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Capital Market Master Plan (2021-2025): To Accelerate Emergence Of Nigeria As Top 20 Global Economy By 2025 –Finance Minister PG 7

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Nigeria Records Best Performance In Budget Transparency

- Finance Minister Lauds Report, Promises Better Performance
- 100% Capital Releases For MDAs In 2021, 2022 -DG Budget
- Report Shows Nigeria's Budget Transparency Now 45 Points

*At the recently concluded presentation of the Open Budget Survey (OBS), Nigeria improved by 24 points to record its best budget performance. Our correspondent, **Musa Ibrahim**, reports.*

Nigeria posted its best performance in the OBS, where it improved by 24 points for transparency, among the 120 countries surveyed in 2021.

At the official launch of the OBS 2021 report, which was released recently in Abuja, Nigeria moved from 21 points in the last survey in 2019 to 45 points in the current survey which took place in 2021.

The OBS is regarded as the only comparable and independent measure of budget transparency, participation, and oversight in the world.

The 2021 survey covers 120 countries and uses a questionnaire with 145 scored indicators drawn from international good practices.

The event had in attendance the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed; the Director-General (DG), Budget Office of the Federation, Mr. Ben Akabueze, Senior Programme Officer of the

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Honourable Minister of Finance, Budget & National Planning, **Mrs. Zainab Shamsuna Ahmed** (right), with **Nadja Haakansson**, Managing Director for Africa, Siemens, during the Presidential Power Initiative (PPI) Steering Committee Stakeholders Meeting recently in Abuja.

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OFFER FOR SUBSCRIPTION

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NIGERIA

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Nigeria Records Best Performance In Budget Transparency

CONTINUES FROM COVER

International Budget Partnership (IBP), Sally Tolbert, and other top officials in both private and public sectors of the Nigerian economy.

The OBS was carried out by the IBP in collaboration with the Federal Ministry of Finance, Budget and National Planning as well as the Budget Office of the Federation.

In her virtual remarks Mrs. Ahmed said: "The OBS shows that even as Nigeria has made much progress this round, there is still possibilities to go further. The OBS sets the benchmark for sufficient information at 61 out of 100. And there are ways that Nigeria could continue the upward trend as seen in this round, and aim to hit that benchmark and even surpass it, as it is done just within the few years.

"So, here are some reforms that could be considered to catapult Nigeria into the ranks of the countries that meet the benchmark for sufficient information. First is enhancing the budget proposal with additional information. It could be simple things such as spending trends over time, so you can see how spending administrative sector is changing over the years.

"It also could include performance indicators and targets and what the government hopes to achieve with public spending."

The Honourable Minister expressed optimism that Nigeria would surpass the performance when the 2022 OBS is conducted. She said: "Government has over the past several years undertaken a number of reforms in the public finance management (PFM) space which have culminated in the significant improvements we can now report. Nigeria posted its best performance in the OBS, improving by 24 points for transparency in the latest survey."

"We remain committed to all the different moving parts of our PFM reform agenda. Central to this is our bullish domestic revenue mobilisation effort as well as efficiency in revenue and expenditure management. We have been privileged to have some committed development partners working with us over the years on various parts of our reform programmes."

She also said that the open government partnership is currently working on its third national action plan (NAP), adding that achieving government's reform agenda requires bold, decisive and urgent actions, some of which may entail short-term pain but medium-/long-term gains.

100% Capital Releases for MDAs in 2020, 2021

Also reacting to the report, Mr. Akabueze noted that 100 percent of capital budgets was released to ministries, departments and agencies (MDAs) in 2020 and 2021 by the federal government.

He disclosed this while reeling out Nigeria's achievements in budget transparency in Abuja.

Mr. Akabueze said that Nigeria posted its best performance in the OBS, improving by 24 points for transparency in the latest survey as a result of its commitment in improving budget processes.

"The total transparency score of 45 in the 2021 survey is a significant leap from the 21 scored in the 2019 survey," he said, noting that the score was the second highest improvement worldwide.

Honourable Minister of Finance, Budget & National Planning, **Mrs. Zainab Shamsuna Ahmed** (right), with **Mr. Ben Akabueze**, Director-General Budget Office of the Federation.

He also said that the government had implemented strategic revenue initiatives to boost earnings' growth and steer growth, noting that it had also begun open treasury plans which included full disclosure of federal government's payments and enhanced social investments.

"There have been tax administration and tax compliance now, resulting in increased revenue collections. We are also amending aspects of the Fiscal Responsibility Act 2007 and enhancing fiscal efficiencies by controlling the cost-to-revenue ratios of key State and Government-Owned Enterprises (GOEs)."

There have been issues around open budgeting across the world. In Nigeria, MDAs have often times lamented lack of budget releases by the government or, in some cases, approval hiccups encountered at the National Assembly.

What OBS Entails

Presenting the outcome of the survey, Torbert explained that opening up budget decision-making to the public could help strengthen the social contract and ensure that budgets are planned to deliver public services and programs that really build resilience for everyone and not just the interests of the elite.

She said that as countries begin to emerge from the pandemic, there is an opportunity here for citizens and governments to work together and offer a vision for a more equitable and inclusive society and for governments to help transform that vision into a reality, adding that open budgets are essential to realising the goal.

The OBS is a tool for governments, civil society and development partners to identify and discuss and prioritise actions to create advanced, open and accountable budgets.

fmfinsights understands that it is the only comparative and independent measure of open budgeting anchored in three pillars - budget transparency, participation and oversight.

"The assessment is conducted every two year, with the assessment of the OBS based on government's practices that took place up until the end of 2020, and this round, the OBS covers 120 countries.

"The basis for the OBS is 145 score indicators based on international practices and standards. These indicators measure the public availability and comprehensiveness of the yearly budget documents, the role and effectiveness of our oversight institutions and opportunities for public participation in the budget process.

"We undertake a rigorous research process that is led by civil society researchers and subjected to peer review in that area. It has a long-standing partnership with the budget and was led on the research proposal since 2020.

"We also invite national governments to comment on the draft results and we were grateful for the detailed feedback received from the Budget Office of Nigeria. Importantly, the survey is more than a research; it is a tool for civic engagement and an exercise of citizens. And it documents the progress made in open budgeting practices and provides a roadmap for where countries can improve," Tolbert said, while explaining the relevance of OBS in governance.

How Nigeria Emerged With Its Best Performance

Speaking further, the IBP representative said that Nigeria is one of the top countries in the survey to improve on the OBS measure of budget transparency at the central government level.

"Nigeria increases on the OBS by just 23 points, which puts Nigeria among other countries who are top performers in this round of survey.

"This is the second highest measure in increase in transparency, second only to the Gambia. This improvement reflects ongoing efforts by governments to improve the public availability of key documents information that you just heard. But this is also supported and reinforced by civil society groups who have joined to ask for the data they need to understand how public funding is being prioritised and allocated and spent. These efforts started over a decade ago and have also been accompanied by others in state government, which is not covered within the OBS methodology just trying to get new information disclosure.

"As you can see here at the federal level since 2010, there was not much progress made on the OBS indicators for transparency until this round, OBS 2021 when the score for Nigeria jumps from 21 to 45. This big leap that is being seen by OBS Transparency in Nigeria is mainly driven by governments successful efforts to improve tiny availability of three key budget documents. So, here, you can see the pre- budget statement, the in-year reports and the mid-year review have changed between 2019 and 2021.

"So, the first one is the medium-term expenditure framework (MTEF) or any tax which is also pre budgets which is important within the OBS, and this document should be covered at least one month before the draft budget is presented to you.

"The second document that has improved this is the in-year reporting. And in Nigeria, this has been very much strengthened by the creation of the open treasury portal (OTP) that releases both budget implementation reports and also monthly reports.

"One key document that we also see this round is the mid-year review. And this is a document that has not been published in previous rounds. But in 2020, in response to COVID, the government released an updated medium-term fiscal framework that was based on revised projections for the budget for the upcoming year, in response to the massively changed economic situation. But, this also projected expected revenues and expenditures for the remainder of the fiscal year, which means the OBS criteria for the mid-year review.

"However, we just would know that this provides a very good example on recording on budget adjustments that could be continued every year, not just during emergencies.

"With these improvements, this means that Nigeria has successfully published seven of the eight key budget documents that were assessed in the OBS," she further explained.

How Nigeria Can Improve Budget Transparency

On ways to improve, she said that the audit report of the government's financial statements has to be made available for auditing.

"It is a critical document that is supposed to be published or can be produced by the Office of the Auditor-General that ensures that the government accounts are sound, complete and discloses any irregularities found in the government's finances. However, in Nigeria, the audit report is often published after a long delay; sometimes two to three years, which is far longer than the international standard for the publication of this document, which requires that should be published within 18 months by the end of the fiscal year.

"First is enhancing the budget proposal with additional information. It could be simple

CONTINUES ON PAGE 4

FAAC Shares N680.783bn May 2022 Revenue To FG, States, LGCs

The Federation Account Allocation Committee (FAAC) has shared a total sum of N680.783billion from May 2022 federation account revenue to the federal government, states and local government councils.

As stated in a release signed by Mr. Henshaw Ogubike mnipr, Director (Information, Press and Public Relations), Office of the Accountant-General, this was contained in a communiqué issued at the end of the FAAC for June 2022, held in Abuja.

The N680.783 billion total distributable revenue comprised distributable statutory revenue of N385.004 billion, distributable value added tax (VAT) revenue of N198.512 billion and electronic money transfer levy (EMTL) revenue of N97.267 billion.

In May 2022, the total deduction for cost of collection was N36.996 billion and total deductions for transfers and refunds was N186.672 billion.

The balance in the Excess Crude Account (ECA) was $35.377 million.

The communiqué confirmed that from the total distributable revenue of N680.783 billion; the federal government received N229.563 billion, the state governments received N241.824 billion and the local government councils received N175.942 billion. The sum of N33.454 billion was shared to the relevant States as 13 percent derivation revenue.

A gross statutory revenue of N589.952 billion was received for the month of May 2022. This was lower than the N635.037 billion received in the previous month by N45.085 billion.

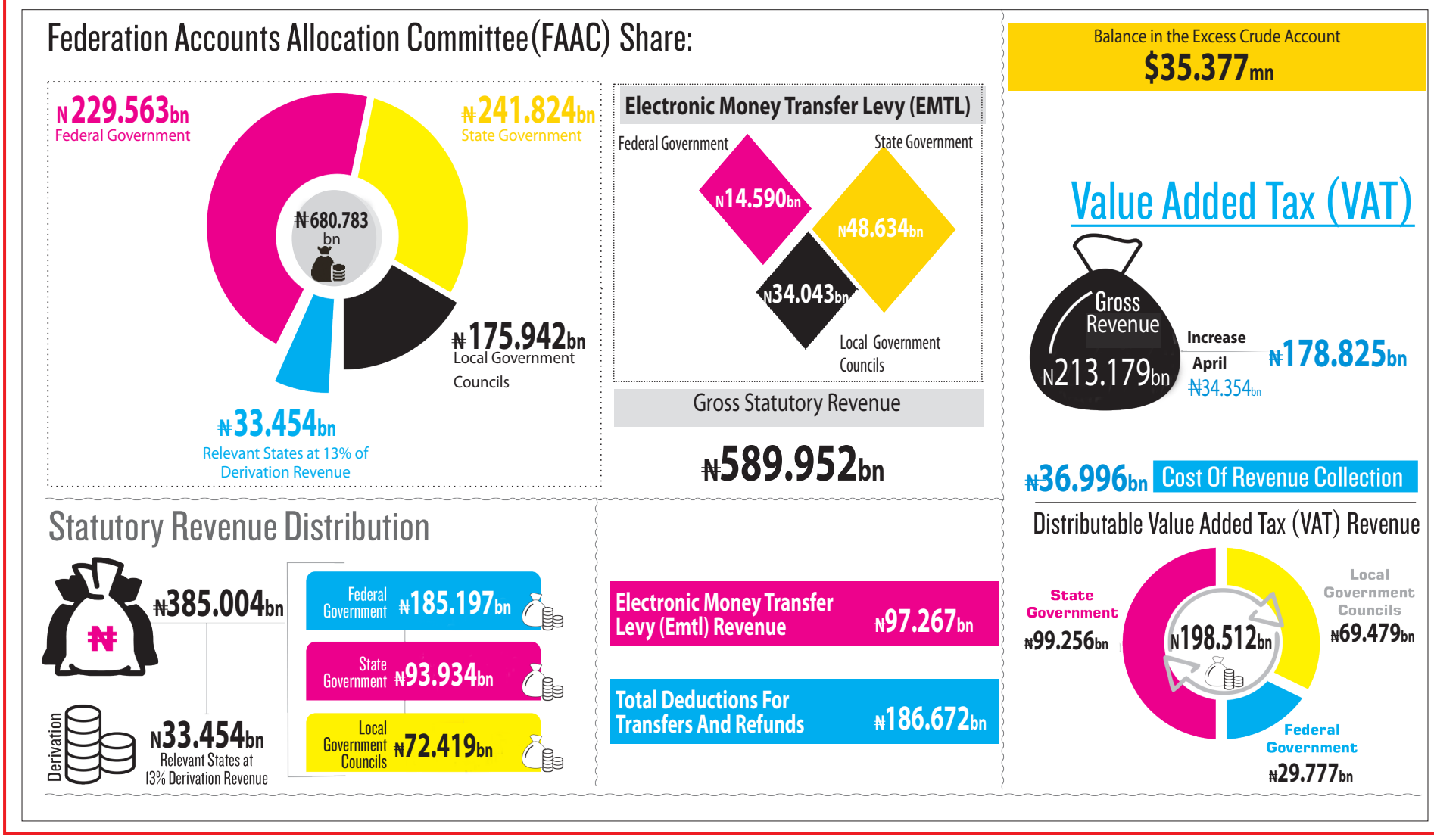
From the N385.004 billion distributable statutory revenue, the federal government received N185.197 billion, the state governments received N93.934 billion and the local government councils received N72.419 billion. The sum of N33.454 billion was shared to the relevant States as 13 percent derivation revenue.

In the month of May 2022, the gross revenue available from the VAT was N213.179 billion. This was higher than the N178.825 billion available in the month of April 2022 by N34.354 billion.

From the N198.512 billion distributable VAT revenue, the federal government received N29.777 billion, the state governments received N99.256 billion and the local government councils received N69.479 billion.

The federal government received N14.590 billion; the state governments received N48.634 billion and the local government councils received N34.043 billion from the N97.267 billion EMTL.

According to the communiqué, in the month of May 2022, companies income tax (CIT) and VAT recorded considerable increases, import duty increased marginally while petroleum profit tax (PPT) and excise duties decreased marginally. Oil and gas royalties decreased significantly.



CONTINUES FROM PAGE 3

things such as spending time over time so you can see how spending in the administrative sector is changing over the years. It also could include performance indicators and targets and what the government hopes to achieve with public spending.

"Second, as I mentioned, maybe in your review, government can learn from the publication of the medium-term fiscal framework and to start a regular practice of publishing with your review each year, thus strengthening the year end budget implementation report which is the year-end report.

"This can also include performance information that has explained what has been achieved with government spending during the year and a detailed out of detail accounting for expenditures, a very detailed, granular levels, the start of these types of accounting in terms of comparing actual expenditures with planned and approve expenditures. It is because it is very critical accountability mechanism; because it also allows the government tries to explain any deviations that happened in between and after the approved budget during the implementation.

"Finally, publishing audit report, which is an essential first step in ensuring that the government considers response and takes actions on audit findings.

Compared to other countries, Nigeria score above the global average, which currently stands at 14 out of 100. Nigeria is also doing better than any other country in the region with the exception of Sierra Leone, which scores higher on the participation measure.

These scores show that while Nigeria is already making progress on opening up spaces for public engagement on the budget, there is more that can be done such as opening formal spaces for about engagement with the Auditor-General's Office, ensuring that all engagements, all mechanisms allow for adequate time and outreach to allow for wide participation from underrepresented groups, and allow space for back-and-forth dialogue.

"The government can also be reporting back to the public about how the input they received is being used, what decisions are changed, what is different as a result of receiving anything? Unless you have oversight, the OBS examines the role of the legislature and supreme audit institutions and the role that they play in the process and the extent to which they provide oversight. In this area in this round, I can imagine that Nigeria has reached a score of 61 on the overall measure, which is indeed just as a benchmark is sufficient," she further stated.

On the legislature, Tolbert also made some proposals for improvement. In her words: "On legislature, there are some areas for improvement. For example, the legislature could improve oversight by publishing reports of committee hearings on the different budget issues. For example, when they are debating the proposed budget, when they are reviewing budget implementation, when they are discussing the audit report, disclosing the contents of these discussion, providing reports about what was discussed, what was said, these help them to help the public better understand the issues and the way that legislatures are holding the government to account for public spending.

"On the audit assessment, the OBS also finds that the audit oversight could also further improve with external reviews and audit processes and additional funding for the Auditor General's Office. So, as we look ahead, we must ask ourselves, what can we do as a network of open budget champions do, to encourage governments to pursue reforms that can help maintain and further advance the progress we have seen in Nigeria this round," she said.

She believes that with the recommendations put forward in the report, federal government reforms and actions could improve Nigeria's OBS for any upcoming Survey in 2023, which could also accelerate efforts in hitting the goal of 61 in transparency and participation.

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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Enquiries
08023130653
08058334933

Marketing
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Subscriptions
Sandra Usman

Graphics/Production
Gabriel Olatunde Emmanuel

D2-32 Atiku
Abubakar Crescent,
Cityview Estate,
Dakwo, Abuja

EDITORIAL

The Need To Sustain Faith In The Revised Capital Market Master Plan (2021 – 2025)

The Securities And Exchange Commission (SEC) has just presented the revised Capital Market Master Plan (2021 – 2025) to the public. The Capital Market Master Plan is one of the key initiatives in the 40 deliverables Presidential mandate of the Federal Ministry of Finance, Budget and National Planning.

Just as the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said in her remarks during the presentation, the plan underscores the fact that capital market growth resonates with President Muhammadu Buhari-led administration's unwavering commitment to deepening and re-positioning our financial markets as a key anchor to achieving a private sector led development of our economy as emphasised in the National Development Plan (NDP) objectives.

This administration and especially the Finance Minister's Office has been in support of the Capital Market Master Plan implementation efforts since inception. The plan, which represents the collective aspirations of the capital market community is focused on driving initiatives geared towards growing and deepening our market with the ultimate goal to accelerate the emergence of our country as a top 20 global economy by the year 2025.

We call on the capital market stakeholders within and outside of Nigeria to sustain their faith in the market for the laudable accomplishments so far recorded in the Master Plan implementation journey, especially in the areas of dematerialisation of share certificates, e-Dividend mandate, facilitation of access to alternative investments like SUKUK and Specialised Funds, review of CAMA and ongoing review of the ISA, demutualisation of the Nigeria Stock Exchange (NSE), enhancing the commodities eco-system, design of a National Savings Strategy, among others.

SEC is ongoing in its efforts on initiatives like direct cash settlement, introduction of derivatives, financial literacy, enhancing market liquidity, incentives for listings, growth of collective investment schemes and leveraging Fintech solutions in the capital market.

We note that our capital market is growing and evolving. To sustain this growth and eventually transform to a world class capital market, we understand that transparency and investor confidence is key. Investor confidence will ultimately accelerate the growth of our market and increase both domestic and foreign investor participation. To this end, the government is to continue to support and strengthen the regulator to effectively do its job of regulating and developing the capital market.

We do see the capital market as an important driver of our economic growth objectives and we will continue to support efforts to position our market where it deserves to be - a capital market that will broaden access to economic prosperity by enabling the emergence of financially responsible citizens, accelerate wealth creation and wealth distribution, provide capital to small and medium scale enterprises, and catalyse housing finance.

As SEC charts the course for the next phase of the Capital Market Master Plan's implementation, the government assures of its support and its readiness to work with the commission and other stakeholders in the financial market to realise the plan's outcomes.

Pension Assets On The Increase, Rise To N14.2 trn In May, Says Pencom

By Felix Omoh-Asun

The National Pension Commission (Pencom) is thumping its chest to reveal that the total assets under the contributory pension scheme (CPS) rose to N14.2trillion in May.

In its latest report titled: 'Unaudited report on pension funds industry portfolio for the period ended 31 May 2022; Approved Existing Schemes, Closed Pension Fund Administrators and RSA funds (Including unremitted contributions @CBN & legacy funds),' said that the funds, which ended December 31, 2021 at N13.42trillion, rose to N13.61trillion and N13.76trillion as of the end of January and February 2022, respectively.

However, this is up back-to-back in June 2021 report. PenCom had said in June last year that the total pension assets transferred amongst Pension Fund Administrators (PFAs) as at June 2021, were valued at about N 47.8 billion.

It was contained in a bulletin published by the commission on its social handles.

PenCom stated that it recorded a total of 12,681 Retirement Savings Account (RSA) transfer requests in the first quarter of 2021, which ended on March 31, 2021.

The commission noted that this figure more than quadrupled the figure recorded in the maiden transfer quarter which ended on Dec. 31, 2020, with a total number of 2,799 RSAs.

"A consistent upward trend is still expected as RSA holders continue to realise the ease with which they can initiate the transfer of the RSA's, " it said.

According to the commission, healthy competition and improved service delivery are anticipated in the pension industry with this development.

It said: "This was as a result of RSA holders now having the right to determine which PFA manages their pension contributions and retirement benefits. The commission had ensured that the requirements for initiating RSA transfers are minimal."

The RSA Transfer System (RTS), also known as, 'Transfer Window,' was launched on Nov. 16, 2020.

The development made way for the full implementation of one of the key features of the CPS, which is, 'the portability of RSA's'.

According to its latest data released last week, its assets rose to N13.88trillion by the end of March and N14.06trillion in April, according to the data.

The data showed that N8.8trillion of the total funds was invested in federal government securities, comprising bonds and treasury bills.

Other investment portfolios where the funds were invested, included domestic and foreign ordinary shares; corporate debt securities comprising corporate bonds; corporate infrastructure bonds; corporate green bonds, and supranational bonds.

PenCom also disclosed that the total number of workers with Retirement Savings Accounts (RSA) rose slightly to 9.67 million by the end of May, from 9.529 million at the end of December 2021.

According to the Pension Fund Operators Association of Nigeria, the CPS is helping Nigerian workers to save for retirement and providing funds for infrastructure development.

The operators urged workers to increase their statutory deductions, noting this would enable them to raise their aggregate savings balances over time.

In a statement, the association said: "It is also pertinent to note that the CPS in its current state has in no small way fostered a savings culture in Nigeria. Prior to the enactment of the Act, Nigeria did not have large pools of domestic savings.

"Many Nigerians do not have any other form of savings, except through this contributory pension scheme. What we should be doing as a nation is to encourage more of these savings rather than looking to dismantle the system.

"This is probably the only form of savings most Nigerian workers are able to put aside for their retirement years."

Capital Market Master Plan (2021-2025): To Accelerate Emergence Of Nigeria As Top 20 Global Economy By 2025 –Finance Minister

L-R: **Mrs. Zainab Ahmed**, Honourable Minister of Finance, Budget and National Planning, **Lamido Yuguda**, Director-General, SEC, **Mr. Adedotun Sulaiman**, Member, Capital Market Master Plan Implementation Council, during the presentation of revised Nigerian Capital Market Master Plan in Abuja, recently.

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, has said that the recently presented revised Nigerian Capital Market Master Plan (2021-2025), which represents the collective aspirations of the capital market community, is focused on driving initiatives geared towards growing and deepening the market with the ultimate goal to accelerate the emergence of Nigeria as a top 20 global economy by the year 2025.

In her remarks at the presentation by Director-General (DG) of Securities And Exchange Commission (SEC), Mr. Lamido Yuguda, she noted that the Capital Market Master Plan implementation is one of the key initiatives in the 40 Deliverables Presidential mandate of the Federal Ministry of Finance, Budget and National Planning.

"This underscores the fact that capital market growth resonates with our Administration's unwavering commitment to deepening and re-positioning our financial markets as a key anchor to achieving a private sector led development of our economy as emphasised in the National Development Plan (NDP) objectives.

Apart from noting that this administration and especially her office has supported the Capital Market Master Plan implementation efforts since inception, Mrs. Ahmed stated: "I have previously hosted the Capital Market Master Plan Implementation Council (CAMMIC) where I received updates of successes recorded so far in the plan implementation efforts and some of the challenges that need to be addressed by government and other stakeholders."

"Let me commend the SEC, CAMMIC and the entire capital market community for the laudable accomplishments so far recorded in the Master Plan implementation journey, especially in the areas of dematerialisation of share certificates, e- dividend mandate, facilitation of access to alternative investments like SUKUK and Specialised Funds, review of Companies and Allied Matters Act (CAMA) and ongoing review of the Investment And Securities Act (ISA), demutualisation of the Nigeria Stock Exchange (NSE), enhancing the commodities eco-system, design of a national savings strategy, among others.

> Our capital market is growing and evolving. To sustain this growth and eventually transform to a world class capital market, transparency and investor confidence is key. Investor confidence will accelerate the growth of our market and increase both domestic and foreign investor participation.

Mrs. Ahmed noted the SEC's ongoing efforts on initiatives like direct cash settlement, introduction of derivatives, financial literacy, enhancing market liquidity, incentives for listings, growth of collective investment schemes and leveraging fintech solutions in the capital market. She assured of government's support in all the efforts and expressed confidence in the commission's ability to successfully drive the initiatives to fruition.

"Our capital market is growing and evolving. To sustain this growth and eventually transform to a world class capital market, transparency and investor confidence is key. Investor confidence will accelerate the growth of our market and increase both domestic and foreign investor participation.

"To this end, we will continue to support and strengthen the regulator to effectively do its job of regulating and developing the capital market.

"I see the capital market as an important driver of our economic growth objectives and we will continue to support efforts to position our market where it deserves to be - a capital market that will broaden access to economic prosperity by enabling the emergence of financially responsible citizens, accelerate wealth creation and wealth distribution, provide capital to small and medium scale enterprises, and catalyse housing finance.

"As you chart the course for the next phase of the Capital Market Master Plan's implementation, I assure you of this administration's support and look forward to working with you and other stakeholders in the financial market to realise the plan's outcomes.

Mr. Yuguda said that the Master Plan document recommends a periodic review of the assumptions, goals and objectives of the Plan to better align it with current realities and innovations in the global financial system. As part of the review, he said that the commission embarked on a comprehensive review of the plan, driven by PriceWaterHouseCoopers with funding support from Financial Sector Deepening Africa (FSDA). The main objective of reviewing the Master Plan, he noted, is to produce an updated version of the document primarily to engage stakeholders on the current level of market development and opportunities for further capital growth, among others.

NEWS IN PICTURE

The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** (middle), and other dignitaries at the Securities and Exchange Commission (SEC) during the presentation of the revised Nigerian Capital Market Master Plan in Abuja, recently.

L-R: **Lamido Yuguda**, Director-General, Securities and Exchange Commission (SEC), **Ms Patience Oniha,** Director-General Debt Management Office (DMO), **Mr. Adedotun Sulaiman,** Member, Capital Market Master Plan Implementation Council, during the presentation of the revised Nigerian Capital Market Master Plan in Abuja, recently.

NEWS IN PICTURE

The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed**, and other dignitaries at the Presidential Power Initiative (PPI) Steering Committee Stakeholders meeting in Abuja, recently.

Implementation Of N10 Taxation On Sugar Sweetened Beverages Begins, To Combat Non-communicable Diseases

By Felix Omoh-Asun

The implementation of the N10 taxation per litre of Sugar-Sweetened Beverages (SSBs), said the federal government, is to reduce the incidences of non-communicable diseases.

Dennis Ituma, Chief Superintendent of Customs, Department of Excise, Free Trade Zone and Industrial Incentives, made this known in an interactive session at a Policy Breakfast Meeting in Abuja recently.

The session was to formally informed the nation of the commencement of the implementation of the law aimed at combating non-communicable diseases on Monday, June 27.

The SSB tax was passed in the Finance Act on 31 December 2021 and due for implementation on June 1, 2022.

According to Ituma, the Nigerian Customs Service (NCS) has commenced taxing producers of sugar-sweetened beverages since 1st June 2022.

He stated: "The implementation of the fiscal policy of the collection of N10 per litre is now a policy of the federal government. The NCS is here to implement the fiscal policy."

Ituma noted that a sensitisation session was carried out during a town hall meeting set up to brief the beverage manufacturing industries.

He further stated that: "Customs excise laws stipulate that there should be returns monthly and the law stipulates that it should come on the 21st day before the preceding month.

"Customs has done its part and has ensured that revenue from the SSB excise tax will start being generated into the federation account by 21 July 2022."

He added that the generated revenue if utilised as a health policy tool, will go a long way towards the treatment and prevention of noncommunicable diseases.

Also, Runcie Chidebe, Executive Director of Project Pink Blue, a cancer support organisation, said that to ensure proper implementation, an accountability network should be established across board.

The meeting was organised by the National Action on Sugar Reduction to proffer ways to implement tax and other interventions to reduce SSBs consumption in the country.

According to Ituma, Customs has started the implementation of taxing all companies producing SSBs since June 1st, 2022, this, he said, started with the sensitisation of the companies on the need for the taxation.

"The N10 per litre of Sugar-Sweetened Beverages has been implemented on June 1, by July

21, all excise duties must have been collected and paid into the federation account.

"It should interest you that taxation on SSBs was a policy of the federal government in 1984 but was stopped in January 2009. Previously both SSBs, alcoholic drinks and tobacco were all taxed until 2009 when SSBs was removed from taxable beverages. Only alcoholic drinks and tobacco generates N414 billion, SSBs will further increase the revenue generated from drinks."

On how customs would ensure that the companies were properly taxed, Ituma said that the service designates resident Customs Officers to all factories producing SSBs who take the measurements of all daily productions.

A member of the coalition and CEO TalkHealth9ja, a Public Health Physician, Dr Las Eze, called for a well-defined policy framework that would support direct transfer of any money that accrues from this tax to certain health interventions.

Also speaking at the meeting, Mr Jekeli Usman, Assistant Clark, House Committee on Healthcare Services, Federal House of Representatives, commended the coalition on the success of its advocacy.

He assured the coalition that the National Assembly would do all in its power to ensure that the funds when generated were judiciously used through its budget appropriation and oversight duties when the funds were finally released to healthcare agencies.

Mr Musa Umar, a representative of the Federal Ministry of Finance Budget and National Planning, on his part urged the coalition to engage policy makers in the implementation of the SSBs tax fund.

Umar said that it was important to get those at the high level of policy making involved in the advocacy to get their commitment to channel the funds from the tax to health issues that resulted out of the excessive consumption of SSBs.

How 12 Banks Paid N125bn Into AMCON's Resolution Fund

By Musa Ibrahim

The Asset Management Corporation of Nigeria (AMCON) has received a sum of N125.9 billion from 12 commercial banks listed on the Nigerian stock market as part of the sector resolution funds in the first quarter of 2022.

Checks on the financial books of the listed banks by fmfinsights revealed that AMCON bank charges increased by 29.5 percent from N97.18 billion paid in the corresponding period of 2021 to N125.9 billion in the review quarter.

The 12 banks are Access, FCMB, Fidelity, FBN, GTCo, Stanbic IBTC, Sterling, UBA, Union, Unity, Wema, and Zenith Bank.

The increase in AMCON charges is attributed to the impressive rise in the total assets of the banks. Notably, in the first quarter of 2022, the aggregate total assets of the banks stood at N61.23 trillion, representing 5.29 percent increase compared to the beginning of the year.

In the previous year, the total assets of the 12 banks had increased by a whopping N8.75 trillion, largely due to increased customer loans.

The fund is part of the requirement of the AMCON (Amended) Act 2015, which

Mr. Ahmed Kuru, Managing Director/Chief Executive Officer, Asset Management Corporation of Nigeria (AMCON)

mandates banks to make contributions to a fund established by the AMCON Act, effective from January 1, 2013.

Banks are required to contribute an equivalent of 0.5 percent of their total assets plus 0.5 percent of all contingent assets as of the preceding year-end to AMCON sinking fund in line with existing guidelines. This contribution is for a period of 10 years from 2013, it is non-refundable and does not represent any ownership interest.

A breakdown of the data by fmfinsights shows that the 12 banks have paid in excess of N1 trillion to AMCON between January 2017 and March 2022. It is worth noting that the charge is sometimes expressed as sector resolution fund, AMCON sinking fund or part of regulatory costs.

Unveiling The Banks

First Bank Holdings paid the highest as AMCON charges in Q1 2022 with N29.1 billion, an 89.6 percent increase compared to N15.33 billion paid in the corresponding period of 2021.

This is following a 3 percent increase in its total asset to N9.21 trillion as of the same period. The holding company has paid over N207.49 billion to AMCON in the last five years.

Also on the list is Access Bank, with N26.69 billion, representing a 26.8 percent increase from N21.04 billion paid in Q1 2021.

This is no surprise considering that Access Bank is also the largest commercial bank in the country based on total assets at N12.1 trillion as of March 2022.

Zenith Bank followed with a N21.4 billion AMCON payment, which is 12.8 percent higher than the N18.96 billion paid in the considering period of the previous year. Its asset is stated to stand at N10.52 trillion, the second-largest bank by asset. Zenith Bank has paid N151.63 billion in AMCON charges in the past five years.

GTCo and Stanbic IBTC followed in the list with N11.64 billion and N8.71 billion respective payments in Q1 2022, while their total assets stood at N5.49 trillion and N3.09 trillion respectively.

Background

AMCON was established in 2010 to buy the Non-Performing Loans (NPLs) of Nigerian banks to stabilise the banking system and is currently being funded by a combination of loan recoveries, contributions from the Central Bank of Nigeria (CBN), sale of assets pledged, and a sinking fund levied on the banks.

The rising bad loans and the need to save the banking industry from imminent collapse prompted the federal government to set up AMCON in 2010 with a 10-year mandate.

The AMCON Act 2019 (Amended) grants the corporation more powers to recover bad debts from obligors.

Banks were initially mandated to contribute 0.3 percent of total assets to the sinking fund. This was further increased to 0.5 percent of total assets in 2013 (and 0.33 percent of contingent liabilities).

Some of the key objectives of the Act are to assist eligible financial institutions to efficiently dispose of eligible bank assets in accordance with the provisions of the Act.

Also, hold, manage, realise and dispose of eligible bank assets (including the collection of interest, principal and capital due and the taking over of collateral securing such assets) in accordance with the provisions of the Act.

In the main time, the Ministry of Finance or the CBN may require the corporation to report to it at any time and in any format that the Ministry of Finance or the CBN may direct on any matter, including the performance of its functions under this Act and any information or statistics relating to it.

NIPC Partners GIZ In Trade Facilitation

Says Nigeria Attracted $2.58 bn In Q1 2022

Canvasses Full Operationalisation of Export Warehouse

By Jennet Ugo Anya

The Nigerian Investment Promotion Commission (NIPC) has partnered with the German Development Agency (GIZ) to improve promotion, facilitation and retention of investment both at the national and sub-national levels of governments.

At the peer learning and capacity development workshop held recently in Abuja, Executive Secretary (ES) of NIPC, Mr. Emeka Offor, said that the continued decrease in government revenues has necessitated the need to facilitate the establishment of a globally competitive sub-national investment climate in Nigeria.

In his words: "With the growing need for socio-economic development in Nigeria and the fluctuation in government revenue sources, the private sector remains the most viable option that can stimulate sustainable growth and development."

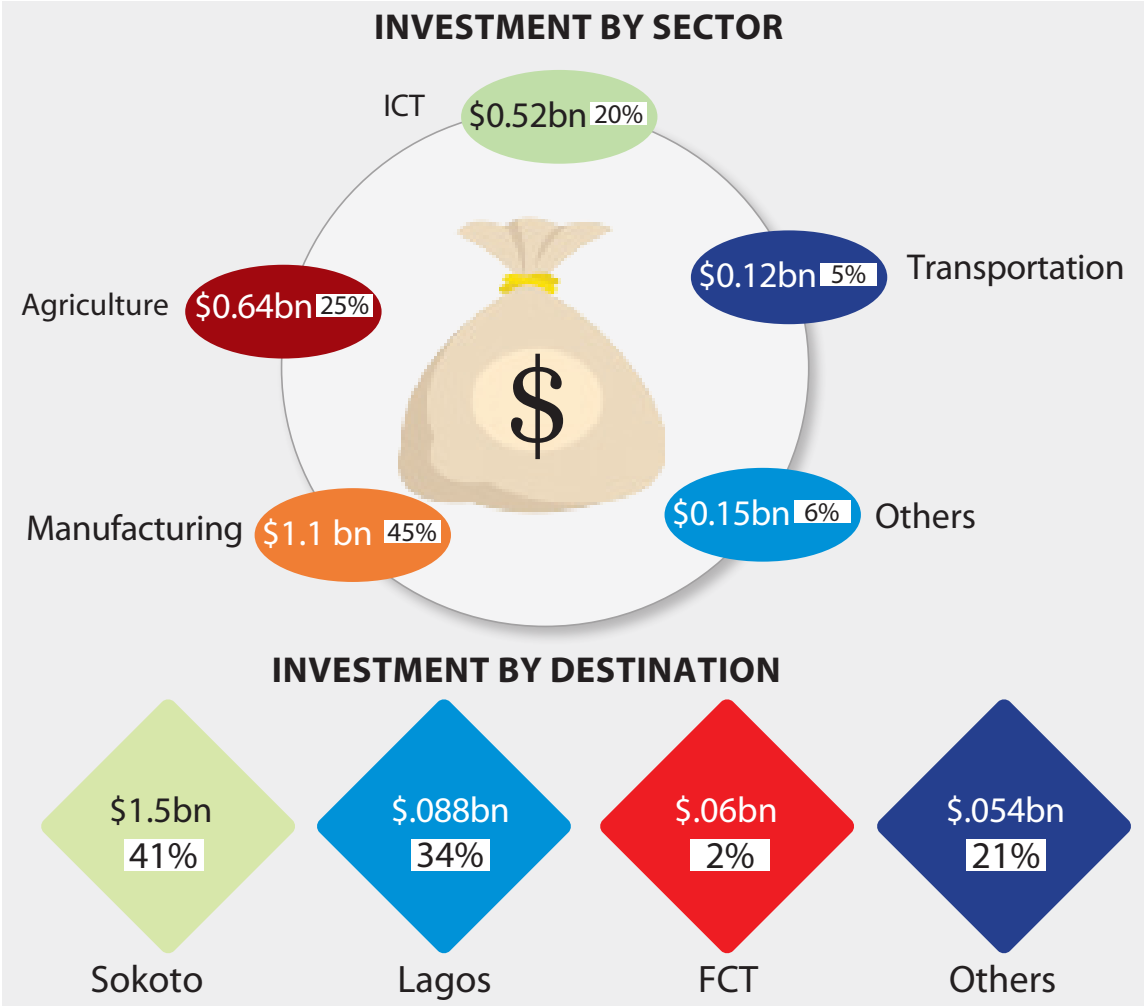
The ES, who was represented by Emmanuel Adesina, Director Investment Promotion, NIPC, maintained that the partnership was critical in creating a healthy competition among the states as well as attracting needed investments to promote national sustainable growth and development.

He further stressed the need for government both at national and sub-national levels to be deliberate in their approaches towards investment attraction and retention, to maintain a global competitive edge.

He said: "This is more so that there is increasing competition for capital, considering its dwindling size occasioned by the impact of COVID-19 which has necessitated a change in the global approach of many multinational enterprises. The competition is even more intense in Africa considering the import of the Africa Continental Free Trade Area (AfCFTA) which has turned 54 independent countries into a single economic market.

"While the federal government sets the national investment framework which sets the climate for investments in the country, investments are located within the boundaries of states. It is, therefore, important that the states are equally equipped to offer the same level of service, if not better, to investors."

In his remark, Markus Wauschkuhn, Head of SEDIN-GIZ programme, noted that one of the key measures of the SEDIN/ NIPC partnership is the facilitation of linkages and knowledge sharing on investment promotion strategies, approaches and innovations at the national and regional level.



According to him, the partnership is expected to enhance the capacity of state governments on investment promotion, gleaning from good practices in Africa and design a plan for improving state-based investment promotion and facilitation.

"This program will among other things help to identify key challenges and opportunities for improving investment promotion strategies in Nigeria," he said.

Meanwhile, the NIPC has also called for the full operationalisation of the domestic export warehouse initiative (DEW) initiated by the Nigeria Shippers Council (NSC) to ease logistics constraints at the ports.

Mr. Offor, during an interactive meeting with the NSC, recently in Abuja, maintained that the DEW project being implemented by NSC alongside other sister organisations would go a long way in addressing logistics issues in the non-oil sector, given the gridlock at the ports.

Stating that the DEW project is key to its operations, he also said that the agency was ready to collaborate with NSC to ensure full implementation of the initiative.

Meanwhile, the two agencies have expressed readiness to collaborate in addressing challenges facing the export of non-oil products in the country.

The Executive Secretary of NSC, Emmanuel Jime, stated that one of the challenges of non-oil export in the country was the non-compliance of trade rules by exporters and importers.

"Non-oil compliance to trade rules is actually a problem of exporters and importers. To address this challenge, the council will like to collaborate with the NEPC to organise more enlightenment programmes so that exporters and importers can imbibe integrity in international trade," he said.

Meanwhile, Nigeria's economy attracted $2.58 billion worth of investments between January and March, 2022.

According to the investment announcements captured by the NIPC, Nigeria recorded a sharp drop in investments in Q1 2022 as investors' commitments declined by 226 percent compared with Q1 2021.

A breakdown of the three months' announced investments shows that investors committed a total of $1.22 billion in January. In February, the value of total announced investments stood at $0.91 billion, while $0.45 was recorded in March.

According to NIPC, the $2.58 billion investments recorded in Q1 2022 were committed to a total of 33 projects across five states of the federation and the Federal Capital Territory (FCT).

The manufacturing sector got the lion share of the investments as it received $1.1 billion, representing 45 percent of the total investments announced in the first quarter.

The agriculture sector got $0.64 billion; 25 percent of the total investments announced.

The information and communication technology (ICT) sector was the third favourite sector for investors in Q1 as it attracted $0.52 billion, representing 20 percent of the total sum.

Projects in the transportation sector attracted $0.12 billion, which is five percent of the total announced investments for the quarter, while other sectors shared $0.15 billion, representing six percent.

In terms of destinations, $105 billion, representing 41 percent of the total investments, went into projects in Sokoto State. Lagos State got $0.88 billion, representing 34 percent of the total investments, while projects in FCT and Rivers State were $0.06 billion and $0.05 billion, respectively, which is two percent apiece of the total investments. Other states shared $0.54 billion, representing 21 percent of the investments.

Background

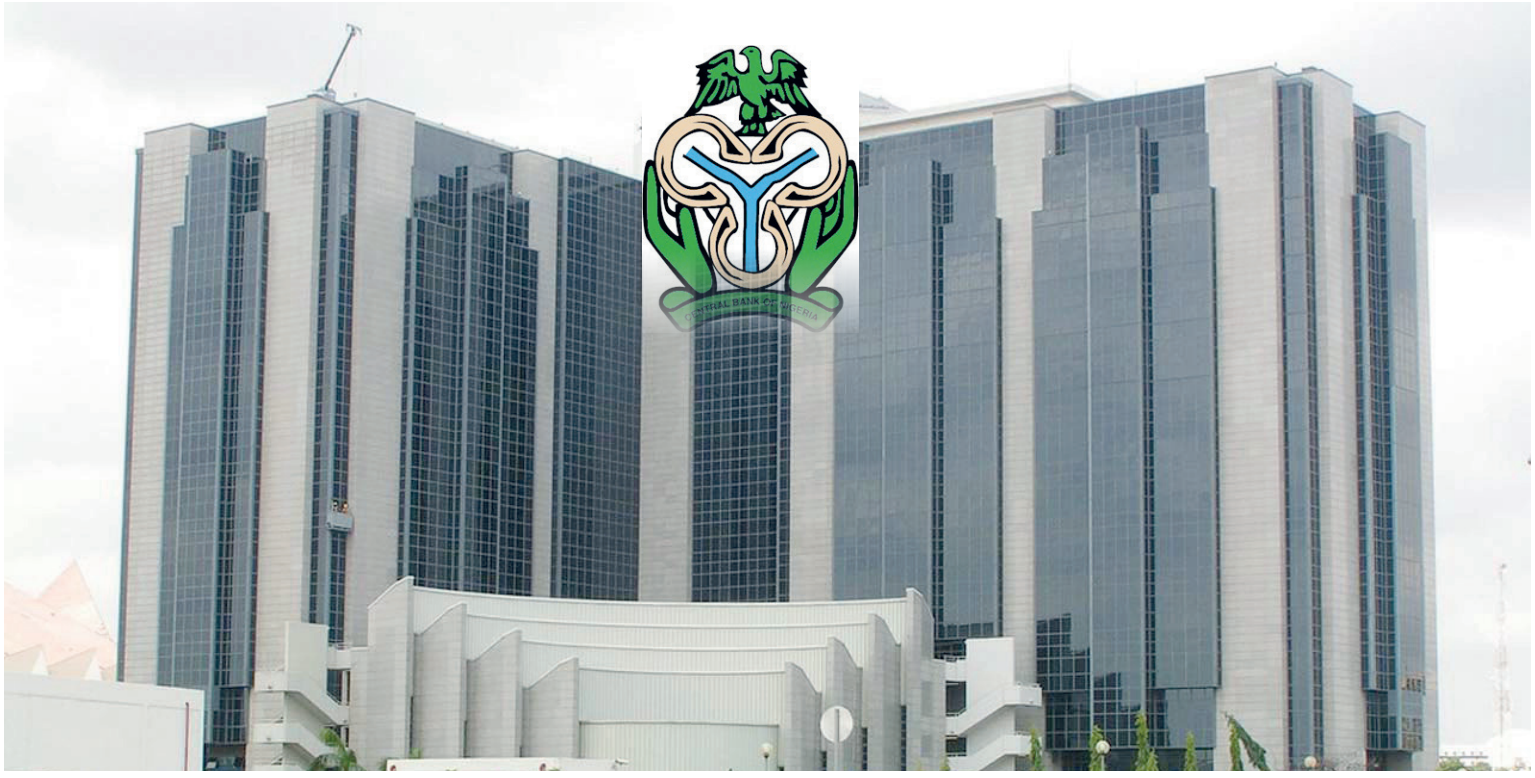
Global Foreign Direct Investments (FDIs) has been projected to drop by 50 percent this year, being the worst in the last 20 years.

Recall that the immediate past Executive Secretary of the NIPC, Yewande Sadiku, made this projection recently, adding that global FDI is expected to plummet from $1.54 trillion recorded in 2019 to $924 billion in 2020 and further slump to $831.6 billion in 2021.

Sadiku said that the downturn in the global FDI flow, occasioned by COVID-19, is not expected to record recovery earlier than 2022.

How CBN Is Tackling Forex Challenges Ahead of 2023 Elections

As 2033 Elections are approaching, politicians have continued to mop up foreign currencies as was evident in the just concluded primary elections of the two major political parties in the country.
*In this report, our correspondent, **Musa Ibrahim**, highlights how the Central Bank of Nigeria (CBN) is battling to save the countries forex.*



As politicians in both All Progressives Congress and People's Democratic Party continue to jostle for foreign currencies leading to artificial scarcity, the resultant effect in the economy is the further devaluation of the naira.

However, to avert that, the CBN is currently redoubling its effort to ensure that it protects the local currency from further devaluation and the dollarisation of the economy.

Subsequently, there are indications that the CBN is considering renewal of its forex containment measures ahead of the 2023 elections to shield the local currency from further devaluation as apex bank is re-strategising to align its policy in 2015 around the same issue of dollarisation of the economy across all strata of the society.

In economic terms, dollarisation of an economy occurs when the citizens of the country use foreign currency in parallel to or instead of the domestic currency as a store of value, unit of account, and/or medium of exchange within the domestic economy.

Recall that in a circular dated May 21, 2015, issued by the director for banking supervision, on the same subject of currency substitution and dollarisation of Nigerian economy, the CBN had stated that the pricing of goods and services in Nigeria shall continue to be in naira only, and that it was a criminal offence to refuse to accept naira as a legal tender for payment in exchange for goods and services in the country.

The CBN at that time, however, provided a list of revenue-generating government agencies as well as businesses permitted to conduct business and have payments/receipts in foreign currency. According to the new circular, these agencies and operators include the Federal Inland Revenue Service (FIRS), Nigerian Ports Authority (NPA), Nigeria Maritime Administration and Safety Agency (NIMASA), Federal Airport Authority of Nigeria (FAAN), Nigeria Airspace Management Agency (NAMA), Nigeria Shippers Council (NSC), operators in oil and gas – including oil service companies, operators in maritime and aviation industries, licensed operators in export processing and free trade zones.

In addition, the CBN circular stated that holders of domiciliary accounts are allowed to make payments to and from their accounts according to existing regulations, but emphasised that CBN foreign exchange intervention funds and funds obtained from the interbank foreign exchange market are not permissible for deposit into domiciliary accounts.

Nigeria as a country has not officially adopted the dollar as a legal tender, but, unofficially, it is used as a means of exchange in the payment for goods and services. The term dollarisation does not only apply to usage of the United States dollar, but generally to the use of any foreign currency as the national currency.

On the efforts of the CBN, a member of the monetary policy committee of the CBN, Prof. Mike Obadan, said that the CBN has ensured to carry out its mandate by using supply and demand management strategies, particularly forex conservation and control measures as well as measures to ensure adequate supply of foreign exchange. This is particularly so because forex is a scarce resource that needs to be efficiently managed, if the country is to achieve macroeconomic stability and avoid chronic balance of payments and external reserve problems.

Obadan noted that for some time now, there have been issues about forex in the country, which predate the present administration, stating that over the years, genuine efforts of the federal government to achieve a headway on the matter have tended to be undermined by exogenous shocks in the past five years which pushed the economy into recession in 2016 and 2020.

According to Obadan, the first recession from the first quarter (Q1) of 2017, was triggered by the collapse of crude oil prices in the global market. The price of Nigeria's Bonny Light crude oil then declined continuously from $62.22 in Q2 2015 to $34.39 per barrel in Q1 2016.

Owing to this, as at the second quarter 2017, when the country exited recession, crude oil price per barrel stood at just $50.21.

"Due to the heavy dependence of the Nigerian economy on the oil sector, the impact of the oil market crash was severe on export earnings, foreign exchange reserves, government revenue and other macroeconomic aggregates, including economic growth.

"External reserves declined from $28.28.33 billion in Q2, 2015 to $23.8 in Q3, 2016. The other external sector indicators similarly deteriorated; balance of goods and services, balance of current account, financial account, overall balance of payments, and external debt stock and debt servicing.

"The net forex inflow became negative, implying that the country paid out more forex to the rest of the world for importation of goods and services than it received. This implied that the demand for forex was higher than receipt of forex and the pressure on forex and the naira exchange rate was very high. This accounted for the devaluation/depreciation of the naira in relation to the US dollar at that time.

"Secondly, the COVID-19 pandemic-induced economic crisis in 2020 resulted in recession in the third and fourth quarters of last year. The pandemic containment measures in the form of economic lockdowns and restrictions on international travels and business resulted in recessions for countries in various degrees."

Obadan, who is also an Economists, however, pointed out that the parallel market rate is determined mostly by speculators and rent seekers in a shallow and illegal market, which he argued constitutes a very tiny proportion of the forex market in Nigeria.

"Because the quantity of forex available in that market is very small in relation to the demand of the desperate economic agents that want to buy forex at any cost, the exchange rate is necessarily high. It cannot serve as reference for the naira exchange rate.

"If it is so, then it is the case of the tail wagging the dog! The parallel forex market needs to be avoided by decent economic agents. It will continue to exist as long as the naira is not convertible, the productivity of the economy remains low and the country does not earn enough forex from export of goods and services and capital inflows," Obadan stressed.

Therefore, in order to stabilise the forex market and reduce the pressure on the naira exchange rate, Obadan said that there was the strong need to move away from the country's flawed pattern of economic management of the past.

He, therefore, called for a revival and rebuilding of the productive sectors of the economy to achieve higher capacity utilisation and productivity, and competitive manufactured exports; strong government encouragement of local refining of petroleum products for both domestic consumption and exports; as well as strong and effective surveillance of the forex market by the monetary authority to check round-tripping of forex from the deposit money banks to the parallel market.

On solutions, Obadan advised the government to ensure that during oil booms, it saves forex and build fiscal buffers; increases sourcing of local raw materials and revival of the capital goods industry; promote fiscal and monetary discipline and harmony; create an enabling environment for productive capital inflows, especially foreign direct investment (FDI); and actively promote restoration of confidence in the economy to check capital flight.

"A good handle on the current insecurity challenges along with macroeconomic stability will be very helpful in this regard; rationalise imports structure to manage demand for forex; as may be permitted by supply considerations, use external reserves stock to support the exchange rate through increased funding of the foreign exchange market; and use moral suasion to encourage Nigerians to patronise home-made goods and reduce their high propensity for disruptive trade and commerce," he added.

CBN's Intervention

As the crowd round foreign currencies ahead of the 2023 elections continue, the CBN has vowed to prosecute anyone found transacting business in the country in foreign currencies as medium of payment, as part of fulfilling its regulatory mandate.

Provisions of the CBN Act of 2007 state inter-alia: "The currency notes issued by the bank shall be legal tender in Nigeria…for the payment of any amount."

For instance, the CBN Act stipulates that any person(s) who contravenes this provision is guilty of an offence and shall be liable on conviction to a prescribed fine or six months imprisonment.

The CBN Governor, Mr. Godwin Emefiele, had noted that the currency for transacting business in the country remains the naira and had warned that it is illegal to carry out transactions using the US dollar.

He had said: "We will be looking at areas where people are making demands for foreign currency; people who are landlords who are asking for rent in dollars; schools that are asking for school fees in dollars or transacting business in dollars."

He stressed that it was illegal in Nigeria to transact business in foreign currency and advised those involved in the practice to desist from doing so, because the CBN would soon come after them.

Says No Withdrawal Of 'Form A' Discounted Rate

The CBN has denied issuing a policy withdrawal of the 'Form A' Discounted rate, with effect from December 31, 2022.

Form A, an application form designed by the CBN to pay for service transactions (invisible trade), allows customers to purchase funds at the apex bank or interbank rate to make payments for eligible services such as school fees as predetermined by the foreign exchange manual.

In a statement on Wednesday, the Director of the Corporate Communications Department, Osita Nwanisobi, said CBN did not issue such a policy.He also alerted concerned parents and students to disregard any such advisory to pay up as much portion of their outstanding fees as possible, through Flywire, before December 31, 2022.

According to him, there are speculations in some media circles suggesting that the payments of overseas tuition fees from Nigeria will cost more, from January 2023 due to the purported withdrawal.

The reports are false and the purported advisory is misleading and speculative, Nwanisobi stated.

He noted that the bank's position had followed reports in certain media, quoting a tertiary institution in the United Kingdom as claiming that Nigeria had withdrawn the CBN "Form A discounted rate" to encourage more funds to remain within the Nigerian economy.

The advisory from the school purportedly urged new and returning students from Nigeria "to take advantage of the Central Bank Form A discounted rate while this is still available," he pointed out.

Nwanisobi, while reminding stakeholders that front-loading (for both visible goods and invisible) was contrary to the provisions of extant regulations, assured the bank would continue to meet all legitimate demands for foreign exchange.

He urged all authorised dealers to ensure that payments for tuition outside Nigeria are made no earlier than 30 days before the due date, even as he charged them to put in place measures to forestall abuse.

"It will be recalled that a Manchester-based university was purported to have issued an advisory urging student whose tuition was paid from Nigeria to pay up as much portion of their outstanding fees as possible, through Flywire, before December 31, 2022, based on claims that the CBN planned to withdraw the "Form A" discounted rate to encourage more funds to remain within the Nigerian economy," Nwanisobi added.

Nigeria's Trade Surplus Hits N1.2trn In Q1 2022 - NBS

As FG Generates N588bn From VAT

By Majeed Salaam

Recent data from the National Bureau of Statistics (NBS) has shown that Nigeria recorded N1.2 trillion trade surplus in the first quarter of 2022.

The NBS stated this in its recent report entitled: 'Foreign Trade in Goods Statistics (Q1 2022)'.

A trade surplus is an economic indicator of a positive trade balance in which the exports of a nation outweigh its imports.

In Q1, Nigeria's total trade stood at N13 trillion, this was higher than the value recorded in Q4 2021 (N11.7 trillion) and the value recorded in the corresponding period of 2021, which stood at N7.86 trillion.

According to the report, the improvement in the country's merchandise trade was due to increases in crude oil export in the quarter under review which stood at N5.62 trillion showing an increase of 31.66 percent compared to N4.27 trillion recorded in Q4, 2021.

"Total exports were N7.1 trillion of which re-exports stood at N115.80 billion, while total imports stood at N5.90 trillion.

"In the quarter under review, total exports increased by 23.13 percent when compared to the fourth quarter of 2021 (N5.77 trillion) and by 137.88 percent of the value recorded in the first quarter of 2021 (N2.98 trillion).

"On the other hand, total imports increased by 21.04 percent in the first quarter of 2022 when compared to the value recorded in the first quarter of 2021 (N4.88 trillion) and decreased by 0.67 percent when compared to the value recorded in the preceding quarter (N5.94 trillion)," the report reads.

This resulted in a N1.19 trillion positive trade balance (surplus).

A breakdown of the report showed that the majority of imported goods during the period under review originated from China with a value of N1.51 trillion, followed by the Netherlands with N618.72 billion; Belgium (N563.25 billion); India with N415.57 billion; and the United States (N337.33billion).

Meanwhile, most goods were exported to India (N1.18 trillion), Spain (N677.69 billion), the Netherlands (N660.59 billion), Indonesia (N474.41 billion), and the United States (N372.73 billion).

Similarly, the NBS stated that the country generated N588.59 billion as value-added tax (VAT) in the first three months of 2022.

The figure represented an increase of 4.4 percent from the N563.72 billion generated in Q4 2021.

The NBS, according to its latest sectoral distribution of VAT for Q1 2022, made the disclosure.

According to the report, local payments of VAT amounted to N344.04 billion in Q1 2022.

On sectoral contributions, the top three largest shares in Q1 2022 were manufacturing with 32.84 percent, information and communication with 17.10 percent, and mining and quarrying with 11.85 percent.

Conversely, activities of households as employers recorded the least share with 0.04 percent, followed by activities of extraterritorial organisations and bodies with 0.08 percent; and water supply, sewerage, waste management and remediation activities with 0.16 percent.

On a year-on-year (y-o-y) basis, VAT collections in Q1 2022 increased by 18.58 percent.

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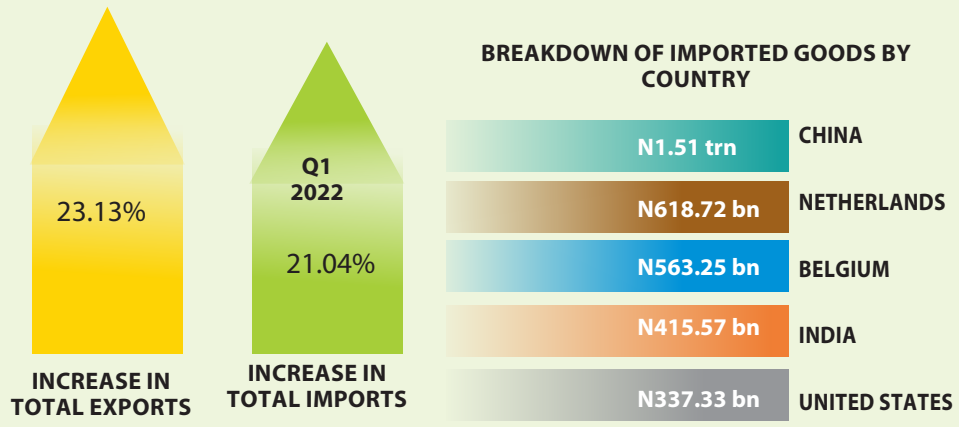

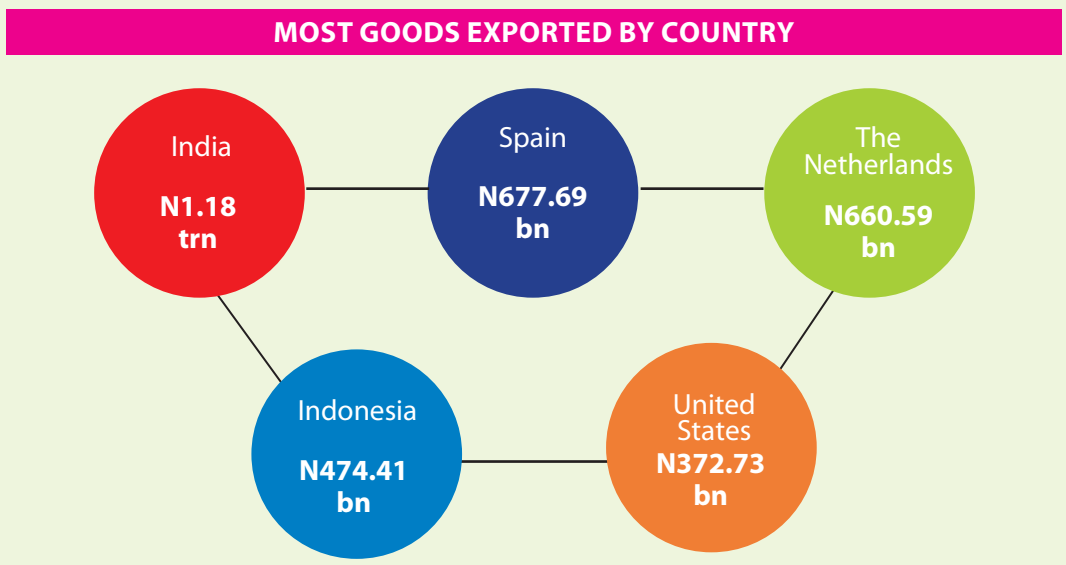

NAICOM To Commence Compulsory Insurance In FCT

Partners NCDMB In Deepening Insurance In Oil, Gas Sector

By Anita Dennis

The National Insurance Commission (NAICOM) says plans are underway to commence the enforcement of compulsory insurance in the Federal Capital Territory (FCT).

The management of NAICOM said: "The enforcement exercise within the FCT is expected to begin in the next few weeks".

As part of preparations for the exercise, NAICOM recently organised a sensitisation workshop for the joint taskforce on enforcement of compulsory insurances in the FCT as a pilot scheme.

The workshop aimed at sensitising members of the taskforce on the requirements of the law with respect to the compulsory insurance as well as the enforcement modalities to be adopted by the committee.

The taskforce comprises the Nigeria Police Force, the Federal Road Safety Corps, the Federal Fire Service, FCT Fire Service, Vehicle Inspection Officers (VIO), the Office of the Attorney-General of the Federation (OAGF) and the FCT administration.

Compulsory insurances are those insurances that are made mandatory by law. In Nigeria, they include motor third-party insurance meant to ensure the safety of third-party road users, and the government has made it compulsory for citizens and residents to have motor insurance before plying public roads.

Others are employer's liability/ workmen's compensation insurance, group life assurance, health care professional indemnity insurance, occupiers' liability insurance or insurance of public buildings, etc.

In another development, the NAICOM and the Nigerian Content Development & Monitoring Board (NCDMB) have launched insurance guidelines on the submission of insurance programme by operators, project promoters, alliance partners, and Nigerian indigenous companies, to address the loopholes in the Nigerian Oil and Gas Industry Content Development (NOGICD) Act, 2010.

Speaking recently at the official launch, the Executive Secretary of NCDMB, Engr. Simbi Kesiye Wabote, said that the guidelines was designed for the actualisation of the board's mandate under the NOGICD Act, 2010, which was primarily to drive and promote Nigerian content in the Nigerian oil and gas industry.

According to him, the insurance guideline addresses loopholes that have been identified by the board in implementing the provisions of the NOGICD Act, particularly sections 49 and 50.

"As we are aware, the combined provisions of sections 49 and 50 require all operators engaged in any form of activity or project in the oil and gas industry to insure all insurable risks related to its oil and gas business...with an insurance company, through an insurance broker registered in Nigeria.

"The NOGICD Act provides that where an operator seeks to place an insurable risk offshore, a written approval of NAICOM must first be sought and obtained and that NAICOM, prior to the issuance of the approval, must first determine that ...local capacity has been fully exhausted."

NCDMB's boss stressed that the effort was a culmination of consistent, persistent and rigorous engagement between the board and NAICOM in the last 12 months, noting that the local content enforcement and implementation is not a sprint but a marathon.

"The essence of the above provisions of the NOGICD Act was to ensure the full utilisation of available in-country capacity in the insurance sector before seeking offshore insurance services. This is expected to support retention of capital in-country and build capacity of Nigerian insurance companies in the oil and gas industry.

Wabote maintained that the implementation of the insurance guidelines would further strengthen the board's local content drive and ensure that a greater portion of the spend in the insurance industry as it relates to oil and gas activities in Nigeria is retained in-country.

"This insurance guidelines drawn up by the board and NAICOM, will lead to more value addition and usage of Nigerian insurance firms and insurance brokers registered in Nigeria. It is another step by the board to attaining 70 percent Nigerian content by 2027 under the board's 10-year Strategic Roadmap," he also said.

He added that the board would collaborate further with NAICOM to ensure the successful implementation of the insurance guidelines and every other activity that will lead to the attainment of the objectives of the NOGICD Act, 2010.

Similarly, Commissioner for Insurance, Mr. Thomas Sunday, speaking at the same event, assured that the commission was committed to creating an enabling environment that would consistently enhance increased capacity of the insurance institutions both financially and technically.

"The federal government's drive towards enhancing local content speaks to the long-term plan borne out of good intention and strategy to grow our economy, develop the Nigerian Industries and her human capital, thus we shall provide the enabling environment."

The commissioner reaffirmed that the overall aim of the guideline was the development of indigenous content through increased indigenous participation, saying, "It is important to state that, prior to the NOGICD Act 2010, the Insurance Act 2003 made far reaching provisions for the domestication and domiciliation of insurance services in Nigeria.

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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Monday, 4th - Sunday, 17th July, 2022

POLICY BRIEF with ENAM OBIOSIO

For The Nation Nay The Region: Acting Toward Strong, Inclusive, Sustainable Growth

The economic recovery in sub-Saharan Africa surprised on the upside in the second half of 2021, prompting a significant upward revision in last year's estimated growth, from 3.7 to 4.5 percent. This year, however, that progress has been in the works, in view of the many challenges.

Most notably, surging oil and food prices are straining the external and fiscal balances of commodity-importing countries and have increased food security concerns. High food prices are to disproportionately distort the most vulnerable segments of the population within the region, especially in urban areas.

Moreover, these have created the shock that threatens to compound some of the region's most pressing policy challenges, including the social and economic imbalance, climate change, heightened security risks, and the tightening of monetary policy. All these corroborate what Kristalina Georgieva, Managing Director, International Monetary Fund (IMF), says recently: "We are facing crisis upon crisis upon crisis: The pandemic, followed by the war in Ukraine, and now the cost of living crisis hurting so many people."

Because of the challenges, the growth momentum for the region has weakened. Economic activity this year is expected to expand by 3.8 percent, held down by weaker growth prospects, more so in oil-importing nations.

The economic recovery is expected to accelerate in 2023, according to the IMF, with growth trending at about four percent over the medium term. But this pace of growth is not enough and renders the region's Sustainable Development Goals (SDGs) significantly more difficult to achieve.

Of course, the prolong action by Academic Staff Union of Universities (ASUU) in Nigeria has brought about long-time school closures, imposing severe costs on students, curtailing their education, undermining their lifetime productivity, and weighing on the nation's medium-term prospects.

Looking ahead, policymakers will need to navigate exceptional uncertainty with fewer policy options and little room for error.

Sub-Saharan Africa is really vulnerable to a sharper-than-expected tightening in global monetary conditions.

Ongoing security risks and conflicts may weigh on economic growth. And the region remains highly exposed to increasingly frequent—and increasingly severe—climate-related shocks.

It is understandable that the increase in commodity prices, especially for food and energy, could compounded recent inflationary pressures in many countries. Since output levels remain well below pre-pandemic trends in most countries in the region, the point is that central banks are facing a difficult balancing act between curbing inflation and supporting growth.

To navigate this trade-off, according to some experts, it is in order for central banks to monitor price developments carefully, stand ready to increase rates if inflation expectations drift up, guard against the financial stability risks posed by higher interest rates, and maintain a credible policy framework underpinned by strong independence and clear communication.

Obviously, the region is at a time when fiscal space is extremely limited. It is notable that some nations have started to increase interest rates already, and more tightening may be needed in many cases.

Public debt ratios may be

heading to the highest levels since the beginning of the century, and many low-income countries are now either in debt distress or close to it.

Therefore, the fiscal policy response needs to be carefully calibrated and targeted at protecting the most vulnerable households from rising food and energy prices without adding to debt vulnerabilities.

In commodity-importing countries in the region, especially those facing tighter fiscal constraints, finding resources to protect the vulnerable will require a significant reprioritisation of spending, for example, by eliminating wasteful subsidies, though petrol subsidy removal cannot be implemented in Nigeria now, just as President Muhammadu Buhari said recently at the Commonwealth Heads of Government Meeting (CHOGM) in Rwanda, basically as a result of the present economic pressure.

In commodity- exporting countries, higher commodity prices can generate sizable fiscal windfalls but only if governments contain expenditures on energy subsidies. It is advisable that most of these gains should, in turn, be used to rebuild policy buffers, especially in countries with elevated fiscal vulnerabilities.

Looking beyond immediate needs, most countries will need to pursue fiscal consolidation to reduce debt vulnerabilities and lay the ground for stronger and more sustainable medium-term growth. This will require improving revenue mobilisation and increasing the efficiency of public spending in the context of credible medium-term fiscal frameworks. Importantly, fiscal consolidation measures should protect the weaker segments of the population and prioritise development needs.

Navigating this complex path will be difficult though and many countries will require support, even from the private sector stakeholders.

Looking beyond the current geopolitical tensions in the world, creating jobs and meeting the SDGs will require strong, inclusive, and sustainable growth in the region. To this end, decisive policy action is needed to enhance economic diversification, unleash the private sector's potential, and address other challenges.

Of course, lifting potential growth also requires leveraging the full potential of the private sector. For example, a successful implementation of the African Continental Free Trade Area (AfCFTA) would greatly boost regional growth and competitiveness. Therefore, it is for the heads of governments in the region to explore new financing channels to boost private investment, for example by providing transparent and well-designed infrastructure incentives, be it in collaboration with international development finance institutions.

> We are facing crisis upon crisis upon crisis: The pandemic, followed by the war in Ukraine, and now the cost of living crisis hurting so many people.

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