fmfinsights
Economy & Investment
Free

fmfinsights | fmfinsights | @fmfinsights | www.fmfinsights.com | Monday, 12th - Sunday, 25th September, 2022 | 31st EDITION

TAX
2022 Q2 VAT At N600.15bn, Growth Rate Of 1.96%
PG 4

INDUSTRY
FG Rescues Nigerian Steel Industry From Global Group
PG 13

REVENUE
SEC Saves N2.5bn In Six Months, Slashes 30% Personnel
PG 6

Nigerian Economic Growth Impressive - IMF

...overtaking Germany, France, Italy, Japan

By Enam Obiosio

The International Monetary Fund (IMF) report has pegged Nigeria's impressive growth rate at 3.4 percent for 2022, while Germany at 2.1 percent, France 2.9 percent, Italy 2.3 percent, Japan 2.4 percent, Brazil 0.8 percent; South Africa 2.1 percent.

And the IMF is predicting that in 2023 Nigeria's growth will surpass America's and all other Western economies, except Spain.

According to IMF team led by Ms. Jesmin Rahman, the real GDP growth is broadening to all sectors except oil, but inflation remains elevated.

The team held meetings with the Nigerian authorities from June 6-10, 2022, to discuss recent economic and financial developments, and the economic outlook for the country.

Apart from saying that the economic outlook is challenging with high food prices raising food security concerns, the team in its statement stated thus: "Economic recovery continues to gain strength on the back of services and agriculture with GDP growth reaching 3.6 percent (y/y) in Q1 2022. Latest data shows economic growth broadening to all sectors except oil, where production remains weak reflecting continued security and technical challenges.

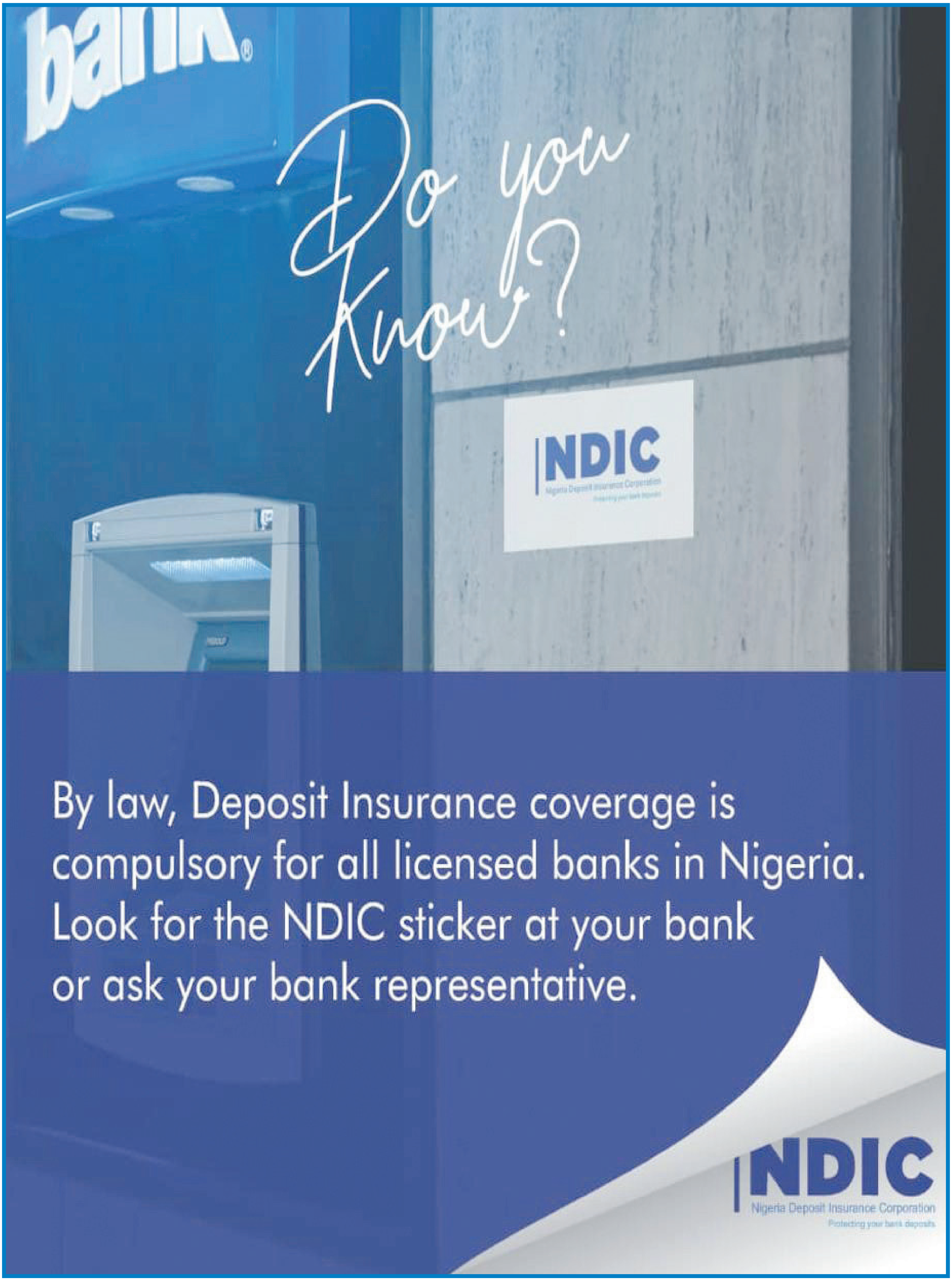
"Inflation has reached 17.7 percent (y/y) in May led by a renewed surge in food prices, exacerbated by the war in Ukraine, and raising food security concerns as over 40 percent of the population live below the poverty line. To contain inflationary pressures, the Central Bank of Nigeria has recently hiked its monetary policy rate by 150 basis points to 13 percent.

"Regarding the external sector, the current account deficit narrowed significantly in 2021 helped by import compression and higher net oil balance. However, the improving trade balance, which has continued so far in 2022, is having a limited impact on foreign exchange (FX) strains with the exchange rate premiums in the parallel market staying in the 35-40 percent range since October 2021. Despite supportive oil prices, gross FX reserves fell to $38.6 billion at end-May 2022, having reached $41.5 billion in September 2021 boosted by special drawing right (SDR) allocation and Eurobond issuance.

"Regarding the economic outlook, GDP growth is projected at 3.4 percent (y/y) in 2022 while inflation is expected to remain elevated. The fiscal deficit of the Consolidated Government is expected to remain high at 6.1 percent of GDP due in great measure to costly petrol subsidies and limited tax revenue collections. Downside risks to the near-term arise from further deterioration

CONTINUES ON PAGE 3

R-L: **Mrs. Zainab Ahmed**, Honourable Minister of Finance, Budget and National Planning, **Mrs. Ngozi Okonjo-Iweala,** Director-General, World Trade Organisation, **Mr. Godwin Emefiele,** Governor, Central Bank of Nigeria during the IMF 2022 Springs Meeting in Washington DC.


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

Nigerian Economic Growth Impressive - IMF

CONTINUES FROM COVER

of security conditions, elections, low vaccination against Covid-19 and higher global interest rates.

On the upside, steady private sector recovery and further broadening of growth, the start of operations at the Dangote refinery and decisive steps to mobilize revenues, in line with the Strategic Revenue Growth Initiative (SRGI) could spur inclusive growth and development.

Not a few persons have talked about the impressive country economic growth, one with such reference: "Society grows great when old men plant trees whose shade they know they shall never sit in".

In an expression by one opinionist 'Judith Valerie, she said: "The IMF's report will come as an earth-shattering blow to those unpatriotic Nigerians who have hate our dear nation, but this will also represent one of the proudest moments in Nigeria's history.

"Patriots across the land will heave a sigh of relief because a new dawn is breaking. For the first time, Nigeria is finally overtaking the leading economies of developed nations. This is not hearsay. I am posting these facts from IMF's official website, read for yourself on this wall. Many of you are already getting angry from the comments on my wall, but frankly, you should lead a delegation to IMF Headquarters2 (HQ2) M1900 Pennsylvania Ave NW, Washington, DC, 20431.

Considering the present hardship in the country, she said, "you are correct, there is hardship and I will come to that soon.

Valerie draws attention to those who may question that the report "does not make sense, when we have grinding economic hardship in the land? There must be a mistake. Especially when you know the same IMF has not been too kind to President Buhari's economic policies since 2015, now suddenly Nigeria's steady economic growth is a surprise to IMF.

"Is there some kind of explanation? Can there be economic growth but people are still experiencing hardship- yes!

According to Valerie, economic growth is a sign that very soon Nigeria will get into a period of economic boom and only the wise and smart Nigerians who start investing now will reap the rewards. It is like bitcoin - its early investors are the multi-billionaires today.

"But why are Nigerians not experiencing this Buhari's miracle that the IMF is reporting about? As some people may taunt. This is how I can best describe it, Valerie says.

"Last year I had COVID-19 and had to be admitted. It was a terrible period for me in hospital, I couldn't breathe; a machine I was hooked up on was pumping oxygen into my lungs. When I was quite ill on admission, my oxygen level was in the 80 percent range. But after a few days, the monitors began showing my oxygen level at 90 percent. Then I still felt very ill. When it rose to 92 percent on the day I took my first long walk, I thought I was going to faint.

"The machines showed I was recovering but my body was still very weak and sick, still gasping for air. It took months of slow steady recovery before my body could catch up with what the monitors were saying. That is what is happening to us in Nigeria right now.

"There is grinding hardship, but President Buhari has put the nation on the path of recovery, and economists in the IMF offices are beginning to pick up Nigeria's soon coming economic boom.

In her words: "Unfortunately for Mr President, he may not be here in 2023 to reap the dividends of his vision through his Economic Recovery Growth Plan (ERGP).

This might just be President Buhari's story and why he was called to lead Nigeria in her most turbulent history. I have never known any President that survived two recessions, first in 2016 with oil prices at an all-time low and second in 2020 when COVID-19 pandemic hit, and yet today, our growth is better than that of Germany. It is incredible!

I also found it fascinating that IMF placed Nigeria as one of the leading emerging economies on the same list with nations like China, India and Russia.

I was reading an article by Femi Adesina the other day - he was quoting the United Nation's (UN) Chief, Antonio Gutteres, who said when he visited Nigeria: "I was extremely surprised. The image that exists is a situation of hopelessness.

But what I saw was a Borno of Hope". And by extension a Nigeria of Hope. He concluded by saying, "When there is good leadership, a lot of good things can happen".

Mrs. Zainab Ahmed (M), Honourable Minister of Finance, Budget and National Planning, at one of the IMF Springs Meetings in Washington DC.

2022 Q2 Nigerian GDP Grows By 3.54% Year-On-Year

By Jennet Ugo Anya

The National Bureau of Statistics (NBS) says that Nigeria's gross domestic product (GDP) grew by 3.54 percent in the second quarter of 2022 on a year-on-year basis.

This is contained in a statement issued by the Statistician-General of the Federation and Chief Executive Officer (CEO) of NBS, Prince Semiu Adeniran, on the Nigerian GDP Report Q2, 2022 in Abuja last week.

Prince Semiu said that in nominal terms, aggregate GDP stood at N45 trillion in the second quarter of 2022.

According to him, this performance is higher when compared to the second quarter of 2021 which recorded N39.12 trillion, indicating a year-on-year nominal growth rate of 15.03 percent.

He said that the nominal GDP in the preceding quarter of Q1 2022 stood at N45.32 trillion.

Adeniran said that in terms of real GDP, the second quarter of 2022 was recorded at N17.29 trillion.

"This is higher by N591.22 billion than the N16.69 trillion recorded in the second quarter of 2021.

"It is lower by N63.50 billion when compared to the first quarter of 2022 when the aggregate real GDP was N17.35 trillion."

Giving a breakdown of the report by sector, Adeniran said the crude oil production in the second quarter of 2022 recorded an average daily oil production of 1.43 million barrels per day.

He said that this was lower than the daily average production of 1.61mbpd recorded in the same quarter of 2021 by 0.18mbpd.

"This is also lower than the first quarter of 2022 production volume of 1.49mbpd by 0.06mbpd.

"Resultantly, the oil GDP grew by -11.77 percent in Q2 2022 and accounted for 6.33 percent of total output during the reference quarter."

The statistician-general said that the poor performance of the sector was occasioned by operational challenges such as vandalism of pipelines and oil theft.

Adeniran said the sector in the second quarter of 2022 was mainly driven by activities in the Information and Communication (telecommunication) sector, Trade, Financial and Insurance sectors.

"Others are the Transportation (road transport), Agriculture (crop production) and Manufacturing (food, beverage and tobacco) sector, all accounting for positive GDP growth."

Adeniran said in real terms, the non-oil sector contributed 93.67 percent to the nation's GDP in the second quarter of 2022.

He said this was higher than the share recorded in the second quarter of 2021 which was 928 percent and higher than the first quarter of 2022 at 93.37 percent.

On the broad sectoral performance, Adeniran said agriculture grew by 1.20 percent during the second quarter of 2022 in real terms.

He said this was lower than the second quarter of 2021 which recorded 1.30 percent.

"The industry grew by 2.30 percent, which is a decline over the figure recorded in the second quarter of 2021 when it recorded a growth of -1.23 percent."

The statistician-general said that the services sector grew by 6.70 percent, from 9.27 percent reported in the second quarter of 2021.

Adeniran said that agriculture, industry, and services contributed 23.24 percent, 19.40 percent, and 57.35 percent, respectively to GDP in the reference period.

According to him, this shows a higher contribution of services in the second quarter of 2022 compared to the second quarter of 2021.

What this also means is that the Nigerian economy continued on a positive trajectory, growing for the seventh consecutive quarter since the COVID-19 induced recession recorded in the third quarter of 2022. The growth recorded in the past two years is following significant expansionary monetary policies by the Central Bank of Nigeria (CBN), keeping the MPR at 11.5 percent.

However, due to the rising cost of goods and services, with inflation rate already at a 17-year high of 19.64 percent in July 2022, the apex bank raised the interest rate to 14 percent in a bid to curb rising prices.

2022 Q2 VAT At N600.15bn, Growth Rate Of 1.96%

By Majeed Salaam

On the aggregate, value added tax (VAT) for Q2 2022 was reported at N600.15 billion, showing a growth rate of 1.96 percent on a quarter-on-quarter basis from N588.59 billion in Q1 2022.

Local payments recorded were N359.12 billion, while foreign VAT payment contributed N111.13 billion in Q2 2022.

On a quarter-on-quarter basis, electricity, gas, steam and air conditioning supply recorded the highest growth rate with 116.47 percent, followed by Accommodation and food service activities with 42.44 percent.

On the other hand, Activities of extraterritorial organisations and bodies had the lowest growth rate with –42.39 percent, followed by activities of households as employers, undifferentiated goods- and services-producing activities of households for own use with –36.57 percent.

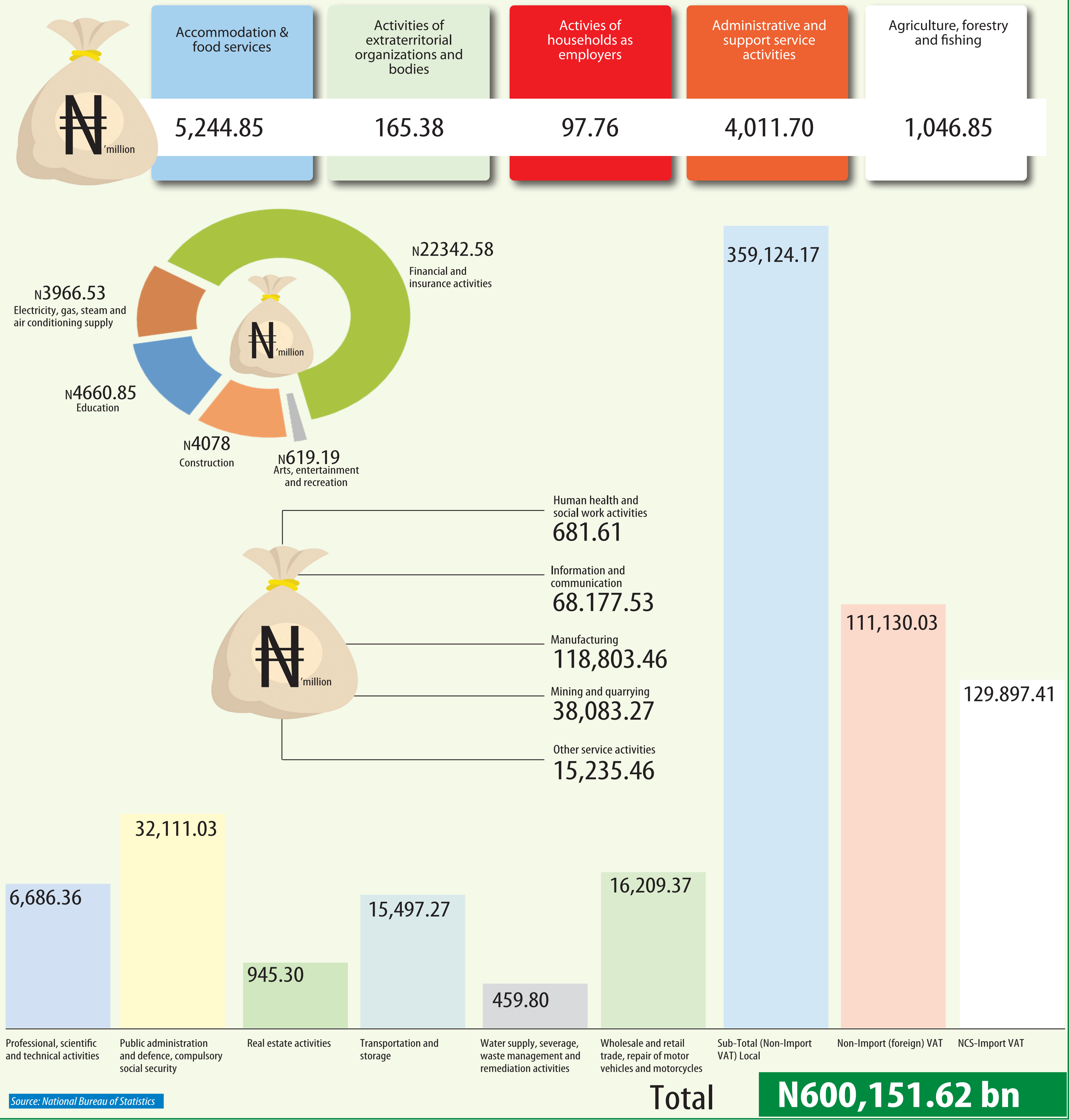
In terms of sectoral contributions, the top three largest shares in Q2 2022 were manufacturing with 33.08 percent; information and communication with 18.98 percent; and mining and quarrying with 10.60 percent.

Conversely, activities of households as employers, undifferentiated goods- and services-producing activities of households for own use recorded the least share with 0.03 percent, followed by activities of extraterritorial organisations and bodies with 0.05 percent; and water supply, sewerage, waste management and remediation activities with 0.13 percent.

However, on a year-on-year basis, VAT collections in Q2 2022 increased by 17.16 percent from Q2 2021.

Sectorial Distribution Of Value Added Tax

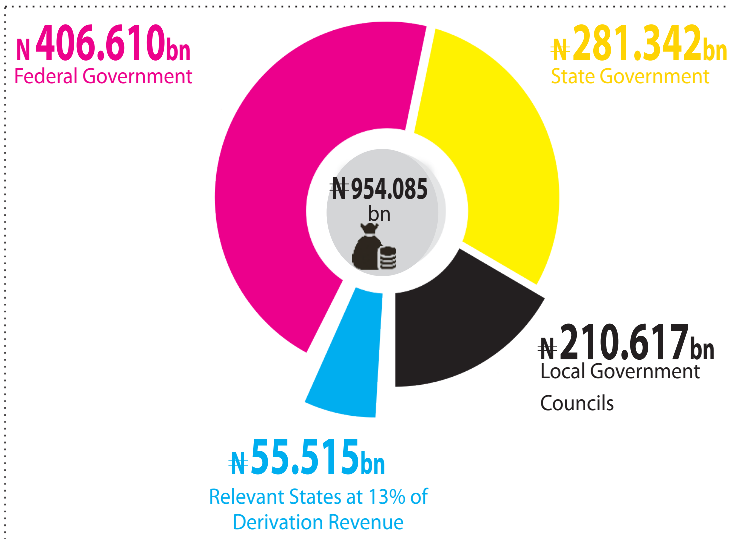
Q2 2022 (N'million)



L-R: Chairman Board of Directors, NDIC, **Mrs. Ronke Sokefun**; Permanent Secretary Finance, Federal Ministry of Finance, Budget & National Planning, **Mr. Aliyu Ahmed**; Hon. Minister, Federal Ministry of Finance, Budget & National Planning, **Dr. Mrs. Zainab Shamsuna Ahmed**; Executive Director, Corporate Services, NDIC, **Mrs. Emily Chidinma Osuji**; Managing Director/Chief Executive Officer, NDIC, **Mr. Bello Hassan**; Executive Director, Operations, NDIC, **Mr. Muhammad M. Ibrahim**, at the inauguration ceremony of the newly appointed Executive Director, Corporate Services of NDIC.

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

Federation Accounts Allocation Committee(FAAC) Share:



Statutory Revenue

Value Added Tax (VAT)

Gross Statutory Revenue

₦1,066.845bn

Balance in the Excess Crude Account

$470,599.54

Value Added Tax (VAT)

Gross Revenue ₦190.256bn

Decrease May ₦17.892bn

₦208.148bn

₦47.254bn Cost Of Revenue Collection

Statutory Revenue Distribution

₦776.918bn

Federal Government ₦380.035bn

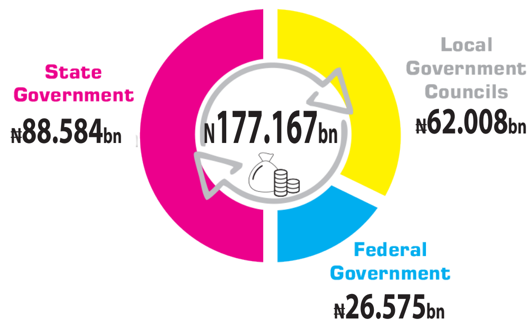
State Government ₦192.759bn

Local Government Councils ₦148.609bn

Derivation ₦55.515bn Relevant States at 13% Derivation Revenue

Deductions For Transfers, Savings And Refunds ₦255.762bn

Distributable Value Added Tax (VAT) Revenue



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.

EDITORIAL

Still On Whether Nigeria Can Achieve Carbon Neutrality By 2060

As it stands, Nigeria has sought to take the lead in just and equitable climate action on the African continent, more so with the Nigeria Energy Transition Plan (ETP). This is a home-grown, data-backed, multipronged strategy developed for the achievement of net-zero emissions in terms of the nation's energy consumption.

With the plan, the country is apparently playing a leadership role for Africa by promoting a fair, inclusive and equitable energy transition in Africa that will include gas as a 'transitionary fuel'.

The country's ETP sets out a timeline and framework for the attainment of emissions' reduction across five key sectors; power, cooking, oil and gas, transport and industry.

Within the scope of the ETP, as clearly stated, about 65 percent of Nigeria's emissions are affected.

Therefore, it is in the best interest to look at the key ETP objectives. At the core of the plan are the following imperatives: Lifting 100 million Nigerians out of poverty and driving economic growth, bringing modern energy services to the full population, managing the expected long-term job loss in the oil sector due to the reduced global fossil-fuel demand.

In the light of this plan, we are saying that there is need to streamline existing and new government related energy transition initiatives.

Nigeria's net-zero pathway will result in significant net job creation with up to 340k jobs created by 2030 and up to 840k jobs created by 2060 driven mainly by the power, cooking and transport sectors.

Unarguably, gas will play a critical role as a transition fuel in Nigeria's net-zero pathway, particularly in the power and cooking sectors. This is even as Nigeria's energy transition creates significant investment opportunities such as the establishment and expansion of industries related to solar energy, hydrogen, and electric vehicles.

The country has to transition away from diesel/petrol generators (which account for bulk of current generation capacity). This is to look at initial expansion of gas generation capacity to establish baseload capacity for meeting increased electricity demand and integrating renewables, in addition to ramp up renewables-backed electrification to facilitate decarbonisation in sectors such as buildings (cooking), industry and transportation.

It is that $1.9 trillion is required to get to net zero by 2060, including $410 billion above projected usual spending. We note that this additional cost translates to about $10 billion annually.

We also note that while this figure covers counter acting dynamics, on the record is that most of the effort will be needed in the power sector: Extra capital expenditure (CAPEX) is needed to finance the power sector generation capacity ($270billion), and the T&D infrastructure ($135billion).

The nation is also looking at significant savings in terms of fuel costs for power, considering the switch to 90 percent renewables (-$121 billion) compensates for some of the CAPEX increases.

Nigeria seeks to reset the discussions around international support to transition and build a 'new deal on climate finance' that focuses on clear, data-driven, action-backed, ambitious yet feasible emission-reduction commitments from developing countries supported by clear finance commitments from development partners.

We understand that CAPEX spend is to be driven by switch to zero-emissions technology. For instance, solar boilers are twice as expensive as gas boilers, driving about $8 billion of the cost differential. In addition, the use of zero emission fuels such as hydrogen in ammonia production and high temperature heating contribute to operational costs.

CAPEX is also to be driven by costs to build out generation capacity for electrifying full population as well as key sectors to aid decarbonisation. To achieve net-zero goals, about 220GW of solar, biomass and hydro generation capacity, 90 GW of storage and 34GW of hydrogen systems need to be built.

However, significant operational expenditure savings are expected due to minimal cost to operate low emissions appliances. For instance, natural gas cost of $0.007/MJ and diesel cost of $0.015/MJ compared to no operational fuel costs for renewable power.

For the oil-and-gas, there is minimal CAPEX spend beyond usual spending due to oil sector decline despite gas increase. It is important to note that additional costs will be incurred for the application of carbon capture and storage (CCS) in refining ($6 billion) and gas expansion in the 2020s-2030s ($4 billion).

However, operating expenditure (OPEX) savings are expected due to efficiency improvements as part of transition plan.

With all this and more, we see that Nigerian can achieve Carbon Neutrality By 2060. But the government has to be focused to ensure that all the initiatives are put together for the same purpose and for the benefit of the entire country.

SEC Saves N2.5bn In Six Months, Slashes 30% Personnel

By Kirk Obed

The Securities and Exchange Commission (SEC) has reduced its workforce by 30 percent, leading to N2.5 billion in savings in the first half of 2022.

With this, the commission was able to bridge the projected N1.6 billion deficit in the period.

The Director-General (DG) of SEC, Lamido Yuguda, told the House of Representatives Committee on Finance at the 2023-2025 Medium Term Expenditure Framework/Fiscal Strategy Paper (MTEF/FSP) last week that those affected are in the management cadre.

The commission offered some top personnel a voluntary exit package to fulfil its promise to reduce the top-heavy structure.

The DG said: "Mr. Chairman, we were top heavy and we said before this committee that we had a plan to offer a voluntarily early exit to some of our top personnel, and I am happy to report that at the end of last year, we offered this scheme and quite a number of our staff took the offer. And we were able to substantially reduce our workforce by almost 30 percent."

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

The move which has helped to reduce the commission's wages, saved it N2.5billion within the first half of this year, helping it to navigate 2020 and 2021 which were particularly difficult during which the SEC ran on the deficit.

"When we came on board, it was very difficult. But we assured the National Assembly that we were going to take certain actions to make this deficit a thing of the past, and our story this year is that we have turned the corner", Mr. Yuguda said.

In his words: "If you look at our 2021 and 2020, compare with the 2022 budget and the six months in 2022 you will see that there is an actual improvement in the way we manage the finances of the commission.

Speaking further, he also said: "It shows our budget for 2022 and the actual out time for the first half of that year. You can see that we projected a deficit of N1.6billion, but as at the end of the first half, we have a surplus of about N2.5billion".

He stated that the presentation was a summary of the efforts the current management has made over the past few years to position the commission on the path of fiscal sustainability.

Mr. Yuguda noted that although the commission makes more money when the economy is buoyant, due to the current shape of the economy, there was the need to cut costs to ensure.

While admitting that the commission has been operating under very difficult circumstances since it is currently superintending over a market that was affected by the negative impact of the coronavirus pandemic, he assured that steps are being taken to ensure that the fortunes of the SEC continue to improve.

"If we go through the medium-term expenditure framework which we started last year, if we look at 2022 and 2023, you will see that we have worked on our expenditure and the deficit is now turning into a surplus. We, therefore, need the support of all to engineer the kind of transition we are thinking of at the SEC."

Chairman of the Committee, Hon James Abiodun Faleke, then said: "Last year when you came here, we challenged you to look inwards and return the SEC to sustainability, and I am happy you have done that and that you are living up to expectations. I want to commend you for your efforts thus far, while also admonishing you to work harder."

Finance Minister Presents MTEF, Projects N8.46trn Revenue In 2023

• Says $1.9trn Needed To Achieve Carbon Neutral Economy

By Musa Ibrahim

As part of efforts to ensure timely presentation of the national budget and open up more revenue sources to finance the country's project for 2023 fiscal year, Nigeria's lower chamber commenced an interactive session on the 2023-2025 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP).

The session was in Abuja with ministers and various heads of revenue generating agencies of the federal government.

The Federal Executive Council (FEC) had on July 27, 2022, approved the 2023-2025 MTEF/FSP. Then, Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said that the ministry got inputs from the council and would make the necessary adjustments for onward presentation to the national assembly.

While making her presentation, Mrs. Ahmed said that the federal government was proposing an aggregate expenditure of N19.76 trillion for the 2023 fiscal year.

She, however, said that she may not be able to make provision for treasury funded capital projects next year.

According to her, budget deficit for the 2023 fiscal year may run between N11.30 trillion and N12.41 trillion, depending on the choice that would be made by the federal government on the issue of fuel subsidy payment.

She stated that the government was projecting a total revenue of N8.46 trillion, out of which N1.9 trillion is expected to come from oil-related sources while the remaining balance is to come from non-oil sources.

Mrs. Ahmed explained that crude oil price is pegged at $70 per barrel at the exchange rate of N435.57 per dollar, oil production is put at 1.69 million barrel per day, real Gross Domestic Product (GDP) growth is projected at 3.7% while inflation is put at 17.16% in 2023.

She also said that petrol subsidy would remain up to mid-2023 based on the 18-month extension announced early 2021, in which case only N3.36 trillion will be provided for it in next financial year.

The Honourable Minister further said that Nigeria has been able to consistently,


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

without fail, service her debt, and the country do not have any projections even in the near future, to fail in that obligation.

"The budget deficit is projected to be N11.30 trillion in 2023, up from N7.35 trillion in 2022. This represents 5.01% of the estimated GDP above the 3% threshold stipulated in the Fiscal Responsibility Act (FRA), 2007.

This deficit level assumes that petrol subsidy reform will be implemented from mid-2023 in line with the timeline for suspension thereof. The draft 2023-2025 MTEF/FSP has been prepared against the backdrop of continuing global challenges occasioned by lingering COVID-19 pandemic effects, as well as higher food and fuel prices due to the war in Ukraine.

Overall, fiscal risks are somewhat elevated, following weaker-than-expected domestic economic performance and structural issues in the domestic economy," the Honourable Minister added.

Meanwhile, Mrs. Ahmed has also said that Nigeria needs $1.9 trillion to achieve a carbon-neutral economy by 2060.

She stated this recently at the official global launch of the energy transition plan by Vice-President Yemi Osinbajo.

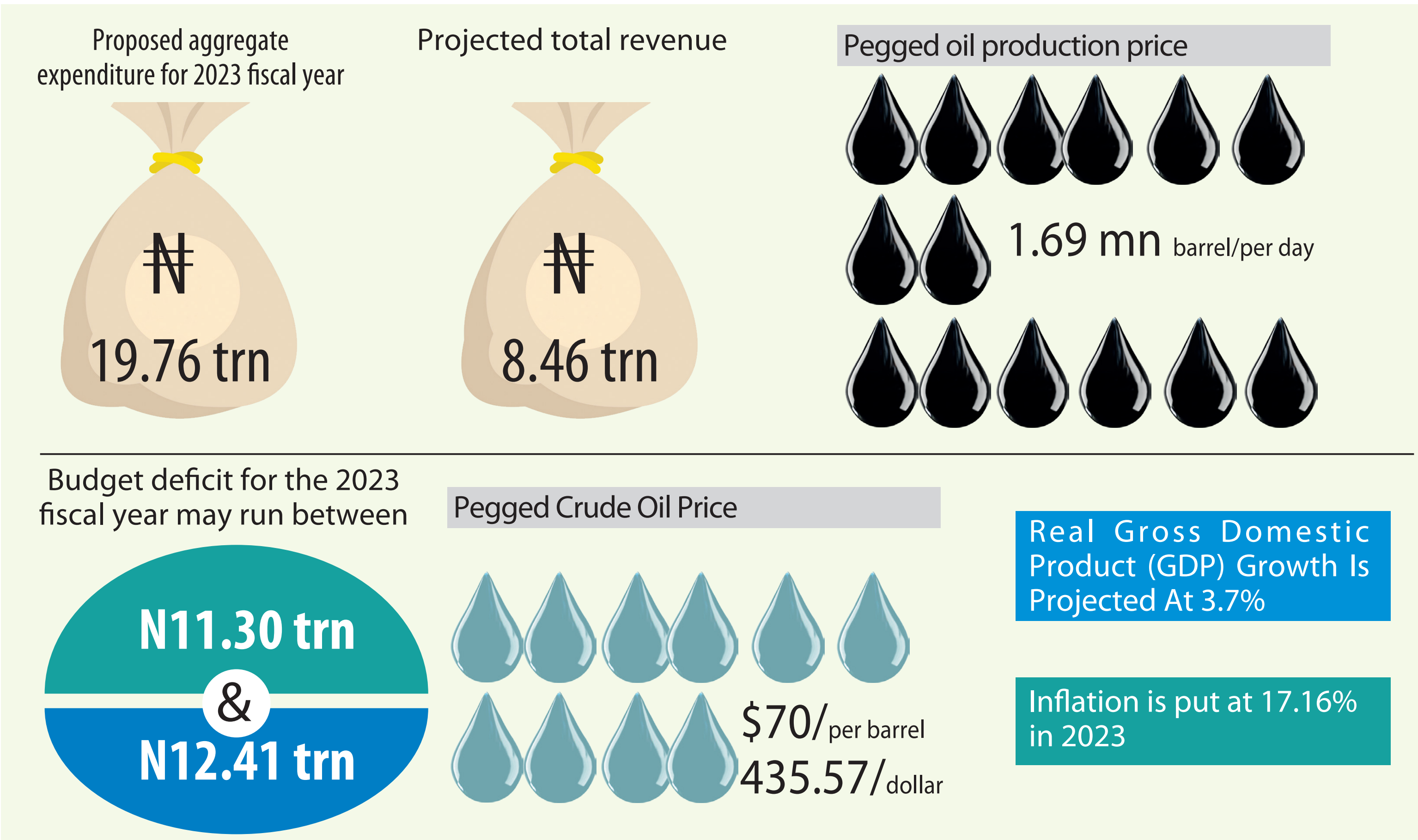
Mrs. Ahmed said that the plan requires huge financial support.

"According to the plan, delivering Nigeria's net-zero target plan requires spending $1.9 trillion up to 2060, including $410 billion above business-as-usual," she said.

This additional financial requirement breaks down to $150 billion next expense on improving generation capacity, $135 billion on building transmission and distribution infrastructure, $79 billion on developing clean cooking solutions, $21 billion on decarbonising industries, and $12 billion on transport and another $12 billion on oil and gas decarbonisation."

Mrs. Ahmed added that the country would need to crowd in about $10 billion per annum till 2060 to deliver the additional funding required for implementing its energy transition plan.

"Access to finance remains the biggest challenge for accelerating climate and development action in Africa," the Honourable Minister said.



NEWS IN PICTURE

The Japanese Ambassador Extraordinary and Plenipotentiary and Permanent Representative to ECOWAS, **Mr. Matsunaga Kazuyoshi,** during a courtesy call to the Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** recently.

NEWS IN PICTURE

OFFER CIRCULAR

DEBT MANAGEMENT OFFICE
NIGERIA

Pursuant to the Debt Management Office (Establishment) Act 2003 and the Local Loans (Registered Stock and Securities) Act, CAP. L17, LFN 2004

DEBT MANAGEMENT OFFICE

on behalf of the

FEDERAL GOVERNMENT OF NIGERIA

Offers for Subscription by Auction

and is authorized to receive applications for

₦75,000,000,000 - 13.53% FGN MAR 2025 (10-Yr Re-opening)*
₦75,000,000,000 – 12.50% FGN APR 2032 (10-Yr Re-opening)*
₦75,000,000,000 – 16.2499% FGN APR 2037 (20-Yr Re-opening)*

Auction Date: September 19, 2022
Settlement Date: September 21, 2022

SUMMARY OF THE OFFER

ISSUER:
Federal Government of Nigeria ("FGN")

UNITS OF SALE:
₦1,000 per unit subject to a minimum subscription of ₦50,001,000 and in multiples of ₦1,000 thereafter.

INTEREST RATE:

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

INTEREST PAYMENT:
Payable semi-annually

REDEMPTION:
Bullet repayment on the maturity date

STATUS:
1. Qualifies as securities in which trustees can invest under the Trustee Investment Act.
2. Qualifies as Government securities within the meaning of Company Income Tax Act ("CITA") and Personal Income Tax Act ("PITA") for Tax Exemption for Pension Funds amongst other investors.
3. Listed on the Nigerian Exchange Limited and FMDQ OTC Securities Exchange.
4. All FGN Bonds qualify as liquid assets for liquidity ratio calculation for banks.

SECURITY:
FGN Bonds are backed by the full faith and credit of the Federal Government of Nigeria and are charged upon the general assets of Nigeria.

INTERESTED INVESTORS SHOULD CONTACT OFFICES OF ANY OF THE FOLLOWING PRIMARY DEALER MARKET MAKERS (PDMMs):

Access Bank Plc.
Citibank Nigeria Ltd.
Coronation Merchant Bank Ltd.
Ecobank Nigeria Ltd.
FBNQuest Merchant Bank Ltd.
First Bank of Nigeria Ltd.
First City Monument Bank Plc.
FSDH Merchant Bank Ltd.
Guaranty Trust Bank Ltd.
Stanbic IBTC Bank Plc.
Standard Chartered Bank Nigeria Ltd.
United Bank for Africa Plc.
Zenith Bank Plc.

* The DMO reserves the right to alter the amount allotted in response to market conditions.

Why Nigeria's Debt Is Rising - DMO DG

• Debt Profile Now Stands At 41.6mn

By Musa Ibrahim

Ms. Patience Oniha, Director-General (DG) of DMO

The Director-General (DG) of the Debt Management Office (DMO) Ms. Patience Oniha, has linked Nigeria's high debt profile to lack of revenues and approval of the annual budget with a deficit by the National Assembly.

She said that the constant approval with deficit increased the debt stock of the country.

She also said that Nigeria had been running on budget deficit for many decades, which in turn affected its revenue profile.

Appearing before the House of Representatives Committee on Finance interfacing with the DMO on the heels of the consideration of Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) from 2023 to 2025, Ms. Oniha said that Nigeria's debt profile now stands at N41. 6 trillion

According to her, until the issues of personnel, overhead and capital expenditure are properly addressed in the budget, borrowing will not stop.

She said: "As you know, we publish the debt numbers quarterly which is why there is a lot of discussions around it. But let me just give some numbers. As at December 2020, the debt stock of Nigeria, and that includes the federal, state governments and the Federal Capital Territory (FCT) was N32.92 trillion.

"By December 2021, it was N39.556 trillion. As at March this year, it was N41.6triilion. On the average, it (federal government) is about 85 percent of the total. Technically, the bulk of it is the federal government's.

"Debt has grown and that has come really from the annual budget. There are three levels where those borrowings have increased. We have been running deficit budget for many years. So, each time you approve a budget with a deficit, by the time we raise that money, because when you approve, it is giving us a mandate, authority to borrow.

"It will reflect in the debt stock. So, debt stock will increase. Also remember that states are equally borrowing. So, we add their own. They also have laws governing their borrowings.

"The Second leg to that really is as debt stock increases, so does debt service. And so, the clear message is go through the budget, we have been having deficit budget for many years and have been borrowing significantly.

How To Lessen Debt Burden

Speaking further, Ms. Oniha said: "From COVID in 2020, the level of borrowing had increased significantly, as you know. Those budgets pass through this House. The issue is, how do you reduce that debt? One of it is revenues, which we have talked about.

"So, if revenues are high, your deficit will be lower and your new borrowing will be lower, and then your new borrowing will be less and your debt stock will be slower and debt service to revenue will now be so high.

"So, the challenge is, we have been borrowing because of shortfalls. So, the other thing to do is, let us look at our expenditure profile. What can we do to reduce this, because you are asking me what is the remedy.

"It is from the budget. There is revenue, there is expenditure listed in various categories – personnel, overhead and capital. So, those are what bring out the deficit we borrow for. It is those things that should be interrogated, in addition to increasing revenue significantly.

"Let me say that a World Bank report just showed that in terms of debt-to-GDP ratio, Nigeria is low but for debt-service-to revenue ratio, we are very high. So, if you look at tax-to-GDP ratio of these other countries, they are in multiples.

"The World Bank report did a survey and I think it is about 197 countries and Nigeria is number 195, meaning we beat only two countries and that was Yemen and Afghanistan, and I do not think we want to be at those places.

"So, we cannot talk about borrowing without talking about revenues and we cannot ask, why is the debt stock growing? It is growing because we are running deficit budget and some of you may be aware we are also issuing promissory note to refinance arrears of government, which also comes to the National Assembly for approval.

"What we as DMO have been saying, particularly since 2020, when the MTEF for 2021 to 2023 was being prepared, is hey, let us begin to look at revenues, because as debt is growing, debt services are increasing.

"So, the language we used was for debt to be sustainable in the medium term. Sustainable means you can service your debt without difficulty, without it consuming all your revenues, because you have very little for other projects.

"You must look at revenues very closely; and I think the discussions you have had with the Customs Service is one part of it. There are many other revenue generating agencies. So, we must increasingly begin to look at our revenue for funding activities as opposed to deficit.

"We talk about N11 trillion deficit and borrowing for 2023. How much is the revenue there? That is one. When we looked at the first tranche that was N10 trillion for full year of subsidy and N9 trillion for subsidy next year, the size of the borrowing was 62 percent of the budget. That is high.

"The responsibilities, I think, are on both sides. Query the various expenditure lines and see what it is we can handle. So, if the deficit is lower, the borrowing will be lower and that is how to grow on a slower pace." she further highlighted.

> Sustainable means you can service your debt without difficulty, without it consuming all your revenues, because you have very little for other projects.

The DMO DG justified the past borrowings, pointing to the modernisation of the airports and the construction of more rail-lines and roads.

"I think we should be fair to ourselves as people serving Nigeria to say we cannot see what we use the borrowing for. This might not be exactly true. Look at the airports. How many do you have?

"You have a new international airport in Abuja, you have the modernisation in Kano, even Enugu that is now international. Those came from borrowings. The rail-lines have also come from borrowings.

"So, it is not a zero performance. Those things generate revenue in some other countries. We have those projects, not just this one in Abuja. Then on Sukuk, which is a project-tied borrowing, you have seen those ones," she said.

In his remarks, Deputy Chairman of The Committee, Saidu Abdullahi, who presided over the session, said that the country was on a good pedestal to keep borrowing.

"I want to appreciate the fact that for a developing country, the need for borrowing will always be there. It does not matter how much we make; the country must borrow.

"What we should be interested in is the sustainability of what we are borrowing, and from what she has said, the country is on a good pedestal in terms of managing its borrowing," he said.

COMPULSORY EMPLOYEES GROUP LIFE INSURANCE

(Under the Pension Reform Act 2014 as amended)

A.FOR WHOM

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

B.WHAT DOES THE POLICY COVER

Compulsory

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

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

Optional

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

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

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

C. HOW MUCH COMPENSATION DO I GET

I). Payroll Employees

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

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

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

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

ii). Non Pay-roll Employee

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

D. WHO IS LIABLE

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

E. HOW MUCH DO I PAY AS PREMIUM

Kindly contact the nearest insurance brokers or a life underwriter

G. WHO PAYS THE PREMIUM

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

H. PENALTY FOR NON-COMPLIANCE

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

Ensure Compliance To Avoid Prosecution

NATIONAL INSURANCE COMMISSION

www.naicom.gov.ng

...for a healthier Insurance Industry in Nigeria

FG Rescues Nigerian Steel Industry From Global Group

• Pays $5.2bn Claim

By Edmond Martins

The federal government on the 3rd of September 2022 announced in Abuja that it had settled a claim of $5.258 billion in mediation under the International Chamber of Commerce (ICC) alternative dispute resolution (ADR) framework for $496million.

The claim was brought against the Nigerian government in respect of contracts for the ownership and control of its steel and iron ore sectors entered into between 2004 - 2007. The settlement agreement came into effect on 19 August, 2022.

The Honourable Attorney-General of the Federation (AGF) and Minister of Justice, Abubakar Malami stated: “In reducing the claim brought by the international firm of King and Spalding, legal representatives of the Global Group, by 91 percent, the federal government has left precious little on the table.

Global Steel, which is linked to India's Mittal family, had between 2004-7 acquired rights to Nigeria's entire state steel industry via five major concessions and share purchase contracts. The deal also included access to Nigeria's iron ore reserves and the central railway network.

The administration of His Excellency, President Muhammadu Buhari, has by this settlement now rescued the Nigerian steel industry from interminable and complex disputes with a foreign investor group in the steel space – Global Steel Holdings and Global Infrastructure Steel.”

The Global Group had acquired contractual rights to Nigeria’s entire state steel industry between 2004 – 2007 via five major (concession and share purchase) contracts that embraced Ajaokuta steel, Delta steel, the nation’s reserves of iron ore, and central railway.

In 2008, the Umaru Yar’Adua’s administration proceeded to terminate these contracts. Global steel, in consequence, took the federal government to the ICC Court of Arbitration, Paris, commencing arbitration in 2008.

Ill-fated attempts at settlements lasted from 2011 – 2020.

In May 2020, Global Group threatened a resumption of the ICC arbitration in abeyance and announced an anticipated claim in damages of USD$10-14 billion against the Nigerian State.

The settlement negotiated under the constitutional auspices of the office of the Honourable AGF and Minister of Justice had the active involvement and support of the supervisory minister of the steel sector, Honourable Minister of Mines and Steel Development, Arc. Olamilekan Adegbite and the Honourable Minister of Finance, Budget, and National Planning, Mrs. (Dr) Zainab Shamsuna Ahmed.

Dr Tunde Ogowewo, a barrister (and senior academic at King’s College London), advised the government throughout the process.

The Honourable Attorney-General of the Federation and Minister of Justice, Abubakar Malami stated: “His report, FGN counsel’s report for the Honourable Attorney-General of the Federation and Minister of Justice, Federal Republic of Nigeria on Case Reference 15539/VRO/AGF/ZF/

TO/AZR/SPN) – at over 1,000 pages is a guide to successive governments on how to avoid such contractual disputes and where they occur, how to reach cost-effective savings for the benefit of the Nigerian taxpayer.”

Between 2011 and 2020, Global Steel and the Nigerian government made several attempts to settle but failed.

Nigeria's AGF and Minister of Justice Abubakar Malami, who led the negotiations, said that the government had managed to get a 91 percent haircut on the original claims of $5.258 billion.

"I pay tribute to President (Muhammadu) Buhari for his dedication to resolving this problem and wrestling back a crown jewel of our national industrialisation plans rather than leaving the endeavour to the future administration to deal with," he said.

The supervisory minister for the steel and mines sector, Arc. Olamilekan Adegbite, stated: “Future arrangements – sale or concessions – must be carried out with the interest of the nation at heart and in compliance with the law. If we fail, our steel sector will produce more litigation than steel.”

The Honourable Minister of Finance, Budget, and National Planning, Mrs. (Dr) Zainab Shamsuna Ahmed, who was keen to ensure that the national debt was not vastly increased through contractual liabilities stated: “Our national debt is not only a function of sovereign borrowings – it is swelled by legal claims brought as a result of contractual disputes. Terminating bad contracts is often as costly as entering into bad contracts.”

NAICOM Inaugurates Committee To Draw Up10-year Development Plans

By Felix Omoh-Asun

The National Insurance Commission (NAICOM) has inaugurated an Insurers Committee, made up of insurance industry’s players to work out a 10-year development plans.

The 10-year industry-wide strategic plan will help the industry to contribute to the growth of the economy.

This was the fallout of the committee meeting, held in Lagos, according to the Vice-Chairman, Publicity Sub-Committee, Mr. Segun Omosehin.

He said that associations in the industry have been asked to nominate members who would constitute the team to be responsible for drafting a document for the industry’s growth.

Mr. Omosehin noted that at their general meeting, professionals agreed on the need for an industry-wide strategic plan, a strategic document that would codify the long-term aspiration of the industry within 10 years.

He, who is also the Managing Director/Chief Executive Officer, Old Mutual Insurance Plc, said that the document would be a high-level working plan capturing what the industry intends to achieve in a decade.

“The need for a strategic plan

Sunday Thomas, Commissioner for Insurance/Chief Executive Officer, National Insurance Commission (NAICOM)

in the sector is also to enable the industry to have codified strategic initiatives that will be implemented over a given period of ten years. This will help the successive leadership that comes in to address some challenges in the sector.

“It will help to guide the action of leadership in terms of what we want to achieve as an industry. It will keep us in focus. That is what the strategic document is meant to do for the industry and it will cut across the entire gamut of the industry from underwriting to broking to adjusting. It is going to be a 10-year plan,” Mr. Omosehin added.

The industry rebranding project, according to him, becomes an integral element of the document. He said it will help successive leaders that come to run along with the broad picture and industry-wide objectives.

He said that another decision taken at the meeting was the revised guidelines on Bancassurance. “We received some cheery news that regulator is likely to release some new guidelines on Bancassurance. Some elements in the guidelines are being reviewed and so we are hopeful and looking forward to some revised role on the operations of Bancassurance,” he said.

Speaking in the same vein, on the document, a member of the committee, and Head, Corporate Communication and Market Development, National Insurance Commission (NAICOM), Rasaaq Salami, said NAICOM as a regulator, will be part of the plan to cover the various associations in the industry.

He said different associations in the industry have been asked to come up with members that will be part of the committee that will handle the drafting of the document.

Earlier, the commission said it was moving towards recapitalisation.

NAICOM, by its mandate, stands for a safe and stable insurance industry competing globally and contributing optimally to Nigeria’s economy

It is to effectively regulate, supervise and develop the Nigerian insurance industry for the protection of insurance consumers and other stakeholders.

The mandate of the commission as specified in the enabling law (NAICOM Act 1997) is to discharge and establish standards for the conduct of insurance business in Nigeria.

It is also to approve rates of insurance premiums to be paid in respect of all classes of insurance business, ensure adequate protection of strategic government assets and other properties, regulate transactions between insurers and reinsurers in Nigeria and those outside Nigeria.

Act as adviser to the federal government on all insurance related matters, it approves standards, conditions and warranties applicable to all classes of insurance business.

NAICOM also protects insurance policyholders, beneficiaries and third parties to insurance contracts, publish for sale and distribution to the public, annual reports and statistics of the insurance industry, liaise with and advise federal ministries, extra ministerial departments, statutory bodies and other government agencies on all matters relating to insurance contained in any technical agreements to which Nigeria is a signatory, contributes to the educational programmes of the Chartered Insurance Institute of Nigeria and West African Insurance Institute; and carry out other such activities connected or incidental to its other functions under the Act.

How CBN's Interventions To Private Sector Hit N4.4trn

• Sells N446bn Treasury Bills In August

The Central Bank of Nigeria (CBN) in its quest to boost productivity in different sectors of the Nigerian economy has over the years granted credit facilities to key players in the sectors. ***Musa Ibrahim*** *writes.*

Mr. Godwin Emefiele, Governor, Central Bank of Nigeria.

Available records have shown that the CBN has so far disbursed cumulatively over N4.4 trillion in intervention funding to the private sector as at July 2022.

Analysis of the data from the CBN shows that the bank disbursed a total of N4.4 trillion on the Anchor Borrowers' Programme (ABP), Commercial Agriculture Credit Scheme (CACs), Real Sector Support Fund, Greenfield and Brownfield projects and 100 for 100 policy initiative.

Others include, cumulative disbursements to healthcare sector, power sector and metering.

Checks by fmfinsights show that the CBN under the ABP disbursed a total of N1.01 trillion to over 4.21 million smallholder farmers cultivating 21 commodities across the country.

A testament by the bank indicates that the flagship ABP has changed Nigeria's long-standing dependence on imported rice as the country has now become a rice exporting country.

Also, under the Commercial Agriculture Credit Scheme, the CBN has disbursed a cumulative of N744.32 billion for 678 projects in agro-production and agro-processing while cumulative disbursements under the Real Sector Facility for Manufacturers currently stands at N2.183 trillion for the financing of 414 real sector projects across the country.

Furthermore, the funds were utilised for both greenfield and brownfield projects under the COVID-19 Intervention for the Manufacturing Sector (CIMS) and the Real Sector Support Facility from Differentiated Cash Reserve Requirement (RSSF-DCRR).

The apex bank also disclosed that it has disbursed N68.13 billion to beneficiaries under its 100-for-100 Policy on production and productivity since the commencement of the intervention.

According to the bank, the cumulative disbursements under the intervention are 26 in manufacturing, 17 in agriculture, three in healthcare and two in the services sector.

For instance, cumulative disbursements stood at N133.42 billion for 129 projects, comprising 76 hospitals, 32 pharmaceuticals, and 21 other healthcare services.

Cumulative disbursement under the NEMSF-2 currently stands at N254.46 billion. The money for the power sector was given to distribution companies (DisCos) for their operational expenditure (OPEX) and capital expenditure (CAPEX), under the Nigeria electricity market stabilisation facility – Phase 2 (NEMSF-2)

Also, a further N47.82 billion was disbursed under the national mass metering programme (NMMP), for the procurement and installation of 865,956 meters across the country.

It will be recalled that the CBN had reiterated the importance of collaboration between the fiscal and monetary authorities.

The CBN Governor, Mr. Godwin Emefiele, during a seminar for Finance Correspondents and Business Editors with the theme: 'Policy Options for Economic Diversification: Thinking Outside the Crude Oil-Box' which held in Lagos recently, noted that with Nigeria's population growing by over three percent per annum over the past seven years and its quest to build a more sophisticated economy, the production and industrial capacity of the economy must be given special attention.

"Nigeria has largely depended on the oil sector for revenue generation over the past four decades and the sustained decline in crude oil production has continued to negatively undermine the performance of the economy. Thus, there is the urgent need for a conscientious effort to diversify to other non-oil sectors.

With our population growing by over three percent per annum over the past seven years, against a less than steady growth in output since 2019, expanding the production and industrial capacity of the economy must be given special attention to ensure overall macroeconomic stability," he said.

Meanwhile, in the month of August 2022, the CBN sold a total of N446.15billion in treasury bill auctions.

This was 9.47 percent higher than the N407.55billion allotted in June. Specifically, for the 91-day tenor, the CBN sold a total of N3.43billion in August 2022 compared to N5.97billion sold in July 2022, a decline of 43 percent.

For the 182-day tenor, the amount sold increased by 319 percent to N11.52billion in August 2022 from N2.75billion in July 2022 while for the 364- day tenor, the amount sold increased by 8 percent to N431.19billion from N398.83billion in the previous month. The 364-day bills made up 94.21 percent of total sales as investors continued to seek higher yield investment opportunities. Year-to-date, the CBN has sold a total of N3.34trillion in Treasury bills, 34 percent over the N2.5trillion offered for sale.

As expected, the sales in August were at higher costs as stop rates increased steadily. The 91- day stop rate increased to 4.0 percent at the August 24 auction from 3.5 percent at the August 10 auction, 2.8 percent (July 27), and 2.75 percent (July 13). Similarly, the 182-day stop rate increased to 5 percent as of 24 August from 4.5 percent (August 10), 4.1 percent (July 27), and 4 percent (July 13) while the 364-day stop rate increased to 8.5 percent as of August 24, 2022, from 7.45 percent (August 10), 7.0 percent (July 27), and 7.0 percent (July 13).

Additionally, year-to-date, the CBN has sold a total of N800billion via the Open Market Operations (OMO), 13 percent over the N710billion offered. However, there were no OMO auctions in the April, July, and August. Beyond, the short-term instruments, the federal government sold a total of N1.72trillion in FGN Bonds, 9.41 percent over the N1.58trillion offered for sale.

"In all, the federal government sold a total of N5.86trillion ytd, 22.58 percent over the N4.78trillion offered for sale. While the increase in treasury bill yields on the back of the steady increase in inflation and hike in the Monetary Policy Rate (MPR) is expected, we, however, note that the federal government currently has limited capacity to accommodate any significant increase in cost of borrowing.

Nigeria has largely depended on the oil sector for revenue generation over the past four decades and the sustained decline in crude oil production has continued to negatively undermine the performance of the economy.

NIGERIA CUSTOMS SERVICE (NCS)

fmfinsights
Economy & Investment
Free

fmfinsights fmfinsights @fmfinsights www.fmfinsights.com
Monday, 12th - Sunday, 25th September, 2022

POLICY BRIEF

with

ENAM **OBIOSIO**

Complicated Climate Finance Structure, Wholistic Framework That Defines Nigeria's Climate Vision

Greening agricultural banks and the financial sector have been making frantic efforts to foster climate resilient, low emission smallholder agriculture in the great green wall (GGW) countries.

Nigeria in particular adopted its revised National Climate Change Policy (for 2021-2030) in 2021 (and previously drafted in 2012), a wholistic framework that defines the country's vision and response plan to address climate change while incorporating critical mitigation and adaptation elements. It prescribes sectoral and cross-sectoral strategic policy actions for the management of climate change within the country's pursuit of climate resilient sustainable development.

Nigeria has also adopted additional policies, strategies, and action plans related to addressing climate change, including the National Biodiversity Strategy and Action Plan of 2016, the National Policy on Drought and Desertification of 2007, the Great Green Wall for the Sahara and Sahel Initiative National Strategic Action Plan of 2012, and the Reduce Emissions from Deforestation and Forest Degradation (REDD+ Strategy) of 2019, among others.

However, some experts are of the opinion that environmental programs and the ministries and agencies that oversee them are chronically underfunded and underequipped resulting in little progress towards conservation.

Recall, at COP26 in Glasgow, President Muhammadu Buhari announced that Nigeria will cut its carbon emissions and reach net-zero by 2060. The President subsequently assented to the Climate Change Act of 2021 that mandates the creation of five-year emission budgets, with a view to achieving net-zero greenhouse gas emissions between 2050 and 2070.

Nigeria also established a climate change program which identifies factions that would reduce energy consumption and improve energy efficiency, reduce energy cost, and facilitate the transition to renewable energy.

Subsequently, the government developed its long-term low greenhouse gas emissions development strategy which fed into the Long-Term Vision to 2050 strategy. The vision states that: "By 2050, Nigeria is a country of low-carbon, climate-resilient, high growth circular economy that reduces its current level of emissions by 50 percent, moving towards having net-zero emissions across all sectors of its development in a gender-responsive manner."

The government, in collaboration with the Agency Française de Development, launched the deep decarbonisation pathway program which aims at engaging key stakeholders and igniting conversations on supporting Nigeria's long term climate change objectives including the goal of net-zero emissions.

There is the view that existing challenges related to chronic underfunding of environmental protection programs will likely also impact Nigeria's success at reducing emissions to meet these legislated timelines.

So far, the government has sought ways to mobilise finance for climate change from several sources as well as to create an enabling environment for private sector investment in climate change mitigation and adaptation.

Nigeria's Long-Term Vision to 2050, which is a precursor to the long-term low emissions development strategy, leverages several guiding principles to achieve such objectives, among which include effective citizen participation. The government is also exploring private sector participation in the use of 'green bonds' and other innovative financial instruments to raise funds relating to climate issues.

The green bond advisory group is made up of public and private sector institutions to provide high level oversight to such climate-relating financing goals.

Accordingly, the government has taken steps to apply nature-based solutions to mitigate and adapt to the impacts of climate change through its REDD+ project and the Great Green Wall Initiatives programs. The government had announced plans to restore mangroves in the Niger Delta under the 'Mangrove for Life' project since mangroves store more carbon than the traditional rainforest.

The project aims to improve coastal sustainability by increasing mangrove cover by at least 25 percent. It is however noticeable that despite the encouraging developments, enforcement remains weak as reports of widespread and endemic illegal logging continue to decimate Nigeria's remaining forested areas.

The Public Procurement Act of 2007 and the Public Procurement (Goods and Works) Regulations of 2007 mandate environmental considerations during examination of bids and disposal of public property, respectively.

No wonder, therefor, the Bank of Industry (BoI) on Monday last week said it has accessed a €100million credit under the Transforming Financial Systems for climate programme of the agency, in collaboration with the Green Climate Fund.

The Managing Director (MD) of BoI, Olukayode Pitan, disclosed this at the 2nd regional roundtable on 'Creating world class sustainable development financial institutions through embracing holistic sustainability'.

At the event, organised by the Africa Association of Development Finance Institutions, Pitan, who is also the chairman of the Association of Nigerian Development Finance Institutions, said the €100million would be channelled towards financing investments that contribute to mitigation and adaptation measures to climate change, toward promoting low-emission transition in Nigeria. He said that the BoI also has access to the $600million Global Environment Fund/ Resource Efficiency and Cleaner Production credit guarantee scheme that would support it in financing the procurement of plant and machinery for projects that would promote industrial energy efficiency.

Considering the importance of preserving the climate, African Development Bank (AfDB) and International Monetary Fund (IMF) economists have sought climate financing intervention for Africa.

The experts at a panel discussion on the African Development Bank's 2022 African Economic Outlook hosted by the IMF in Washington last week called for urgent mobilisation of climate financing for Africa to achieve sustainable growth.

African countries need $1.6 trillion yearly between 2022 and 2030 to meet their nationally determined contributions (NDCs) to fight climate change, according to assessment by development institutions.

However, countries have only received only $18.3 billion yearly, leaving a financing gap of $108 billion. This huge shortfall raises concerns about the capacity of the continent for its NDCs.

AfDB's Acting Chief Economist and Vice President, Prof. Kevin Urama, had told the gathering that Africa has a huge comparative advantage to lead the world in this new green transition, except that it lacks the required capital to do so.

Just as Prof. Urama noted the findings of the 2022 African Economic Outlook, the structure of climate finance is extremely complicated, creating a misallocation of resources. Therefore, in view of all this, it is high time regional leaders approached the challenges from a fresh perspective to avoid "using the old map to chart a new world."

Published by SA Media and Communications to the Honourable Minister of Finance, Budget and National Planning (07033828294);
All correspondence to Editor: **Enam Obiosio** (08058334933); D2-32 Atiku Abubakar Crescent, Cityview Estate, Dakwo, Abuja;
E-mail: info@fmfinsights.com; **Website:** www.fmfinsights.com
Printed by **The 1065 Konsult;** Tel: **08023130653**