	14,881.74
Q/P	95,782.00	7,183.66
14.5x5	283,950.60	21,296.30
14.5x3	190,000.00	14,250.00
9x6	234,993.60	17,624.52
9x5	176,245.20	13,218.4
9x4	140,996.16	10,574.72
9x3	105,747.12	7,931.04
8x6	187,994.88	14,099.62
8x5	156,662.40	11,749.68
8x4	126,329.92	9,474.74
7x6	164,495.52	12,337.16
7x5	137,079.60	10,280.98
7x4	109,663.68	8,224.78
7x2	54,831.84	4,112.38
6x4	93,997.44	7,049.80
6x3	70,498.08	5,287.36
6x2	70,498.08	5,287.36
5x6	117,496.80	8,812.26
5x5	97,914.00	7,343.56
5x4	78,331.20	5,874.84
5x3	58,748.40	4,406.14
5x2	39,165.60	2,937.42
4x4	62,664.96	4,699.88
4x3	46,998.72	3,524.90
4x2	31,322.48	2,349.18
3x2	23,499.38	1,762.46
2x2	15,666.24	1,174.96
2x1	7,833.12	587.48
1x1	3,916.56	293.74

PUBLIC NOTICE POLITICAL

Size	Rate	Vat (7.5%)
F/P	435,178.08	32,638.36
H/P	254,538.96	19,090.42
Q/P	131,226.90	9,842.02
14.5x5	38,040.56	2,853.04
14.5x3	232,825.87	17,461.94
10x6	319,512.00	23,963.40
10x5	266,260.00	19,969.50
10x4	213,006.00	15,975.46
9x6	287,560.80	21,567.06
9x5	239,634.00	17,972.56
9x4	191,707.20	14,378.04
9x3	143,780.40	10,783.54
8x6	255,609.60	19,170.72
8x5	213,008.00	15,975.60
8x4	170,406.40	12,780.48
7x6	223,658.00	16,774.36
7x5	186,382.00	13,978.66
7x4	149,105.60	11,182.92
7x2	74,552.80	5,591.46
6x4	127,804.80	9,585.36
6x3	95,853.60	7,189.02
6x2	63,902.40	4,792.68
5x6	159,756.00	11,981.70
5x5	133,130.00	9,984.76
5x4	106,504.00	7,987.80
5x3	79,878.00	5,990.86
5x2	53,252.00	3,993.90
4x4	85,203.20	6,390.24
4x3	83,902.40	6,292.68
4x2	42,601.60	3,195.12
3x2	31,951.20	2,396.34
2x2	21,300.80	1,597.56
2x1	10,650.40	798.78
1x1	5,325.20	399.40

SPECIAL POSITION	Rate	Vat (7.5%)
FPS 6x2	1,291,193.44	96,839.50
BPS 6x2	923,375.00	69,253.12
STRIP (FRONT) 2X6	1,322,912.50	99,218.44
STRIP (BACK) 2X6	1,037,500.00	77,812.50
STRIP (INSIDE) 2X6	218,460.38	16,384.52
EARPIECE (FRONT) 2X2	517,094.30	38,782.08
EARPIECE (BACK) 2X2	405,145.10	30,385.88
EARPIECE (INSIDE) 2X2	240,000.00	18,000.00
CENTERSPREAD (FULL)	3,320,000.00	249,000.00
CENTERSPREAD (HALF)	1,992,000.00	149,400.00
CENTERSPREAD (STRIP)	594,300.00	44,572.50
DOUBLESPREAD	2,982,952.00	223,721.40

WRAP	Rate	Vat (7.5%)
FULL WRAP	41,500,000.00	3,112,500.00
10 X 6	28,620,690.00	2,146,551.76
HALF PAGE (FRONT)	20,800,000.00	1,560,000.00
5X6 (FRONT)	14,312,344.00	1,073,425.80
4X6 (FRONT)	11,448,274.00	858,620.56
2X6 (UNDER MASTHEAD	7,262,500.00	544,687.50
2X6 (FRONT POLITICAL)	1,560,000.00	117,000.00

LOOSE INSERT	
RATE PER 1,000 SHEETS	60,000.00
HANDLING CHARGE (SINGLE)	1,000,000.00
HANDLING CHARGE (SINGLE)	1,000,000.00

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New Proposed Revenue Formula Cuts FG Allocation By 7%

Albert Egbede

The newly proposed revenue sharing formula has slashed the share of the federal government in a federally collected revenue by 7.57 percent and gives more to both states and local governments.

Details of the proposed formula by the Revenue Mobilisation Allocation and Fiscal Commission, (RMAFC) show that 45.17 percent is proposed for the federal government, 29.79 percent for state governments and 21.04 percent for the local governments.

Under the current sharing arrangement, the federal government takes 52.68 percent of the revenue share, states get 26.72 percent while the local governments get 20.60 percent.

Under Special Funds, the Report by the Commission recommended 1.0 percent for Ecology, 0.5 percent for Stabilisation, 1.3 percent for Development of Natural Resources and 1.2 percent for the FCT.

President Muhammadu Buhari while receiving it said he would await the outcome of the ongoing constitutional review process before presenting the revenue formula to the National Assembly.

The new vertical revenue allocation formula is the outcome of the consultation by RMAFC with major stakeholders, public hearings in all the geo-political zones, administered questionnaires and studies of some other federations with similar fiscal arrangements like Nigeria to draw useful lessons from their experiences.

"Ordinarily, I would have gone ahead to table this report before the National Assembly as a Bill for enactment.

"However, since the review of the vertical revenue allocation formula is a function of the roles and responsibilities of the different tiers of government, I will await the outcome of the constitutional review process, especially as some of the proposed amendments would have a bearing on the recommendations contained herein," he said.

Some of the recommendations in the report include establishing local government as a tier of government and the associated abrogation of the state/local government account; moving airports; fingerprints, identification and criminal records from the exclusive legislative list to the concurrent legislative list, empowering the RMAFC to enforce compliance with remittance of accruals into and disbursement of revenue from the Federation Account as well as streamlining the procedure for reviewing the revenue allocation formula."

The president assured members of the commission that the federal government would immediately subject the report to its internal review and approval processes while awaiting the finalisation of the efforts by the National Assembly.

According to the president this strategy, rather than issuing an Executive Modification order, as was done in 1992, is more in line with entrenching our democratic tenets.

He commended the RMAFC for a job painstakingly done, pledging his unwavering commitment and support to them in carrying out their constitutional mandates.

The president also thanked Nigerians, especially the state and local governments, for making their inputs through the broad stakeholder engagement processes that produced the report.

His words: "I am aware that the present revenue allocation formula has not been reviewed since the last stakeholder carried out in 1992.

"Considering the changing dynamics of our political economy, such as privatisation, deregulation, funding arrangement of Primary Education, Primary Health Care and the growing clamour for decentralisation political economy is necessary that we take another look at our Revenue Sharing Formula, especially the vertical aspects that relate to the tiers of government.

"This becomes we must take reduce our infrastructural deficit, make more resources available for tackling insecurity, confront climate change and its associated global warming and make life more meaningful for our rapidly growing population."

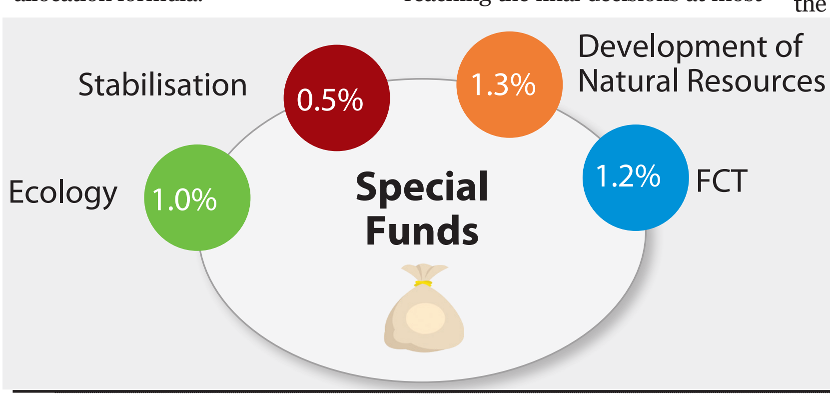
President Buhari said as an advocate for grassroots development, he had always remained committed to ensuring that all tiers of govern rapidly were treated fairly, equally and justly in the sharing of national resources.

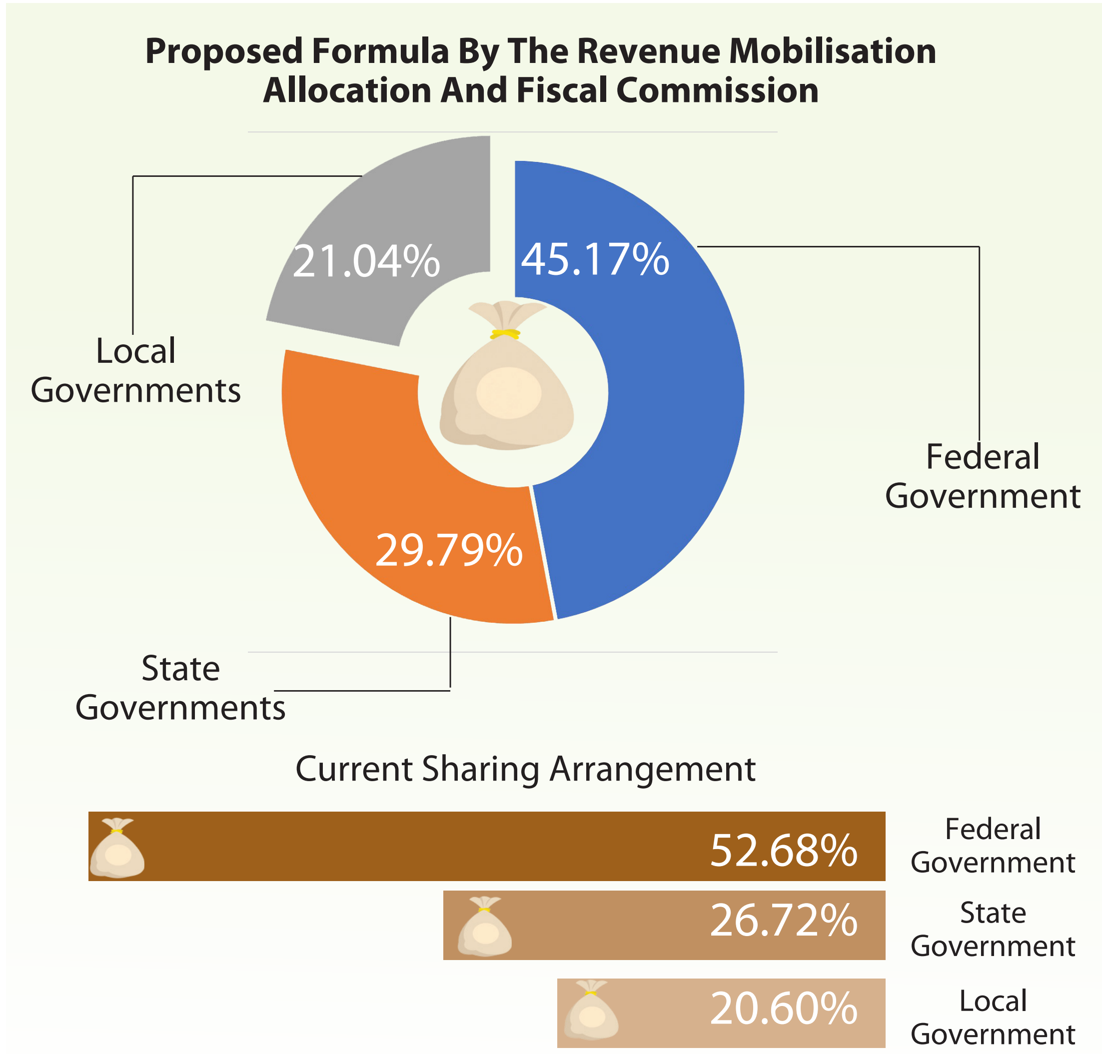
"I want to let you all know that I have keenly followed most of the discussions held in the geopolitical consultative process and one thing that struck me was the agreement that a review of our vertical revenue formula cannot and should not be a geopolitical sentimental discussion.

"All over the world, revenue and resource allocation have always been a function of the level of responsibilities attached to the different components or tiers of government.

"I am, therefore, happy to note that the discussions were held along these lines and rested squarely on roles and responsibilities as spelt out in the 1999 Constitution (as amended).

"However, I also note that in reaching the final decisions at most





of these engagements, not much emphasis was placed on the fact that the Second Schedule of the Nigerian constitution contains 68 items on the Exclusive Legislative List and the remaining Thirty (30) items on the Concurrent List requiring both the Federal and State Government to address."

President Buhari, therefore, declared that for the nation to have a lasting review of the present revenue allocation formula, there must first be an agreement on the responsibilities to be carried out by all the tiers of government.

In particular, he noted that the proposal seeks a 3.33 percent reduction in the current federal government allocation and on the other hand an increase of 3.07 percent and .44 percent for the states and local governments on the other hand.

He added that with regards to the Special Funds, the report by the RMAFC proposed an increase of .2 percent for the Federal Capital Territory (FCT) and a decrease of .38 percent for the Development of Natural Resources.

The president recounted that the federal government also made its input into the process of reviewing the vertical revenue allocate action formula based on existing constitutional provisions for roles and responsibilities for the different tiers of government.

"We must note the increasing visibility in Sub-national level responsibilities due to weaknesses at that level, for example, Primary Health Care; Basic Primary Education; Levels of insecurity, and; Increased remittances to State and Local Governments through the Value Added Tax sharing formula, where the Federal Government has only 15 percent and the States and Local Government share 50 percent and 35 percent respectively," he said.

In his remarks, the Secretary to the Government of the Federation, Boss Mustapha, said the RMAFC followed due process in undertaking the exercise and sought the opinion of the federal government before finalising the report.

Giving a synopsis of the report, Mustapha said that it was in four volumes, including a summary in the main report.

"Volume 1 contains the various memoranda submitted by the Federal and State Governments as well as the FCT. Volume 2 details the presentation from the academia, civil society, professional bodies, traditional rulers, individuals, as well as women and the youth council.

"To complete the inclusiveness of the stakeholder participatory processes adopted, Volume 3 is research that captures the body of knowledge that supported the review while Volume 4 is a further distillation of submissions by the State and Local Governments as well as NGOs and Area Councils of the FCT," he said.

Also speaking, Elias Mbam, chairman, of RMAFC said the leading philosophy behind the proposed review was guided "by the need for distributive justice, equity and fairness as enshrined in relevant Sections of the 1999 Constitution (as amended)."

He added that the principles took into cognizance the indivisibility of the country, public opinion and weighted Constitutional responsibilities and functions of the three levels of government.

According to the RMAFC chairman, the commission also visited all the 36 states and the FCT, the 774 local government areas to sensitise and obtain inputs from stakeholders.

He added that literature reviews were conducted on revenue allocation formula in Nigeria dating back to the pre-independence period while the commission received memoranda from the public sectors, individuals and private institutions across the country.

Explaining the major reasons for the exercise, Mbam noted that since the last review was conducted in 1992, 29 years ago, the political structure of the country had changed with the creation of six additional states in 1996, which brought the number of states to 36.

Correspondingly, he said, the number of local governments councils also increased from 589 to 774.

"There have been considerable changes arising from the policy reforms that altered the relative share of responsibilities of the various tiers of government such as deregulation, privatisation and the lingering controversies over funding of primary education, primary healthcare," he said.

The RMAFC chairman noted that while Section 32(b), Part 1 of Third Schedule of the 1999 Constitution 9 (as amended d) empowers the Commission to review from time to time the revenue allocation formulae; the inadequate and decaying infrastructure, as well as heightened widespread internal security challenges across the country also necessitated the exercise, among others.

FG Expands Government Own Enterprises Stakeholders

Ahmed Ahmed

Some Federal Government Own Enterprises (FGOEs) hitherto not in the first phase of SRGI 1.0 programme have now been included, as the government migrates to 2.0. this year, according to Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning.

Mrs. Ahmed said this recently in her remarks at the one-day retreat in Abuja organised for the Chief Executives/Director-Generals and Treasury Directors of Revenue (TDR) of the federal government owned enterprises (FGOES) on revenue generation, collection and remittance.

According to her, the new FGOEs comprise the Corporate Affairs Commission (CAC), the Nigerian Communications Commission (NCC), the Nigerian Ports Authority (NPA), the Federal Airport Authority of Nigeria (FAAN), the Nigerian Maritime Administration and Safety Agency (NIMASA), and the Nigerian Shippers Council (NSC).

Mrs. Ahmed recalled that some of the Heads of the FGOEs were inducted in December 2021, and have joined the steering committee, which still comprises the existing SRGI 1.0. stakeholders of the Nigeria Customs Service (NCS), the Federal Inland Revenue Service (FIRS), the Nigerian National Petroleum Company (NNPC), the Nigerian Upstream Petroleum Regulatory Commission (NURPC formerly DPR), in addition to selected departments under the Federal Ministry of Finance such as the Budget Office of the Federation (BOF), among others.

She commended the new inductees of the SRGI that have submitted their initiatives and established the SRGI Project Implementation Units (PIUs) within their respective organisations. She implored those who are yet to comply to collaborate with the SRGI Secretariat of the Federal Ministry of Finance to ensure that the 11 percent revenue to gross domestic product (GDP) target is achieved in this year.

Mrs. Zainab Ahmed, Honourable Minister Of Finance, Budget And National Planning

According to her, the retreat, organised to address the issues arising from the approved revenue performance management framework for FGOEs is in line with the circular issued by the Secretary to the Government of the Federation.

The circular clearly states that corporate government reforms shall further include performance contracts for Chief Executive Officers (CEOs) and other key management staff, which will set financial indicators and targets for each GOE.

The circular states that the Office of the Accountant-General of the Federation (OAGF) shall mandatorily carry out regular monitoring and ensure monthly publication of revenue and expenditure performance of all GOEs; Budget performance of GOEs shall be reviewed and published by the Budget office of the Federation.

It also states: "For the financial oversight of GOEs, establishment of revenue departments in GOEs to be manned by professional treasury officers from the OAGF was approved. It was on this premise, and to facilitate the ease of monitoring of revenues and expenditures, that the Treasury Directors of Revenue were posted to the 10 pilot FGOEs.

According to the Honourable Minister, "this forum will provide us with the opportunity to share experiences and ideas, as well as keep ourselves abreast of the developments in the FGOEs' revenue generation efforts, collections, and remittances of revenue."

According to her, regular reports from the OAGF on the progress of work at the FGOEs "shows that you are working assiduously towards meeting your key performance indicators (KPI).

"The reports showed that the TDR have achieved several milestones in revenue optimisation within the short period of assumption of duty. These results were clearly manifested in the federal government's independent revenue, which grew from N532.90 billion in 2020 to N1.250 trillion in fiscal year 2021.

Mrs. Ahmed also stated: "However, reports reaching me also indicated that there are teething problems in the process. These problems are not universal as each FGOE has its own peculiarities. These problems can be easily resolved if we can equally give the desired impetus to this aspiration of the government.

In her words: "The TDRs and the CEOs can work harmoniously to ensure that the KPIs are achieved knowing that they are both working for the good of this nation. The performance contracts that determine the renewal (or otherwise) of the CEOs tenure, will soon apply to the TDRs. Non-performing TDRs will henceforth also be sanctioned.

She urged CEOs and TDRs to utilise the opportunity provided by the retreat to be quite open in making concrete suggestions and recommendations to ensure a smooth and seamless implementation of this noble objective.

The Honourable Minister noted that domestic revenue mobilisation (DRM) is strategically pivotal to sustainably finance Nigeria's development needs. "Therefore, it is critically imperative that we remain committed to further strengthening the mobilisation and effective use of domestic resources," she further stated.

Mrs. Ahmed stated that the retreat was organised for key stakeholders of SRGI programme, especially as it relates to the deployment of the TDR. The SRGI was launched in 2019 by the federal government to identify, develop and implement strategies, projects, policies, and initiatives targeted at largely diversifying and boosting the revenue base of the country.

"The overarching objective of the SRGI is to achieve 15 percent revenue to GDP by 2025. Through the implementation of the SRGI's initiatives coupled with other domestic revenue mobilisation strategies of the federal government, non-oil revenues have grown significantly since 2019, and outpaced oil revenues in 2021, for the first time since 1973," she also stated.

Despite this, there is, according to her, still much work to be done. "Nigeria has one of the lowest revenues to GDP in the world. As at the inception of the SRGI, the country's revenue to GDP ratio stood at eight percent and now stands at nine percent as at 2021.

"Under the SRGI, the country's revenue to GDP target for year-end 2022 was projected at 11 percent. To achieve this, it became imperative to expand the stakeholders of the SRGI to include additional FGOEs. Consequently, it becomes crucially important that we work harder to enhance and improve the domestic revenue generation effort throughout this year.

Private Capital Deals In Africa Jump By 118%, West Africa Leads

Edmond Martins

The total value of private capital deals in Africa in 2021 reached a record US$7.4billion, representing a 118 percent increase compared to US$3.4billion in 2020.

This surpassed the annual average deal value of US$4billion between 2016 and 2020.

The data was released today by the African Private Equity and Venture Capital Association (AVCA) in its 2021 Annual African Private Capital Activity report.

This signifies the gradual maturation of private investment in Africa, which rose at 13 percent (CAGR 2016-2021).

Further, the findings are a testament to the success and visionary work of firms whose pioneering missions encourage the growth of African economies through digital transformation, innovation with finance, climate-smart agriculture – and attract local and global investments.

The report emphasises that in 2021, the total volume of private capital deals reported in Africa was 429, a 66 percent increase compared to 258 deals recorded in 2020 – exceeding the annual average deal volume of 215, experienced between 2016 and 2020 (+100 percent).

Overall, the industry's deal activity rose to 19 percent (CAGR 2016-2021). The growth in deals demonstrates a private capital industry maturing as businesses and economies across the continent transition from resilience to recovery.

Over the last two decades, Africa's private capital landscape has established itself as an increasingly attractive and progressive region for private investment.

As such, private capital fundraising has mirrored the trend of private capital deals – reaching a record level of US$4.4 billion in 2021, a 4x year-on-year increase, which also exceeds the annual average over the past five years by 63 percent.

The report reported that US$18 billion was the total value of final closed private capital funds between 2016 and 2021.

By providing a detailed overview of the market, the AVCA report includes critical insight into doing business in West, Southern, East, and North Africa, with insight into the deal sizes, economic landscape, and regulatory environment across multiple jurisdictions.

The report finds that in 2021, West Africa attracted the largest share of deals at 33 percent, followed by Southern Africa (20 percent) and North Africa (17 percent).

The report also found that large multi-regional deals across the continent accounted for the largest share by value at 40 percent in the same year.

Financials was the most active sector by volume (30 percent) and attracted the largest share of deal value (39 percent) during the last year.

The rise of fintech contributes to the sector receiving the largest share of deals.

With several traditional banks closed during the pandemic, many people turned to mobile money, digital banking applications and remittances to help support their families' livelihoods and financing needs – data from the World Bank revealed that remittance inflows to Sub-Saharan Africa rose in 2021 by 6.2 percent to $45 billion.

The trend supports the sector's growth in Africa as Financials' share of deal volume and value climbed to 24 percent and 29 percent in 2019-2021, from 13 percent and 7 percent respectively in 2016-2018.

Between 2016 and 2021, Financials (20 percent), Consumer Discretionary (15 percent), Industrials (12 percent), and Information Technology (12 percent) were the most active sectors by volume.

Overall, Financials and Utilities were the largest sectors by value, attracting 19 percent and 18 percent respectively from 2016 to 2021.

In total, 36 African PE exits were reported between 2021, a 13 percent increase compared with 2020.

This increase reflects the resilience of the industry returning to onward growth.

In line with trends found in 2020 by AVCA, exit to Trade Buyers was the preferred exit route (50 percent) in 2021 on the continent.

Sale to PE and other financial institutions, the second exit mean, represented 31 percent of the total number of exits reported in 2021 – with exits by public offering accounting for 3 percent of the total volume of exits reported in Africa over the course of 2021.

Venture Capital (VC) in Africa has shown strong growth

The latest VC report by AVCA shows that Africa's venture ecosystem has experienced accelerated growth in the last few years. As was noted in 2020, 2021 has reported an increase in VC deals in Africa – more than doubling, to reach a new high of 650 deals.

This corresponds to a 104 percent YoY increase, outperforming the past eight years'

FG Calls For Strong Corporate Governance Reform, Expenditure Control, Straightening Budgetary Requirements

Fatimah Bintu Yussuf

Not only that issues raised in the circular of 18th December, 2018 on 'Approved Revenue Performance Management Framework for Government Owned Enterprises (GOEs)' would have been addressed, the federal government has harped on the need for strong corporate governance reform, expenditure controls and straightening the budgetary and financial reporting requirements of the FGOEs.

This was stated in a keynote address by Mr. Boss Mustapha, the Secretary To The Government Of The Federation, at the recent one-day retreat in Abuja organised for the Chief Executives/Director-Generals And Treasury Directors Of Revenue (TDR) of the Federal Government Owned Enterprises (FGOEs) on revenue generation, collection and remittance.

According to him, equally important is the amendment of Establishment Acts of some FGOEs to reflect current economic realities and policy thrust of government in optimising the revenues accruing from the FGOEs through remittance of operational surpluses.

Mr. Mustapha referenced a study conducted by International Monetary Fund (IMF) which showed that the combined expenditure of the FGOEs exceeds the budget of the ministries, departments and agencies (MDAs) in Nigeria.

Therefore, it is imperative, according to him, to have an all-encompassing adoption by the FGOEs of the reform programme of the federal government.

"Consequent upon the IMF study that culminated the circular, the posting of the TDR became necessary," he stated.

The essence of the posting of TDR "is to review the revenue sources, block leakages and ensure that all expenditures are in compliance with extant rules and regulations."

Specifically, Mr. Mustapha stated that the directors of revenue are to discharge the following functions: Be involved in the revenue operations of the FGOEs and, therefore, save the time taken to understand the basis of revenue reporting and reconciliation; be present at meetings, have timely access to documents, business systems, acquire necessary knowledge and therefore be better informed on FGOEs revenue activities; and have better understanding of business processes and operations of the FGOEs.

The functions of directors of revenue, according to him, also include the following: Cause improved transparency and accountability in revenue reporting by the FGOEs; be reporting to the treasury on regular basis for monitoring and evaluation purposes; and share their knowledge and experience on how to improve on government revenue and contribute positively to federal government revenue drive growth.

In his words: "This administration places high premium on accountability, probity and transparency which is the foundation of good governance. It is hoped that the forum of this nature will redefine our collective efforts for improved revenue generation, collection and remittance by doing away with all hindrances to achieving the set target of the CEOs/DGs and the TDR."

Buhari Seeks 2022 MTEF Review To Accommodate N965bn New Borrowing

Kirk Obed

It is no more news that President Muhammadu Buhari has sought the review of the 2022 Medium-Term Expenditure Framework (MTEF) to accommodate N965.42 billion in new borrowing.

The fresh borrowing which the president said is compelled by new developments, is expected to increase the 2022 budget deficit to N7.35 trillion from the N6.39 trillion in the 2022 budget signed by President Buhari and under implementation.

The 2020 budget assented to President Buhari at the twilight of December 2021 provided for N2.57 trillion to be borrowed from domestic sources and another N2the .57 trillion from foreign sources, while government hopes to draw down N1.16 trillion from Multi-lateral/bi-lateral loans and harvest N90.7 billion from privatisation proceeds.

The request from President Bihari was contained in a letter read by the Speaker, Femi Gbajabiamila during the plenary at the House of Representatives.

Bihari in the letter sought an increase in the 2022 budget deficit to be financed through borrowing from the domestic market.

"As you are aware Mr Speaker, the new development both in the global economy as well as the domestic economy has necessitated the

President Muhammadu Buhari

revision of the 2022 fiscal framework on which the 2022 budget was based.

"The total budget deficit is projected to increase from N965.42 billion to N7.35 trillion representing 3.99 percent of the GDP.

"The increment of the deficit will be financed by new borrowings from the domestic market.

"Given the urgency of the request for revision of the 2022 fiscal framework and 2022 budget amendment, I seek the corporation of the National Assembly for expeditious action on this request," he said.

The Speaker thereafter referred the letter to the House Committee on Finance for further legislative action.

Deployment Of TDR Increases Revenue From N532.90bn In 2020 To N1,250trn - FG

Mr. Ahmed Idris, Accountant-General of The Federation (AGF)

Anita Dennis

The deployment of the treasury directors of revenue (TDR) is already having great benefits for the federal government with the internally generated revenue tremendously increasing from N532.90 billion in year 2020 to N1,250 trillion in fiscal year 2021, says federal government.

Mr. Ahmed Idris, Accountant-General of The Federation (AGF), said that with this programme being sustained, the government expects greater improvement in optimising our revenue.

He said this in his welcome address recently at the one-day retreat in Abuja organised for the Chief Executives/Director-Generals and Treasury Directors of Revenue (TDR) of the federal government owned enterprises (FGOEs) on revenue generation, collection and remittance.

On the essence of the retreat, Mr. Idris said that it is a collective effort to ensure that internally generated revenue (IGR) target in national budget is achieved and if possible exceeded.

"The expected IGR target for all ministries, departments and agencies (MDAs) for the fiscal year 2022 is N2.33 trillion. The forum also is to address possible challenges and find a way of ameliorating the situation," he said.

Mr. Idris noted that the level of participants at the retreat "underscores the importance attached to revenue generation, collection and remittances from the FGOEs in view of the ever-growing needs of government to discharge its statutory functions and bridge the fiscal gaps."

According to him, the treasury is to put into place some implementation strategies to actualise its objective. Some of the strategies put in place by the treasury includes deployment of TDR to 10 FGOEs; setting performance indicators for each of the treasury directors for effective monitoring of the progress of implementation; and putting in place a refined monitoring and evaluation mechanism for feedback on revenue inflows into government accounts.

The strategies also include coming up with a comprehensive organogram to delineate clearly the functions of the TDR from the other departments in the FGOEs, configuration and pilot testing of Integrated Revenue Monitoring System (IRMS) for online, real-time monitoring, having regular meetings with the TDR to brainstorm on the way forward to optimisation of revenue, and the configuring of revenue assurance and reconciliation application.

However, in pursuance of the objective, Mr. Idris said that the treasury is faced with some challenges such as non-remittance of operating surplus by major revenue generating agencies despite sending demand notes and reconciling the outstanding amounts; non-creation of directorate of revenues by some of the FGOEs; non-giving of the TDR, online, real-time access and visibility to accounting application programmes used by the FGOEs.

The challenges are over bloated expenditure by agencies at the stage of budget preparation with the view to generating and spending internally generated revenue (IGR), often reporting deficit balance in the income and expenditure statement; non-disclosure of revenue sources by MDAs; and payment of salaries and allowances not approved by National Salaries, Income and Wages Commission or the Revenue Mobilisation, Allocation and Fiscal Commission whichever is applicable.

Other challenges include the use of agents and consultants in the collection of public revenue by contracting out responsibility of revenue recovery to agents with the result that agents endeavour to optimise their profit at the expense of both government and the tax payer; and connivance with external auditors by some organisations to prepare different audited financial statements with a view to avoiding tax payment or presenting operating deficit position in their income and expenditure statements.

It is with a view to mitigating some of these challenges that the deployment of TDR to few selected FGOEs was conceived. Although, there are 65 FGOEs, only 10 pilot FGOEs had been selected, according to Mr. Idris.

"We are monitoring closely the performance of these 10 as a pilot programme of which we expect to rollover to the remaining 55 with the approval of the Honourable Minister," he said.

Customs Collects N264.5bn At Apapa Port In Q1

By Kirk Obed

Nigeria Customs Service (NCS) Apapa Area Command said that it generated over N264.5 billion as revenue in the first quarter of 2022.

The Customs Area Controller of the command, Compt. Malanta Yususf noted that the amount collected represented a 65.7 percent increase when compared to N159 billion collected in the same period under review in 2021.

Also, Yusuf said that the 46 seizures made within the period under review had duty paid value of over 1 billion.

He noted: "This amount collected (N264,536,201,293.71) shows a significant increase of N104 billion as against 159 billion naira collected in the corresponding months of the year 2021, representing 65.7 percent increase in revenue collection."

The CAC attributed the increase in revenue to the improved service through the IT platforms, which he said helped to plug revenue leakages, and sustaining the level of compliance by the importers and other stakeholders in the cargo clearance value chain.

Yusuf said, the Command recorded exportation of agricultural goods, mineral resources, steel and more.

He noted that for the first quarter of the year 2022, the command recorded exports to the tune of over N34 billion, and additional cargoes with Free =-on-

Yusuf Malanta, Area Comptroller of Apapa Area Command

Board value of over $87 million, a significant increase, compared to what it did in 2021.

He explained: "The export report indicates that goods worth N34,072,869,799.00, with Free On Board (FOB) value of $87.992,356.10 million were exported as against N30.2 billion, which is equivalent to FOB value of $82.1 million between the months of Jan-Mar 2021.

"The enforcement unit has been strengthened through strict monitoring, enhanced collaboration and sharing of credible intelligence with relevant government agencies to suppress smuggling activities to its barest minimum.

"The command recorded 46 seizures of various items with a duty paid value of N1,142,876,606.00 as against 28 seizures made in the corresponding months of the year 2021.

"The seized items include unregistered medicaments such as tramadol and codeine syrup, unprocessed wood, used clothing, and footwear, foreign parboiled rice and other sundry items that fall under prohibition list."

He added that the items contravene sections 46 and 47 of Customs and Excise Management Act, CEMA CAP C45 LFN 2004.

Banks Begin Implementation Of Interest Rate Extension On CBN Credit Facilities

Edmond Martins

In compliance with the directive from the Central Bank of Nigeria, (CBN), deposit money banks (DMBs) in the country have commenced implementation of the interest rate extension on credit facilities to some customers under its intervention program.

The CBN has extended the interest rate forbearance it granted to borrowers of some of its intervention funds in 2020 by one year due to the pandemic.

The CBN initially charged nine percent for the loans but reduced it to five percent when the pandemic struck in 2020.

"Kindly note that the CBN has extended the five percent interest rate on all its credit facilities impacted by COVID-19 for one year.

We would like to inform you that this directive has been implemented by the bank," according to a message from one of the banks to its customers recently.

The implication of the development is that companies who secured intervention funds from the apex bank or through any of its on-lending banks will continue to service the loans as more time has been added.

However, although the move helps small businesses in the country to continue managing their cash flow, it would on the other hand impact on the liquidity of CBN as it will record a reduction in its income extended under such facility.

Regulatory forbearance is a widely adopted concept during an economic crunch and it is meant to help stimulate businesses. For example, the president of the United States (US), Joe Biden, recently extended the Federal Student loan forbearance till August 2022 as over 37 million borrowers have not had to make payments on their loans since March 2020.

Consequently, the recent and second extension by the CBN, according to some analysts, portends a good development and responsiveness of the apex ban to the sustainable development and the stability of the system.

This is with particular reference to the fact that the non-performing loans ratio (NPLs) had been experiencing downward trends in recent times, to 4.84 percent in February 2022 from 4.9 percent recorded in December 2021, which is the lowest recorded in a long time.

It is also of interest that while NPL ratio was dropping further, liquidity ratio remained above its prudential limit of 43.5 percent as of February 2022, while Capital Adequacy Ratio (CAR) moderate slightly to 14.4 percent in the same period from 14.5 percent recorded in December 2021, according to the communiqué of the last Monetary Policy Committee (MPC) meeting last month.

AfDB Approves €9.8m To Support Venture Capital Investments In African Startups

Chiamaka G. Okpala

The board of the African Development Bank Group (AfDB) has approved an equity investment of €9.8 million to support venture capital investments in African startups, from seed to growth stages.

The development finance institution announced this in a statement on Tuesday.

AfDB said that €7 million of the equity investment will be sourced from its own resources while the additional €2.8 million represents funds provided by the European Union (EU) through a partnership with the Organisation of African Caribbean and Pacific States (OACPS).

It said the investment will help Cathay-AfricInvest Innovation Fund meet its target of securing €110m to invest in over 20 early-stage ventures across sub-Saharan Africa.

The Innovation Fund focuses on financial inclusion (financial tech and insurance tech), retail and logistics platforms targeting online and mobile consumers, healthcare technologies, and


Stefan Nalletamby, AfDB's Director For Financial Sector Development

pay as you go, off-grid energy technologies.

"More recently, the Innovation Fund has expanded its focus to include start-ups that are harnessing new digital opportunities created as a result of the Covid-19 pandemic, or with high potential to help fight the coronavirus," the statement reads.

"The Mauritius-based Fund is jointly sponsored by AfricInvest Capital Partners and Cathay Innovation SAS."

Speaking on the equity investment, Stefan Nalletamby, the AfDB's director for financial sector development, said: "The Bank's approval is another milestone in the implementation of the Boost Africa Program and its partnership with the EU, OACPS and the European Investment Bank.

"It signals the importance given to tech-enabled high growth entrepreneurs on the continent and the key role of AfricInvest and Cathay Innovation in supporting this key business segment in Africa to achieve Africa's growth, transformation and integration objectives."

According to the bank, the investment is expected to accelerate the creation of a new class of successful African entrepreneurs that will serve as a model to younger innovators.

The bank said it would also support youth and women-led start-ups and increase access and inclusion to financial and 'real sector' services and goods through appropriate technology and innovation.

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POLICY BRIEF with ENAM OBIOSIO

As Global Financial Stability Risks Grow, Inflation Rate In Nigeria Catapults To 15.92%

Inflation in Nigeria shot up to 15.92 percent in March, the fastest in five months, rising from 15.7 percent in February.

There is a risk that this could persist and would call for more forceful action by the Central Bank of Nigeria (CBN) that would weigh down on output and economic activity.

Amid rising food and gas prices, the consumer price index (CPI), which measures the rate of increase in the price of goods and services, climbed to 15.92 percent in March 2022.

The figure indicates the highest rate recorded since October 2021 — and 0.22 percent points higher than the 15.7 percent recorded in the previous month (February 2022).

The National Bureau of Statistics (NBS) said that this in its CPI report for February 2022, released recently.

The bureau said that the rate was 2.25 percent points lower compared to 18.17 percent recorded in March 2021, indicating a slow-down (year-on-year) in March 2022.

Offered the report: "On month-on-month basis, the headline index increased to 1.74 percent in March 2022, this is 0.11 percent points higher than the rate recorded in February 2022 (1.63 percent).

"The percentage change in the average composite CPI for the twelve months ending March 2022 over the average previous twelve months period is 16.54 per cent, this shows 0.19 percent points decrease compared to 16.73 percent recorded in February 2022.

"The Urban Inflation rate increased to 16.44 percent year-on-year in March 2022 showing a decline of 2.32 percent points from the rate recorded in March 2021 (18.76 percent). In the same vein, the Rural Inflation increased to 15.42 percent in March 2022 with a decrease of 2.18 percent points from 17.60 percent recorded in March 2021.

Said the document: "On a month-on-month basis, the urban index rose to 1.76 percent in March 2022, this was up by 0.11 percent points from the rate recorded in February 2022 (1.65 percent). The rural index rose to 1.73 percent in March 2022, with a 0.12 percent point increase from 1.61 percent recorded in February 2022".

The core inflation rate dropped to 13.91 percent in March from 14.01 percent recorded in February 2022. The rise in the core index was attributed to the increase in the prices of gas, garments, cleaning, repair and hire of clothing, shoes and other footwear.

Other items, which recorded significant price increases, include clothing materials, other articles of clothing and clothing accessories, liquid fuel, fuels and lubricants for personal transport equipment and other services in respect of personal transport equipment.

The report also said food inflation rose to 17.2 percent in the review month, an uptick compared to the 17.11 percent recorded in the preceding month. This rise in the food index was caused by increases in prices of bread and cereals, food product, potatoes, yam and other tubers, fish, meat, oils and fats.

The Russia-Ukraine war has had a ripple effect on global food prices, affecting gas and food prices, most especially bread prices.

The Russian Federation and Ukraine, combined, accounted for around 30 percent and 20 percent of global wheat and maize exports, respectively, over the past three years.

In its March report, the Food and Agriculture Organisation (FAO) said global food prices surged by 13 percent in March, making a giant leap to the highest level ever.

Just as Tobias Adrian of the International Monetary Fund would say, Russia's invasion of Ukraine raises financial stability risks for the world and poses questions about the longer-term impact on economies and markets. The war, amid an already slowing recovery from the COVID-19 pandemic, is set to test the resilience of financial markets and poses a threat to financial stability as discussed in the latest Global Financial Stability Report.

Ukraine and Russia face the most pressing risks. Yet it is already clear that the severity of disruptions in commodity markets and to supply chains are creating downside risks by weighing adversely on macrofinancial stability, inflation, and the global economy.

Since the beginning of the year, financial conditions have tightened significantly across most of the world, particularly in Eastern Europe. Amid rising inflation, expected interest-rate hikes have led to a notable tightening in advanced economies in the weeks following the Russian invasion of Ukraine. Even with that tightening, financial conditions are close to historical averages, and real rates remain accommodative in most countries.

Tighter financial conditions help to slow demand, as well as to prevent an unmooring of inflation expectations (that is, where anticipation of continued price increases in the future becomes the norm) and to bring inflation back to target.

"Many central banks may have to move further and faster than what is currently priced in markets to contain inflation. This could bring policy rates above neutral levels (a "neutral" level is one at which monetary policy is neither accommodative nor restrictive and is consistent with the economy maintaining full employment and stable inflation). This is likely to lead to even tighter global financial conditions," Adrian says.

It is the submission of the expert that the new geopolitical reality complicates the work of central banks, which already faced a delicate balancing act with stubbornly high inflation. They must bring inflation back to target, mindful that excessive tightening of global financial conditions hurts economic growth.

Against this backdrop, and in light of heightened financial stability risks, any sudden reassessment and repricing of risk resulting from an intensification of the war in Ukraine, or from an escalation of sanctions on Russia, may expose some of the vulnerabilities built up during the pandemic (surge in house prices and stretched valuations), leading to a sharp decline in asset prices.

This is also because emerging and frontier markets now face higher risks of capital outflows, with differentiation across countries between commodities importers and exporters.

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