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Buhari Committed To Addressing Infrastructural Gap In The Country - *Prince Agba* >>>PAGE 6

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World Enters Era Of Inflation, Drags Nigeria Along

Inflationary movement across the world has gone spiral, causing economies to groan with attendant upheaval in global socio-economic and political space. Our correspondent, ***Majed Salaam****, takes a look at the international trend, noting that cutting cost by citizenry is not peculiar to only Nigeria.*

Nigeria's inflation rate rose to a 17-year high in July to 19.64 percent on the back of rising food prices due to the effects of climate change, the COVID-19 pandemic and widespread insecurity.

Rising prices in Nigeria is not an isolated case as the global economy has entered an era of inflation. "It's not only in Nigeria alone that we're experiencing this", remarked an Abuja based economist, Akintunde Ogunsola, founder of Karma Professional Service.

"The United States' inflation is also going up. Even our neighbours, Ghana, their inflation rate is already over 30 percent," Ogunsola said.

While countries have their peculiar economic challenges that is triggering prices, world economies are smarting from the effects of the Russian Ukraine War that has torpedoed global food supply chains and trade among other economic disruptions.

"High food prices and shortages, worsened by the cut off of fertilizer and grain shipments from Ukraine and Russia", leading to "widespread hunger and unrest in the developing world" reports MarketWatch, a market news and analysis portal.

Russia's war led the International Monetary Fund last month to downgrade its outlook for the global economy for the fourth time in under a year. The lending agency expects 3.2 percent growth this year, down from the 4.9 percent it forecast in July 2021 and well below a vigorous 6.1 percent last year.

Worse still, "The world may soon be teetering on the edge of a global recession, only two years after the last one," Pierre-Olivier Gourinchas, the IMF's chief economist, said.

From all corners of Africa, West, East, North and South, inflation and all parts of the world, inflation holds sway as the numbers indicate below.

Ghana

Nigeria's West African neighbour, Ghana has seen inflation rate rise to a 19 years high in the month of July 2022, surging to 31.7 percent from 29.8 percent recorded in the previous month. Recall that the country's inflation rate touched a 19-year-high in June, as a result of a rising in transportation costs.

The hike in transport cost, according to reports, is due to the sustained global energy prices, which has seen the price of gasoline hit record highs, as crude oil prices remain elevated.

Also, higher cost of household equipment and maintenance, and utilities like electricity, gas, and water contributed to the uptick in the inflation numbers.

Kenya

Kenya's annual rate of inflation rose to 8.3 percent in July from 7.9 percent in June on significant increases in food prices, the country's central bank said late Friday, August 24, 2022.

Food inflation increased to 15.3 percent in July from 13.8 percent the previous month, the bank said. However, fuel inflation declined to 7.3 percent from 10.0 percent while non-food-non-fuel inflation remained stable at 2.9 percent, it

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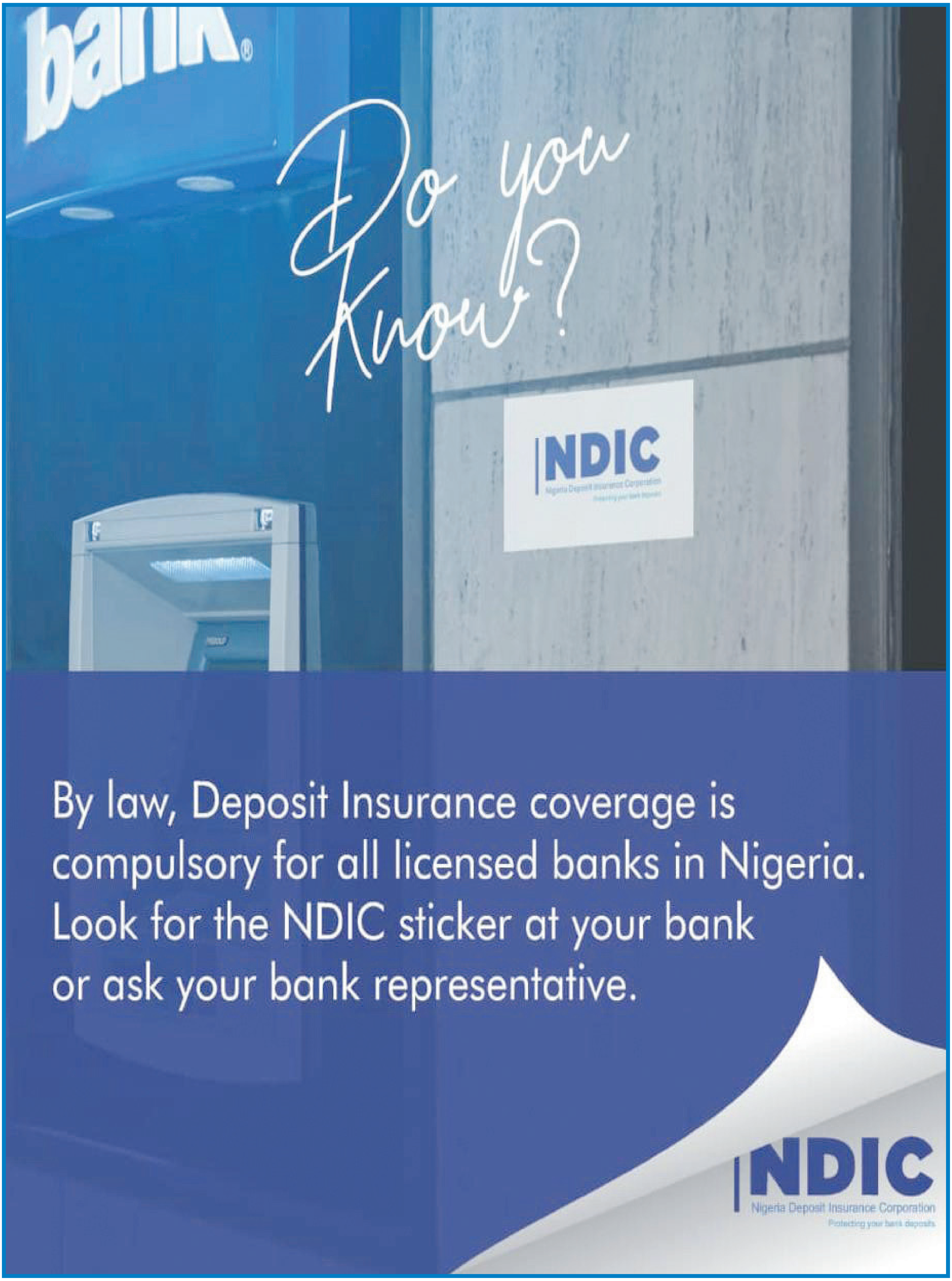
Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, with **Genel Müdüru Ahmet,** CEO of EPIAS, during the meeting at EXIST's campus in Maslak, Turkey.

POWER

NBET Signs Cooperation Agreement With *EXIST* PG 12

REVENUE

FAAC Shares N954.085 bn July 2022 Revenue To FG, States, LGCs PG 4



bank.
Do you Know?
NDIC
By law, Deposit Insurance coverage is compulsory for all licensed banks in Nigeria. Look for the NDIC sticker at your bank or ask your bank representative.
NDIC
Nigeria Deposit Insurance Corporation
Protecting your bank deposits

World Enters Era Of Inflation, Drags Nigeria Along

CONTINUES FROM COVER

said.

South Africa

South Africa's retail sales dropped 2.5 percent year-on-year in June, lower than market expectations, as power shortages and rising inflation sapped consumer confidence.

Analysts polled by Reuters had forecast a 0.4 percent increase. Statistics South Africa said on a month-on-month basis, sales were down 0.4 percent while for the three months to the end of June, sales rose 0.5 percent compared with the same period last year.

South Africa's economic activity is slowing, weighed down by power cuts and rising interests as the central bank battles the country's highest inflation in more than 13 years. The figures spell a dismal gross product quarter for the economy after both mining and manufacturing production surprised on the downside.

Egypt

The Central Agency for Public Mobilisation and Statistics (CAPMAS) announced on Wednesday, 17 August, that the annual urban inflation in Egypt increased to 13.6 percent in July 2022, compared to 13.2 percent in June 2022.

The consumer price index for the whole country amounted to 131.0 points in July 2022, recording an increase of 0.9 percent from June 2022.

The increase in urban inflation was attributed to the increase in the prices of the cereals and bread group by 1.0 percent, the dairy, cheese and eggs group by 5.2 percent, the fruit group by 7.5 percent, the tobacco group by 3.3 percent, the medical equipment group by 1.0 percent, the group of private transportation by 9.0 percent, and the transportation services group by 6.4 percent. Meanwhile, prices of vegetables decreased by 10.8 percent.

Like every other country, the committee said that the global economic activity has witnessed a slowdown as a result of the Russian-Ukrainian crisis, and other central banks abroad continued to tighten their monetary policies by raising interest rates and reducing asset purchase programmes to contain the high inflation in their countries. The recently reimposed lockdown in China also raised concerns about the potential to exacerbate disruptions to global supply chains.

United Kingdom

The UK hits double-digit inflation for the first time in 40 years, according to news reports emanating from the country of Queen Elizabeth the second.

At 10.1 percent inflation, the United Kingdom joins 2 billion people around the world suffering as price rises erode people's purchasing power.

The inflation rate in the United Kingdom reached 10.1 percent, according to the Office for National Statistics (ONS). The Consumer Prices Index (CPI) rose by 10.1 percent in the 12 months to July 2022. It's a significant leap from 9.4 percent in June.

The ONS stated that housing and household services, including fuel and transport (fuel again), food and beverages are to blame for the surge in prices.

For Alex Gladstein, the chief strategy officer at the Human Rights Foundation, the United Kingdom joins a host of countries suffering from double-digit price increases. More than 2 billion people worldwide suffer from the situation in which purchasing power quickly erodes.

USA

The pace of price rises dipped in the US in July as gas prices eased, bringing down the annual rate of inflation to 8.5 percent, still close to a multi-decade high but lower than the four-decade peak it hit in June.

July's figure, while still high, represents a significant fall from the annual rate of 9.1 percent recorded in June and will raise hopes that inflation has finally peaked in the US. It follows other indicators that have suggested price rises are moderating.

But the report showed once again how broadly inflation has spread through the economy. After stripping out food and energy costs – which are highly volatile – prices climbed by 5.9 percent in the year to the end of July, matching last month's reading.

Gas prices have dropped sharply in the US after hitting a national average of $5 a gallon in mid-June. They now average just over $4 a gallon, up about $1 from the same time last year, according to AAA. Prices for other commodities including copper, wheat and corn have also dipped in recent weeks after rising sharply following Russia's invasion of Ukraine.

Germany

Business Insider reports that Germany's inflation rate could surge over 10 percent this fall the highest in seven decades on the back of the country's energy squeeze, the country's central bank chief Joachim Nagel told the Rheinische Post.

Germany's inflation was triggered when state gas giant Gazprom announced an unscheduled three-day shutdown of the key Nord Stream 1 pipeline that sends natural gas to Europe. Gazprom said the pipeline needed maintenance and would be shut from August 31 to September 2.

The development sent natural gas prices higher, as Gazprom had already cut the pipeline's gas flows to just 20 percent of its capacity, citing technical issues. Germany which is highly dependent on Russian gas has accused Russia of weaponizing gas to retaliate against sanctions over the Ukraine war, and is bracing itself for a severe energy crunch this winter.

"The issue of inflation will not go away in 2023," Nagel told Rheinische Post, according to an official transcript from the German central bank. "Supply bottlenecks and geopolitical tensions are likely to continue."

Australia

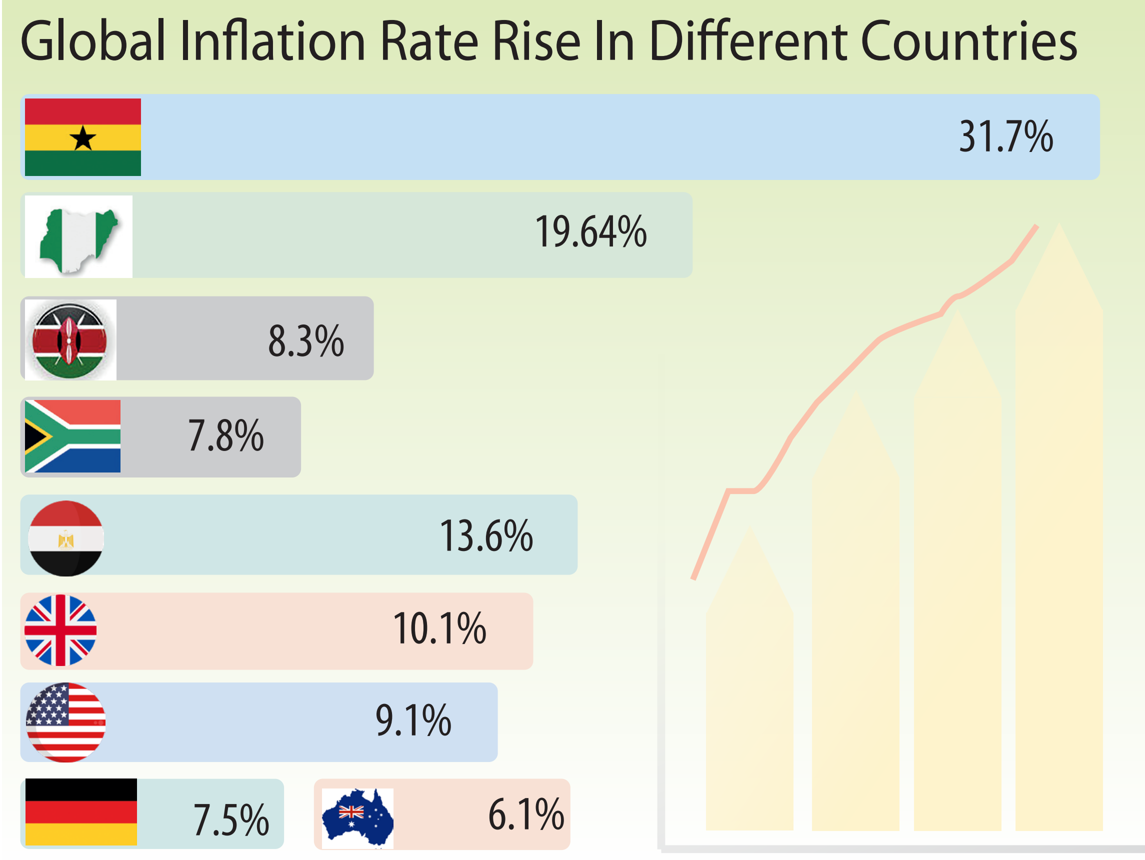
The Guardian of London reports that Australian prices rose 6.1 percent in the June quarter, the fastest annual pace since 2001 as consumers forked out more for everything from fuel to food.

Transport costs alone increased 13.1 percent as the price of fuel rose to record levels for the fourth quarter in a row, with Russia's invasion of Ukraine in February the latest propellent. The cost of new houses also rose 9 percent from a year earlier.

"There are no two ways about it – inflation is red hot in Australia right now, as it is in many parts of the world, and the RBA will respond by raising the cash rate again at the August board meeting next week," said Gareth Aird, head of economics at Central Bank of Australia.

Solutions

Seeing that the global economy



shares in the harrowing experience, the best managers of any national economy can do is to wait out the triggers causing the global slump while taking care of its domestic challenges.

Technically, global inflation should temper once the Russian-Ukrain War is over and the affected food supply chains are fixed.

For Nigeria, apart from the positive fallouts from the end of hostilities, reducing inflation would require managing the exchange rate, checking rising prices of foods, transport and energy prices.

As food inflation particularly continues an upward trajectory, the federal has hinted at its plan to quickly convene a meeting of the National Food Security Council to explore ways to check the trend. The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, stated this at the Federal Executive Council (FEC) meeting presided over by Vice President, Yemi Osinbajo at the Presidential Villa, Abuja.

She said the council had given the approval for the meeting to hold "very quickly to address the issue of food inflation, and also provide a plan and some methods in which we can reduce the cost of food to support improved food prices for the citizenry.

She revealed that FEC had been briefed on the rising inflation rate and the need to manage the impact on the economy.

Mrs. Ahmed said the council considered a report from the ministry of finance, budget and national planning for the first quarter of 2022 gross domestic product (GDP) report which shows that the Nigerian economy has grown by 3.1 percent in the first quarter of 2022 as against a growth of 0.5 percent in the first quarter of last year.

She stated: "This growth shows gradual economic stability from the recession that we witnessed in 2020. And also it shows the six quarters of positive growth that the Nigerian economy has presented.

"So, of the 46 economic activities, the bulk sector performance shows that services sector grew strongly by 4.7 percent, agriculture also grew by 3.61 percent, Industry on the other hand contracted by minus 6.81 percent. and there's also a significant contraction in the crude oil, petroleum and natural gas sector of 26.04 percent.

"Coal mining sector also declined oil refinery the biggest contraction of 44.26 percent. the electricity sector, textile outcome. Therefore, even though there has been growth in some sectors, there are significant contractions in others but the net effect is positive growth.

"We're very mindful of the fact that unless we have most of the sectors growing especially the growth in the jobs impacted sectors, this growth that is positive will not be directly felt by the people."

"In the area of taming cost-push inflation in Nigeria, the Central Bank of Nigeria (CBN) has been implementing a raft of interventions in line with its development Finance function, according to professor Ralph Uwaleke, Chairman of Chartered Institute of Bankers in Abuja.

He told a news media that these interventions include those in Agriculture especially the Anchor Borrower programme, designed to ramp up food supply in view of the fact that the price pressure is coming more from the rising cost of food production as well as concessional, single-digit lending facilities, through participating banks, to Small and Medium Enterprises.

"Also, the CBN is known to have intervened in the electricity sector in order to improve power supply as well as the airline sector to reduce the cost of air travel in the country.

Furthermore, under the Loan to Deposit ratio policy, the CBN has ensured that the banks channel more credit to the private sector."

According to him, the fiscal authority can complement the efforts by the apex bank by "dealing squarely with the rising insecurity which is negatively impacting food output, borrowing less from the domestic market which is driving up interest rates and raising the cost of capital on the part of firms and in collaboration with the private sector, exploring innovating means of revamping dilapidated infrastructure, especially roads and railways to reduce the cost of transportation.

"The fiscal authorities should equally implement urgently a roadmap for improved power supply focusing on off-grid solutions and independent power projects by the private sector as well as incentivising the establishment of modular refineries with a view to ending imports of petroleum products so the country does not depend significantly on the Dangote refinery when it commences operations."

Professor Uwaleke pointed out that through synchronisation of monetary and fiscal measures, the rising commodities' prices driven by high cost of transportation, fuel and electricity can be tamed.

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Nigeria Unveils Energy Transition Plan, To Achieve Carbon Neutrality By 2060

By Edmond Martins

With the unveiling of the Energy Transition Plan (ETP), Nigeria has sought to take the lead in just and equitable climate action, also looking to reducing emissions and powering development.

Recall, at COP26, President Muhammadu Buhari announced Nigeria's commitment to carbon neutrality by 2060.

In her remarks, the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed, said that the energy plan is bold and ambitious and has the potential to generate monumental impact across the entire nation.

However, she said that it was important to highlight that this revolutionary plan requires significant financial support. According to the plan, in her words, "delivering Nigeria's net-zero target requires spending $1.9 trillion up to 2060, including $410 billion above business-as-usual.

"This additional financial requirement breaks down to $150 billion net expense on improving generation capacity, $135 billion on building transmission and distribution infrastructure, $79 billion on developing clean cooking solutions, $33 billion on decarbonising oil and gas and other industries, and $12 billion on transport and $12 billion on oil and gas decarbonisation. We would need to crowd in about $10 billion per year till 2060 to deliver the additional funding required for implementing Nigeria's energy transition plan.

She stated: "Access to finance remains the biggest challenge for accelerating climate and development action in Africa. At COP26 in Glasgow, G7 nations announced the $8.5 billion South Africa just energy transition partnership to support the nation's coal phase out. We hope that this in fact sets the precedent on a clean energy offer to developing countries and emerging markets. A green energy package should offer at least $10billon per year over the next two decades to aid the delivery of energy transition goals.

"In addition, there needs to be a hiatus on blanket bans for fossil-fuel financing in developing countries, particularly for natural gas which is essential as a transition fuel for establishing baseload power capacity and clean cooking solutions. It is a welcome development that the European Union (EU) decided to label natural gas as a green investment opportunity earlier this year.

In her words: "For our part, the government of Nigeria is implementing several sector reforms such as the power sector recovery programme, auto-gas initiative, gas flaring commercialisation, LPG penetration and gas-based industries framework and also putting in place enabling policies and incentives like the three-year tax holiday for independent power generation and qualified investments ; and making investment-grade data and tools such as the Nigeria integrated energy planning tool publicly available to demonstrate our investment readiness and commitment to the transition.

She noted that Nigeria has developed data-driven energy pathway and we seek finance commitments and support from the international community to transition justly and equitably. "With access to the right tools, global investors will benefit by tapping into the innovation and potential returns in our market which is yet to be fully optimized.

R-L: Vice President Yemi Osibanjo, The Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed**, and Minister of State, Budget and National Planning, **Prince Clem Agba.**

Vice-President, Yemi Osinbajo, at the global launch last week, said that the plan was designed to tackle energy poverty and climate change crisis, as well as deliver sustainable development goal seven (SDG7) by 2030 and net zero by 2060.

He said that the plan will, among other things, lift 100 million people out of poverty, reduce Nigeria's carbon footprint, drive economic growth and create jobs.

"More importantly, we need to take ownership of our transition pathways and design climate-sensitive strategies that address our growth objectives. This is what Nigeria has sought to do with our energy transition plan. The plan was designed to tackle the dual crises of energy poverty and climate change and deliver SDG seven by 2030 and net zero by 2060.

"While centring the provision of energy for development, industrialisation and economic growth, we anchored the plan on key objectives, including lifting 100 million people out of poverty in a decade, driving economic growth, bringing modern energy services to the full population and managing the expected long term job loss in the oil sector due to global decarbonisation.

"Given these objectives, the plan recognises the role of natural gas in the short term to facilitate the establishment of this low energy capacity and address the nation's clean cooking deficit in the form of LPG.

"The plan has the potential to create about 340,000 jobs by 2030 and 840,000 jobs by 2060."

Vice President Osinbajo said that the transition plan requires a significant scale of resources which includes spending $410 billion by 2060.

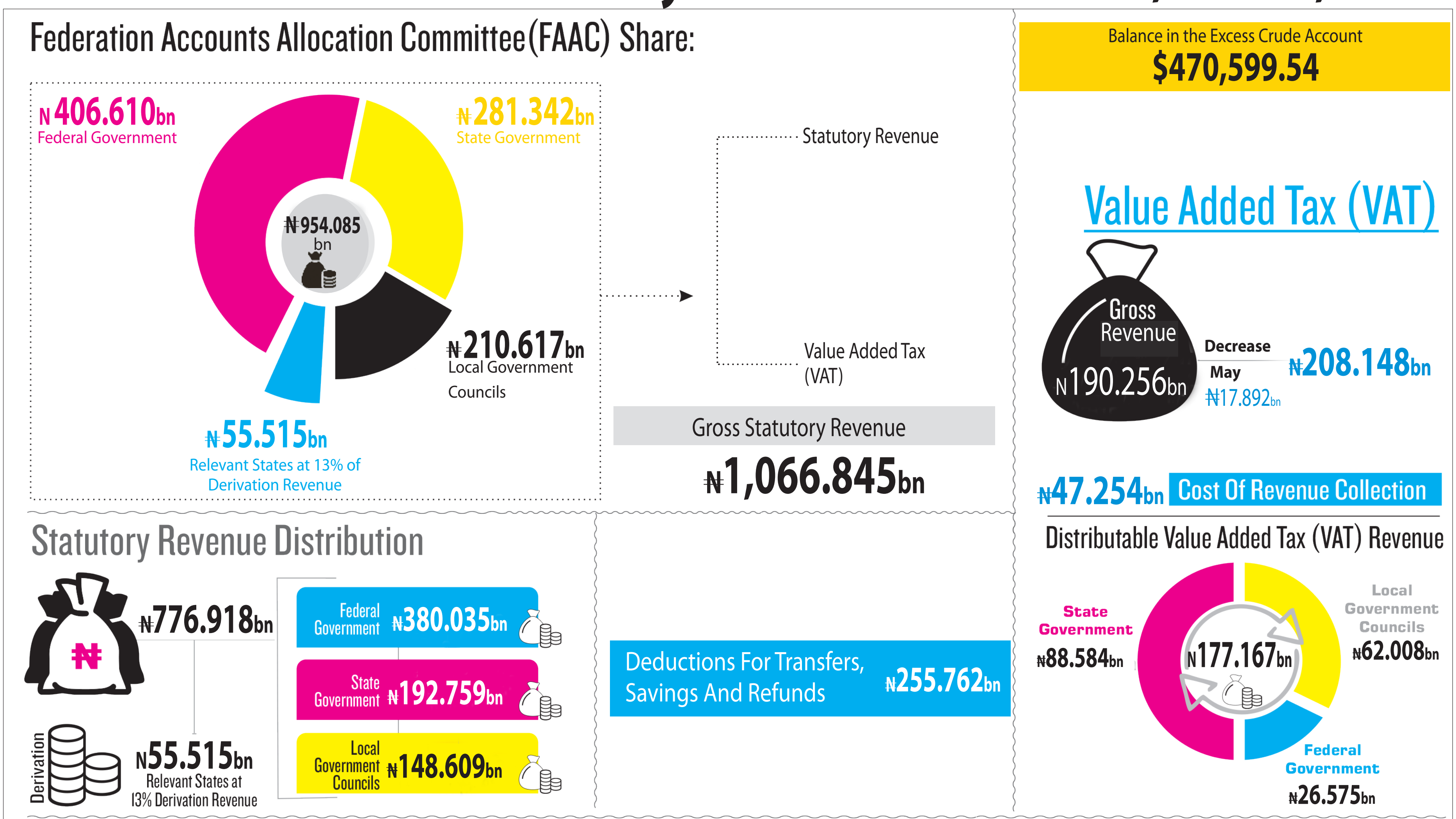
"Nigeria would need to spend $410 billion above business as usual spending to deliver a transition plan by 2060 which translates to about $10 billion per year," he said

The vice-president added that Nigeria has set up an inter-ministerial energy transition implementation working group and is "currently engaging with partners to secure an initial $10 billion support package ahead of COP27".

Since the announcement, the Climate Change Act 2021 has been passed, the ETP has been fully approved by the federal government and an Energy Transition Implementation working group (ETWG) chaired by Vice President, Yemi Osinbajo, comprising several key ministers and supported by an Energy Transition Office (ETO) has been established.

In streamlining existing and new government related energy transition initiatives, Nigeria's net-zero pathway will result in significant net job creation with up to 340,000 jobs created by 2030 and up to 840,000 jobs created by 2060 driven mainly by the power, cooking and transport sectors.

FAAC Shares N954.085 bn July 2022 Revenue To FG, States, LGCs



According to the Communiqué, in the month of July 2022, Companies Income Tax (CIT), Petroleum Profit Tax (PPT), Excise Duties and Oil and Gas Royalties recorded significant increases, while Import Duty and Value Added Tax (VAT) decreased considerably.

Finance Minister Mobilises Critical Stakeholders To Ensure Safer School Environment

By Tony Tagbo

Following the incessant abductions of students from secondary and tertiary institutions across the country, the Federal government has made spirited efforts to curb the menace and ensure safer learning environments in schools.

At the forefront of this battle is the Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, who, in the past couple of months, has been mobilising critical stakeholders within and outside the country to achieve the government's goal of securing the students while learning in schools.

The federal government's new plan involves incorporating diverse sectoral agenda by the federal and state governments, as well as local councils, "with an emphasis on ensuring adequate budgetary allocation in order to create a safe learning environment for teaching, learning, and restoring confidence in the education system."

Consequently, according to the minister, the new initiative would be launched next month and it will be implemented in phases, beginning with most-at-risk states, council areas and schools' host communities.

In an address to a recent high-level summit in Abuja involving representatives of the security agencies, the diplomatic corps and some government ministries, and traditional rulers, Mrs Ahmed said that the federal government was working with the other tiers as well as host communities to plan for financing safe schooling environment and ensuring that shut schools are securely reopened.

The minister said the new plan would "clearly outline how Nigeria intends to protect her schools and other learning places, so that our children can once again return to learning in a safer and more secured environment."

To set the ball rolling, the Minister has put in place, a committee to plan the eventual launch of the new plan next month.

"We at the Federal Ministry of Finance, Budget and National Planning established a committee with members drawn from relevant ministries, departments and agencies (MDAs), including Federal Ministry of Education, the military and other security agencies. The committee has been working to collate inputs from the relevant MDAs and to develop a National Plan for Financing Safe Schools.

"The plan will incorporate state level plans, as well as federal government sectoral plans, with an emphasis on ensuring adequate budgetary allocation in order to create a safe learning environment for teaching, learning, and restoring confidence in the education system.

L-R: **Mrs. Zainab Ahmed,** Honourable Minister of Finance, Budget and National Planning, with **Shubham Chaudhuri,** World Bank Country Director, during the Safe School Initiative meeting.

"Consultations are currently underway with States, local governments and other critical agencies of government, and the committee is also working to identify the most transparent, effective and accountable ways of mobilising and deploying resources. The goal is to develop a robust collaborative cost that prioritises plan which would adopt the whole society approach to safe schools."

The national plan, she stressed, would be implemented in phases, starting with 'Most at Risk States', local governments and schools' host communities, adding that it would clearly outline how Nigeria intends to protect her schools and other learning places, so that children can once again return to learning in a safer and more secured environment.

> The national plan ...would be implemented in phases, starting with 'Most at Risk States', local governments and schools' host communities...

According to the minister, in keeping with its responsibility to create a safer and more secure teaching, learning and living environment for her children, the Nigerian government had taken several steps in this direction.

"As we are all aware, in 2014, as part of efforts to tackle these crises, the federal government launched the Safe School Initiative (SSI), focused on enabling children affected by conflict and insecurity to continue with their education unhindered.

"And on 31st December 2019, His Excellency President Muhammadu Buhari formally signed the Safe Schools Declaration Ratification Documents, signalling the country's commitment to implementing the inter-governmental commitment in Nigeria," she said.

Mrs Ahmed recalled that to further demonstrate its resolve and that of the people to address the serious challenges posed by conflicts and insecurity to safe schools, the federal government, in consultation with local and global stakeholders, convened a high-level forum on financing safe schools, in partnership with the Emergency Coordination Center, UNICEF and other stakeholders.

The minister said this culminated in a collective set of commitments reflected in the Abuja Compact in October 2021, adding that Nigeria hosted the Fourth International Conference on the Safe Schools Declaration.

Reiterating federal government's resolve to making schools learning environment safer for students and pupils, Mrs Ahmed said that plans are now at an advanced stage to launch the National Plan for Financing Safe Schools next month.

The Minister of Finance, Budget and National Planning, who disclosed this at a stakeholders' forum in Abuja on Monday said that this would make the learning environment safer for children.

The Honourable Minister who was represented by the Permanent Secretary, Special Duties, Shehu Aliyu Shinkafi, highlighted the importance to safeguard schools from incessant attacks, saying the forum had key players to come up with solutions to the challenge.

Mrs Ahmed also pledged the commitment of the Federal government to making adequate budgetary allocation to finance the National Plan.

In his remarks, the Chief of Defence Staff, General Lucky Irabor, assured that the military was committed to securing the nation's schools.

General Irabor, who was represented by Rear Admiral Chibuike Azike, the Director of Education, Defence Headquarters, noted that terrorist attacks on schools led to the closure of schools in parts of the country.

He said: "Nigeria has been facing major security challenges, including attacks on schools, leading to closure of schools in the affected states. The armed forces are committed to securing Nigerian schools- both students and staff."

The head of the Safe Schools Unit of the Federal Ministry of Finance, Budget and National Planning, Hajiya Halima Iliya Ville, said that states, local governments and communities across the country should take ownership of the Safe Schools initiative, for it to achieve the desired outcomes.

Also speaking, Emir of Keffi, Alh. Shehu Yamusa III called for the installation of close circuit television (CCTV) in all schools, as well as, taking other necessary steps to make Nigerians schools safe for the pupils and staff.

"Our students must have a safe environment to learn. This is the type of environment that we want and we must work to ensure it. Safety is a prime concern. If students and teachers are in danger, then education is in danger.

"To have safe schools, I suggest that CCTV be provided in our schools. There should be multi-sectoral approach- parents, PTAs, traditional rulers and the communities should be involved, especially in the area of intelligence gathering", he said.

The President of the National Association of Proprietors of Private Schools (NAPPS), Chief Yomi Otubela, said that safeguarding schools in the country has become more critical than ever.

He urged stakeholders to pay more attention to the emotional health of students and staff, while stressing the need for intelligence sharing and community-based response programme, in case of emergency.

In a paper presented at the event, Director, Social Development at the Ministry of Finance and Chairman Steering Committee Financing Safe Schools, Dr Sanjo Faniran, urged stakeholders to take ownership of the programme as it was the responsibility of all to ensure safety in schools.

Pointing out that insecurity at schools was a global issue, the Permanent Secretary Ministry of Interior, Dr Shuaib Belgore, appealed to participants to take the issue seriously for the future of the country.

Representatives from the Ministry of Education, Nigeria Governors Forum (NGF), State Commissioners for Education, security agencies and traditional rulers pledged their commitment to the success of the National Plan for Financing Safe Schools.

The theme of the forum was 'Financing Safe Schools in Nigeria: Issues and Strategic Options for the Way Forward'.

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EDITORIAL

Fiscal Consolidation: **Striking The Right Balance**

The worry for growth has gained in intensity, as Nigeria and other countries struggle with low growth, inflation, high debt and other economic challenges. In essence, policymakers are being asked to tackle a continuation of compounded issues.

Of course, this would be no easy task under any circumstances. But it is made considerably harder by the fact that Nigeria, just as a number of other countries, needs to engage in fiscal consolidation simultaneously. Complicating the picture further is the fact that monetary policy is approaching the limits of what it technically can do to stimulate activity, while global growth apparently remains weak.

Arguably, while high debt could leave the nation exposed to interest rate shocks, limits its capacity to respond to future shocks, and reduces long-term growth potential, at the same time, we all know that fiscal consolidation—reducing deficits by cutting spending or raising revenues—can and usually does stifle growth.

We note that getting the pace of consolidation right is paramount. Therefore, how policymakers could strike the right balance is the question.

Essentially and rightly too, there can be no lasting growth without sustainable policies, and right now that sustainability requires fiscal consolidation. But equally, there can be no sustainable adjustment without growth.

So, the critical challenge is to devise a strategy that is good for stability and good for growth. This is possible. But there is no denying the fact that, in the short term, consolidation involves real costs and requires tough choices, the more so given that growth is already below potential and there could be little scope for additional lift from monetary policy or external demand.

Let us also not forget that in the past, growth has played the key role in reducing debt-to-gross domestic product (GDP) ratios. No wonder that Nigerian current economic policies aimed at enhancing growth are therefore at the forefront of our government's drive for economic growth, and with inflationary pressures high, monetary policy remains clearly supportive of economic activities, even as structural reforms need to be accelerated to boost growth the more.

Ultimately, the premise for our position is that it is growth that will make the difference between successful and failed consolidation, with concerted action at the regional and global level just to help.

Right now, practically Nigeria, just as every country in other climes, needs fiscal consolidation. The public debt-to-GDP ratio has seemingly reached a peak. So, in the country, debt must come down and for that so must deficits.

In the light of this, there is need for an adjustment which should be conducted in the context of well-specified periodic plans, at a steady underlying pace that balances the need to bring down deficits against that of not undermining the recovery in the country.

It is pleasing to note that the current government's economic drive strategies are on well-defined adjustment path, irrespective of cyclical fluctuations in output. With the overall approach, it is obvious that the Nigerian economy is on the right course. From this perspective, current adjustment in the economy is proceeding reasonably, and the current policy for rate of deficit reduction in the economy seems about right.

But all should be prepared for a possible need to recalibrate. Should the economic conditions worsen, the country should stick with its announced measures, but not necessarily with its nominal targets. That means not fighting the automatic stabilisers, the reduction in revenue and increase in spending that comes about solely because of lower growth.

If the outlook turns out much worse, it is our position that policies might need to be recalibrated to be more supportive of growth. Of course, fiscal policy is not really suited as a tool to fine tune responses to small shocks, and changes in fiscal policies involve costs to credibility. We posit that the underlying pace of adjustment may need to be reconsidered if headwinds from simultaneous public and private deleveraging prove substantially larger than anticipated or if there are further large adverse shocks.

In sustaining the effort, we note that even under optimistic assumptions, it will take some years for debt ratios to return to more appropriate levels. Therefore, clear medium-term plans based on specific measures and backed by strong fiscal frameworks are key to establish credibility. Vagueness about adjustment plans would have a damaging impact on the country's credibility, particularly in this economic environment.

In this connection it is also important to pay attention to the composition of the adjustment effort between spending and revenue measures. Here, the starting point matters. In general, it suggests Nigeria could focus more on spending cuts, which tend to be more sustainable in the longer term; while relatively low levels of spending in the country suggest more room to act on the revenue side.

Looking ahead, we called for more or less fiscal adjustment based on the understanding that the fiscal adjustment was proceeding with sufficient vigour or moderate zeal, given the growth outlook and financing conditions.

We Nigerians have to understand that this is not a good time, if ever there is one, to be dogmatic in our response to challenges. Rather we need to keep an open mind and be ready to adapt our policy responses if conditions warrant it.

Going forward, we are asking the governments to continue to work with other countries to come up with a policy mix that is right for their particular circumstances, while trying to ensure that the sum of country policies do not derail the fragile global recovery that is currently underway.

Buhari Committed To Addressing Infrastructural Gap In The Country - Prince Agba

By Anita Dennis

The Honourable Minister of State, Budget and National Planning, Prince Clem Agba, said on Tuesday that President Muhammadu Buhari was committed to addressing the huge infrastructure gaps in the country.

He said towards this end, the President approved the review of the National Integrated Infrastructure Master Plan (NIIMP) and the constitution of the National Council on Infrastructure alongside a Technical Working Group in line with global best practices for effective infrastructure governance.

He said that the review was to drive implementation of the NIIMP and support delivery of infrastructure projects in Nigeria.

He disclosed that the reviewed NIIMP was recently launched to serve as a guide to Nigeria's Infrastructure development as well as provide the foundation for an integrated pathway to the development of our national economy.

Prince Agba, who stated this during the virtual inauguration of the National Council on Infrastructure on NIIMP: 2020-2043 in Abuja, also disclosed that the establishment of the National Council on Infrastructure was conceived to provide high-level advisory support to the government with a clear implementation plan deliberately designed to support effective delivery of infrastructure projects in Nigeria.

Prince Clem Agba, Honourable Minister of State, Budget and National Planning

He noted: "The fulcrum on which the National Council on Infrastructure was constituted is vested on recommendations in the governance framework for the National Integrated Infrastructure Master Plan implementation; indicating the positive collaboration and synergetic engagements of lead private sector players in driving the process of infrastructure projects financing and delivery; while the government provides the enabling and regulatory environment for policy decisions.

The government nominees represented as specialised ministries, departments and agencies (MDAs) alongside the private sector representatives were carefully selected based on their relevance, core mandates, expertise and abilities across range of infrastructure asset classes, while the Budget & National Planning arm of the Federal Ministry of Finance, Budget and National Planning will serve as secretariat to the Council.

"The reviewed National Integrated Infrastructure Master Plan also provides overview of major infrastructure projects successfully delivered by the present administration in the last five years (2015-2020) and further provides proactive approaches to enable the right investment to be made in projects at the right time taking into consideration government priorities, costs and risks. By investing in infrastructure with a focus on key sectors, Nigerians can be assured that the limited available resources will be channelled appropriately to achieve the most impactful outcomes and effectively improve the National economy."

Prince Agba congratulated members of Council on their inauguration and expressed appreciation the Vice President Prof. Yemi Osinbajo for his leadership and selfless service to the country.

Finance Minister Calls For Implementation Of Policies To Enhance NAICOM's Contribution To Nigeria's GDP

As Fake Insurance Policy Undermines Nation's Financial Profile

By Kirk Obed

L-R: **Sunday Thomas,** Commissioner of Insurance/Chief Executive Officer, National Insurance Commission (NAICOM), **Aliyu Ahmed,** Permanent Secretary Finance, Federal Ministry of Finance, Budget and National Planning, **Mrs. Zainab Ahmed,** Honourable Minister of Finance, Budget and National Planning, and **Dr. Abubakar Sani,** NAICOM Chairman during the visit to the minister in Abuja.

Concerning formulation and implementation of policies in the Nigerian insurance sector, Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, has charged the board and management of National Insurance Commission (NAICOM) to develop and implement policies which will strengthen the insurance sector and reposition the industry to enhance its contribution to the nation's gross domestic product (GDP) and to the economy at large.

Speaking on good working relationship in the commission during the recent courtesy visit to her office by board and management of NAICOM, she said: "It is of utmost importance for the new board and the management of NAICOM to work harmoniously together in order to actualise the mandate of the commission."

"The board has to develop strategies to systematically build the capacity of members through workshops, seminars, study tours, etc. to enable effective contribution towards the growth of the industry, especially as some members were not drawn from the insurance sector.

"Members to note that there are guidelines, regulations and circulars that guide the operation and conduct of governing boards of federal government parastatals, agencies and commissions and should be strictly adhered to – these include frequency of meetings; entitlements of board members, travel guidelines and related matters.

In view of deepening insurance penetration in the country, Mrs. Ahmed stated that there would be need to achieve more insurance penetration in the country. In this regard, there is, according to her, need to evolve new insurance products and policies.

Concerning the welfare of the staff, "the board and the management must ensure that the condition of service and welfare of the staff creates the conducive atmosphere to promote staff productivity and engender industrial peace.

"Members should commit to develop and implement policies that would promote the reputation of the industry through prompt payment of claims. Your target should be to take the industry to greater and enviable heights during your tenure.

The Honourable Minister restated the ministry's commitment to continue to assist and support the commission towards realising its mandate for the overall benefits of the nation.

She stated that the initiative to pay the visit barely two months after the inauguration of the board demonstrates a sense of purpose and desire to work closely with the ministry towards realising the mandates of NAICOM.

"At your inauguration, I called your attention to some issues of interest and concern in the insurance industry which require your urgent attention. This visit, therefore, affords me yet another opportunity to once more congratulate you on your inauguration and inform you that the government has very high expectation of this board. You must build on the successes of the immediate past board," she also stated.

In his address, Dr. Abubakar Sani, Chairman, NAICOM Board, noted: "This is the first time the board is interfacing with the Honourable Minister through this courtesy visit since our inauguration on 20th May, 2022. We are here to intimate the Honourable Minister about our progress and to seek the support and the assistance of the Minister in our determination to achieve the vision and the mission of the NAICOM.

"We are working hard to proffer solutions to curb the ugly trend of insurance failure by the way of instituting strong regulatory measures in the board of directors of all the insurance entities to make them perform better, by adhering to their corporate rules that establish them.

"We shall enforce the professional code of ethics among the insurance entities, strengthen their corporate governance, which the board believes will sanitise the market. The NAICOM board will in due course revisit the matter of recapitalisation of the insurance industry and will clean up its Act with the enforcement of code of ethics of insurance profession and practice, and code of good corporate governance in companies. The board is working to sanitise the market, and will be taking out companies that are not majoring up to the expectations.

Dr. Sani also said: "And we will install the mechanism to review all the actuarial valuations submitted to the commission for assessment and consideration. In order to enhance the performance of the regulatory body, its strategic plan will be reviewed to align with the objectives of the commission as contained in the matching order and directives; where the Honourable Minister specifically asked the board to uplift the insurance industry to a greater height, on the day our board was inaugurated.

The board, according to him, would create enabling environment for insurance industry to beef up the capital through mergers and acquisitions, and invitation of fresh capital from the local and international investors.

In his reference to investors forum, where insurance companies that need capital will interact with potential investors, Dr. Sani said that insurance companies would come together to showcase themselves where there would be due diligence to enable potential investors to know their financial status.

The board, according to him, is seeking Mrs. Ahmed's support to search for investors that would make Nigerian insurance industry robust to effectively strengthen the entities to play its roles in making other businesses thrive in the country.

"The NAICOM will organise an insurance investment forum in Nigeria and abroad with the sole aim of wooing potential investors to take advantage of the potentials in investing in Nigeria Insurance Industry.

"The board will seek the collaboration of Nigerian Investment Promotion Council, National Assembly Committee on diaspora, and other insurance jurisdictions across the globe. We want to extend our investment campaign to Europe, Middle East and America.

"Furthermore, we will need your support to exterminate the menace of fake insurance policies in the country, which deny huge revenue to the insurance entities and taxes to the government. In our action plan, we will solicit the cooperation of your ministry to institute insurance task force that will be deployed, should be made of the Police, Vehicle Inspection Officers (VIO) and Nigerian Civil Defence.

On behalf of the board and the management, Dr. Sani reiterated the commitment of the governing board of NAICOM in building, a strong, viable and 21st century insurance industry in Nigeria. "We assure you we would deepen the insurance in the country, and raise positively its contribution to the GDP in the Nigeria economy.

Also speaking, Mr. Olorundare Sunday Thomas, Commissioner for Insurance/Chief Executive Officer, NAICOM, thanked Mrs. Ahmed for the support and the encouragement over the years. "Let me appreciate all the support you are giving us and on behalf of the management and the board, we say a big thank you," he said further.

Recall, the House of Representatives had earlier mandated its Committee on Insurance and Actuarial Matters to investigate the incidences of fake insurance certificates in Nigeria and report back within six weeks for further legislative action.

It also urged insurance companies and brokerage to have operational offices in major cities in the country.

These resolutions followed the adoption of a motion on the need to investigate the incidences of fake insurance certificates in Nigeria by Hon. Oluyemi Adewale Taiwo at plenary on Wednesday.

Presenting the motion, Taiwo noted that the Insurance Act, 2003 mandates all motorists to have a minimum of Third-Party Motor Insurance Policy in place and that Section 68 of Act stipulates that: "No person shall use or cause or permit any other person to use a motor vehicle on a road unless a liability which he may thereby incur in respect of damage to the property of third party is insured with an insurer registered under this Act."

He explained that the statutory laws of the country stipulate that no motorist should ply Nigeria roads without having a genuine insurance certificate. However, most motorists have continued to show absolute disregard for the statutory requirement.

"The number of vehicles with fake certificates on Nigerian road has risen to 9.4 million and the figure released by the Nigeria Insurers Association revealed that only 2.72 million vehicles on Nigeria roads have valid insurance covers as of February 2021.

As CBN Gov. Boasts, e-Naira Beats Other African Countries: **What Hope Does It Hold For Nigerian Economy?**

Cancels 5% Interest Rate On COVID-19 Interventions

By Felix Omoh-Asun

The governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, thumped his chest recently and boasted that Nigeria is the first country in Africa to launch the digital currency known as e-Naira.

This has raised eyebrow as to what it means for the nation's economy.

Emefiele spoke at the opening ceremony of the two-day ongoing CBN Fair 2022 held concurrently in Makurdi, Benue State, and Lafia in Nasarawa State.

Represented by Osita Nwanisobi, the Director of Corporate Communications Department of the CBN, the governor noted that the e-Naira became necessary for Nigeria to keep pace with other countries of the world.

"Nigeria is incidentally the first country in Africa that has launched the Central Bank Digital Currency (CBDC) – the e-Naira," he said.

The governor stressed that not many people have heard about the e-Naira, hence the need for sensitisation even as CBN remains committed to ensuring that more people in the country are financially included.

"The whole essence is to ensure that more people in this country are financially included. If you see, a lot has happened in terms of the evolution of money from commodity to metallic, then paper, to plastic and now we are talking of digital. And so, we need to be at pace with where the world is moving," Emefiele said.

President Muhammadu Buhari, on Monday 25 October 2021, during the launch, said that the digital currency would increase remittances, foster cross-border trade, improve financial inclusion and enable the government to make welfare payments more easily.

Alongside innovation, he said, the adoption of the Central Bank of Nigerian Digital Currency (CBDC) could improve economic activities and increase Nigerian GDP by $29bn over the next 10 years.

"I am delighted," he concluded, "to officially launch the CBN digital currency called the e-Naira. And in so doing we have become the first country in Africa and one of the first in the world to introduce a digital currency to our citizens."

There have been questions on the gains and valuableness of the e-Naira.

Many economists believe that e-Naira's macroeconomic purpose of a cashless society is yet to be fulfilled, asserting that in many parts of Nigeria, cash is still king.

For Ese Osamwonyi, senior analyst at Lagos-based socio-political risk advisory SBM Intelligence, lack of compliance with the policy – like the slow adoption of the e-Naira – is evidence that the government has not been inclusive enough in its pursuit of a cashless economy.

Mr. Godwin Emefiele, Governor, Central Bank of Nigeria

She told Al Jazeera that Nigerians living below the poverty line carry out daily transactions with street vendors, motorcycle taxi (okada) riders and other retail businesses that conduct business in cash. For this large group, e-payment channels are not a priority.

"The inclusion of these segments of last-mile retailers in the usage of the e-Naira for daily business transactions will boost adoption amongst low-income earners/individuals within the poverty bracket," said Osamwonyi.

In response, the CBN said it has created viable solutions for this demographic, including provisions to use other forms of identification (e.g. fingerprints) to access their e-Naira wallet and USSD codes for those without smartphones.

"The CBN policy cannot be effective if the proportion of the informal sector is a lot larger than the formal sector," Hassan Mahmud, CBN's director of monetary policy, said.

CBN had told Nigerians that it is working closely with telecom operators to ensure access to the e-Naira even when an individual is out of service. The goal, Mahmud said, is to enhance monetary policy penetration by moving many of the sectors within the economy that are outside the banking system into it.

Years ago, the CBN established the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending to promote agribusiness by giving rural capital to farmers. With the e-Naira, the CBN believes these funds can be transferred more efficiently, subverting middlemen and curbing corruption.

But small and medium enterprises – which amount for 96 percent of businesses in Nigeria and 84 percent of jobs in the country, according to PricewaterhouseCoopers – may not be able to benefit from the e-Naira due to lack of information about it.

A dozens of small business owners; most of them were hearing about e-Naira for the first time, and many said they were not aware of any business owner currently using it. Some asked if it differed from conventional bank apps, and how.

In Lagos, 29-year-old baker Zainab Yakura N'jie is keen to adopt the app even though she has not downloaded it yet. "The world as we know it is becoming very digital so, it will make things easier and faster to be able to make payments through your phone."

> The whole essence is to ensure that more people in this country are financially included

To target people like N'jie, Osamwonyi said sensitisation is key.

"The government needs to increase awareness of the benefits of the cashless economy to the players as well as share insights on electronic channels and payment mode available to entrepreneurs in the informal sector of the economy," she said.

When the e-Naira was launched the apex bank said it would allow for financial inclusion and fiscal benefits to ultimately boost the economy.

The e-Naira was created as part of the CBN's cashless policy to improve cross-border trade, expand access to financial services, increase remittances from a large diaspora base and ultimately boost the country's economy.

Half of Nigeria's estimated 200 million people have no access to bank accounts, so the apex bank claimed it was hoping to facilitate day-to-day transactions between business owners and their producers and customers across the country.

Almost a year on, analysts are wondering if the new digital platform will succeed where the traditional banking system has not.

According to a report by Enhancing Financial Innovation & Access (PDF), only a third of Nigerians in rural areas are within proximity of financial service providers. And even for those in urban areas, the continuous fluctuations of the naira against the United States dollar still trigger recurring frustrations.

As of April 2022, cryptocurrency exchange Kucoin reported that 33.4 million Nigerians trade or own crypto assets despite restrictions on cryptocurrency transactions by the CBN, using peer-to-peer networks.

The introduction of the e-Naira came seven months after the CBN's restriction of cryptocurrency transactions because digital coins have become well-suited for conducting many illegal activities "including terrorism financing and tax evasion".

Unsurprisingly, it is seen by some members of the public as a natural response to the trend of increasing cryptocurrency usage, but the jury is still out on whether the e-Naira can improve financial inclusion.

"Adoption of digital currency is definitely on the rise, given the fact that businesses and individuals are constantly looking for ways to preserve value," Jennifer Echenim, a Lagos-based front-end engineer working with Web3 technologies, said "However, naira keeps devaluing; as such, adoption of the e-Naira looked like a failure even before it started.

"It appears to me as a follow-up on restrictions placed on other digital currencies. Proper research was not done before its launch," she said.

"For a currency to be valued, there needs to be a demand for it; that is basically what drives digital currencies today (demand). No one is looking for Naira. It is not even acceptable or usable outside Nigeria. Building a digital currency on that, is definitely a failure."

The CBN in another development has reverted its earlier five percent interest rate on all its intervention facilities to nine percent with immediate effect.

CBN stated this in a circular issued on Wednesday and signed by its Director, Financial Policy and Regulation Department, Chibuzo Efobi.

Titled 'Adjustment of Interest Rate on all Central Bank of Nigeria Interventions', the notification was addressed to banks and other financial institutions (OFIs).

The apex bank stated that all intervention facilities granted effective July 20, 2022 should be at nine percent per annum.

It also said that existing facilities granted prior to July 20, 2020 should be at the same nine percent per annum but effective September 1, 2022.

"Further to our circular dated March 15, 2020 extending the period of Interest rate reduction to all Interventions facilities from nine percent to five percent per annum, as part of measures to mitigate the negative impact of the COVID-19 pandemic on the Nigerian economy, the CBN hereby reverts the interest rate on all its Interventions facilities to nine percent per annum," CBN stated.

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NBET Signs Cooperation Agreement With *EXIST*

By Jennet Ugo Anya

L-R: **Dr. Nnaemeka Ewelukwa,** MD/CEO of NBET, **Mrs. Zainab Ahmed**, Honourable Minister of Finance, Budget and National Planning, and **Genel Müdürü Ahmet**, CEO of EPIAS, during the meeting at EXIST's campus in Maslak, Turkey.

The Nigerian Bulk Electricity Trading (NBET) Company has signed an important cooperation agreement with EXIST at EXIST's campus in Maslak, Turkey.

At the ceremony, the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said that Nigeria would want to cooperate with *EXIST* in the energy market.

She said: "We want to cooperate with EXIST on this journey by walking hand in hand. The point that *EXIST* has reached is admirable. We also want to establish electricity markets by providing the necessary transformation in our country."

The engagement was by the NBET Board of Directors. Therefore, Mrs. Ahmed's visit was in her capacity as the Chairman of the NBET Board of Directors.

At the ceremony also attended by NBET's CEO, Dr. Nnaemeka Ewelukwa, on behalf of NBET and board members, and EXIST's CEO, Ahmet Türkoğlu, and senior management, there was a presentation by experts from EXIST on Turkish energy markets and other activities of *EXIST*.

Türkoğlu said: "As *EXIST*, we are ready to cooperate with the friendly country, Nigeria in the fields they need. Thank you for your interest in the activities of EXIST and for your visits."

Dr. Ewelukwa expressed great optimism that the cooperation agreement with ENERJİ PIYASALARI İŞLETME A.Ş. (EPİAŞ) would go a long way in re-positioning NBET for enhanced performance in the Nigerian electricity market.

The key aspects of the cooperation would see NBET strategically leverage cutting edge technology to chart a new course in its commercial transactions in the electricity market. It will ultimately pave the way for more power investments in the country and deepen competition in the market, with greater value delivery to participants in the market.

According to him, NBET would also synergise with EPİAŞ in developing a framework for upscaling sustainable investments in renewable energy in line with the commitment of the federal government to diversify the energy mix in the country and transition to a low carbon economy.

The cooperation agreement signed at the ceremony covers transfer of experience and business knowledge, field visits, workshops, trainings, designing the institutional structure of the power market planned to be established in Nigeria and providing technical support.

The agreement also aims to liberalise the current market in Nigeria.

On the purpose of the cooperation, the parties have agreed to establish cooperation in the transition of NBET to an energy exchange.

Concerning areas of cooperation, the parties also agreed to ensure development of knowledge, and sharing cross-visits to learn from each other's experiences. Each party has committed itself to organise visits for delegations from the other party, including site visits and workshops, in order to gain key learnings from each other's experience in the development of the energy exchange in Nigeria.

The parties consider strengthening the institutional framework for the development of the energy exchange. The energy exchange institutional framework, to be adapted to the context and the ambitions of both parties, will be shared in order to improve the development and transition of NBET into an energy exchange.

It is stated that technical assistance and capacity assessment of transition opportunities for the exchange EPİAŞ will provide technical assistance to NBET in assessing the transition opportunity for NBET to establish the energy exchange.

In addition, EPİAŞ shall also assist NBET to design an implementation strategy and plan that would enable the transition of NBET into an exchange in a manner that is efficacious and follows least cost.

In fulfilling the above conditions, EPİAŞ shall assist NBET in understudying the Turkish experience in transitioning to an energy exchange, with a view to adapting successfully to the Nigerian context.

EPİAŞ will also assist NBET and other Nigerian institutions to lead a detailed analysis on the electrical needs evolution in Nigeria, in terms of establishing a competitive market based on the prevailing conditions in the Nigerian electricity supply industry (NESI).

EPİAŞ will provide technical assistance to NBET towards the development of the energy exchange including institutional requirements, resources and expertise.

EPİAŞ will assist NBET in undertaking a gap analysis in terms of structures, skills and competencies necessary to successfully establish the exchange.

Further to this plan, "the two parties will work towards the establishment of a renewable energy support scheme likewise Turkish experience.

"Furthermore, both parties will work on the development of necessary feasibility studies for the establishment of the energy exchange.

FIRS Issues N37.2bn Tax Credit To NLNG To Boost Infrastructure

• Absolves Self From Subsidy Probe By Reps

By Musa Ibrahim

In a move to boost Infrastructure, the Federal Inland Revenue Service (FIRS) says it has issued a N37.28 billion tax credit certificate to Nigeria Liquefied Natural Gas (NLNG) Limited for the construction of the Bonny-Bodo road in Rivers state.

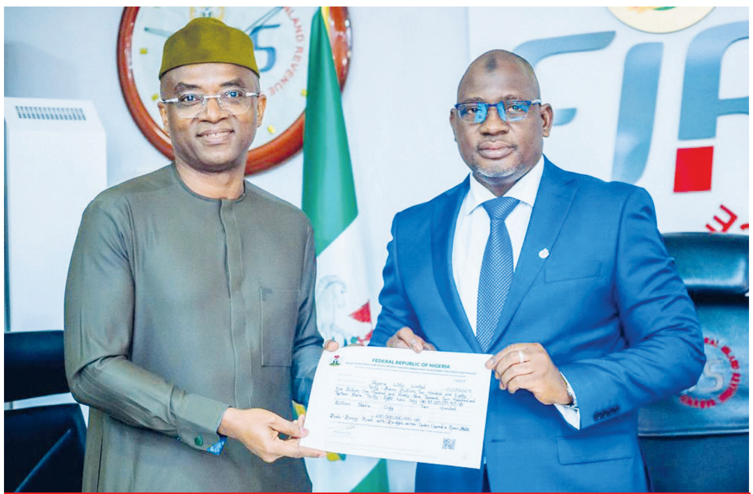
FIRS made this known in a statement released over the weekend.

NLNG is one of the companies undertaking the construction of roads under the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme, an initiative of the federal government aimed at closing the "infrastructure gap".

According to the statement, Olalekan Ogunleye, NLNG's deputy managing director, who represented Philip Mshelbila, chief executive officer of the company, received the certificate at a handover ceremony recently in Abuja.

While issuing the tax credit certificate, the statement added that Mohammed Nami, FIRS chairman, commended the NLNG for its increased investments in Nigeria.

"The Service has faith in your company and increased investment it is making in our country. We look forward with optimism to the completion of your Train Seven Project for it to join the country's tax revenue streams," the statement quoted Nami as saying.



R-L: Executive Chairman, **FIRS, Muhammad Nami** with Deputy Managing Director, NLNG, **Mr. Olalekan Ogunleye** showing Tax Credit Certificate handed to NLNG for the construction of the Bonny - Bodo Road and Bridge, Rivers State.

Nami said the FIRS management is improving its relations with stakeholders to increase revenue generation.

He added that the FIRS was energising its consultations and regular engagements with stakeholders, restructuring its administrative framework as well as driving towards full automation of core tax operations.

"You may recall that the FIRS started with the development and deployment of an in-house digital solution – The Taxpromax Solution. This solution allows taxpayers to sit in the comfort of their offices or homes to file returns, pay taxes and conduct all tax processes with us," he added.

According to the federal government, about 794kms of road have been prioritised for construction by eligible companies through the tax credit scheme.

Dangote Industries, Unilever, Julius Berger, MTN, BUA Group of Companies, Access Bank, Transcorp, Lafarge and GZI Industries have taken advantage of the initiative.

Minister of Finance, budget and national planning, Mrs. Zainab and her Works counterpart, Babatunde Fashola said the is working assiduously to complete and deliver the Bodo-Bonny road in Rivers state soon, adding that the road was not politicised.

Both ministers assured that the federal government has redoubled its effort to ensure timely completion of the ongoing 40 kilometres road.

Meanwhile, the FIRS has told the House of Representatives' Ad Hoc Committee investigating the Petroleum Products Subsidy Regime from 2013 to 2022 to excuse it from the ongoing probe into the payments of subsidy on Premium Motor Spirit (petrol) by the Federal Government.

The Executive Chairman, FIRS, Muhammad Nami, told the committee at its continued investigative hearing in Abuja recently that the Service only collects revenue for government and does not keeps records of how the monies are spent.

Nami, who was represented by the Coordinating Director, Compliance Support Group, FIRS, Dr. Dick Irri, stated that the role of the agency, as prescribed by the Act establishing it, is limited to the assessment of taxpayers, collection of taxes, accounting for and enforcement of taxes that were due to the government of the Federation.

He said, "The Service's statutory functions remain that of assessment, collection, accounting, and enforcement of payment of taxes that are due to the Government of the Federation and any of its agencies.

"Taxes collected by the FIRS are usually shared amongst the three tiers of the government (federal, state and local) in line with the Constitution of the country. FIRS does not maintain records of what the funds are used for by the three tiers of government. The Service also does not have the power to ask for such records."

As SEC Approves New Guidelines For NGX, Fears Mount Over Fixed Income Charge

SEC Amending ISA 2007 To Cover Current Market Realities

By Ahmed Ahmed

The approval of guidelines on trade execution on manually negotiated deal for fixed income securities by the Securities and Exchange Commission (SEC), for the Nigerian Exchange Limited (NGX), has been received with mixed feelings by capital market stakeholders over the introduction of charge on fixed income (bonds) secondary market transactions.

Stakeholders fear that this might lead to hike fees in the cost of transactions in the fixed income instruments.

The Fixed Income (FI) market provides access to both retail and institutional investors to trade fixed income securities listed by the federal government, the states, corporates, and supranational issuers on the exchange.

According to the NGX: "It adopts an integrated straight-through trading and settlement process using best in class market infrastructure without trade failures known as NGX On-Manual Negotiated Deal."

NGX further stated: "These Guidelines on Trade Execution via NGX On-Manual Negotiated Deal Window for Fixed Income Securities provide guidance to approved Trading License Holders for the use of the Neg-Deal Window to execute their trades on bilateral pre-agreed terms; and shall be read in conjunction with The Rules of The Exchange, and such other Rules or Guidelines as the Securities & Exchange Commission (SEC), NGX and other relevant regulatory authorities may introduce to regulate the fixed income securities market from time to time."

The latest notification titled: 'The revised fees on fixed income primary issuance on the Exchange-non exclusive (Dual) listing' commenced March 10, 2022, was signed by the Chief Executive Officer, NGX regulation Limited, Tinuade Awe.

According to her, "Further to the Additions to the Rules of the SEC on fixed income primary issuance fees which stipulated a new pricing structure effective November, 22,2017, notice is hereby given that, NGX has received the approval of the Commission to introduce fees for non-exclusive fixed income listings on The Exchange, which have become effective."

She added that in light of the foregoing, as from the March 10, 2022, the relevant fees for fixed income primary issuance on the Exchange are "0.0375 percent of offer size fees on corporate bonds of issuers without listed equity and oper cent of offer size fees on exclusive listing on corporate bonds of issuers with existing listed equity listed on the Exchange."

Other fees unchanged by SEC is 0.05 per cent of offer size on states and Supra-nationals.

The On-Manual Negotiated Deal Window is a trading channel available to execute negotiated fixed income deals during The Exchange's trading hours.

Mr. Lamido Yuguda, Director-General of the Securities and Exchange Commission (SEC).

The Negotiated Deal Window complements order executions via the Central Order Book and shall be used only for permissible volume of fixed income securities on bilateral pre-agreed terms. Trades executed via the Neg-Deal Window will be recognized for price-setting purposes and will reflect in the exchange's trading statistics.

However, the Managing Director/CEO of Trust Yields Securities Limited noted that the new fee would hike in the cost of transactions in the fixed income instruments.

In his words: "Both the buyer and seller of fixed income instrument will have to pay the additional cost. Will it make prospective investors mull on the additional cost and conclude that the yield on longer attractive? These are the things we will be looking out for next year."

Also, the Chairman, Association of Securities Dealing Houses of Nigeria (ASHON), Mr Sam Onukwue said: "I do not think it's out of place for SEC to do so.The Commission has been charging on equities all along. The proposed charges on fixed income securities should not discourage investors from the asset class. Investors have their preferences and would always weigh their risk tolerance and other fundamentals in making investment decisions."

Meanwhile, SEC is proposing corporate bonds exemption from taxation.

The Commission asked the federal government to consider its proposal to exempt corporate bonds from tax payment to boost liquidity in the Nigerian capital market.

Recall that in 2012, the central government exempted bonds and short-term government securities from income tax for 10 years, which recently expired on January 1, 2022.

At the moment, only government securities are tax-free as investments in debt instruments issued by corporate organisations attract tax payments.

But the SEC is asking the government to again exempt corporate bonds from tax payment to unlock the attractiveness of the corporate bond market.

Speaking over the weekend after the second Capital Market Committee (CMC) meeting for this year, the Director-General of SEC, Mr Lamido Yuguda, said this move would encourage more companies to approach the capital market for their funding needs.

"The Nigerian capital market community held its second Capital Market Committee (CMC) Meeting for the year on Thursday, August 18, 2022. The meeting was well attended by over 300 capital market operators and we had very robust deliberations.

"We observed that the world is facing high inflation and low growth. Consequently, the World Bank, the International Monetary Fund and other Economic forecasters are trimming down growth estimates with forecasts reflecting sizable downgrades to the outlook for the rest of the year and 2023.

"The commission continues its engagement with the Minister of Finance, Budget and National Planning on the request for tax exemption for corporate bonds," he said.

He added, "For any asset class, the investment is a function of many considerations. Tax is just one of those considerations. Although it is only one, it is an important consideration especially when the tax rate is high.

"So, I think for now, given that there are so many considerations, and considering all these factors, we feel the tax rebate should be reinstated and we have been working with the tax and fiscal authorities to advocate the return to the status quo."

The SEC DG also said that the revised Capital Market Masterplan would be launched by November following its approval by the federal government.

The Capital Market Master Plan Implementation Council had in June this year submitted the revised Nigerian Capital Market Master Plan (2021 -2025) to the Minister of Finance, Budget and National Planning.

Mr Yuguda assured that despite the harsh operating environment, the commission will continue to strive and fulfil its mandate of protecting investors and creating an enabling environment for market operations.

The SEC boss urged all stakeholders to continue to work towards reducing the volume of unclaimed dividends and reiterated that stiff penalties will be meted out to any stakeholder whose action appears to frustrate the efforts of the Commission on this objective.

He lamented that despite the commission's efforts in the implementation of the Electronic Dividend Mandate Management System, investors have continued to lament the delayed payments of e-dividend and the cumbersome manual process among other shortcomings.

"A large number of investors are also still unaware of the eDMMS and have not mandated their accounts. The commission will, however, continue to create awareness in this regard.

"Capital market operators must also do more to demonstrate, through their activities, an efficient capital market that prioritizes the interests of investors," he added.

As part of its efforts to stem the tide of fraudulent activities of unregistered investment crowdfunding platforms, the SEC DG at the briefing warned operators of such platforms that they stand the risk of being prosecuted.

He said, "The commission has an existing regulatory framework that permits private companies with the required structure and mechanism to raise capital from the public through crowdfunding. All crowdfunding platforms must register with the agency.

The Executive Commissioner Operations of SEC, Dayo Obisan, has said that the Investment and Securities Act 2007 is currently undergoing amendment to cover the current realities in the market and the economy in general.

"We are in the process of amending our enabling law and it has reached an advanced stage in the National Assembly. There is a need to review the law because a lot has happened since the law came into effect in 2007.

The essence is to capture all new developments that have taken place in the market within the period. Since the last review in 2007, a lot has happened like COVID-19, and technology has taken a bolder stand.

Even within the market, there are a lot of other innovative instruments that have come that the law at that time did not envisage. Again, there is nothing cast in stone and we have to keep evolving to ensure we are adequately backed by the relevant sections of the law to enable us to carry out our functions.

Obisan not long ago told a delegation from the Securities and Exchange Commission, Zimbabwe who visited to exchange ideas and boost regulatory efforts.

A lot has happened since 2007 when the current act was enacted, and the desire of the commission to be in tune with current realities also necessitated the review of the capital market master plan which came into effect in 2014.

"The issue of transfer of assets was not as aggressive as it is now; we did not even have so many Automated Teller Machines (ATMs) at the time, but that is not the case today. A lot of things are now being done digitally and the plan did not envisage all of those. There are some other activities and

> The essence is to capture all new developments that have taken place in the market within the period

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Technology To The Rescue: What Nigeria Stands To Gain By Using Drones To Patrol Borders, NCS Says

By Felix Omoh-Asun

Smuggling has become a headache to every administration in this country. Considering the humongous sum of money lost to smuggling, the Nigerian Customs Service (NCS) has muted the idea of manning the nation's borders with drones.

Another major problem threatening the Nigerian state at present is the rising spate of insecurity which has now assumed a terrible dimension.

The security problem which has posed dangerous threats to national security and statehood therefore is believed to have now necessitated yearnings for the use of drones for effective aerial surveillance, effective, intelligence gathering and monitoring security activities.

The daily thirst for smuggled goods and the preference for violating the nation's territorial laws have now become a huge task to handle by the NCS which has called for the need to adopt the use of drones also known as (Unmanned Aerial Vehicles) for security surveillance and intelligence gathering.

Towards this end, last week, the NCS said that it had plans to deploy drones and other technologically advanced facilities to monitor the country's borders in its attempt to curb smuggling and other criminal activities.

The Public Relations Officer of Customs, Deputy Comptroller Timi Bomodi, said in Abuja that technology would help tackle the menace of smuggling.

He said that one of the major efforts in curbing smuggling was deploying technology like drones, non-intrinsic inspection at the borders and a lot of other things that are in the pipeline.

Bomodi said that progress had been made with regard to the concession agreement or modernisation agreement with Huawei company and other technical partners.

According to him, the development would enhance the process of accessing potential danger as well as how to tackle them.

The Customs spokesperson said that the borders were too large to be fully covered by manpower. "If you take everybody that presently works in the military and paramilitary to hold hands across all the borders in Nigeria, you will not be able to cover up to 10 percent of our borders.

"That is how huge this country is and how tough the terrain which we operate is.

However, we do know that when you introduce technology into the scheme of things, you are going to achieve a lot more."

Unmanned aerial vehicles (UAVs) known variously as drones or remotely piloted vehicles (RPVs) are small aircraft that can fly without an onboard human operator.

They are autonomous machines that can carry cameras, sensors, communication equipment or other payloads. Drones' usage has been identified as the most effective for intelligence gathering, aerial surveillance and security monitoring in recent times.

Fly guys, an international drone service provider, observed that "aerial drone services are an ideal tool for upgrading your security force. They are able to 'walk' a route more quickly and effectively than a person, moving over obstructions easily and being able to view rooftops."

The company maintained that "by combining tethered drones to keep consistent surveillance and deployable drones to investigate disturbances, your team will maximize its potential to identify and de-escalate problems early on in their timeline. The added situational awareness provided to security forces will help minimize risk to personnel, and thermal tracking software can be used to ensure intruders are apprehended."

Using drones to monitor areas for security has many components, one of them is Geographic Information System (GIS) mapping.

According to ESRI, GIS is a framework for gathering, managing, and analysing data. Rooted in the science of geography, GIS integrates many types of data."

GIS "analyses spatial location and organises layers of information into visualisations using maps and 3D scenes. With this unique capability, GIS reveals deeper insights into data, such as patterns, relationships, and situations—helping users make smarter decisions."

Col Hameed Ali (retd), Comptroller-General, Nigeria Customs Service

These GIS mapping models help to provide near-accurate maps on footprint and other human activities in places of interest.

Kayode Adeniyi, an analyst, emphasised the multiple security options that UAVs provide. Adeniyi said: "I do not think it is possible to tackle security issues without maps. Nowadays, we have UAVs that the payload (the camera) can be accessed using different Artificial Intelligence (AI) models. For instance, if UAVs fly over regions where there are issues of kidnapping or insurgency, that drone will take images of sections of those places, then the software will mosaic everything together and when the model analyses the image, you can get to know areas with irregular footpaths."

Using these mapping tools, Adeniyi said: "The AI models are intelligent enough to know where there are roads and where new roads have been created. The new information can also be compared to older satellite images."

With this information, "you can use the data gathered to compare new activities in remote areas, which helps to narrow down possible spheres of influence. The use of UAVs makes things easy. By the time the security agencies go on a raid to the location, it becomes easier and they become more precise."

One of the systems used for high-precision operations is Light Detection and Ranging (LIDAR). LIDAR is a method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth. These light pulses—combined with other data recorded by the airborne system— generate precise, three-dimensional information about the shape of the earth and its surface characteristics.

Adeniyi added, "if there are people in the bush, LIDAR can help to analyse underground activities, in thick forests, and the likes. It uses light reflection to analyse imagery."

Concerned about the possible financial implication of UAVs, Adeniyi clarified: "Even the smallest drones can do anything. It is all about the payloader and the AI model. These things are so easy to use, even the Nigerian Police can use it."

When kidnapping or smuggling happens, "using UAVs that are deployed immediately, with some GIS maps, you can map out where they are taking the abductees to. I do not know why Nigeria is not using it. Some of these UAVs can fly so high that people on the ground would not even see it. So, there are no risks at all.

LIDAR and other mapping tools are so effective that they are also used to monitor waterways and protect porous borders, he said.

As SEC Approves New Guidelines For NGX

CONTINUES FROM PAGE 13

laws that impact the capital market and we need to keep looking at our regulations to avoid a disconnect. We need to constantly evolve.

"The plan came into effect in 2014 and was meant to run till 2025. But now we are halfway through and we saw the need to amend it. This is because in 2014 our focus was different, fintech was not this bold, and cryptocurrencies and virtual assets were not this prominent.

"Fintech is not a walk in the park, we need to understand what we want to regulate, it is a constant phase and we need to keep updating our knowledge to be able to regulate properly. The regulator has to be a step ahead and that was why we created a Division on Innovation in 2018.

The tech penetration in Nigeria is growing and the regulator needs to be abreast with the trend and that is a sort of change we need to be able to accommodate" he added.

While he stressed the protection of investors in the capital market as a top priority of the commission, he also talked about a robust rule-making process that is meant to take care of current issues as well as create an enabling environment for innovation to thrive in the capital market.

This will aid the stimulation of growth in the economy, attract more investors to the market as well as ensure that investors are protected.

SEC Nigeria has a dual mandate to regulate and develop the capital market in Nigeria, and both roles are very delicate in a bid to ensure that the market is attractive to investors.

"They are both delicate roles because if you focus more on regulation, development suffers, and if development suffers growth is stifled. And if growth is stifled, it is just a matter of time and the market will be at the receiving end.

"If you focus more on development, on the other hand, things have the potential of going haywire and you could just be running a market that is not co-ordinated and price transparency and investor protection will suffer. Those are the things we have sworn to do by the provision of the law that created us.

Head Corporate Finance Zimbabwe SEC, Kundai Msemburi, said that the delegation decided to visit SEC Nigeria in a bid to exchange ideas and boost regulatory efforts.

SEC Zimbabwe is in Nigeria to find out how the commission deals with issues of regulation especially the collapse of the crypto exchanges in the country.

"We are keen to see how the bigger markets operate and see how best to get a grip on the regulation of our market. We know that investor education is very important in any market" he stated.

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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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POLICY BRIEF with ENAM **OBIOSIO**

Acting Together To Fend Off Global Risks

Not a few people would agree that public finances have had a rough year. A new reality is emerging. Against this backdrop, countries need to act now to boost growth and build resilience. They must also be prepared to act together to fend off global risks.

IMF has downgraded Nigeria's 2023 growth projection, retains 2022 at 3.4 percent. Despite the adverse macroeconomic environment, the International Monetary Fund (IMF) has retained Nigeria's 2022 economic growth projection at 3.4 percent.

Nigeria's growth outlook has improved through higher oil prices and a stronger-than-anticipated recovery of manufacturing and agriculture.

While growth is expected to reach 3.4 percent in 2022, it is to fall back to 2.9 percent from 2024 onwards. The outlook is subject to high uncertainty associated with oil prices and financial conditions.

Moreover, rising security risks, and elevated price pressures and other challenges weigh negatively on the medium-term growth outlook. No gainsaying that diversification away from oil will be critical to raise growth potential sustainably and reduce volatility.

It is to be noted that net commodity exporters, Nigeria inclusive, can receive fiscal windfalls only if they contain subsidy expenditures. For example, some oil exporters provide expensive and generalised energy subsidies to the domestic population which could lead to a deterioration in fiscal balances despite the revenue increase associated with higher export prices.

Therefore, removing generalised subsidies is crucial to ensure that the rise in commodity prices generates fiscal savings. It is then essential that these savings are directed largely to strengthening fiscal sustainability supported by strong governance frameworks, given the precarious conditions faced by many countries.

Many countries experienced a decline in their revenue-to-GDP ratios. Commodity exporters saw the largest revenue shortfalls.

Nigeria looks to mobilising non-commodity revenues and cutting poorly targeted and wasteful spending, by reforming fuel subsidies, even as it also looks to achieving development goals with constrained budgetary resources.

Almost half of the low-income developing countries have a tax ratio below 15 percent of GDP. Low revenue mobilisation is an important impediment to economic development not only because it limits the ability to fund pro-growth spending but also because a low tax ratio is often associated with a lack of institutional capacity, which is essential for growth to take off. Thus, adequate revenue mobilisation is a fundamental component of a growth and development strategy.

Building up a minimum tax capacity can support and complement broader state and legal capacity. In particular, stable taxation that is broad-based and governed by clear rules, is necessary for an effective budget process. Combined with improvements in expenditure efficiency, better revenue mobilisation can help achieve the Sustainable Development Goals (SDGs), including enhancing the provision of health and education services and developing infrastructure.

It is advisable in practice that Nigeria should explore possibilities for raising new forms of revenue, which for instance, it has done by introducing or expanding the value added tax (VAT) or the property tax) and strengthening tax compliance.

> ...stable taxation that is broad-based and governed by clear rules is necessary for an effective budget process

Nigeria should consider immediate policy responses, focusing on certain objectives over the medium term. Enhancing the resilience of public finances. In a risky environment like ours, a key objective of fiscal policy ought to make public finances less sensitive to shocks, such as a drop in commodity prices or a currency depreciation. But the question is on how government can reduce vulnerabilities.

The country is already aware of this. So, it has improved its disclose and analyse risks. It has effected comprehensive, reliable, and timely public reporting on the state of public finances, which has reduced the likelihood and magnitude of negative surprises.

The country has strategised for concrete measures to mitigate identified risks by developing risk management strategies that actively reduce the probability that risks may occur and limit the government's exposure to risk. It has created adequate cushions to absorb remaining risks that cannot be mitigated by ensuring that budgets include adequate 'provisions,' which are safety margins to cope with unexpected events.

In promoting sustainable growth, raising medium-term growth is necessary in all countries of the world. In advanced economies, it is notable that a lasting solution to the high debt problem is not possible without higher growth. In fact, a sustained increase in growth of one percentage point could bring debt ratios to pre-crisis levels within a decade. In Nigeria, strong growth could warrant raise living standards and finance development strategies.

On increasing growth, tax reforms and expenditure policies could lift medium- to long-term growth by a percentage point or even more in in the country. Some fiscal measures are very powerful tools for fostering innovation and productivity.

In sum, Nigeria and other countries of the world face big challenges in restoring vigorous growth, and healthy and resilient public finances. But the good news is that Nigerian policymakers, individually and in concert, still have adequate policy tools to address the challenges and adapt to the new realities.

Over the medium term, Nigeria will need to continue fiscal consolidation in order to reduce debt vulnerabilities and boost resilience while protecting development spending.

To this end, revenue mobilisation is a key priority. The pandemic has derailed revenue mobilisation efforts, especially in resource-intensive countries like ours. Therefore, good that the government has now renewed the tax reform efforts, aiming to lift revenues.

The government has considered the best way forward by embarking on innovative approaches to old problems, for example, by leveraging the potential from digitalisation to broaden tax bases, enhance tax fairness and taxpayer compliance, and improve tax administration.

More so its revenue mobilisation efforts have complemented measures to increase the efficiency of public spending and strengthen accountability.

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