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N3bn Sukuk Bond Gives Life Line To Numan-Jalingo Road PG 20

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FG Generates N532bn From Company Income Tax In Three Months, Says NBS PG 16

Nigeria Shares In Rethinking Risks, Others On Front Burner At World Economic Forum 2022

Highlights Key Policies Used In Addressing Jobs Creation In View Of Outlook For Global Trend

At the recently concluded World Economic Forum 2022, it was somewhat re-echoing of the truism that crises prompt unexpected paths; different blind spots, triggers and shocks can have a wide range of outcomes, all with varying likelihoods and impacts. ***Enam Obiosio*** *highlights the facts with which Nigeria, through* ***Mrs. Zainab Shamsuna Ahmed****, Honourable Minister of Finance, Budget and National Planning, made prominent appearance at the global gathering.*

It was noted at the event that the Global Risks Perception Survey (GRPS) 2021–2022, which was conducted before COP26, ranks 'climate action failure' as the most critical threat to the world in both the medium term (2–5 years) and long term (5–10 years), with the highest potential to severely damage societies, economies and the planet.

Most respondents believe too little is being done: 77 percent said international efforts to mitigate climate change have 'not started' or are in 'early development'.

It was time for participants to consider the behaviours and actions of specific stakeholders and to consider the consequences for a range of risk outcomes, from probable to improbable and manageable to severe.

Among the most notable areas of socioeconomic concern are the divergent recovery, economic hardship and growing inequality, along with their interaction with ideological polarisation and the sense of disenfranchisement of large sections of the global population.

Governments' struggles to contain the pandemic and a lack of global collaboration on COVID-19 offer a sobering view of prospects for managing future global risks such as extreme weather and for pursuing bolder climate action.

When it comes to business and industry, even enterprises with the financial room to manoeuvre sometimes struggle to deliver on environmental, social and governance (ESG) commitments while also strengthening the resilience of their supply chains, adapting to social and technological change and remaining vigilant to threats such as cyberattacks.

Two years on from the start of this unprecedented crisis, the actions and behaviours of all stakeholders

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The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed,** participating in a session on 'The Global Job Outlook'. The focus is on how to create jobs in the midst of innovation and automation threatening jobs.

COMPULSORY EMPLOYEES GROUP LIFE INSURANCE

(Under the Pension Reform Act 2014 as amended)

A.FOR WHOM

All public and private sector organizations as specified in the Pension Reform Act 2014

B.WHAT DOES THE POLICY COVER

Compulsory

a). Death - Compensation for the employees who may die while in service

b). Disappearance - Compensation in the event of disappearance of an employee.

Optional

c). Additional Compensation for Permanent Disability (physical through accident).

d). Compensation for Temporary Total Disability and Medical Expenses following accident.

e). Compensation for any self-employed person who is worried by the happenings under (a-d) above.

C. HOW MUCH COMPENSATION DO I GET

I). Payroll Employees

For Death - Three (3) times Total Annual Emolument (TAE)

For Disappearance -Three (3) times Total Emolument (TAE)

For Permanent Disability - Three (3) times Total Annual Emoluments (TAE)

For Temporary Disability a percentage of the TAE based on the Degree of Disability

ii). Non Pay-roll Employee

A selected Capital Sum, reasonable enough, in case of death, to take care of the employees family or the employee in case of disability.

D. WHO IS LIABLE

All employers of labour in the public and private sectors as specified in the Pension Reform Act 2014.

E. HOW MUCH DO I PAY AS PREMIUM

Kindly contact the nearest insurance brokers or a life underwriter

G. WHO PAYS THE PREMIUM

The Premium is to be borne 100% by the Employer.

H. PENALTY FOR NON-COMPLIANCE

N250,000 fine plus One (1) year imprisonment at the minimum for every director or officer of the defaulting body corporate.

Ensure Compliance To Avoid Prosecution

NATIONAL INSURANCE COMMISSION

www.naicom.gov.ng

...for a healthier Insurance Industry in Nigeria

Nigeria Shares In Rethinking Risks, Others On The Front Burner At World Economic Forum 2022

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will determine how quickly the world recovers and embeds the resilience needed to prepare for the next major shock.

From the agenda, Mrs. Ahmed had engaged the forum on 'Rethinking Risks To Accelerate Sustainable Investments'; exploring ways to support and enhance investment risk assessments - showcasing successful examples of de-risking strategies to unlock investments - developing actionable pathways and mitigation strategies.

There were several questions to be addressed as what more needs to be done in support of sovereigns to assess, address, and finance the implementation of risk mitigation strategies for greater resilience in emerging markets; how governments in emerging markets are approaching risk mitigation, tools and systems being put in place to better address heightened investment risks in the current global economy system, and where and how could the global community collectively support governments to scale up improvements needed in analytics and strategy support to emerging markets. And there was another particularly about what Nigeria is doing to derisk the economic and business environment to unlock, attract and enhance investments from interested parties.

As with the world, Nigeria, according to Mrs. Ahmed, is currently challenged by similar risks covering several areas such as geopolitical (Russia-Ukraine and its impact on commodities and agricultural exports to Nigeria, regional security challenges with Boko Haram and terrorism); environmental (climate change and impact on agriculture); economic (exchange rate, inflation, debt, etc.); societal (COVID-19 and post-pandemic risks, income); and technological (digital transformations and its impact).

One of the key geopolitical risks is the impact the Russia-Ukraine war is having on commodities and agricultural trade in the country. "Nearly half of Nigeria's wheat import is from Russia and Ukraine and the distortion to the supply has affected the production of staple foods like noodles, bread, etc. leading to a rapid increase in their prices," she noted.

In addition, prices of commodities such as refined crude oil products (diesel, petrol etc.) has, according to her, equally increased significantly due to the supply chain disruption of global refined oil on the back of the war. By extension, the cost of transportation (either by land or air) has jumped with its attendant cost on citizen's welfare and business efficiency.

The threat of terrorism perpetrated by the Boko Haram insurgency in the North East, banditry in the North West, militancy in the Niger Delta, kidnapping for ransom, as well as the disruption to public peace and order in the South East of the country has become critical geopolitical risk to the country.

As a responsible government, "we have taken drastic steps to address these challenges. Some of the actions we have taken include granting of amnesty to the Niger Delta militant and increasing budgetary spending to strengthen our defense system to fight insurgency and any form of criminality in the country.

L-R: Reta Jo Lewis, President & Chair, Export-Import Bank of The United States, The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed and Omosomi Omomia, Special Adviser to the Honourable Minister on Revenue at the sidelines of the World Economic Forum (WEF) in Davos on opportunities to finance and facilitate projects in Nigeria as well as US-Nigeria trade relations.

Concerning acquisition of aircrafts for the Nigerian Airforce (NAF) to boost logistical supports and strengthen the capacity of the armed forces: "We received six Super Tucano aircraft from the U.S. in 2021 and we recently acquired 38 new aircrafts to the fleet of the NAF.

On the Russian-Ukraine war, the Honourable Minister of Finance, Budget and National Planning stated that the trade department of the Federal Ministry of Trade and Investments is currently preparing a policy paper that analyses the crisis and the extent of Nigeria's exposure and what the government can do to mitigate its impact on the economy.

Climate change such as flooding, excessive heat, drought etc., according to her, leads to severe soil degradation and reduction in crop yield. This phenomenon has become worrisome and threatens food security in the country. Flooding has particularly destroyed farm crops in some agricultural states and with no insurance cover, local farmers are left to bear the brunt.

"For instance, 50- 75 percent of Bauchi, Borno, Gombe, Jigawa, Kano, Katsina, Kebbi, Sokoto, Yobe, and Zamfara States, which are core food-producing states in the country, are being affected by desertification. In 2020, about 80 percent of Nigerian farmers were affected by flooding across seven states in the country.

The Nigerian government pledged to embark on unconditional 20 percent Greenhouse gas (GHG) emissions reduction by 2030 compared to business-as-usual levels. She noted that the country has put several policies in place to guide in this ambitious goal - including an approval of a revised national climate change policy that outlines mitigation and adaptation priorities.

In her words: "Our Economic Sustainability Plan also comprises provisions that would help us in mitigating emerging environment risks in Nigeria. For example, we plan to install solar power on 5 million homes, and we are embarking on a national gas expansion programme (NGEP) overseen by the NGEP Management Office to drive the conversion from the use of traditional fuels like kerosene, wood etc. to the use of cleaner Liquefied Petroleum Gas (LPG) fuel.

The federal government, according to her, is also carrying out a 25 million trees planting project across the country and we have approved the creation of an additional 10 national parks, which brings the number of federal protected areas to 17.

Economically, Nigeria has since emerged from the recession recorded in 2020 on the back of the impact of the pandemic outbreak. While growth has since recovered, it remains relatively fragile given the volatility in the crude oil market and domestic issues such as insecurity.

Mrs. Ahmed stated: "As a government, we have taken several actions to ensure Nigeria's economy remain on the path of a sustained, robust and inclusive growth. We have developed several policy documents include the Economic Sustainability Plan, the National Development Plan, the Finance Acts and the Petroleum Industry Act, amongst others.

"We are investing heavily in physical and human infrastructure including building railway lines to connect cities and productive centres across the country. We believe this will open up economic activities in the country, create more jobs and lift millions of Nigeria out of poverty.

"The Central Bank of Nigeria (CBN) recently raised our benchmark interest rate to 13 percent from 11.5 percent in an effort to rein in on the spiraling inflation caused by structural bottlenecks and trade distortions.

She believes this will not only help in restoring inflation to our single digit target of 6-9 percent but would also help to stimulate foreign investment inflow such as FPI.

On debt risk, Nigeria's overall budget deficit is N6.39 trillion for 2022 representing 3.46 percent of gross domestic product (GDP). "Our plan is to finance this deficit mainly through borrowings from domestic, foreign, and multilateral/ bilateral sources as well as exploring other funding options such as privatisation proceeds and drawdowns.

At this point, "we do not have a debt sustainability problem in Nigeria as many people are saying. The pandemic affected oil and non-oil revenue sources and we had to borrow to cover up the revenue shortfall. This contributed significantly to the growth in the public debt. It is unlikely that our recovery from each of the two recessions in 2020 would have been as fast without the sustained government expenditure funded partly by debt.

"The risk of Nigeria's debt default remains low considering the reason for the debt. We do not borrow to fund recurrent expenditures but rather on capital projects that have the inherent capacity to generate cashflows to retire the debt. For instance, we are constructing the second Niger Bridge which links the country's Western region with the east, building gas infrastructures and funding the construction of roads and railway lines to connect major commerce centers across the length and breadth of the country.

According to her: "As of September 2021, our debt/GDP ratios stood at about 30 percent, the lowest among Africa's leading economies. However, our debt service/revenue ratio was about 76 percent as at November 2021, the highest among same African top economies. This accentuates the fact that what we have is not a classic debt sustainability problem,

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The Honourable Minister arrives for one of her side meetings at the World Economic Forum in Davos

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but a revenue challenge.

"It is in view of this that we are tackling our revenue problem through the SRGI and the Finance Act which aims to broaden the tax base and ensure efficiency in our tax registration, assessment, and collection system.

Nigeria, on energy risk, is a key oil producing and exporting nation and the receipt from crude oil and gas sales accounts for a sizable portion of our revenue base for now. "This entails that we are increasingly susceptible to the volatilities in the global crude oil market.

While the current oil price rally above Nigeria's benchmark rate, helping to shore up revenue, "our inadequate local refining capacity, which is addressed through import of refined crude, is draining the fiscal purse in view of the current subsidy regime for petroleum products.

"More so, the global decarbonisation discussions aim of addressing climate change is increasingly shifting focus away from fossil fuel. In Nigeria, we are keying into this agenda by ensuring the speedy exploration of available crude oil to fund our green energy transition. We recently passed the Petroleum Industry Act which aims to bring sweeping regulatory, fiscal and governance changes to the Nigerian oil and gas sector. The Economic Sustainability Plan by the Nigerian government equally aims to drive our energy transition by emphasising the use of LPG for household use and compressed natural gas (CNG) for Nigerian vehicles.

On societal risks, according to data from the Nigeria Centre for Disease Control (NCDC), as of 21st May 2022, the total number of COVID-19 cases stands at 255,937 out of which 249,996 people has been discharged and 3,143 people have died.

The Nigerian government has taken several policy actions both to slow down the risk of spread of the disease and to mitigate the impact of COVID-19 on businesses, households, and vulnerable individuals. "For instance, we set up the Presidential Task Force on COVID-19 which issued regular guidelines on containment of the viral disease, provided credit support to the healthcare sector, passed an emergency stimulus bill into law as well as fiscal stimulus packages, amongst others.

There are mitigation systems and tools put in place in the Nigerian economy to enable and enhance investment flows to the country. On the policy and regulatory framework to increase foreign direct investment (FDI) in Nigeria, the One-Stop-Shop Investment Centre (OSIC) was introduced within the Nigeria Investment Promotion Commission (NIPC). The OSIC was established to ensure that investment agencies harmonise, reengineer, and streamline their processes, procedures, and requirements for granting business entry permits, licenses, and approvals.

Considering bilateral investment and taxation treaties, Nigeria, according to Mrs. Ahmed, has 15 bilateral investment treaties that have been ratified by both parties. The countries that have a ratified investment treaty with Nigeria include China, France, Finland, Germany, Italy, the Republic of Korea, the Netherlands, Romania, Serbia, South Africa, Spain, Sweden, Switzerland, Taiwan, and the United Kingdom. Also, Nigeria has ratified double taxation agreement with 14 countries which are Belgium, Canada, China, Czech Republic, France, Italy, the Netherlands, Pakistan, Philippines, Romania, Singapore, Slovakia, South Africa, and the United Kingdom.

On competition and anti-trust laws, the Federal Competition and Consumer Protection (FCCFPC) Act which was enacted in 2019 repealed the Consumer Protection Act of 2004. The terms of the act enable businesses to lodge anti-competitive practices complaints against other firms in the Tribunal. Furthermore, it restrains companies from price fixing, price rigging, collusive tendering, etc.

In view of revenue generation strategies, rating agencies such as Standard and Poor's (S&P), Fitch ratings, and Moody's have continuously expressed concerns about Nigeria's rising debt profile. They argue that Nigeria has a very high debt to revenue ratio, hence, the need for Nigeria to urgently diversify its revenue base. Some strategies employed by the Nigerian government to increase its revenue generation include Strategic Revenue Growth Initiative (SRGI) which was launched by the federal government with the main aim of identifying and exploiting sources that would largely boost and diversify the revenue base of the country.

The goal of the SRGI is to significantly grow our revenue/GDP ratio to about 15 percent by 2025 which will help to drastically lessen our fiscal burden. The three thematic areas covered by the SRGI are achieving sustainability in revenue generation, identifying new and enhancing the enforcement of existing revenue streams, as well as achieving cohesion in the revenue ecosystem. In line with its revenue generation goals, there has been an annual tradition of enacting Finance Acts to accompany the federal budget.

"The Finance Acts has helped us to address some deadweights in our tax structure which has stimulated efficiency in the tax system and increased tax revenue. Some of these tax changes include the N10/liter excise duty imposed on all non-alcoholic, carbonated and sweetened beverages; the introduction of a six percent tax on the turnover of e-commerce business by non-resident companies in Nigeria.

"One of the success stories of our domestic revenue mobilisation drive is the stellar performance of non-oil revenue. In 2021, non-oil revenue exceeded its target by 15.7 percent.

Investors are primarily concerned about Nigeria's exchange rate volatility and FX availability. Measures/policies adopted to boost Nigeria's foreign reserves include the following: RT 200 FX: CBN's roadmap to improving forex inflows. RT 200 FX Program, stands for the race to $200 billion in FX repatriation. It is a set of policies, plans, and program for non-oil exports that will enable Nigeria to attain the goal of $200 billion in FX repatriation, exclusively from non-oil exports, over the next three to five years.

The program is anchored on five components which are non-oil commodities expansion facility, non-oil FX rebate scheme, dedicated non-oil export terminal, and biannual non-oil export summit.

There is transition to a single FX rate: "Through our central bank, we also introduced the Investors & Exporters' FX window (I&E FX Window), which is the market trading segment for investors, exporters and end-users that allows for FX trades to be made at market determined exchange rate.

About the 100 for 100 policy on production and productivity (PPP): The 100 for 100 PPP project is a financial instrument that has been introduced via the Central Bank to increase the flow of money and investments to firms that can catalyse long term economic growth, accelerate structural transformation, promote diversification, and boost productivity.

On combating corrupt practices and increasing transparency, Nigeria has open contracting portal which is a platform introduced in 2017 to enable the conduct of open and competitive bidding processes for government procurement, and there also is open government partnership. Nigeria is currently implementing 16 commitments from 2019-2022 action plan. The action plan features commitments related to fiscal transparency, anticorruption, extractive transparency, inclusiveness, and public service delivery.

Considering how the global community could collectively support governments to scale up improvements needed in analytics and strategy support to emerging markets, Mrs. Ahmed highlighted a number factors such as: Removing distortions in developed countries.

According to her, developed countries tariffs and non-tariff barriers, export subsidies, etc. gives incentives to their industries and reduces the opportunities for productive investment in emerging markets. Removing the various distortions could increase the development assistance currently provided for investment climate improvements.

"The international community can help by providing development

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The Honourable Minister, Mrs. Zainab Ahmed in one of her side meetings with Keith Svendsen, Chief Executive Officer, APM Terminals in Davos.

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assistance to help design and implement investment climate improvements. The international community should continue to aid emerging markets in the form of concessional loans, grants, guarantees, etc., for infrastructural development, policy-based support, and technical assistance.

"The international community could help build the capacity of statistical agencies in emerging economies to help government monitor the performance of their private sectors, identify emerging trends and problems, and evaluate the impact of alternative policy approaches.

"According to the OECD, blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries. Blended finance instruments serve to lower investment specific risks and incentivise additional private sector finance across key development sectors led by regional, national and subnational government policies and priorities for sustainable development.

Then on the new outlook for jobs and how countries, businesses and workers should respond to the changes under way, Mrs. Ahmed looked at the global trends on jobs, challenges impacting global job recovery, Nigeria's peculiar challenges, key policies to address job creation in Nigeria, among others.

Trends On Job

Globally, the labour market is projected to remain weak through 2023. The global labour force participation rate is projected to recover only partially to 59.4 percent by 2023. Global unemployment rate is projected to reach 5.9 percent in 2022, improved from 6.2 percent in 2021 and 6.5 percent in 2020, but still below 5.4 percent in 2019.

Global employment will not recover to pre-pandemic levels until at least 2023, with a projected shortfall in hours worked this year equivalent to 52 million full-time jobs. The ILO predicts that there would be 205 million people out of work and a deficit in hours worked equivalent to 26 million full-time jobs.

Workers are being required to shift to new types of work, in response to the prolonged slump in international travel and tourism. While the rapid spread of flexible (non-standard) forms of employment e.g., hybrid is working, automation and digitisation have reduced routine manual labour and routine cognitive activity.

As talent retention troubles will continue to expand throughout the world e.g., the great resignation, equity and social protection in the workplace i.e., in the wake of the pandemic, inclusion, equity, and equality will become a key focus for many, and green transition is taking shape i.e., adaptation and prioritisation of investments in people to ensure that the oncoming green transition is a just and inclusive one.

Of course, there are challenges impacting global job recovery; developing countries are held back by tough fiscal rules and high debt repayment requirements; and the increase in the food and commodity prices that have been caused by disruptions in production and trade exacerbated by the Ukraine crisis has hindered global job recovery.

According the International Labour Organisation (ILO), many workers are still suffering the impact of the coronavirus pandemic, more than two years after it started, and the increasing frequency and severity of climate related disasters has hindered the recovery of jobs in climate prone countries.

On what Nigeria is doing to respond to all these and the domestic challenges. The Honourable Minister had to look at Nigeria's peculiar challenges such as insecurity, poor state of infrastructure, lack of access to productive inputs such as finance and workspace, lack of sufficient government stimulus, changes in government policies, and lack of the right attitude by Nigerians.

On Key policies to address job creation in Nigeria, starting with the Nigeria Economic Sustainability Plan (NESP), Mrs. Ahmed stated: "The NESP was developed as a 12-month, N2.3 trillion 'transit' plan between the Economic Recovery and Growth Plan (ERGP) and the successor plan to the ERGP, which is currently in development."

She also highlighted key strategies that promote job creation in the policy such as: Mass Agricultural Program: This strategy, according to her, is expected to create millions of direct and indirect job opportunities. The objective is to ensure the cultivation of between 20,000 and 100,000 hectares of new farmland in every State, as well as support offtake and agro-processing, with low-interest credit.

Business support for micro, small and medium enterprises (MSMEs): This takes the form of payroll support to designated sectors so that they can keep their employees and help maintain jobs; and loan restructuring and moratorium for existing debt.

Informal sector support: This takes the form of low-interest loans, and the easing of procedures for registration, licensing, obtaining permits, etc. Mechanics, tailors, artisans, petty traders, and all other informal businesspeople will be supported to grow their businesses.

The Medium-Term National Development Plan (NDP) (2021 - 2025)

The plan succeeds the Vision 20:2020 introduced in 2009 and the Economic Recovery and Growth Plan (ERGP) introduced in 2017 both of which expired in 2020. The NDP is also a bridge for the country's long-term plans currently being developed, that is, Nigeria Agenda 2050

The key strategies that promote job creation in this policy were creating intersectoral linkages to unlock the potential of high growth sectors critical to creating 25 million jobs by identifying opportunities with the most potential for sustainable job creation; supporting MSMEs business viability to spur job creation by supporting the standardisation of operations and increasing access to finance; and developing a partnership framework with the private sector by identifying skills gaps.

The National Digital Economy Policy and Strategy (NDEPS): The NDEPS, according to her, was developed by contacting representatives and stakeholders in both the public and private sector. The pillars of NDEPs are developmental regulation, digital literacy and skills, solid infrastructure, service infrastructure, digital services development and promotion, soft infrastructure, digital society and emerging technology, and indigenous content development and adoption. Key strategies that promote job creation in NDEPS policy is the policy is made up of eight pillars. These pillars will create an enabling environment for the promotion of digital jobs across the country.

There is 100 for 100 Policy for Production and Productivity (PPP) launched January 2022, to stimulate the flow of credit to the real sector of the economy in order to reverse the nations' over-reliance on import. By this, the CBN issued the Guidelines for the implementation of the 100 for 100 PPP for eligible private companies with potential to immediately transform and catalyse the productive base of the economy. The policy promotes local content capacity i.e., more than 50 percent of raw material input should be sourced locally and more than 80 percent of jobs created should be for Nigerians. The policy emphasises on job creation and human capital development i.e., beneficiaries should have detailed plan for training the workforce with requisite skills to enhance productivity. Its achievement is that over 28 beneficiaries have their applications approved valued at N23.2 billion.

Also, there is Government Enterprise and Empowerment Programme (GEEP), an initiative by the federal government to provide financial inclusion and access to micro-credit for Nigerians at the bottom of the economic pyramid. This has created access to finance by providing easy access to capital to grow beneficiary's business, and by on-boarding beneficiaries into the formal financial system of banking.

The achievements of this policy is that over 9 million households and MSMEs are identified currently and engaged in different programs and a growing platform capacity for up to 30 million more annually. There are over 22,000 human banks (agents) in all local communities nationwide to guide beneficiaries in their journey of capacity building, training, credit, grants and technology enhancements in their businesses. Over N170 billion ($413 million) has been executed through the growth platform till date, driving the largest last mile intervention, financial inclusion and covid relief to businesses and households across Nigeria.

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed (R) on the sidelines of the World Economic Forum (WEF) in Davos with Reta Jo Lewis, President & Chair, Export-Import Bank of The United States on opportunities to finance and facilitate projects in Nigeria as well as US-Nigeria trade relations.

FAAC Shares N656 Billion For April

As Finance Minister Laments Revenue Leakages

The Federation Account Allocation Committee (FAAC) has shared a total sum of N656.602 billion April 2022 federation account revenue to the federal government, states and local government councils.

This was contained in a communiqué issued at the end of a virtual meeting of the FAAC for May 2022.

The N656.602 billion total distributable revenue comprised distributable statutory revenue of N461.189 billion, distributable Value Added Tax (VAT) revenue of N166.522 billion, the sum of N8.891 billion being excess bank charges recovered and augmentation of N20.000 billion.

In April 2022, the total deduction for cost of collection was N29.609 billion and total deductions for transfers and refunds was N147.651 billion. The balance in the Excess Crude Account (ECA) was $35.377 million.

The communiqué confirmed that from the total distributable revenue of N656.602 billion; the federal government received N257.611 billion, the state governments received N201.256 billion and the local government councils received N149.251 billion. The sum of N48.485 billion was shared to the relevant States as 13 percent derivation revenue.

A gross statutory revenue of N635.037 billion was received for the month of April 2022. This was lower than the N933.304 billion received in the previous month by N298.267 billion, according to the communique.

From the N461.189 billion distributable statutory revenue, the federal government received N217.412 billion, the state governments received N110.275 billion and the local government councils received N85.017 billion. The sum of N48.485 billion was shared to the relevant states as 13% derivation revenue.

In the month of April 2022, the gross revenue available from the VAT was N178.825 billion. This was lower than the N219.504 billion available in the month of March 2022 by N40.679 billion.

From the N166.522 billion distributable VAT revenue, the federal government received N24.978 billion, the state governments received N83.261billion and the local government councils received N58.283 billion.

The federal government received N4.684 billion; the state governments received N2.376 billion and the local government councils received N1.831billion from the N8.891 billion excess bank charges recovered.

The N20.00 billion augmentation was shared as follows: the federal government received N10.536 billion, the state governments received N5.344 billion and the local government councils received N4.120 billion.

According to the communiqué, in the month of April 2022, petroleum profit tax (PPT) and excise duties increased marginally, while oil and gas royalties, import duty, companies income tax (CIT) and VAT all recorded significant decreases.

Meanwhile, Mrs. Zainab Ahmed, Minister of Finance, Budget And National Planning, says federal government policies on tax exemptions and concessions are among sources of huge revenue leakages.

A tax exemption is the right to exclude all or some income from taxation while a tax concession is a reduction made by the government in the amount of tax that a particular group of people or type of organisation has to pay or a change in the tax system that benefits them.

Ahmed disclosed this at a workshop on tax expenditure organised by the Economic Community of West African States (ECOWAS) in Abuja.

The minister said while tax exemptions and concessions were granted to grow the economy, it now "constitutes huge tax expenditures and revenue leakages to the government".

Ahmed was represented by Fatima Hayatu, Director, Technical Services in the ministry.

"Nigeria is faced with challenges in mobilising domestic funds necessary for human capital development and infrastructure that are both drivers of sustainable economic growth and development," Ahmad said.

"Our current revenue to gross domestic product (GDP) ratio of about seven per cent is unsatisfactory and we are keen on improving this by implementing various initiatives.

"The case remains the same with our current contribution between oil and non-oil GDP, for which our analysis on oil revenue to oil GDP reveals as 39 percent while non-oil revenue to non-oil GDP as 4.2 percent.

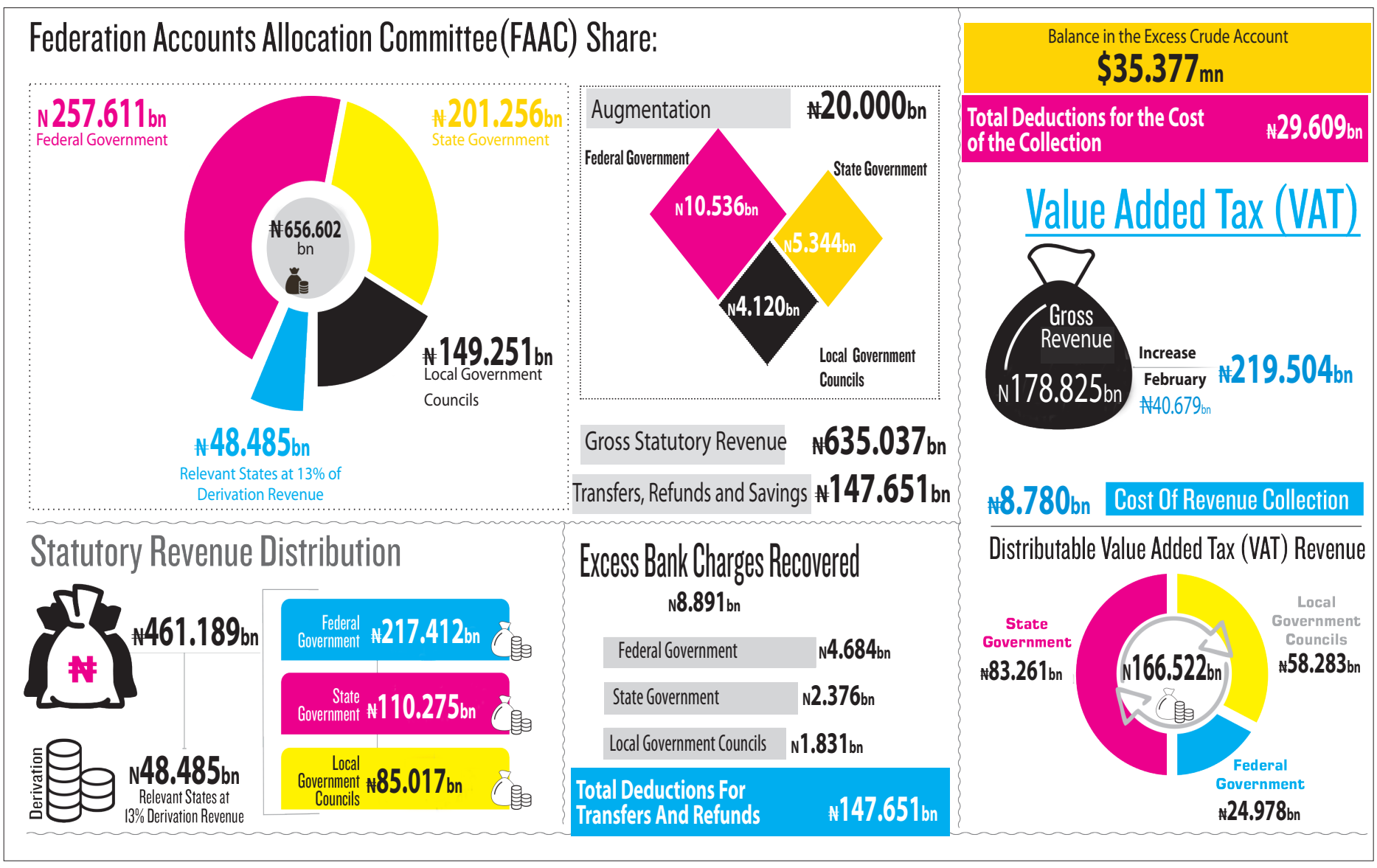
"Our value-added tax revenue to GDP in Nigeria for example stands at less than one per cent, 0.8 percent, which compares unfavourably to ECOWAS average of 3.4 percent."

The minister further said the government had recently issued a tax expenditure statement call circular to relevant agencies of government, indicating guidelines and instructions for strict adherence, compliance, and reporting.

She also lauded the effort of ECOWAS to revamp tax generation and block leakages through undertaking the programme for tax transition in West Africa (PATF).

On his part, Salifou Tiemtore, Director of Customs Union and Taxation, said the PATF programme would bolster the regional fight against fraud, tax evasion, illicit financial flows and other forms of corruption.

He added that efforts would be made to ensure improvement in the management of tax amongst member states through the PATF tools.



NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

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

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

DEPOSIT GUARANTEE

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

BANK SUPERVISION

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

DISTRESS RESOLUTION

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

BANK LIQUIDATION

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

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

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

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

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

OUR CORE MANDATES

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

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EDITORIAL

Nigeria Placed To Benefit From Catalytic Private Investments In Africa's Infrastructure Crossroads

Africa stands at a crossroads. Closing Africa's infrastructure gap means facing serious and persistent problems, yet they are solvable. Many governments across Africa are showing leadership. Next steps include putting in place the necessary integrated plans and policies, to overcome market barriers, and providing incentives for the business models and finance that can scale up Africa's infrastructure for an urgently needed economic transformation.

We are saying that now is right for African governments and their infrastructure partners to cooperate and enable all Africans to benefit from the continent's extraordinary wealth.

Many African economies are seeing a boom in exports, and economic growth is creating demand for energy and a range of services. But the region still has a large infrastructure deficit. This is now the time to seize opportunities for innovative financing and transformative business models.

Economic growth has taken root across much of the region. In many countries, exports are booming, foreign investment is on the rise and dependence on aid is declining. Governance reforms are transforming the political landscape; democracy, transparency and accountability have improved, giving Africa's citizens a greater voice in decisions that affect their lives.

At the same time, many African governments are failing to convert the wealth created by economic growth into opportunities that all Africans can exploit to build a better future. Inequality is increasing. Poverty is not falling nearly as fast as it should, and Africa's share of global malnutrition and child deaths is fast rising.

Disturbingly, Africa's economic trends are diverging across the continent. Sub-Saharan Africa's economy is set to expand 3.8 percent in 2022. This follows the sharp contraction which represents low recovery relative to other regions, according to International Monetary Fund (IMF).

In particular, the economic outlook points to divergences at three levels: Between sub-Saharan Africa and other regions, within sub-Saharan Africa, and within countries. But Africa's infrastructure gap is huge.

We are of the belief that Africa's renewables revolution is happening both on and off-grid enabling the continent to show the way to a low-carbon future.

Some experts would state that two in three Africans – 620 million people – lack access to electricity. Excluding South Africa, Sub Saharan Africa's electricity consumption is less than that of Spain. 600,000 Africans die each year as a result of household air pollution.

Restricted access to energy leaves some people paying some of the world's highest prices for power.

Africa has the world's least developed network of paved roads. Companies using Africa's ports face the world's longest delays in delivery. Social infrastructure is equally underdeveloped. Needless to say, only 30 percent of the region's population has access to improved sanitation facilities.

There is compelling evidence that infrastructure shortfalls undermine investment opportunities and have equally marked effects on people's daily lives. In short, a lack of infrastructure is a bottleneck for both growth and opportunity. The same is true of finance. The reality is that Africa faces a twin deficit in infrastructure and inclusive finance.

We note that economic growth is increasing demand for energy, water, sanitation, transport, and information and communications technology (ICT). Trade opportunities are expanding and the business environment is improving.

Population growth is adding to demand. Reported returns to foreign investors in power projects in Sub-Saharan Africa are higher than in any other developing region. And the G20 has identified African infrastructure financing as a priority.

To close the region's vast deficits in infrastructure, Nigerian government has shown great potential to mobilise tax revenues and external finance needed to underpin public investment.

New and innovative financing to close the financing gap is becoming available. With its growing population, increasing consumer demand, and massive infrastructure needs, Nigeria is ideally placed to benefit from catalytic private sector investments. The country has opened up as a matter of policies to bring together public and private sectors to drive the deals as quickly as possible.

Nigeria has done this in view of the fact that African countries are rewriting the rules of the global multi-trillion-dollar energy industry. Africa's highly centralised energy systems often benefit the rich and bypass the poor. They are mostly underpowered, inefficient and unequal. Chronic under-supply of secure and affordable electricity is a barrier to growth, job creation and poverty reduction.

The country is not looking away, when huge transformations in energy across Africa are anticipated where technology and ingenuity are revolutionising the sector. Demand for modern energy is set to surge, fuelled by economic growth, demographic change and urbanisation. As the costs of low-carbon energy fall, Nigeria nay Africa could leapfrog into a new era of power generation. Utility reform, new technologies and new business models could be as transformative in energy as the mobile phone has been in telecommunications. Consumers are becoming empowered and antiquated business models are being turned upside-down.

Africa's renewables revolution is happening both on and off-grid enabling the continent to show the way to a low-carbon future, while putting in place the policies needed to reduce its vulnerability to the effects of climate change.

Mini-grids, smart metering and mobile money have all arrived in Africa.

Nigeria has to join South Africa to emerged as global leaders in renewable energy, with wind-power now competitive with coal in terms of price. Other countries – Ethiopia, Kenya, Morocco and Rwanda, among them – are already attracting large investments in renewable energy.

Nigeria has to step up because renewable technologies create opportunities to increase agricultural productivity, improve resilience to climate change, and contribute to long-term reductions in dangerous carbon emissions.

CBN Says Injection Of $3.36bn Into Foreign Exchange Market In Two Months To Save Naira

...Disburses N57.9bn For Anchor Borrowers In Two Months

By Felix Omoh-Asun

To defend the Nigeria currency, the naira, the Central Bank of Nigeria (CBN) said that it injected $3.36billion into the foreign exchange market in two months.

The apex bank defended the action, saying it is in an effort to ensure the stability of the naira.

Figures obtained from the CBN's monthly report on 'Foreign Exchange Market Developments' showed that $1.71billion and $1.65billion were injected in December 2021 and January 2022 respectively.

The report said: "Total foreign exchange sales to authorised dealers by the bank was $1.65billion in January, representing a decrease of 3.1 percent, relative to $1.71billion in December 2021.

"A breakdown shows that foreign exchange sales at the Small and Medium Enterprises window, interbank/invisible foreign exchange sales and matured swaps contracts rose by 24.4 percent, 25.9 percent, and 60.8 percent to $0.14billion, $0.18billion and $0.21billion, respectively, in January, relative to the amount in December 2021.

"However, foreign exchange sales to the Investors and Exporters and Secondary Market Intervention Sales windows fell by 13.7 percent and 16.3 percent to $0.58billion and $0.54billion respectively, in the month under review."

The CBN stopped forex intervention through the Bureau de Change (BDC) segment of the market in 2021 and said that it would stop further interventions through the banks by the end of 2022.

Experts have, however, decried the unprecedented rate of oil theft recorded in recent times and its debilitating impact on government revenue and accretion to the country's external reserves, which are used to defend the naira value.

The apex bank also revealed that it disbursed the sum of N57.91 billion for the execution of 185,972 projects under the Anchor Borrowers' Programme (ABP).

CBN governor, Mr. Godwin Emefiele, disclosed this at a news conference in Abuja.

In the monetary policy committee (MPC) communique released, Mr. Emefiele said that the funds disbursed over a period of two months were for projects meant for the cultivation of rice, wheat, and maize.

In November 2015, President Muhammadu Buhari launched the ABP initiative to boost agricultural production, improve foreign exchange and reverse Nigeria's negative balance of trade on food.

The initiative captured smallholder farmers cultivating cereals (rice, maize, wheat etc.) cotton, roots and tubers, sugarcane, tree crops, legumes, tomato, and livestock.

Mr. Emefiele said at least four million smallholder farmers across Nigeria have been supported to boost the production of agricultural commodities in the country.

"Between April and May 2022, the bank released the sum of N57.91 billion under the anchor borrowers' programme (ABP) to 185,972 new projects for the cultivation of rice, wheat, and maize, bringing the cumulative disbursement under the programme to N1.01 trillion, disbursed to over 4.2 million smallholder farmers cultivating 21 commodities across the country," Mr. Emefiele said.

"The bank further disbursed the sum of N1.50 billion, under the accelerated agriculture development scheme (AADS), to one new youth-led project, piloted and funded through the government of Ondo State for the acquisition of assets for oil-palm cultivation and the establishment of poultry farms.

"This brings the total disbursement under the Scheme to N21.23 billion for 10 state-led and three private sector-led projects.

"In addition, the bank released N21.73 billion to finance seven large-scale agricultural projects under the Commercial Agriculture Credit Scheme (CACS).

"The funds were utilised for the establishment of a ranch and milk processing facility; procurement of feed and medication for livestock/dairy production; construction of a 300 metric-tonne per day oil mill in Gusau, Zamfara State; acquisition and installation of an agrochemical factory; as well as purchase and stockpiling of homegrown maize for animal feed production.

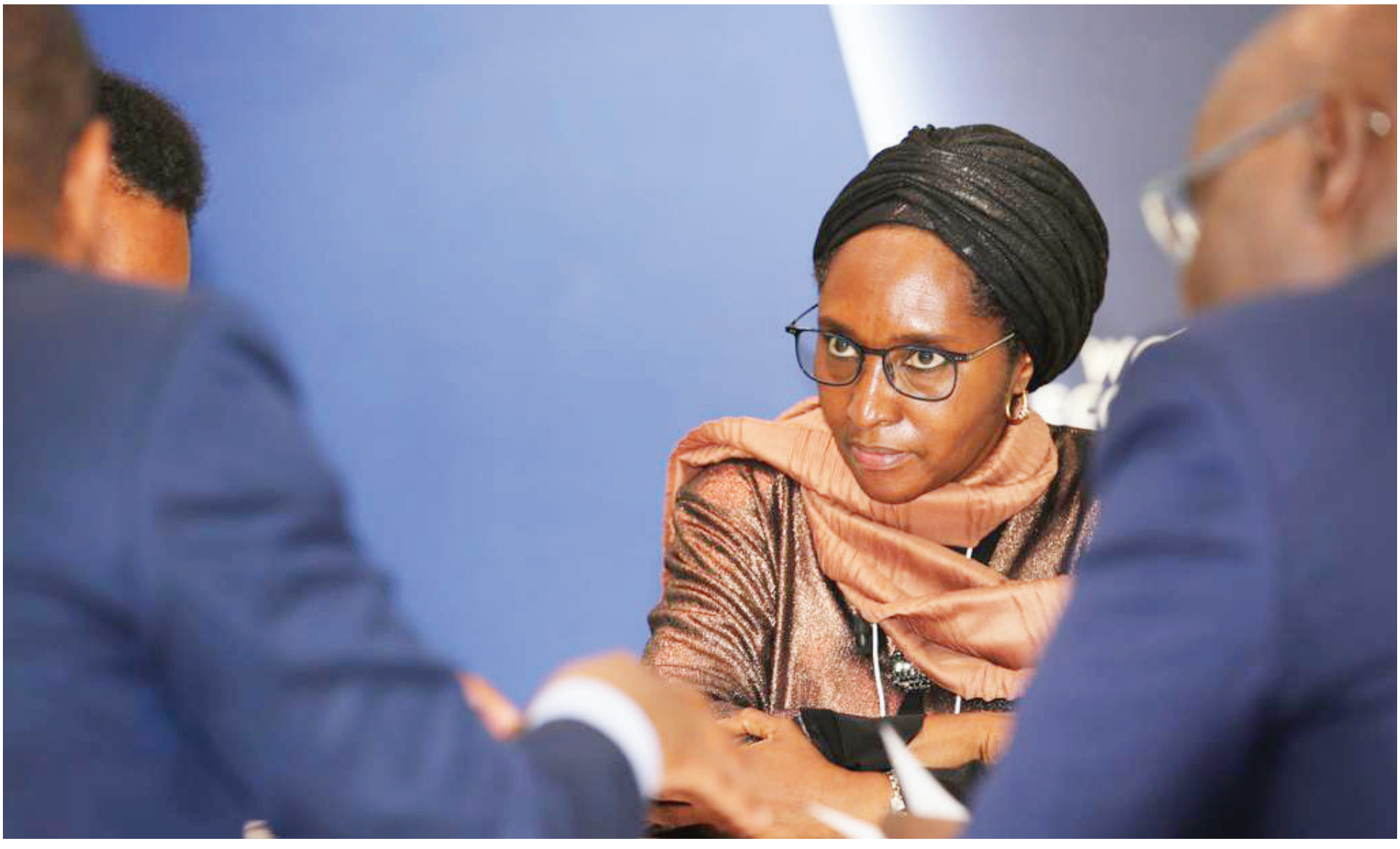
"This brings the cumulative disbursement under this scheme to N741.05 billion for 674 projects in agro-production and agro-processing."

NEWS IN PICTURE

The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed**, in a group photograph with Executive members of the AfDB during the African Development Bank annual meetings in Accra, Ghana recently.

NEWS IN PICTURE

The Honourable Minister of Finance, Budget & National Planning, **Mrs. Zainab Shamsuna Ahmed,** in a discussion on 'Rethinking Risks To Accelerate Sustainable Investments' in one of the side meetings at the 2022 World Economic Forum in Davos, Switzerland. The group includes **Caroline Anstey,** President & CEO, Pact, USA (Moderator), **Mrs. Zainab Ahmed,** the Nigeria's Minister of Finance, **Thierry Deau,** CEO Meridian France, **Gim Huay Neo**, Managing Director, Centre for Nature & Climate, WEF, and **Remy Rioux,** Chief Executive Officer, Agence Francaise de Development (AFD).



Banks Maximum Lending Rate Drops To 5-year Low At 26.61%, As Nigeria's Q1 Trade Deficit Rose by 175%, Hit $764m, Says CBN

By Albert Egbede

The Central of Nigeria (CBN) has said that banks have reduced maximum lending rate to 26.61 percent, an over five-year all-time low.

The latest data by the CBN on banks' deposit and lending interest rates also revealed that Nigeria's first quarter (Q1) trade deficit rose by 175 percent, hitting $764million.

These scenarios, according to the CBN, are amid rising inflation rate that is expected to hike operating cost.

The CBN data just released revealed that in 2016, the maximum lending rate was hovering around 26 percent and crossed the 31 percent mark in 2017.

The drop involves a decline in lending rates to the real sector of the nation's economy and increasing deposit rates on bank customers' deposits.

The data on banks' deposit and lending interest rates showed a 1.4 percentage points drop in the average maximum lending rate from 26.61 percent in March 2022, as against 27.65 percent in January 2022.

The maximum lending rate was at 30.73 percent in February 2022 and it has dropped by 2.5 percent to 27.85 percent in December 2021 from 28.3 percent it was in January 2021.

The CBN data indicated that interest on savings deposits closed March 2022 at 1.28 per cent from 1.25 per cent, representing an increase of 2.4 per cent Year-till-Date (YtD) performance.

Experts attribute the decline in maximum lending rate to excess liquidity in the banking sector.

Commenting, the President of the Association of the Capital Market Academics in Nigeria (ACMAN), Professor Uche Uwaleke, believed interventions by CBN also forced banks to cut interest rate on loans to customers.

He explained: "When the money supply is high, it is expected to translate into low interest rates on lending to bank customers. The numerous interventions by CBN have forced down interest rates in the banking sector. The CBN has a lot of its intervention at single digit interest rate; moved from nine percent to five per cent. When the CBN should have ended that regime of five per cent lending rate, it extended it further.

"The CBN has been extending loan facilities to key sectors of the economy and a lot of interventions are accessing these funds at single digit interest rate. The banks were forced to reduce interest rate in order to remain relevant in their major core business of lending to the real sector."

He noted that the gap between saving and lending rates is huge, stressing that the CBN management have expressed concerns.

Speaking on increase in deposit rate, he added that the hike in deposit rate is meant to attract deposits and remain competitive.

"It is the competition that is pushing up interest on deposits in the banking sector," he added.

The President, Bank Customers Association of Nigeria (BCAN), Dr. Uju Ogubunka, attributed the decline in maximum lending rate to uncertainty surrounding the business environment amid political tension in the country.

Godwin Emefiele, CBN Governor

According to him, "Once bank customers are not applying for loans as they used to, for sure the lending rate is expected to drop. When you have pressure on loan request, the rate is expected to go higher. Many people are not making moves to invest because of the insecurity, upcoming elections, among others."

Ogubunka, former Registrar/ Chief Executive, Chartered Institute of Bankers of Nigeria (CIBN), expressed that Nigeria's economy in 2022 has not witnessed major improvement to warrant a hike in banking lending rate to the real sector.

He added: "If there is no improvement in macroeconomy activities, it simply means there is no need to commit more funds into the business environment, leading to slow demand for loans."

Ogubunka explained further that banks opted to increase the rate on saving deposits to attract savings since the funds are not available.

He questioned: "How many bank customers are still saving money in the bank? It is a demand and supply related issue. If bank customers do not give to banks, they will not have enough to lend to the real sector.

"Ordinarily, if there is surplus in the system, the pricing goes down but if you do not have enough and there is demand for it, you increase the rate. I think what is happening now is that so many bank customers are incapacitated that they cannot save due to inflation rate, among others."

Speaking from a different perspective, analyst at PAC Holdings, Mr. Wole Adeyeye, said that the competition between the banks and Fintech companies forced down the maximum rate in the financial sector.

"For the month of March 2022, as the deposit rate increases, lending rate dropped. I think it has to do with competition between banks and other lending houses. Deposit rate actually increases which is expected to encourage people to deposit more funds. Banks are facing the reality of the CBN granting licence to MTN Nigeria and Airtel Africa to operate a payment service provider (PSP) that is expected to commence soon."

On the flipside, the CBN's data revealed that the average prime lending rate hit a 14-month high to 11.85 percent in March 2022.

Prime lending rate in its Year-till-Date (YtD) performance has gained 1.4 percent from 11.68 percent reported in January 2022, while in Year-on-Year (YoY) gained 6.4 percent from 11.13 percent reported in March 2021.

The average interest rate on one-month deposits dropped to 3.33 percent in March from 3.79 percent in January 2022, while three-month deposits also dropped to 4.41 percent from five percent in January 2022.

The apex bank's Monetary Policy Committee (MPC) of the CBN since February 2021 maintained interest rate at 11.5 percent.

A member of the MPC, a Professor of Economics at the University of Benin, Mike Obadan, had in his personal statement during the March 2022 meeting in Lagos said: "A further tightening of monetary policy will not tame inflation. Rather, it will lead to an increase in lending rates of the commercial banks, limit access to credit, and hurt investment in the real sectors of the economy.

"Indeed, a further tightening policy will on one hand be antithetical to the CBN's goal of increasing access of investors to cheap credit in order to aid economic recovery, spur growth, increase employment and reduce poverty.

"On the other hand, easing monetary policy in the present circumstances could increase untargeted money supply growth and exacerbate inflation. The situation of low growth, high unemployment and poverty incidence and double-digit inflation, no doubt, entails difficult policy choices.

"Nevertheless, output growth requires continuous policy support, especially monetary policy to complement fiscal policy which, for some time now, is characterised by weak fiscal space. Targeted development finance interventions of the CBN would need to be sustained to boost aggregate supply of goods and services in aid of non-monetary inflation control."

The Deputy Governor, Financial System Stability, CBN, Aisha Ahmad, also in her personal statement said the committee has a window to use the tools at its disposal to fight inflation promptly while keeping an eye on output growth, stressing that a marginal interest rate hike, thus, signals the need to curb inflation and could tangentially moderate foreign exchange pressures in the medium term by attracting foreign investors.

She added that, "While I acknowledge that a rate hike could potentially have a negative effect on real sector lending prices, this is mitigated by the Bank's interventions which has broadened affordable access to loans.

"I am, therefore, convinced that sustaining these interventions, alongside a marginal increase in the monetary policy rate to combat inflation, would combine well to strengthen the recovery process."

Meanwhile, the apex bank said Nigeria's Q1 trade deficit rose by 175 percent and hitting $764million

According to the bank, the value of Nigeria's international trade deficit rose by 175.13 percent from $152.94million in January 2022 to $420.79million in March 2022, according to data from the CBN.

The international trade summary on the CBN's website shows that the total value of international trade was $28.77billion in Q1 2022, with imports at $14.77billion and export at $14.01billion, showing a total trade deficit of N764.69million.

In January 2022, export was $4.74billion and import was $4.89billion, with a trade deficit of $152.94million.

The value of the trade deficit increases further in February 2022 to hit $190.96million, with export at $4.70billion and import at $4.89billion.

A massive increase is recorded by March 2022 at $420.79million trade deficit, with export at $4.57billion and imports at $4.99billion.

The CBN Governor, Godwin Emefiele, had said in June last year that the country would cut down its import bill in the first quarter of 2022, particularly with the functioning of the Dangote refinery, which would reduce Nigeria's oil import.

He had said: "Of course for petroleum products, by the time the refinery goes into production by the first quarter of next year and the petrochemical plants we would have reduced our importation by about at least close to 35 percent."

However, Nigeria has failed to cut down its import bill and the Dangote refinery is yet to be completed and operational.

The Nigerian Economic Summit Group in its latest report titled 'Reforms Towards Resolving Foreign Exchange Challenges in Nigeria' highlighted the downside of the worsening trade deficit.

According to the NESG, Nigeria is greatly inclined to external borrowing through Eurobonds and multilateral loans to push up external reserves due to the declining trade balance position.

The report read in part, "Owing to the deteriorating trade balance position, the country is increasingly exposed to external borrowing through Eurobonds and multilateral loans to shore up its external reserves. In 2021, the trade deficit widened to N1.9trillion from N178.3billion in 2020.

"The country had persistently recorded a trade deficit since the fourth quarter of 2019 when the land borders were shut. However, maintaining a trade surplus consistently coupled with adequate inflows of foreign investments will contribute significantly to improving the net flows of forex through the economy – which crashed from $100.8billion in the first three quarters of 2014 to $44.5billion in the corresponding period of 2021."

The report further disclosed that the huge dependence on imports has limited the CBN's ability to effectively manage the demand for foreign exchange.

In its report, the group said, "Meanwhile, the massive dependence on imports has constrained the CBN's ability to manage forex demand by prohibiting certain commodities that could otherwise be produced locally from accessing forex at the official market since 2015.

"The result of this policy action has heightened demand pressures in the parallel market, leading to a wide gap between the official exchange rate (now the I&E Window exchange rate) and the parallel market exchange rate. The parallel market premium averaged N104.7/US$ in 2021, 64.9 percent higher than the average premium of N63.5/US$ in 2020."

OPEN BUDGET SURVEY 2021

Nigeria

Overview

Transparency: **45** /100 (Open Budget Index score)

Public Participation: **26** /100

Budget Oversight: **61** /100

About the survey

Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – have important consequences for all people in society. When governments provide information and meaningful channels for the public to engage in these decisions, we can better ensure public money is spent on public interests.

The Open Budget Survey (OBS) is the world's only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions, such as legislatures and national audit offices, in the budget process.

The survey helps local civil society assess and confer with their government on the reporting and use of public funds. This 8th edition of the OBS covers 120 countries.

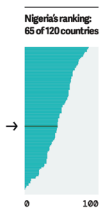
Visit www.internationalbudget.org/open-budget-survey for more information, including the full OBS methodology, the 2021 Global and Regional Reports, findings for all surveyed countries, and the Data Explorer.

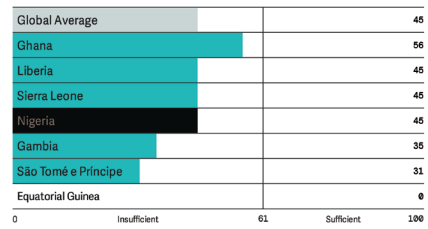
Transparency

This part of the OBS measures public access to information on how the central government raises and spends public resources. It assesses the **online availability, timeliness, and comprehensiveness** of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. **A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget.**

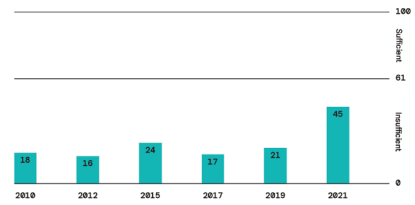
Nigeria has a transparency score of **45** (out of 100).

Transparency in Nigeria compared to others





How has the transparency score for Nigeria changed over time?



Public availability of budget documents in Nigeria

KEY
- Available to the Public
- Published Late, or Not Published Online, or Produced for Internal Use Only
- Not Produced

Document	2010	2012	2015	2017	2019	2021
Pre-Budget Statement	●	●	●	●	●	●
Executive's Budget Proposal	●	●	●	●	●	●
Enacted Budget	●	●	●	●	●	●
Citizens Budget	●	⊘	●	●	●	●
In-Year Reports	●	●	●	●	●	●
Mid-Year Review	●	●	●	⊘	●	●
Year-End Report	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●

How comprehensive is the content of the key budget documents that Nigeria makes available to the public?

KEY
- 61-100 / 100
- 41-60 / 100
- 1-40 / 100

Key budget document	Document purpose and contents	Fiscal year assessed	Document content score
Pre-Budget Statement	Discloses the broad parameters of fiscal policies in advance of the Executive's Budget Proposal; outlines the government's economic forecast, anticipated revenue, expenditures, and debt.	2021	89
Executive's Budget Proposal	Submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes, and other information important for understanding the country's fiscal situation.	2021	32
Enacted Budget	The budget that has been approved by the legislature.	2021	84
Citizens Budget	A simpler and less technical version of the government's Executive's Budget Proposal or the Enacted Budget, designed to convey key information to the public.	2021	75
In-Year Reports	Include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.	2019 & 2020	70
Mid-Year Review	A comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.	2020	74
Year-End Report	Describes the situation of the government's accounts at the end of the fiscal year and, ideally, an evaluation of the progress made toward achieving the budget's policy goals.	2019	36
Audit Report	Issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.	2018	Published Late

Nigeria's transparency score of **45** in the OBS 2021 is substantially higher than its score in 2019.

What changed in OBS 2021?

Nigeria has increased the availability of budget information by:

- Publishing an updated Medium Term Fiscal Framework to inform the 2020 supplementary budget that provides updated projections for the remainder of the year and qualifies as a Mid-Year Review.
- Publishing the Pre-Budget Statement and In-Year Reports online in a timely manner.
- Increasing the information provided in the Executive's Budget Proposal.

Recommendations

Nigeria should prioritize the following actions to improve budget transparency:

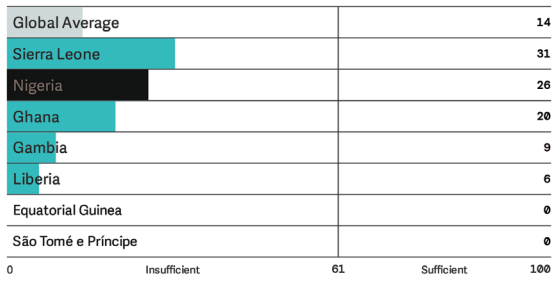
- Publish the Audit Report online in a timely manner to facilitate early remedial actions by appropriate institutions. We note that Section 49 of Nigeria's Fiscal Responsibility Act, 2007 recommends this report be published no later than six months following the end of the financial year.
- Include in the Year-End Report performance information and detailed actual outcomes for expenditures.
- Legislative and executive arms of government should collaborate to continue the practice of issuing updated Medium Term Fiscal Frameworks, or produce a more robust Mid-Year Review document, that includes revised projections of revenues and spending.
- In addition to the Citizen's Guide for the Executive's Budget Proposal and the Enacted Budget which exists, similar guides should be created for all published budget documents including the In-Year Reports, Mid-Year Review, Year-End Report and Audit Reports.

Public Participation

The OBS assesses the formal opportunities offered to the public for meaningful participation in the different stages of the budget process. It examines the practices of the central government's executive, the legislature, and the supreme audit institution (SAI) using 18 equally weighted indicators, aligned with the Global Initiative for Fiscal Transparency's Principles of Public Participation in Fiscal Policies, and scores each country on a scale from 0 to 100.

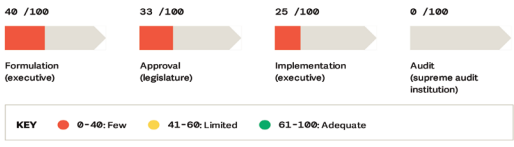
Nigeria has a public participation score of **26** (out of 100).

Public participation in Nigeria compared to others



For more information, see here for innovative public participation practices around the world.

Extent of opportunities for public participation in the budget process



Recommendations

Nigeria's Budget Office of the Federation has established public consultations during budget formulation and e-consultations during budget implementation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

- During budget formulation and implementation at each MDA level, mechanisms should be expanded to engage any civil society organization or member of the public who wishes to participate.
- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.

Nigeria's National Assembly has established public hearings related to the approval of the annual budget, but should also prioritize the following actions:

- Building on previous outreach efforts by the National Assembly to collect public input at the hearings on the annual budget, interested members of the public or any civil society organization should be allowed adequate time to testify during the assembly's hearings on the budget proposal prior to its approval.
- Make hearings on the audit reports more open and broadly publicized to allow interested members of the public or civil society organizations to testify during its hearings on the Audit Report.

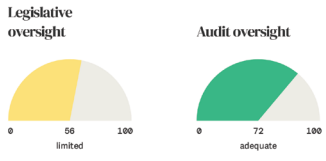
Nigeria's Office of the Auditor-General for the Federation should prioritize the following actions to improve public participation in the budget process:

- Establish formal mechanisms for the public to assist in developing its audit program and to contribute to relevant audit investigations.

Budget Oversight

The OBS examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information on independent fiscal institutions (see Box).

The legislature and supreme audit institution in Nigeria, together, provide adequate oversight during the budget process, with a composite oversight score of **61** (out of 100). Taken individually, the extent of each institution's oversight is shown below:



KEY 0-40: Few 41-60: Limited 61-100: Adequate

Recommendations

Nigeria's National Assembly provides adequate oversight during the planning stage of the budget cycle and weak oversight during the implementation stage. To improve oversight, the following actions should be prioritized:

- The legislative committees examining the Executive's Budget Proposal should publish reports with their analysis online.
- The legislative committee examining the in-year budget implementation should publish reports with their findings online.
- In practice, ensure the legislature is consulted before the executive spends any unanticipated revenue or reduces spending due to revenue shortfalls.
- The legislative committee examining the Audit Report should publish a report with their findings online.

To strengthen independence and improve audit oversight by the Nigeria Office of the Auditor-General for the Federation, the following actions are recommended:

- Ensure the supreme audit institution has adequate funding to perform its duties, as determined by an independent body (e.g., the legislature or judiciary).
- Ensure audit processes are reviewed by an independent agency.

The emerging practice of establishing independent fiscal institutions

Nigeria's independent fiscal institution (IFI) is the National Assembly Budget and Research Office. Its independence is not set in law, and it reports to the legislature.

The indicators on IFIs are not scored in the Open Budget Survey.

Methodology

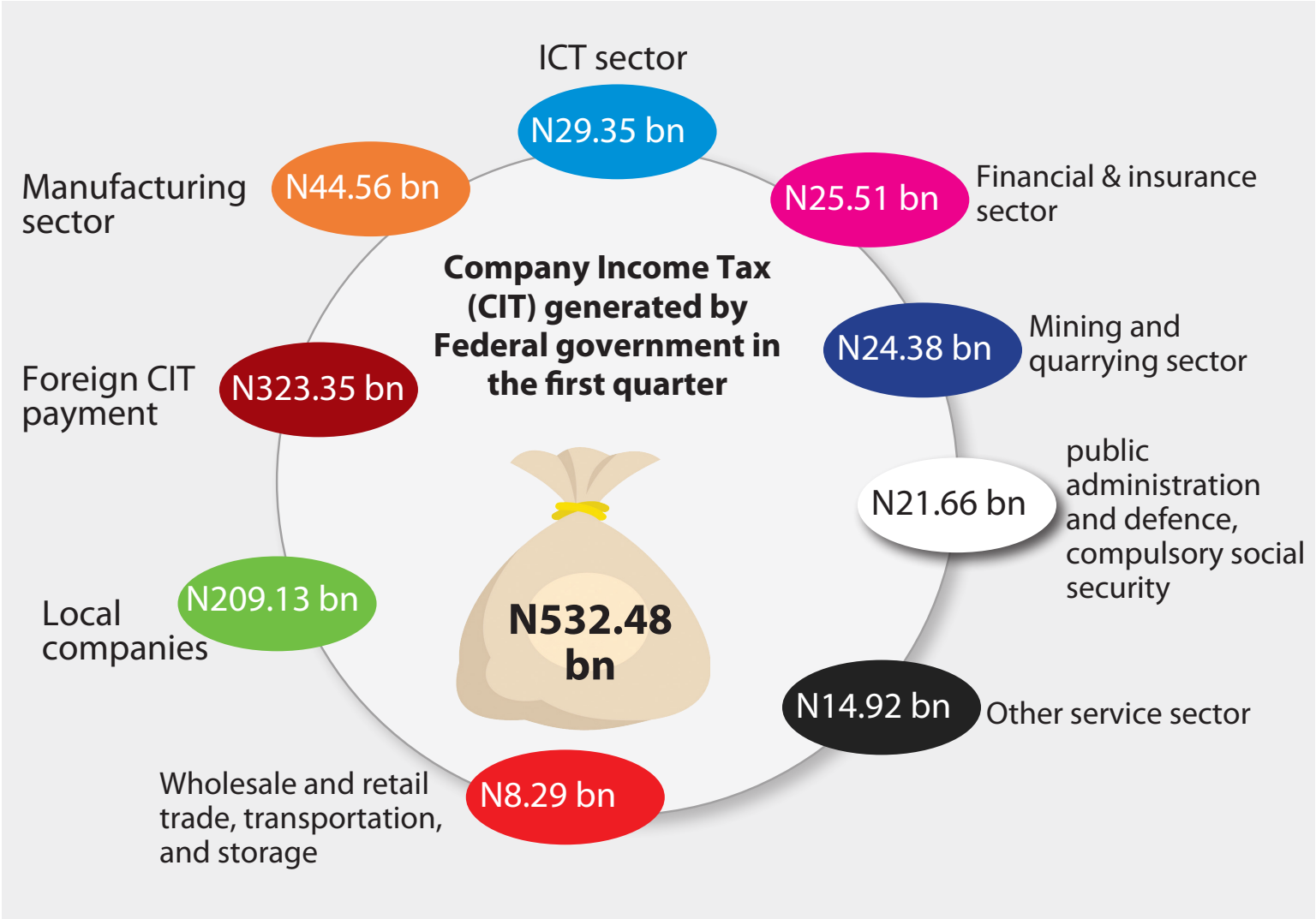
- Only documents published and events, activities, or developments that took place through 31 December 2020 were assessed in the OBS 2021.
- The survey is based on a questionnaire completed in each country by an independent budget expert:
  Abel Akeni; Oludamilola Onemano
  BudgIT
  55 Moleye Street, Alagomeji Yaba
  abel@yourbudgit.com; damilolaonemano@yourbudgit.com
- To further strengthen the research, each country's draft questionnaire is also reviewed by an anonymous independent expert, and in Nigeria by a representative of the Budget Office of the Federation.

International Budget Partnership

FG Generates N532bn From Company Income Tax In Three Months, Says NBS

As It Collaborates With CBN For National Integrated Household Survey In 33,300 Households

By Albert Egbede



The National Bureau of Statistics (NBS) tax report has revealed that the federal government generated a sum of N532.48 billion from Company Income Tax (CIT) in the first quarter of 2022.

The report shows that the amount generated in the first quarter of 2022 is an increase of 35.6 percent compared to N392.65 recorded in Q1, 2021.

This was stated in a recent company income tax report published on its website.

According to the report, NBS noted that Nigeria generated a total of N209.13 billion from local companies, which is 19.2 percent lower than the N259.85 billion generated in the previous quarter. However, it is 37.3 percent higher than the N152.33 billion recorded in Q1 2021.

Also, foreign CIT payment for the period under review was N323.35 billion, 263.5 percent and 75.3 percent higher than N88.96 billion and N184.47 billion recorded in Q4 and Q1 2021 respectively, while the FIRS recorded no revenue from other payments.

The manufacturing sector topped the list of sectors with the highest CIT remittance in Q1 2022 with N44.56 billion, followed by the ICT sector with N29.35 billion. The financial and insurance sector remitted a sum of N25.51 billion as company income tax.

Fourth on the list was the mining and quarrying sector with N24.38 billion, public administration and defence, compulsory social security remitted N21.66 billion, while other service sector remitted N14.92 billion.

Also on the list are wholesale and retail trade (N8.29 billion), transportation, and storage.

Additionally, the activities of households as employers, undifferentiated goods- and services-producing activities of households for own use recorded the least share with 0.02 percent, followed by Activities of Water supply, sewerage, waste management and remediation with 0.19 percent, and Activities of extraterritorial organisations and bodies with 0.34 percent.

Meanwhile, the NBS said it poised to partner with the Central Bank of Nigeria (CBN) is set to commence the National Integrated Household Survey in 33,300 households across the country.

The Statistician-General of the Federation (SGF), Prince Semiu Adeniran, said this at a news conference on the NBS-CBN Collaborative National Integrated Household Survey held at the NBS Headquarters in Abuja recently.

According to him, this is the first time an Integrated Household Survey of this nature and scope is being implemented.

Adeniran said the survey, which was to be conducted on a quarterly basis, was aimed at generating reliable estimates on households' income and expenditures, as well as insights into their economic behaviour and financial situation.

"Specifically, the scope of the survey covers the educational background and status of the households, their consumption and expenditure profiles, household assets and properties. Others are access to financial services and credit constraints, incomes and savings, as well as information on household enterprises among others."

He said that the data would be used for tracking the success or otherwise of several policies and interventions put in place in recent years by the government in response to the macro and socio-economic effects of the COVID-19 pandemic.

The Statistician-General said that some people had already been trained extensively on the design, methodology and protocols for administering the survey.

He also said that the workshop where they were trained was referred to as Training of Trainers, adding that it had officers drawn from both NBS and CBN.

"Over the next couple of days, these officers will travel across the country to each of the states of the federation to cascade this training to carefully nominated enumerators and field personnel. After the training at that level, data collection will commence in selected households and enumeration areas across the states," he said

Adeniran said that technology would play a significant role in the process as data collection would be done electronically and transmitted real-time to minimise errors, improve quality, and make for a more efficient process.

According to him, this will also be complemented by remote and face-to-face monitoring to further ensure good data quality.

Adeniran said that trained data editors and assistants would monitor the electronically transmitted data in real time and provide feedback to enumerators in the field where necessary.

According to him, senior officers from both organisations would pay on-the-spot visits to the field across each state to monitor and coordinate the operations.

"They will also confirm that laid down protocols for the conduct of the exercise are being followed appropriately. Modern statistical applications for data analysis will be adopted for the processing and analysis of the data collected. This will be coordinated by the ICT Department of the bureau, with adequate participation from the officers of the CBN."

He said that all of these measures and procedures were put in place to guarantee and enhance the reliability and suitability of the process so that the quality of the final results was assured.

The Statistician-General appealed to respondents across all the states in the federation and the FCT for their full cooperation in providing accurate information to the interviewers.

"I want to assure you that the information provided will be purely used for statistical purposes and treated with utmost confidentiality, as is required of us by the Statistical Act 2007"

He also requested for the full cooperation of the local community leaders and district heads across the selected enumeration areas in providing support to the enumerators to make their work safe and smooth.

Mr. Bello Yakubu, the Deputy Director, Monetary and Financial Statistics, CBN, in his remarks said that the survey was one of the series of collaborations the CBN had with the NBS.

Yakubu said that the survey was aimed at providing credible data and information that would aid policy articulation on the economy as a whole.

According to him, the survey will help give us good policies that will give sound direction in terms of the impact on the economy.

Yakubu said that the collaboration with the NBS which was well thought of and well-designed was in line with international standards. He also appealed to the households that would be surveyed for their maximum cooperation in given the field officers the right information.

Yakubu assured that their identity would not be revealed and their data would be aggregated and treated with utmost confidentiality.

"So, please as you listen to this news briefing, give us the maximum cooperation when we come to knock at your door. Our numerators will be coming with a form of identification to you, before you give any information, ask for their identification," he said.

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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Fuel Shortage: NNPC Mulls Plans Against Petroleum Products Diversion

By Felix Omoh-Asun

In an effort to manage effectively the consumption of petroleum products in the country, the Nigerian National Petroleum Company Limited (NNPC Ltd.) has said it was going to monitor closely the distribution of petroleum products to end diversion into unauthorised hands.

Toward this end, NNPC said that it had engaged major marketers of petroleum products in the nation's downstream sector.

It said that the meeting was to sustain energy security for the country and avoid diversion of petroleum products.

The meeting which held at the NNPC Towers, Abuja, had in attendance the Major Oil Marketers Association of Nigeria (MOMAN), the Depot and Petroleum Products Marketers Association of Nigeria (DAPPMAN) and Independent Marketers.

The company said that the meeting dwelled on the need to curb products diversion.

The Group Executive Director, Downstream, who was represented by the Managing Director (MD), Petroleum Products Marketing Company (PPMC), Mr Isiyaku Abdullahi, said that NNPC as the sole importer of petroleum products was in a critical situation that required the solid cooperation of the marketers to sustain product availability to Nigerians and reduce burden of high evacuation costs on government in terms of under-recovery.

Mr. Abdullahi said that the company was concerned that in spite of the high truck-out of Premium Motor Spirit (PMS) from depots across the country, the market was still experiencing shortfalls, noting that diversion of products had been identified as a likely reason for the gap.

He appealed to the marketers to activate the Corporate Social Responsibility (CSR) component of their businesses to support both the Federal Government and the NNPC in sustaining energy security for Nigeria.

Mr Isiyaku Abdullahi, Managing Director (MD), Petroleum Products Marketing Company (PPMC)

Abdullahi stressed that such gesture would help in cushioning the effect of the current global energy crisis.

On his part, the Executive Secretary of MOMAN, Mr. Clement Isong, said that NNPC was playing a key role in keeping the country well supplied in terms of petroleum products, especially at a critical time when the world faced inflationary problems.

Speaking in a similar vein, the Executive Secretary of DAPPMAN, Mr. Olufemi Adewole, expressed satisfaction with the outcome of the meeting, assuring that DAPPMAN as a responsible organisation is committed to ensuring efficient supply and distribution of petroleum products across the country.

Meanwhile, the NNPC Ltd. cautioned that the current price volatility in the global energy was likely to worsen if banks and other financial institutions continue to avoid funding gas projects.

The Group Managing Director/ Chief Executive Officer of NNPC Ltd., Malam Mele Kyari, gave the warning at the 28th World Gas Conference 2022 which held at Daegu, South Korea.

Mallam. Kyari who spoke against the backdrop of stifling funding for new oil and gas projects due to environmental concerns said: "In many jurisdictions, gas is nearly always associated.

"So, you have to turn the table to see if you can get non-associated gas so that banks and financial institutions can put their money into it.

"If that does not happen, then you sure have the constraints of financing and the opportunity will now turn into a crisis.

"I think that is what we are trying to solve to see how we can turn this so that the facility that we are building or the facilities we are going to build will have enough gas to process and deliver into the market. Honestly, it is a huge opportunity for the financing sector, I know for sure in our own perspective we have seen a number of projects that can come up very quickly.

"Mostly, the LNG facilities where you can convert gas to chemicals and these are really coming up in their numbers across many National Oil Companies (NOCs) that I am aware of. The immediate future is getting the right financing, the right mix, and also for the finance institutions to recognise that except they invest today, what we are seeing today in terms of pricing can be something much more to manage in the next two three years to come."

Mallam Kyari said the NNPC Ltd. was not averse to the push for carbon neutrality, adding that funding gas projects was a vital decision to be made to avert future crises.

At the 26th Conference of Parties (COP26) which held in Glasgow, Scotland in 2021, African countries advocated for energy justice in the drive for transition to cleaner fuels.

In another development, the NNPC Ltd. set record as the first exploration and production company to acquire environmental audit certification in the Federal Capital territory, Abuja, since the Environmental Impact Assessment (EIA) law was establishment about 30 years ago.

The attainment of this feat by the Company was disclosed by the Permanent Secretary of the Federal Ministry of Environment, Mr Hassan Musa, during the presentation of a certificate of Environmental Audit to the NNPC at the NNPC Towers, Abuja.

The Permanent Secretary who was represented by the Director, Environmental Assessment, Dr Abbas Suleman, commended the NNPC for its consistency and commitment to environmental global best practices.

Hassan stated that though environmental audit was a legal requirement by federal law, the bold step taken by the current NNPC Management to carry out an environmental impact assessment of the NNPC Towers reinforces the company's reputation as a law abiding and responsible corporate citizen.

Narrating his experience with the company during the audit exercise, the Permanent Secretary said that he saw firsthand the Management's commitment to performance excellence, adding: "NNPC does its things gently, quietly and steadily with the whole idea of achieving positive results".

Speaking at the event, the Group Executive Director (GED) Corporate Services, Mrs Aisha Katagum, who was represented by the Group General Manager, Human Resources, Mr Yinusa Yahaya, appreciated the Federal Ministry of Environment for the honor of implementing the audit process.

She also appreciated the award of the certification to NNPC, especially at this crucial stage of the Company's transition from a corporation to a limited liability company.

Still in the week under review, the NNPC Ltd. and its partner, Sahara Group, took delivery of two 23,000cubic meters Liquefied Petroleum Gas (LPG) vessels for their joint venture company, WAGL Energy Ltd.

CONTINUES ON PAGE 20

For Start-Ups, FG Approves Tax Reliefs, Incentives

By Albert Egbede

The recent approval of tax reliefs and incentives for start-ups by the federal government is tantamount to expansion of the economy.

The plan approved by the Federal Executive Council (FEC) is further to harness Nigeria's digital innovation and entrepreneurship ecosystem.

The approval followed the presentation of a memo by the Minister of Communications and Digital Economy, Professor Isa Ali Ibrahim Pantami.

The approval will enable the implementation of strategies to encourage and support the development and growth of more Innovation-Driven Enterprises (IDEs), which have the potential to create millions of additional jobs in the country. This will also help to develop innovative solutions to societal problems, and rapidly grow, as well as diversify the Nigerian economy, in line with the National Digital Economy Policy and Strategy (NDEPS) for a Digital Nigeria.

A number of the proposed strategies resulted from recommendations that were made at an interactive forum held on 22nd February 2022, where the Honourable Minister led a federal government delegation on a working visit to the Lagos digital innovation ecosystem. The delegation included the Director-General of NITDA, the Executive Vice Chairman of the Nigerian Communications Commission (NCC), the Post Master General and the Managing Director of Galaxy Backbone Plc. The visit provided a useful platform for open and interactive discussions on the ecosystem's pertinent challenges and interventions required from the government to enable the ecosystem achieve its full potential. The forum was attended by 143 ICT and Startup Companies.

The delegation also paid a visit to 3 selected tech startups, namely: Flutterwave (currently valued at US$3 billion), Treepz (with a current funding of US$3.1 million) and Reliance Health (with US$48.3 million in funding). It is worthy to that under the able administration of His Excellency, President Muhammadu Buhari, GCFR, Nigeria became home to 5 of about 8 Unicorns (startup companies valued at over US$1Billion) on the African Continent.

Furthermore, Nigeria's startup ecosystem attracted about 35% (estimated at US$1.4Billion) of the over US$4Billion raised by African startups, which is the highest raised by any startup ecosystem on the continent. Most importantly, it has created a significant number of jobs. For instance, Jumia, an indigenous e-Commerce company, provides over 3,000 direct jobs according to Jobberman's 2020 Digital Sector Report. The report also asserts that the Nigeria's Digital Economy has the potential to create an average of 1.3million tech-enabled jobs across industries in 5 years (i.e. by 2025).

To further strengthen the ecosystem, the FEC approved the following recommendations, in line with the Executive Order 003 and Presidential Order 005: That the Federal Ministry of Finance, Budget and National Planning and the Nigerian Investment Promotion Commission (NIPC) should prioritise the granting of tax reliefs and other incentives such as the Pioneer Status Incentive (PSI) Scheme to the technology and innovation ecosystem; that the Nigerian Copyright Commission (NCC), the trademarks registry, and the patents and designs registry should work with the National Information Technology Development Agency (NITDA) in developing an Intellectual Property (IP) framework for the technology and innovation ecosystem within two (2) months; and that the Bureau of Public Procurement (BPP) should work with NITDA to develop a framework that will ensure the involvement of technology innovation startups in government procurement processes to encourage ideation, innovation and design of solutions to solve development challenges within two months.

The Nigeria Startup Bill (NSB) was earlier approved by the FEC and forwarded to the National Assembly and the process is about 90 percent complete.

The approval of the incentives at the council will consolidate the gains recorded so far in the NSB process. The implementation of the National Digital Economy Policy and Strategy (NDEPS) emphasises the importance of the innovation and startup ecosystem to the development of an indigenous digital economy. The Ministry will continue to position Nigeria to develop this ecosystem in order to transform Nigeria into a country with a sustainable and thriving digital economy.

73% Of Pension Contributors Below 40yrs, Says PenCom

As Commission Mandates RSA Holders to Carry Out Data Recapture

By Musa Ibrahim

The National Pension Commission (PenCom) says most contributors under the Contributory Pension Scheme (CPS) are below 40 years.

The commission said that the figure represents 73 percent of the total contributors to the scheme.

PenCom said this in its 2021 fourth-quarter report tagged Age and Gender Distribution.

According to the report, the number of male contributors surpassed females in the Retirement Savings Account (RSA) holders' list.

"Analysis of new registrations on the CPS for the quarter showed that 73 percent were below the age of 40 years," the report states.

"This points to the increasing sustainability of the CPS, as the younger generation are actively being enlisted into the scheme.

"Regarding gender distribution, 65 percent of those that registered during the quarter were male, while 35 percent were female."

The report further added that over N6 billion was paid to retirees below 50 years under the retirement service account (RSA).

It said that the retirement benefit paid was higher compared to the fourth quarter of 2021.

"The Commission approved the payment of N6,414.57 million to 10,804 RSA holders under the age of 50 years, who were disengaged from work and unable to secure jobs within four months," the report added.

"A total of N76.67 billion was paid as retirement benefits in Q4 2021. This was lower than the retirement benefits of N100.91 billion paid in Q3 2021 by N24.24 billion."

In another Nationality, PenCom has asked retirement savings account (RSA) holders to visit any branch of their pension fund administrators (PFAs) to participate in the ongoing data recapture exercise (DRE).

It said the exercise was for both active contributors and retirees whose data have not been recaptured.

"The DRE is in compliance with the directive of the Federal Government that all data generating organisations should harmonise their databases with the National Identity Management Commission (NIMC)," the statement reads.

It is also consistent with the need to have a credible database of all RSA holders in Nigeria."

PenCom urged all active contributors to visit their PFAs and provide the following documents to complete the data recapture: staff identity card or any one of the following: national driver's license; or permanent voter's card (PVC); or international passport (mandatory for non-Nigerians); enrolment slip issued by NIMC; birth certificate or sworn affidavit of age declaration.

Retirees, who are either on programmed withdrawal or annuity, are expected to present their national driver's license or any one of the following: Permanent Voters' Card (PVC); or international passport (mandatory for non-Nigerians) of enrolment slip issued by National Identity Management Commission (NIMC) or a letter of retirement issued by the employer to the retiree.

The commission further directed all RSA holders, who have had a name change (either their surnames or first names or both after registration) to present the following documents to their PFAs: marriage certificate (only applicable in the case of marriage), newspaper publication for change of name, sworn affidavit, confirmation letter for change of name from employer (if still in employment).

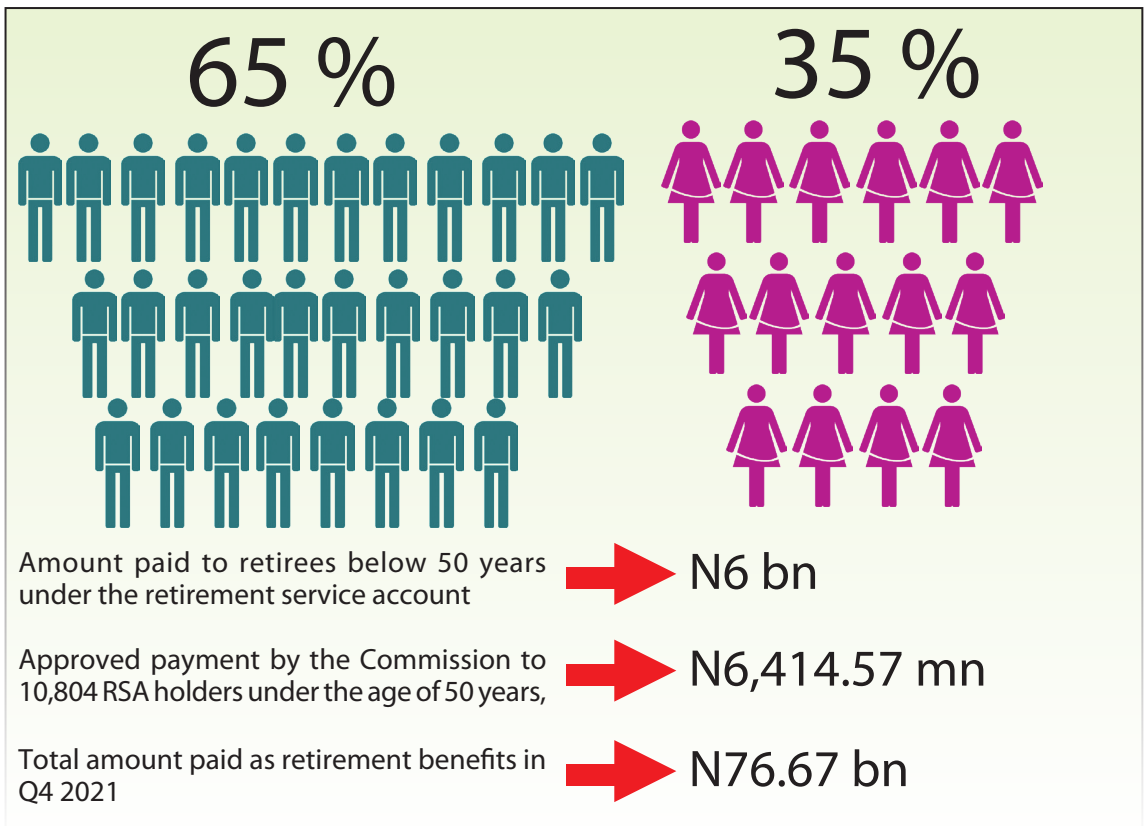
"All PFAs have been directed by PenCom to issue Acknowledgement Slips to RSA holders who submit complete documents for their data recapture," PenCom said.

"The RSA holders will be notified of the status of their data recapture (successful or not successful) within five working days of submission of documents."

PenCom added that two agents, Payone Solution Systems Limited and Afritech Multi-Concept Limited, have been engaged by PFAs to carry out the DRE.

According to the commission, the agents are authorised to establish data recapture centres.

It said RSA holders are allowed to have their data recaptured at such centres by the agents (if they are unable to visit the offices of their PFAs).



FG Generates $176bn From Customs Modernisation Project

To Rake $2.06bn from New Projects

By Musa Ibrahim

The Infrastructure Concession Regulatory Commission (ICRC) has said that the Nigerian Customs Modernisation Project, a Public Private Partnership (PPP), would generate over $176 billion to the federal accounts in 20 years.

Acting Director-General (DG) of the ICRC, Michael Ohiani, disclosed this at the signing ceremony of the concession.

The concession agreement was between the Nigeria Customs Service (NCS) and Trade Modernisation Project Limited, with Huawei Technologies as the technical partner and Africa Finance Corporation (AFC) as the lead financiers, all under the regulatory supervision of the ICRC.

According to the DG ICRC, the project which is a Presidential initiative on Customs modernisation will attract an investment of over $3.2 billion.

"Having gone through all the PPP processes satisfactorily and obtained ICRC's Full Business Case Compliance (FBC), the approval of the Federal Executive Council and the final vetting of the concession agreement by the Honourable Minister of Justice and Attorney General of the federation, the parties are today, ready to execute the agreement and commence implementation of the project.

"I urge the Concessionaire to ensure the full implementation of the terms of the agreement credibly and in line in with global best practices," he said.

On his part, the Comptroller-General (CG) of the NCS, Col. Hameed Ali, commended the ICRC for remaining steadfast in advancing the implementation of the project.

He allayed fears that the implementation of a modernised and computerised service will lead to job losses, stressing however that the NSC would rather require an additional 15,000 staff for optimal operation.

"Let me commend ICRC, but for their steadfastness and tenacity we would not be here celebrating this project today. We are indeed grateful and your name is written in gold.

"We are happy to say that in Nigeria we are going to be fully digitised and modernised. We are setting a pace for all other African countries to learn from.

"There are rumours that the project is going to weed off officers, let me allay those fears: We are even in need of officers. We have only about15,000 and by the mission of management, we need nothing less than 30,000 to effectively carry out the mandate," he said.

The CG also hinted that the project was going to quadruple the monthly revenue of the service.

"As of today, we are making a collection of over N210 billion to N225 billion per month. It is our hope that by the time we put trade modernisation in place, we would triple this figure, if not quadruple," he said.

He expressed optimism that the NSC would soon invite President Muhamadu Buhari to flag off the project, calling for support from all stakeholders, including staff of the service, project partners and the media.

Michael Ohiani, Acting Director-General (DG) of the ICRC,

For the representative of Huawei Technologies, Kevin Yang, said: "I just want to express our commitment that we will make sure that all the deliverables to the facility and process automation and paperless customs is achieved. We will make sure this is a world standard project."

In another development, in its bid to regulate Nigeria's infrastructural development, the ICRC has issued two Full Business Case Certificates of Compliance for new projects.

Full Business Case (FBC) Certificate, which is Public Private Partnerships (PPPs), is prepared for seeking approval prior to subsequent award of contract and it is issued by the ICRC.

According to Ag. Head, Media &Publicity of ICRC, Manji Yarling, FBCs have been presented to the Minister of Transportation, Rotimi Amaechi.

The FBCs were for the concession of the Badagry Deep Seaport and the Floating Dry Dock for Nigerian Maritime Administration and Safety Agency (NIMASA).

Mr. Ohiani explained that for the period of the concession, over $2 billion would go to the federal government while over 5,800 jobs would be created.

"We have the opportunity to present the FBC compliance certificate for the Badagry Deep Seaport and within the concession period, it is going to generate over $2billion. For this project, the employment opportunity is over 5,000 direct and indirect jobs. We present this certificate for the benefit of all Nigerians.

"We also use this opportunity to present the FBC for the Floating Dry Dock for NIMASA – it is going to create over 800 jobs and will accrue over $65 million within the period of the concession," he said.

The Badagry Port aims to address current infrastructure challenges and provide shipping lines and supply chain managers with the best productivity, location, flexibility and cost effectiveness to power the global supply chains of Nigeria's leading brands.

The state-of-the-art multi-purpose facility will offer its customers superior uncongested hinterland connectivity and the deepest water in West Africa, thus creating a sustainable competitive advantage for Nigeria going forward.

When completed, the port will comprise: Terminals (General cargo terminals, Container terminals, RoRo & Grain terminals, Offshore supply basis (OSB), Liquid Bulk jetties, Barge and Rail terminal, among others.

The Badagry Port will also, among other things, increase government revenues, facilitate foreign investments in required modern port infrastructure and reduce congestion within Apapa and Tin Can Island ports.

N3bn Sukuk Bond Gives Life Line To Numan-Jalingo Road

By Felix Omoh-Asun

The provision of critical infrastructure is key to national development. This is one of the pillars of the present administration of President Mahammadu Buhari.

It is no wonder that the administration has laid emphasise on construction and rehabilitation of roads across the country.

It is towards this end that the revelation last week of Alhaji Muazu Sambo, Minister of State for Works and Housing, that N3billion Sukuk fund in 2022 has been approved by the federal government to finance the Numan-Jalingo Road in Adamawa and Taraba states, is heart-warming.

This is not too far from what Mrs. Zainab Ahmed, the Hon. Minister of Finance, Budget and National Planning, declared recently when she said that state and local governments will now share some of the responsibilities to fix roads in Nigeria, through Sukuk funding

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

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

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

Speaking at the symbolic cheque presentation ceremony of the N250 billion Sukuk proceeds to the implementing ministries, the minister disclosed that since the emergence of Sukuk as a financing window for infrastructure in September 2017, a total of N362.557 billion had been given to the Federal Ministry of Works and Housing (FMWH) to fund key road projects.

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

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

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

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

Meanwhile, the Minister of State for Works and Housing, Sambo announced the construction of Numan-Jalingo Road during an inspection of federal road projects within Taraba and Adamawa states.

He gave the assurance that once the Sukuk fund was accessed within a shot time, there would be remarkable progress at the construction site.

"The 103 kilometre Numan-Jalingo road is part of the Maiduguri–Calabar Highway.

"The section of the road that is not motorable is not acceptable for the road is the only connection between the North and South on the North Eastern axis of the country," Sambo said

The minister said that he would not blame the contractor for the slow pace of work.

According to him, it was due to the insufficient budgetary provision in the past and COVID-19 pandemic that affected the progress of work.

He, however, said that with the current improved funding provision, the contractor was expected to service its equipment and be more serious on the construction work.

He said if the company was found not to have the capacity to complete the job, government would not hesitate to terminate the contract and re-award it to a competent one.

While briefing the minister on the progress of work on the Numan- Jalingo road, a senior civil engineer at the site, Maria Zirrah, representing the Federal Controller of Works Adamawa, said that insecurity, lack of construction materials and funding were responsible for the slow pace of work on the project.

Also, the Project Engineer of Deux Project Limited, the contractor for the Numan-Jalingo project, Frank Koshihuk, who spoke on behalf of the contractor, said inflation, funding, insecurity were the major challenges on the construction work.

Koshihuk promised that as soon as the funding pattern for the rahabilation improved, the work would be completed within eight months.

The minister also inspected the construction of Zing – Yakoko-Monkin Road in Taraba during his two-day working visit.

The Numan-Jalingo road rehabilitation was awarded to Deux Project Nigeria Ltd at the cost of N11.6billion in March 2017 to be completed in July 2019.

The federal government has released N1.5billion to the contractor who has executed seven percent of the work.

CONTINUES FROM PAGE 18

The event which held at the Hyundai MIPO Shipyard in Ulsan, South Korea, also witnessed the official naming of the vessels as Mt Sapet and Mt BaruMK.

Speaking on the occasion, the GMD/CEO of NNPC Ltd., Malam Mele Kyari, said that the investment in the LPG carriers was part of efforts to deepen domestic gas utilisation in keeping with the federal government's aspiration to use gas as the linchpin to drive the nation's economic and industrial growth.

He disclosed that an order for three additional new vessels was at an advanced stage, adding that "we have a target of delivering 10 vessels over the next 10 years".

On his part, the Executive Director of Sahara Group, Mr Temitope Shonubi, said that WAGL successfully operated two mid-sized LPG Carriers – MT Africa Gas and MT Sahara Gas in the region and had delivered over six million CBM of LPG across West Africa, while keeping to global standards.

"With the new vessels, we are set to promote and lead Africa's march towards energy transition," he said.

The two new vessels (Mt Sapet and Mt BaruMK) were expected to sail out in June and September 2022 and would increase WAGL's total fleet to four. All four vessels were built by Hyundai MIPO Dockyard, a foremost global manufacturer of mid-sized carriers.

WAGL Energy Limited is a joint venture company between NNPC and Oceanbed (a Sahara Group Company) which is driving NNPC's five-year $1 billion investment plan announced in 2021 to accelerate the decade of gas and energy transition agenda.

Also, at the event were the Ambassador of Nigeria to South Korea, HE Aliyu Magashi; NNPC Group Executive Director, Gas & Power, Mr Mohammed Ahmed and Group Executive Director, Upstream, Mr. Adokiye Tombomieye, and other dignitaries.

In a related development, the GMD/CEO of NNPC Ltd, Malam Kyari called on oil and gas companies operating in Nigeria to invest more in gas transportation in order to boost the nation's gas exports to the global market.

Malam Kyari made the call at an agreement signing ceremony between Hyundai Mipo Dockyard Company Limited, Temile Development Company and NLNG Ship Management Limited (NSML) for the construction of a 23,000 M3 LPG/NH3/VCM Carrier and the supervision of the ship construction work on the sidelines of the 28th World Gas Conference 2022, in Daegu, South Korea.

He said it had become imperative for Nigeria to develop more channels for getting gas into the international gas market considering the pivotal role gas had assumed in the global march towards cleaner energy sources.

According to him, there is need for Nigeria to take advantage of the global acceptance of gas as a transition fuel by massive investment in gas transport infrastructure.

"We expect to see more and more Nigerians coming forward to build a transportation medium for gas and other liquid that we handle," Malam Kyari stated.

He assured investors of NNPC's support, saying: "We are here to support you, we are not in competition. We are here to make sure that you succeed so that our country will succeed and prosper into what we visualise and contribute globally to energy sale".

Also speaking at the event, the Executive Secretary, Nigerian Content Development Monitoring Board (NCDMB), Mr Simbi Wabote, commended the project partners for their various activities in Nigeria which he said were in alignment with NCDMB's strategic objective of maximising the potentials in the Midstream and Downstream Sectors of the Nigerian oil and gas industry to actualise the decade of gas policy of the federal government.

"I am delighted that this project will bring invaluable local content opportunities in technology and innovation, human capital development as well as research and development," he said.

The event was attended by the Chairman of the Board of Directors, NNPC Ltd., Mrs Margery Chuba-Okadigbo and representatives of Hyundai, NSML and Temile Development Company.

Also in the week, Sonangol Group, the national oil company of Angola, Africa's second largest oil producer, expressed desire to collaborate with NNPC Ltd. in the downstream sector reforms in Angola.

This was disclosed by a delegation from Sonangol on a benchmarking visit to the NNPC to understudy the company's downstream operations and lay the foundation for new partnerships.

Speaking at a brief welcome ceremony held for the delegation at the NNPC Towers, Abuja, the head of the delegation and member of Sonangol's Executive Committee in charge of Distributions, Ana Paula Marranjal Mesquita Do Carmo, said that the Delegates were in Nigeria to understudy NNPC's downstream logistics and mechanisms of sales and distribution of petroleum products.

According to her, Angola was already transiting from a monopolistic market to a competitive market and Sonangol needed to learn from an established and functional system like NNPC.

Speaking earlier, the GMD/CEO of NNPC Ltd. who was represented by the Chief Financial Officer, Mr Umar Ajiya, welcomed the guests as partners, adding that NNPC was committed to working with African companies to add value to their hydrocarbon value chain and create energy security for the continent.

He assured them that NNPC would share its experience with the group, stressing that the visit was timely as NNPC was currently transiting to a limited liability company with its business processes changing to become more commercially focused and efficient.

In a presentation to the delegation, the Group Executive Director, Downstream, who was represented by the Managing Director, PPMC, Mr Isiyaku Abdullahi took them through the gamut of NNPC's downstream operations with special focus on NNPC Retail and its business model.

He also assured them that NNPC was willing to answer all their questions and avail them of any information relating to downstream operations.

The Sonangol team was taken on a tour of a number of NNPC's downstream facilities in Abuja, Lagos and Ogun State.

In another development, federal government called for synergy among stakeholders in the midstream and downstream sectors of the oil and gas industry.

The Minister of State Petroleum Resources, Chief Timipre Sylva, made the call at the opening ceremony of a two-day dialogue organised by the NCDMB in Lagos with theme: "Maximising Potential in the Midstream and Downstream Oil and Gas sector – a Local Content Perspective".

According to the Minister, one of the key objectives of the Ministry of Petroleum Resources under the Next Level Agenda of the President Muhammadu Buhari's administration is to increase the nation's domestic refinery capacity.

Sylva noted that synergy in the Midstream and Downstream oil and gas sector would further strengthen local content development and boost the country's domestic refining capacity.

He noted that government's effort at boosting domestic refining capacity led to NCDMB's partnership with local companies such as Waltersmith Refinery, Azikel Refinery, and Atlantic Refinery in furtherance of its role as a catalyst for capacity development in the Nigerian oil and gas industry and its linkage sectors.

Sylva said the dialogue "would serve as a platform to sensitise and enlighten stakeholders about the board's capacity building intervention initiatives in support of Nigerian content development in the midstream and downstream sectors."

Nami Explains Nigeria's Rejection Of OECD Endorsement

• Calls For More Corporation

By Musa Ibrahim

The Executive Chairman of Federal Inland Revenue Service (FIRS), Muhammad Nami, has explained that Nigeria's cautious approach to the endorsement of the Organisation for Economic Cooperation and Development (OECD)/G20 Inclusive Framework 2 pillar solution to the taxation of the digital economy is in the best interest of the country.

He stated that the agreement is unfair to Nigeria and developing countries in general, saying that the federal government reviewed the conditions of the contract and had concerns over the impact that the signing of the agreement would have on Nigeria's tax system and revenue generation.

Reasons for rejection

Nami said: "There are severe concerns for how the riles would compound the issues in our tax system. For instance, to be able to tax any digital sale or any multinational enterprise, that company must have an annual global turnover of 20 billion euros and global profitability of 10 percent.

"That is a concern; this is because most multinationals operating in Nigeria do not meet such criteria, and we would not be able to tax them.

"Secondly, the 20 billion Euro turnover in question is not just for one accounting year, but it is that the enterprise must make 20 billion euros revenue and 10 percent profitability for four consecutive years. Otherwise, that enterprise will never pay tax in our country, but in the country where the enterprise comes from, or its country of residence."

He added that this is an unfair position, especially to domestic companies, which with a minimum of above N24 million (5700 Euros) are subject to companies' income tax in Nigeria.

"This rule will take off so many multinationals from the scope of those that are currently paying taxes to Nigeria; in other words, even the multinationals that are currently paying taxes in Nigeria would cease to pay taxes to us because of this rule," he said.

● **Mohammed Nami**, Executive Chairman, Federal Inland Revenue Service (FIRS)

The FIRS boss praised members of the Nigerian public who had raised concerns on various occasion over Nigeria's decision not to endorse the 2 pillar solution, stating that their concerns came from a place of genuine passion and patriotism.

Bloomberg recently reported that a top tax official at the OECD signalled his uncertainty over whether national governments will keep to the agreed timetable for implementing a historic global tax agreement. Yet, he warned that there was no going back on the deal, if officials wanted to avoid a further breakdown of international tax rules.

In the main time, the FIRS has called for collaboration among African countries and international stakeholders to explore alternative rules that would "subject digital businesses and base eroding tax payments."

Nami made the disclosure at the African Tax Administrators' Forum (ATAF) Technical Assistance Program.

He explained that the potential cost of managing and enforcing the complicated rules would significantly outweigh the expected money generated by their implementation.

He said: "Our analysis continues to show that the possible cost of administering and implementing the complex rules will far outweigh the expected revenue accruing from its implementation. I, therefore, urge the African Tax Administrators Forum (ATAF) to join the discussion at the UN Tax Committee of Experts, South Centre."

FIRS aims to expand on other international standards for the taxation of multinational corporations, such as tax treaties, information exchange, and transfer pricing rules.

"The forum should also collaborate with all other well-meaning stakeholders to explore alternative rules that will enable African countries to effectively subject the digital businesses and base eroding payments to tax in our jurisdictions. These collaborations should extend to other rules developed and implemented at the international level for the taxation of multi-national enterprises, such as the tax treaty, exchange of information and transfer pricing rules," he added.

The FIRS chairman emphasised the importance of members' capacity building in the areas of base erosion and profit shifting by multinational firms, as well as taxation of the digital economy.

He said: "This is instructive, considering the implementation challenges that developing jurisdictions will face due to the complexity of the Pillars I and II rules. It is crucial for the ATAF technical assistance to look toward improving the capacity of member-countries' tax administration through the digitisation of operations."

Nami urged ATAF to organise peer-to-peer knowledge sharing sessions between beneficiaries of the technical assistance programmes and intensify technical assistance on international tax rules, particularly in the areas of tax treaties, transfer pricing and exchange of information.

Background

FIRS had asked all companies that received capital allowances on Qualifying Capital Expenditure (QCE) of N500,000 or more between the years of assessment 2016 and 2021 to submit the Certificate(s) of Acceptance issued by the Federal Ministry of Industries, Trade and Investment's Industrial Inspectorate Division.

Companies who received capital allowances on QCE of N500,000.00 or more between 2016 and 2021 years of assessment by October 31st will be affected, according to the announcement. In addition, the organisation warned that customers who do not comply could lose their allotment.

SEC Moves To Enhanced System To Tackle Identity Theft

By Albert Egbede

The Securities and Exchange Commission (SEC) has said that the identity management system being developed by the capital market would tackle the lingering identity management issues.

The commission said the system would help the capital market to tackle identity crisis while allowing room for scalability as technology evolves.

Director-General (DG) of the SEC, Mr. Lamido Yuguda, who revealed this when he received members of the Committee on Identity Management for the Capital Market in Abuja, described identity theft as a fraudulent practice of using another person's name and personal information to obtain shares, credit and loans commission decided to engage relevant stakeholders in a bid to resolve issues of identity management to tackle the problem of unclaimed dividends.

According to him, the problem of unclaimed dividends had to do with identity management, hence the commission is currently engaging stakeholders to harmonise various databases of investors and facilitate data accuracy in the market as well as increasing investors' education to stem the trend.

The SEC DG who expressed satisfaction with the work of the committee so far, added that stakeholder engagements would commence in earnest to ensure success of the project.

While thanking the members of the committee for lending their support and resources to the project, the SEC DG also expressed confidence in the success of the project that it would build a greater Nigeria and impact unborn generations.

In his remarks, the Chairman of the Committee, Mr. Aigboje Aig-Imoukhuede, commended the commission on the recent release of Rules on Issuance, Offering Platforms and Custody of Digital Assets, saying that it was a step in the right direction.

Mr. Aig-Imoukhuede said the committee's work had exposed the need for standardisation of systems within the Nigerian capital market that would support open finance which the SEC can drive, adding that the SEC could leverage on the committee to develop the framework for the Nigerian capital market.

According to Mr. Aig-Imoukhuede "The committee had clearly defined the task ahead in a road map and also identified that the project would be carried out in stages supported by a consultant with recourse to the SEC on a regular basis. The committee is committed to ensuring that the customer journey for investors is such that would cause a revolution in the Nigerian capital market, thereby making our market attractive to the tech savvy and younger generation."

The Nigerian capital market has been on a journey of innovation to drive an efficient capital market that would greatly impact the Nigerian economy. The SEC had identified that lack of a proper identity management system for the Nigerian capital market was a plague in attaining its goal of efficiency and reducing the lingering issues surrounding identity management such as unclaimed dividends and cumbersome customer journeys. In order to proffer a lasting solution that would ensure competitiveness of the capital market through processes and practices that improve efficiency, enhance participation of both domestic and foreign investors and resolve the protracted issue of unclaimed dividend, the Committee on Identity Management for the Capital Market was constituted by the SEC on June 30, 2021.

Membership was drawn across the capital market, banking, payment system and technology/innovation enabler with the SEC as the secretariat. The committee is chaired by Mr. Aigboje Aig-Imoukhuede. Members include Mr. Bayo Olugbemi, Mr. Haruna Jalo-Waziri, Mr. Oladele Sotubo, Mr. Saheed Bashir, Mr. Herbert Wigwe, Mr. Premier Oiwoh and Mr. Adedeji Olowe. It is tasked with a high-level terms of reference (ToR) that would address legacy issues caused by lack of proper identity management system for the Nigerian capital market. It is also to facilitate data accuracy and ease of participation in the capital market.

Nigeria Recent Developments And Outlook

IMF | African Department - Regional Economic Outlook

Nigeria-IMF Cooperation

Financial Assistance

Emergency financing

- Rapid Financing Instrument – US$3.4 Billion (April 2020)

Special Drawing Rights Allocation

- US$3.35 Billion (August 2021)

Policy Advice

Economic Surveillance Article IV Consultations - Annually

Capacity Building – Technical Assistance and Training

Extensive training on macroeconomics to Nigerian public servants

MOF, FIRS, & NCS, OAGF

- Tax administration & policy, public financial management

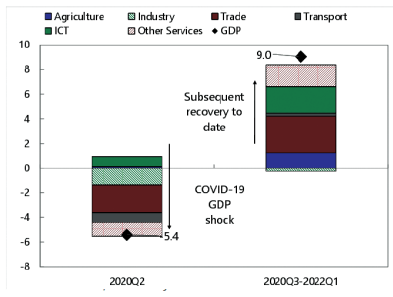
CBN

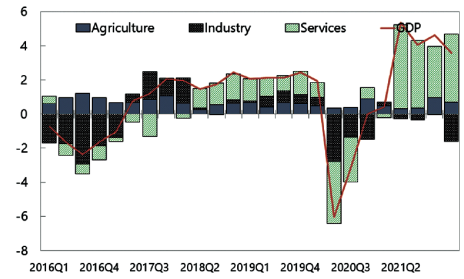
- Monetary policy, banking & financial reforms

NBS

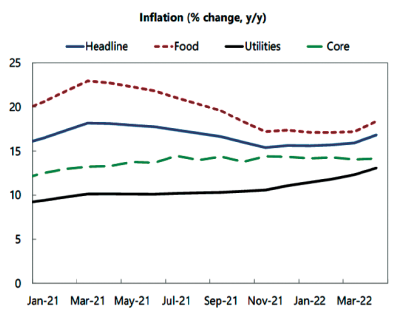
- Statistical reforms – national account, standards & codes

Led by services, the economy has now fully reversed the COVID-19 output shock…

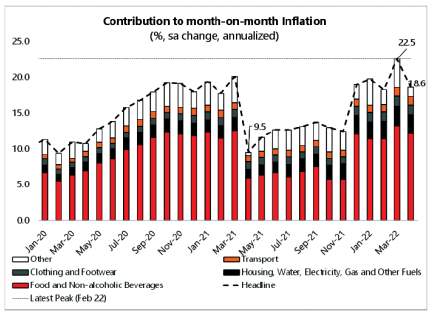




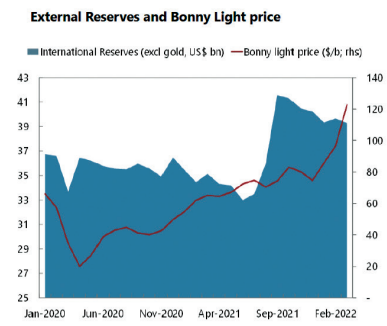
Headline inflation is accelerating and high



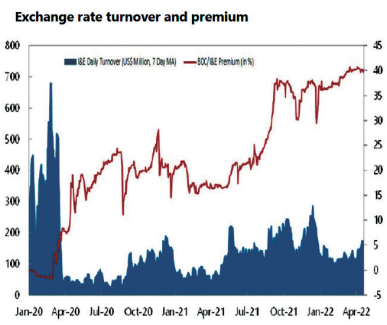
Sources: National Bureau of Statistics, Haver.



Favorable oil prices, forex supply and reserves constrained

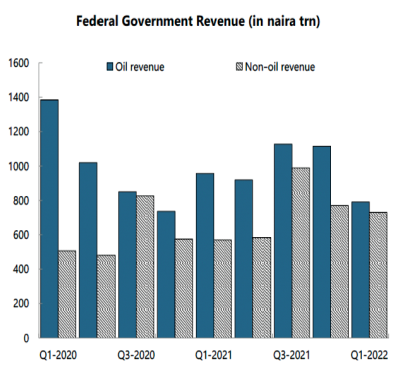


Source: CBN, Bloomberg

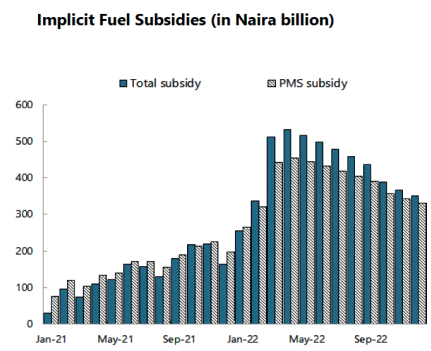


Sources: Staff Estimates

Fiscal position is yet to benefit from higher oil prices

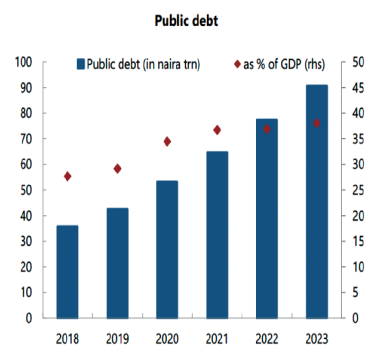


Source: OAGF, Haver Analytics

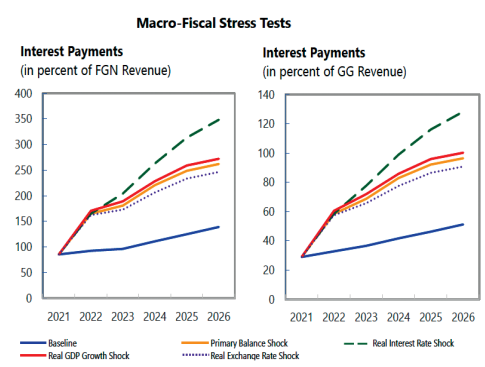


Source: Staff Estimates

Public debt projected to edge up slightly (as a share of GDP) while interest payments as a share of revenues are large

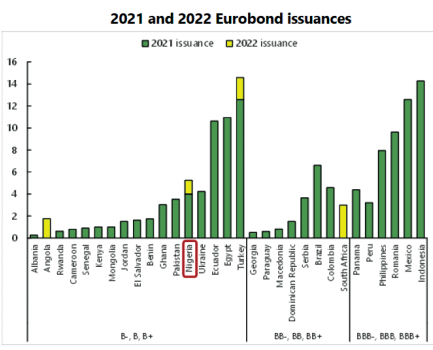


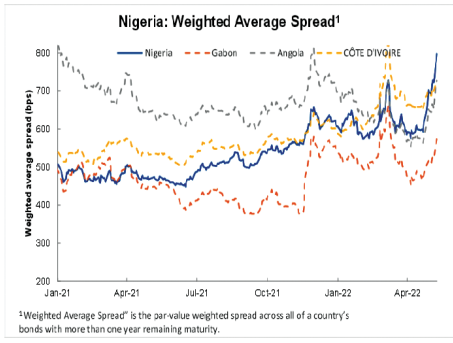
Source: DMO. IMF Staff Estimates



Source: IMF Staff Estimates

Successful return to capital markets but higher spreads





[1] Weighted Average Spread" is the par-value weighted spread across all of a country's bonds with more than one year remaining maturity.

Nigeria's Projection, mixed impacts

	January 22 WEO		April 22 WEO	
	2022	2023	2022	2023
Real GDP (at 2010 market prices, % change)	2.7	2.6	3.4	3.1
Consumer price index (annual average, % change)	12.8	11.7	16.1	13.1
Overall fiscal balance (% of GDP)	-5.4	-5.7	-6.4	-5.9
Public debt (% of GDP)	37.6	39.1	37.4	38.8
Current account balance (% of GDP)	-1.8	-1.4	-1.1	-1.1
Gross international reserves (US$ billions)	38.3	38.9	41.0	41.2
External debt (% of GDP)	20.8	19.7	22.5	20.8

Nigeria: Risks to Outlook

Downside:

- High food & energy prices
- Spending pressures within **narrow fiscal space**
  - Persisting **insecurity**, particularly banditry and kidnapping
  - Elections
- Low vaccination rates (Covid-19)
- Monetary tightening in Advanced Economies
- Muted foreign investment inflows and exchange rates pressures.

Upside

- Broadening growth and steady private sector recovery
  - The country's PMI stood at 55.8 in April, up from 54.1 in March signaling improvement in business conditions in Nigeria's private sector (Stanbic)
- Dangote Refinery is expected to have a processing capacity of 540,000 barrels per day in later 2022.
- Effective implementation of the Finance ACT, 2021 and the Strategic Revenue Growth Initiative

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POLICY BRIEF with ENAM OBIOSIO

Implications of CBN Increased Interest Rate To 13.5%

The Central Bank of Nigeria (CBN) increased interest rate to 13.5 percent for the first time in two and half years had continued to generate discussions in business circle.

Interest rate is one of the key tools deployed by central banks across the world to manage the flow of money and productivity in their respective countries. A change in the interest rate could have an effect on macroeconomics and other key economic indicators like consumer spending and borrowing. But the hike could also fail to tame inflation if other macroeconomic indicators go wrong.

Addressing the news men after the Monetary Policy Committee (MPC) meeting in Abuja recently, CBN Governor, Mr. Godwin Emefiele, attributed the increase to global developments.

Mr. Emefiele held that the MPC is suspicious "there might be an aggressive accretion of inflation", to check this, the MPC he said, quickly moved to check the impending inflation by increasing Monetary Policy Rate (MPR) by 150 basis points."

He explained that at the MPC meeting, six out of the 11 members of the committee voted to raise the key rate.

The committee also voted to retain the asymmetric corridor at +100 and -700 basis points around the MPR, just as it maintained the Cash Reserve Ratio (CRR) at 27 percent.

The CBN governor argued that the sharp rise in inflation across both the advanced and emerging market economies has generated growing concerns among central banks across the world, adding that the progressive rise in inflation driven by rising aggregate demands and wage growth has put sustainable pressure on price levels.

"On the need to tighten, MPC feels compelled that tightening would help moderate inflationary trade-off from the steady growth so far recorded and improve real GDP.

"It also feels that tightening would help rein inflation before it assumes the galloping frame considering the rising increase in headline inflation month-on-month," stated the CBN governor.

Meanwhile, the rate increase is being implemented when the assumption of transitory inflation failed and the inflation rate climbed above 16 percent. In theory, an increase in inflation is intended to reduce the amount of money in circulation, resulting in a decrease in the inflation rate.

By hiking the interest rate to 13 percent, the CBN believes that borrowing would become more difficult and consumers would have less money to spend. By implication, amid lower demand among consumers, manufacturers of goods would be wary of raising prices. In effect, all of these would combine to reduce inflationary pressure.

By implication by raising rates to 13 percent, manufacturers will be negatively affected. Borrowing from banks to finance project will be out of the options. They would have been shut out of the windows due to the higher cost of borrowing especially in an economy with falling demands amid financial squeeze.

When the benchmark rate was pegged at 11.5 percent, banks typically charged manufacturers and other lenders between 12 to 30 percent on loans. With the hike in rate (13 percent), the charges could skyrocket.

Also, prices of various assets such as bonds, stocks and houses would ride.

Inflation in the country had soared to 16.8 percent in April. According to a report by the National Bureau of Statistics (NBS), the inflation was driven by fuel price increases and accelerating costs of food, including bread and cereals, and other goods and services.

However, the hawkish stance against inflation by raising its benchmark interest rate to 13 percent from 11.5 percent (a 150bps hike), according to experts, may not have the desired effects on inflation in Nigeria vis-a-vis other contending factors.

Experts are of the opinion that Nigeria's inflation and interest data shows a significant disconnect between theory and practices.

Experts believe that the interest rate is inefficient in resolving inflationary concerns, particularly given Nigeria's supply-driven inflation, import dependency, and massive informal sector.

Therefore, it is paramount that the apex bank pursues a more targeted approach to root out inflation, such as strengthening the value of the Naira, reducing supply bottlenecks, and pushing for financial inclusion.

Dr. Muda Yusuf, Founder/CEO of the Centre for the Promotion of Private Enterprise (CPPE), is of the opinion that the CBN interest rate hike would not have the desired effect on inflation.

He said: "The hike in MPR by 150 basis points to 13 percent by the MPC is therefore understandable. But whether this would significantly impact inflation is a different matter. Already, bank lending has been constrained by the high CRR (many operators in the sector claim that effective CRR is as high as 50 percent or more for many banks), the discretionary debts by the apex bank, the 65 percent loan to deposit ratio (LDR) and liquidity ratio of 30 percent. The lending situation in the economy is already very tight.

He argued that the monetary policy rate's ineffectiveness in containing inflation was related to the Nigerian economy's structure and the presence of the informal economy. He said: "The Nigerian economy is not a credit-driven economy, unlike what obtains in many advanced economies which have much higher levels of financial inclusion, robust consumer credit framework and strong correlation between interest rate and aggregate demand."

He added: "The level of financial inclusion in the Nigerian economy is still quite low, access to credit by households and MSMEs is still very challenging, and the informal sector accounts for close to 50 percent of the economy.

Dr. Omobola Adu, a Research Analyst at GDL, stated that the best-case scenario of MPC's decision to hike interest rates could have a marginal effect in bringing inflation down.

He said: "The reason is because Nigeria's inflation is largely driven by structural factors that are beyond the impact of interest rates. However, it would not be surprising if we see less pressure on monthly inflation rate on account of investors taking advantage of new rates. In the last auction, rates on T-bills increased, and investors could be prompted to invest more, thereby reducing money in circulation."

He also stated that the CBN rate hike was too fast and recommended a gradual uptick. He said: "The CBN has done the best it can do in increasing rates to curb inflation. However, it could have been more effective if it was a gradual increase, rather than a one-off 150bps hike the market did not expect. Outside this, the federal government needs to work to make the business environment more comfortable. Existing challenges around energy prices and insecurity are major drivers of inflation that CBN cannot control."

Dr. Godwin Osuma, a researcher and lecturer in the department of Finance, Covenant University also added to the notion that the interest rate is not an effective tool.

He stated: "The CBN recently increased the benchmark interest rate to 13 percent to curb the current inflationary rate in the economy, but the question remains if this interest rate hike would be effective. I do not think the interest rate hike would lead to the CBN's desired effect of reducing inflation because the prices in Nigeria are supply-driven and the disruptions in supply create artificial scarcity."

However, it is my view that the CBN economic policy as it were has been particularly tailored to the Nigerian economic environment.

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