fmfinsights
Economy & Investment
Free

fmfinsights | fmfinsights | @fmfinsights | www.fmfinsights.com | Monday, 26th September - Sunday, 9th October, 2022 | 32nd EDITION

PETROL
PMS Average Retail Price For August 2022 Increase 14.89%
PG 10

UNGA 77
Statement By President Buhari At The 77th Session Of The United Nations General Assembly
PG 12

PENSION
PenCom Gives Self Tall Order, Pensioners To Get Paid A Week After Retirement
PG 11

The Nigerian Economy Has Improved In Many Areas - Finance Minister

L-R: **Acha Leke**, Senior Partner in McKinsey & Chairman of McKinsey's Africa region, **Mrs. Zainab Shamsuna Ahmed**, Honourable Minister of Finance, Budget and National Planning, and **Clare Akamanzi**, CEO, Rwanda Development Board, during the 'Unstoppable Africa' session at the UNGA 77 in New York.

By Enam Obiosio

The panel discussion on Nigeria's economic outlook at the 77th UN General Assembly (UNGA 77) had made a platform where different economic stakeholders showed how quite familiar they are with the Nigerian economy.

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed, was specific, considering quite a number of issues and their impact on the country's economy.

She noted that the Nigerian economy has improved in many areas, including competitiveness, business climate, productivity etc. In her words: "We are on course to taking a rightful place in the global economy as we continue to sustain our policy reforms, improve governance, and encourage public-private investments in social, human, and physical infrastructure.

Mrs. Ahmed stated: "According to PricewaterhouseCoopers, Nigeria could be the fastest growing African economy in 2050, and could move up the GDP ratings to 14th by 2050, if it succeeds in diversifying its economy away from oil and strengthen its institutions and infrastructure.

In view of Ukraine – Russia war and lingering COVID-19 pandemic, she would note that both issues have continued to somewhat elevate fiscal risks globally. According to her, Nigeria is not insulated from the impacts of the crisis. "We are experienced high commodity prices, depressed external demand, and declining remittances all of which is wreaking havoc on our projected growth. Capital inflows, and remittances are all declining in parallel, and trade financing is drying up.

The effect of this massive external shock on growth and poverty is severe," she said.

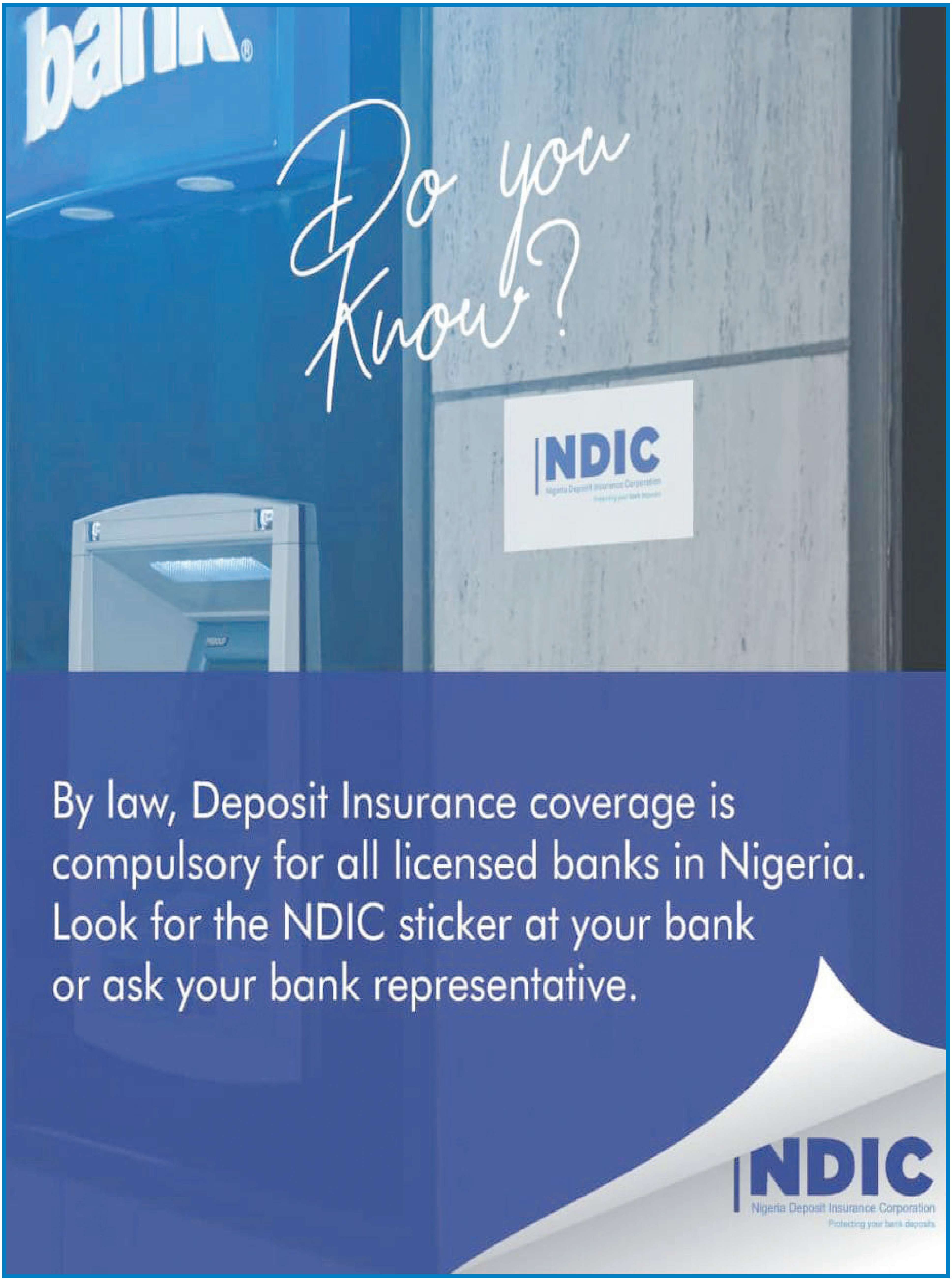
Private capital flows, mainly consisting of foreign direct investment (FDI), have, in her view, slowed to a trickle, hindering the financing of much-needed infrastructure and natural resource access projects. "The Nigerian Stock Exchange (NSE) All Share Index fell 37 percent this year, the steepest quarterly decline in more than a decade and the sharpest decline in the world.

Mrs. Ahmed would note Nigeria being recognised to have significant growth potentials, which have attracted great investments over the years. She believes that insecurity, which has been a critical element in the flow of investment into Nigeria, is being tackled headlong by this administration. Indeed, the Nigeria military, according to her, is making great strides in the fight against insecurity and is gradually gaining building the momentum in reducing the challenge to its barest minimum.

"Having cognisance of our recent ranking on the now discontinued World Bank ease of doing business index, Nigeria is slowly but surely checking the boxes and is working assiduously to ensure that the mandate of President Muhammadu Buhari to the Presidential Enabling Business Environment Council (PEBEC), chaired by the Vice President, to make the country one of the topmost hubs for business, trade and investment is actualised.

The Honourable Minister noted that the economy recorded a quarterly gross domestic product (GDP) growth in Q1 2022, stating that the growth has been mostly driven by the non-oil sector, giving credence to the revenue source diversification

CONTINUES ON PAGE 3


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

The Nigerian Economy Has Improved In Many Areas - Finance Minister

CONTINUES FROM COVER

agenda of government. The agricultural sector has, in her views, remained resilient in spite of security concerns, low irrigation, limited inputs, and legacy infrastructure challenges, with strong food demand bolstering growth in the sector. "Growth in manufacturing reflected stronger household and business consumption on account of the reopening of economic activities and improvement in supply chains.

The present growth in the Nigerian service sector is, according to her, promising. Increased privatisation, foreign investment, globalisation and competition will, in her words, serve to stimulate growth and competition in the service sector and the economy as a whole. "On the domestic front, the federal government is taking some bold, decisive and urgent action to address revenue underperformance, and improve our operations to make investment in Nigeria a very attractive venture.

"Overall, the Nigerian economy is ripe for increased investment. The investment outlook is promising as investors are recognising the potential of our population, and the improved business climate orchestrated through government reforms to take advantage of the emerging opportunities therein.

Mrs. Ahmed, who was on a panel, 'Who is investing in Africa?' looked at investments into Nigeria in two buckets. The first, according to her, is the tax concessions given to new investors and the second is the long-term tax income that government is to receive, if the business survives, grows and create jobs.

Having noted that finance and budget is short term and national planning is medium to long term, she posits: "This is always a bitter sweet experience. It is bitter because in the short term, government will have to sacrifice its income in the form of tax concessions, import duty exemptions and many other fiscal incentives we use to attract and sustain investments.

"But it is also SWEET because in the medium to long term, we will create jobs, reduce our reliance on imports and ultimately, have a strong tax base for future government revenues.

Responding to a question about who is investing in Nigeria, Mrs. Ahmed said: "In the past seven years as a cabinet minister, I have seen a growth in the number of Nigerian companies investing in Nigeria. Let me, for example, start with the downstream oil and gas sector. For decades, Nigeria has been looking for investors globally to support the expansion and modernisation of its refining sector. Unfortunately, with little success to show for it.

"However, in the past seven years, we have seen significant investments by Dangote, Bua and Waltersmith Refining and Petroleum Company Limited. All are Nigerian companies. These investments, when completed, will reverse Nigeria's reliance on importation of refined products in the coming years.

"Another example is in the agriculture value chain. In 2014, most of our food and agricultural inputs were imported. We had less than 10 operational rice mills and fertiliser blending plants. Today, we have close to 70 rice mills and some 50 fertiliser blending plants that produce NPK fertilisers.

L-R: **Mrs. Zainab Shamsuna Ahmed**, Honourable Minister of Finance, Budget and National Planning, in a chat with **Amina Mohammed,** Deputy Secretary-General of the United Nations, and **Dr. Agnes Kalibata**, President Alliance for Green Revolution in Africa (AGRA), at UNGA 77.

"As a matter of fact, many are already doubling their capacity in such a short period of time. For example, WACOT Rice in Kebbi is increasing its capacity from 120,000 metric tonnes to 240,000 metric tonnes. Same can be said for Umza Rice Mills in Kano.

"When we talk about urea and ammonia, Nigeria has now become a global player. Dangote recently commissioned its urea plant, and Indorama is expanding its capacity as well. The Nigeria Sovereign Investment Authority (NSIA) in partnership with OCP of Morocco, is also developing an Ammonia facility. And we have a few more in the pipeline.

"Then on telecommunications, we ran a licensing round for our 5G network. The winning bid is a wholly owned Nigerian company.

"On infrastructure development, we have seen private companies make significant road investments under our Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme. We have also seen Africa Development bank (AfDB) backing our Special Agro-Industrial Processing Zone programs.

"In financial services, our fintech revolution is second to none in Africa. We have the highest number of Unicorns on the continent. The seed capital and the brain power that enabled these businesses to flourish partly came from Nigerians.

"Then on Mergers and Acquisitions (M&A) deals, the two biggest transactions this year have been by Nigerian companies. The first, which happened in April 2022 was the acquisition of Honeywell Flour Mills by another miller, Flour Mills of Nigeria. The second, which was completed in June 2022, was the acquisition of Union Bank of Nigeria by TGI Group through its subsidiary, Titan Trust Bank. You will recall Union Bank was majority owned by Atlas Mara and a consortium of global and domestic private equity funds.

"Now what is very interesting about both deals is although both buying companies are Nigerians, the majority shareholders here are non-Nigerians.

"Sticking to this theme, we have also seen Nigerian subsidiaries of international companies such as Olam, Indorama and OCP of Morocco expanding their footprint in Nigeria.

"To fund these transactions, the investors have received significant support from international banks. But what is most interesting is the increased funding support from development finance institutions such as AfriEximBank, AfDB and more.

"In a nutshell, investment has continued in Nigeria. It is just the type of investment has changed. And we are tracking this new trend very closely to see how we can support the DFIs. They have done a tremendous job!

At the Unstoppable Africa, one of the events at the UNGA 77, presented by The Global Africa Business Initiative, it was noted that the continent of Africa has staked its position as the cornerstone of the world's future. It was also noted that Africa is in its rightful place on the global stage, building new opportunities for itself and for the world. "We are telling our own stories, recognising and addressing our mistakes, building powerful and viable economic engines, and no longer asking for permission for a spot on the global stage.

The Initiative believes that Africa is now positioned to be the most important driver of global business with a $2.5 trillion market opportunity. Every sector of the continent's economy from manufacturing to agriculture to services to finance is, according the Initiative, on a growth trajectory. "By 2050, one in every four people in the world will be African – offering up a massive consumer and business market. The Africa Continental Free Trade Area Agreement (AfCFTA) will fuel trade and investment opportunities within the continent as well as the world. This is no longer a question for debate, more so an acknowledgment that Africans are making things happen and changing economic realities.

The Initiative would say: "We are seizing the moment. The environment is primed for ambitious plays, and an infusion of creative and decisive moves that will lead to economic growth and sustainable development. New and dynamic financing models, bold partnerships, easier trade across borders, the full participation of women, a pursuit of climate justice, investment in renewable energy, the emergence of Africa's creative and cultural industry, technology invention and adoption, and agricultural transformation are all areas the continent must continue to support and elevate.

Under the leadership of the Deputy Secretary-General of the United Nations, Amina J. Mohammed, the inaugural Global Africa Business Initiative is designed to place Africa in its proper spot on the world stage, bringing to focus a roadmap for Africa that is sustainable, inclusive, just, and managed by Africans for Africans.

The conference had featured robust dives on how Africa offers a powerful business ecosystem when activated... brings prosperity to all Africans and citizens of the world, highlighting the fact that "When Africa wins, the world wins.

At the session one of the 'Unstoppable Africa event, the UN Secretary-General, Antonio Guterres, had stated: "Rising geopolitical tensions, economic uncertainties, and enduring negative stereotypes about the continent present formidable obstacles to Africa – making investments required for sustainable growth difficult to attract. "With little time to waste, the global and African leaders must align on a vision for a common future. In short, both sides have to move beyond the historical past and forge a new Social Contract that looks to a brighter future for all of humanity.

In a turbulent and disruptive global economic environment, Africa, as stated at 'A View from the C-Suite' platform, has emerged as the continent in the driver's seat in business and investment opportunities, science, distributed technologies, mobile money, entertainment, music, sport, art and literature. "Backed by a large pool of talent in these sectors, savvy investors are finding opportunities to grow both local economies and feed the needs of a complex and changing world.

At the 'Bigger, Better, Smarter: A Coherent Strategy for Philanthropy', the submission waws that the money is available but there is limited coherence, coordination or cohesion in leveraging it to do the

CONTINUES ON PAGE 4

...we have also seen Nigerian subsidiaries of international companies such as Olam, Indorama and OCP of Morocco expanding their footprint in Nigeria

The Nigerian Economy Has Improved In Many Areas - Finance Minister

CONTINUES FROM PAGE 3

maximum good. "The current state of giving often helps the countries of the continent to address and resolve challenges at the required scale," it was stated.

At session two: 'Doing Greatness The African Way #Squadgoals', it was noted that the past few years have been challenging for Africa and the world. But Africa has demonstrated resilience. "As investors look to Africa they require more open business environments, encouraging policy moves, more liberalised economies. And new models of raising capital. How can Africa drive and open up its own markets that take it down a path of prosperity and unleash its extraordinary potential?

Dr. James Mwangi, CEO, Group Managing Director and CEO, Equity Group Holdings, at 'A Bold and Fearless Plan for Africa' did share his unique vision of what Africa's recovery and resilience plan looks like. "This is a bold, fearless way forward that aims to create 50 million jobs in three years and offer hope in a marketplace of 1.2 billion people. 'The goal: Equity for All'.

"If African countries are to achieve the ambitious targets of the Sustainable Development Goals (SDGs) adopted by the United Nations, they can no longer carry on with business as usual," the position at the 'Moving to Business Unusual'. As business plan that is aligned with the holistic and comprehensive road map charted by the SDGs, this, as noted then, will require policy reviews, mind-set and behavioural changes, competent and ethical approaches by both the public and private sectors.

At session Three: 'Trading In An Africa With No Boundaries', the stakeholders noted that

politics has made it tough on supply chains over the past two years. "Africa's own battles with logistics across the continent have been a challenge. How can Africa own a bigger space in continental and global trade? Does embracing a new strategy of 'friendshoring' mean that supply chains will be more resilient in Africa? What are the opportunities for the AfCFTA to accelerate opportunities and reduce its internal barriers to trade and vulnerabilities.

The AfCFTA is truly an extraordinary accomplishment and a serious game changer for Africa. This was the position at the 'No Red Tape: Removing Our Own Trade Barriers:

Accelerating The Africa Free Trade Area Agreement'. "This is an agreement that offers the promise of full integration and free movement of goods and services around the continent. Therefore, the question was "how can Africa unleash developing infrastructure that connects Africa to the world enabling transactional and functional relationships across all realms including digital and tech, financing and investing, borderless commerce and food systems.

Being a business leader that is focused on creating value does not mean it is a choice between the business and the people. As Paul Polman, Business leader, campaigner, and co-author of 'Net Positive', had said at 'Building Courageous Companies In Africa', staying neutral and sitting on the sidelines is, according to the stakeholders, no longer a credible or sustainable option for any company. "This is particularly true with issues such as climate change, pandemics, and economic equality. The role of technology in enabling sustainable business environments is also a big factor in the increased attention being paid to the challenges we face. The conversation with Paul and Fatoumata Bâ, Founder & Executive Chair, Janngo Capital, had dived into how this translates on the continent of Africa.

According to the United Nations Conference on Trade and Development, Africa's food-import bill, as stated at 'Spotlight: Food Systems', is expected to reach $110billion by 2025. "Investments in agriculture and land reform are a major issue in securing Africa's food security. And given the impact of climate change on the continent, especially in sub-Saharan Africa, even that may not be enough. We ask the experts on how Africa can overcome this challenge.

Session four: 'Big Goals, Big Money:

L-R: **Mrs. Zainab Ahmed,** Honourable Minister of Finance, Budget and National Planning, **Mr. Laoye Jaiyeola**, CEO Nigerian Economic Summit Group (NESG), and **Mr. Adeniyi Adebayo,** Honourable Minister of Industry, Trade and Investment, with others at UNGA 77 in New York.

Unlocking Africa's Internal Capital' had made a platform where it was stated: "Africa must find new ways of generating its own capital. We will explore how to do that internally such as developing our pension funds for saving mechanisms, and new methods of tax collection. Trillions of dollars can be generated by leveraging Africa's capital market infrastructure. The hunt is on to identify and chase down new money trails within the continent, where Africa itself can build forward differently. What are the new and innovative ways of financing?

The question: 'Who is Investing in Africa and Why' had a place where it was noted that the continent of Africa has many friends, and they are actively investing and building business relationships in collaboration with

> Now what is very interesting about both deals is that although both buying companies are Nigerians, the majority shareholders are non-Nigerians

the African public and private sector. "Who are these friends and what is in it for them? A dynamic conversation with esteemed dignitaries from across the world.

On day 2 session five: 'When Africa Wins, The World Wins', the stakeholders were of the opinion that when Africa does well, the rest of the world does well. "Partners for Africa's development are required for equitable commerce and business relationships. This position followed a plethora of questions. "How can Africa diversify its alliances and collaborations with the rest of the world? What areas need further exploration, and which new avenues demand bold exploration? How do we deploy usable tech as opposed to chasing trendy platforms from the west? We hear from the friends of Africa, old and new, as the continent seeks to broaden and deepen its relationships with its traditional partners and its newfound collaborators in pursuing mutual benefits for a sustainable future.

It was an agreement of sort at 'A Just Energy Transition for Africa' that carbon emissions must be reduced if climate change is to be mitigated. African nations have committed to reducing emissions to "Net Zero" by 2050. But they face a challenge in ensuring that this transition is effected in a just, equitable and holistic manner that supports the broader sustainable development priorities.

With COP 27 set to be held in Egypt this year, the Africa Business Leaders Coalition aims, as resolved at 'A Sustainable Business Coalition', to have the continent's private sector speak in a unified PanAfrican voice on how businesses can champion initiatives related to the sustainable development agenda, in particular on climate action.

At session seven: 'Turbo Charging The Sports Industry In Africa', there was a highlight on sport as economic enabler. "Sports can be a massive economic growth driver in Africa. Newspapers are covered with modern and historic superstars born on the continent who have achieved global success while scouts and agents pursue talent from Cairo to Cape Town.

Yet the sports ecosystem on the continent is nascent and African leagues remain on the sidelines of the global stage. But times are changing. Modern superstars like Mo Salah or Sadio Mane and legends like Dikembe Mutumbo are putting their energies towards developing thriving ecosystems that can fuel job creation, spur economic development and supercharge broader entertainment industries.

"Governments are recognising that sport can be a nation builder and bring both hope, investment and prestige to their countries. Global teams and leagues have invested in talent development, organisational growth, and expansion into local markets.

There was session eight: 'New Pathways - Prosper Africa: In Practice' where it was considered that as Africa increasingly expands its place in the global economy, there is tremendous opportunity to strengthen trade relations between Africa and the United States. "What does synergy between Africa and the United States look like in practice, and how can it help drive dynamism and growth on both continents?

'The $1 billion African Women Impact Fund' was also a subject of interest. "Women's economic empowerment is fundamental to Africa's rise, but African women themselves have too long been locked out of key investment roles. The $1 billion African Women Impact Fund will bring women into financial decision-making positions — and add jet fuel to the continent's economic growth. Launching now, with an initial $50 million investment (raised amidst the challenges posed by the COVID-19 pandemic), the Fund will create a sustainable platform that will create a generation of African women asset managers, bringing new insight to public and private investment strategies across the continent.

A light was zoomed into 'The Startup and Tech Movement: Building Products Africans Love'.

"The African tech movement is here, and it is here to stay. Africa's Vision 2063 is being fueled by a relentless and unyielding entrepreneurial set building the ventures and products that are igniting the business environment in Africa. Many African ecosystems are flipping their countries into entrepreneurship and product development havens, while others are seeing local startups valued in the hundreds of millions that are building solutions that are solving wicked problems and changing African lives.

"The investment and business prospects are enticing with the development and infusion of key enabling technologies such as the blockchain, artificial intelligence, data analytics, and more into the continental startup arena. With robust and ambitious venture and product activity in sectors such as healthtech, climate tech, creative and cultural, logistics, edtech, digital finance, energy and power, and more, there is a tangible buzz of opportunity and excitement in the air.

On 'The Digital Transformation of Africa', digital transformation was now noted to be a big priority for any ecosystem that wants to play a significant role in the current global digital economy, and this is true for Africa and the individual countries on the continent. "There are many encouraging signs of governments and the private sector collaborating on bringing the transformational energy of digital to the citizenry, but there are still challenges especially when the viability of the underlying infrastructure is in question. Still, the successes signal tremendous potential and the panel discussed how the digital transformation was going and how Africa's digital future would transpire.

'Making Products That Matter' was the focus that elicited the fact that the business of solving problems means making products that relieve the big pain points that consumers and businesses face on a daily basis. "The people who step up to grapple with these problems head-on with meaningful products are known as the crazy ones, the troublemakers. The process and mindset of making products that matter was inexhaustibly discussed during the session.

So was the sub topic, 'Health Innovation in Africa'. "It is estimated that business opportunities in the healthcare and wellness sector in Africa will be worth $259 billion by 2030. The panel tackled and debated how Africa could chart its own course. What investment is needed to build resilient health systems with robust pharmaceutical industry, health infrastructure and supply chains as well as institutional capacities, skilled workforce and innovation.

At session nine: 'A Creative And Entrepreneurial Africa Is An Unstoppable Africa', there were other sub-topics, among others, on 'Products That Africa Loves. Solving the Wicked Problems on the Continent', 'In Conversation with Ngozi Okonjo-Iweala, Director-General of The World Trade Organisation' and 'The Orange Economy: Rocket Fueling Africa's Most Important Export'.

"The Orange Economy also known as the Creative Economy is, according to UNESCO — "the cultural and creative industries are those that combine the creation, production, and commercialisation of creative contents that are intangible and of a cultural nature". For Africa, the creative and cultural sector is a pivotal piece of the continent's economic engine and power, which demands a focused and aggressive effort for investment plus a recognition of the creative sector as a legitimate contributor to the continent's global stature. The panel had also dived into the various areas of the creative economy and its viability in Africa's economic development. Session 10: 'The Future Is African' followed closing remarks by Amina J. Mohammed, Deputy Secretary-General, United Nations.

President Buhari Launches INFF

Why Nigeria Needs Infrastructure Financing Support – Ahmed

By Musa Ibrahim

President Muhammadu Buhari has launched Nigeria's Integrated National Financing Framework (INFF) for Sustainable Development on the margins of the 77th session of the United Nations General Assembly (UNGA77) in New York.

Proposed within the broader Addis Ababa Action Agenda, the INFF is a planning and delivery tool to finance sustainable development at the national level.

The INFF helps policymakers lay out a strategy to increase investments for sustainable development, manage financial and non-financial risks, and ultimately achieve sustainable development priorities.

While Nigeria's national development plan spells out what needs to be financed, the INFF shows how it will be financed and implemented.

"For Nigeria, the INFF is also expected to help in the recovery from the effects of COVID-19 pandemic as well as help address lack of an integrated approach to financing sustainable development goals (SDGs), which has been a key challenge to meeting the financing requirement, estimated at $100 billon over the next 10 years.

"The 2030 Agenda for Sustainable Development presents an ambitious, complex and interconnected vision to which countries around the world are committed. Realising this vision will require mobilisation of a diverse range of public and private resources.

"The INFF is a tool to help countries strengthen planning processes and overcome existing impediments to financing sustainable development at the national level.

"It helps governments and their partners to build more integrated approaches to financing, that strengthen the alignment between public and private investments and longer-term sustainable development objectives and build greater coherency across the governance of public and private financing policies," the president said.

President Muhammadu Buhari at UNGA 77 in New York

Nigeria had committed to be a champion of INFF and officially kicked off the design process as an INFF pioneer country in 2020.

To steer the implementation process, Nigeria set up the INFF Steering Committee chaired by the Ministry of Finance, Budget and National Planning (MFBNP), represented by the Minister of State, Budget and National Planning, the Governor of the Central Bank of Nigeria (CBN), the Executive Chairman of the Federal Inland Revenue Service (FIRS), the Chairman of the Nigeria Governors Forum (NGF), the Director-General (DG) of the Budget Office of the Federation, the DG of the Debt Management Office (DMO), and the Statistician-General of the National Bureau of Statistics (NBS).

Others are: the Senior Special Assistant to the President on SDGs, the UN Resident Coordinator, Resident Representative of the United Nations Development Programme, the Head of Development Cooperation of the European Union mission, the Resident Representative of the International Monetary Fund (IMF), the Country Director for the World Bank, (WB) and the Co-Chair of the Private Sector Advisory Group.

The launch had Heads of Governments, the Deputy Secretary General of the United Nations, Amina J. Mohammed, and representatives from countries and international Organisations in Attendance.

Meanwhile, recall that the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, had noted that it was unsustainable for public projects to be solely financed by government.

Ahmed said that the public purse has been the source of a significant proportion of transport infrastructure financing because of the public good nature of infrastructure and the positive externalities it creates in an economy.

She said that a case of sole funding by government has resulted in increased budget deficits, adding that it remains unsustainable.

"Sole financing by government has led to increasingly large budget deficits, a form of financing which is unsustainable in the long term," she said, "for this reason, low-income countries for example, have typically supplemented government's investment in infrastructure with other sources of financing from multilateral and bilateral partners.

"In the case of Nigeria, all of these financing sources are exploited to create a diversified portfolio of financing sources to build our stock of transport infrastructure. Adopting this mixed approach to infrastructure financing goes a long way in addressing the question of sustainable financing.

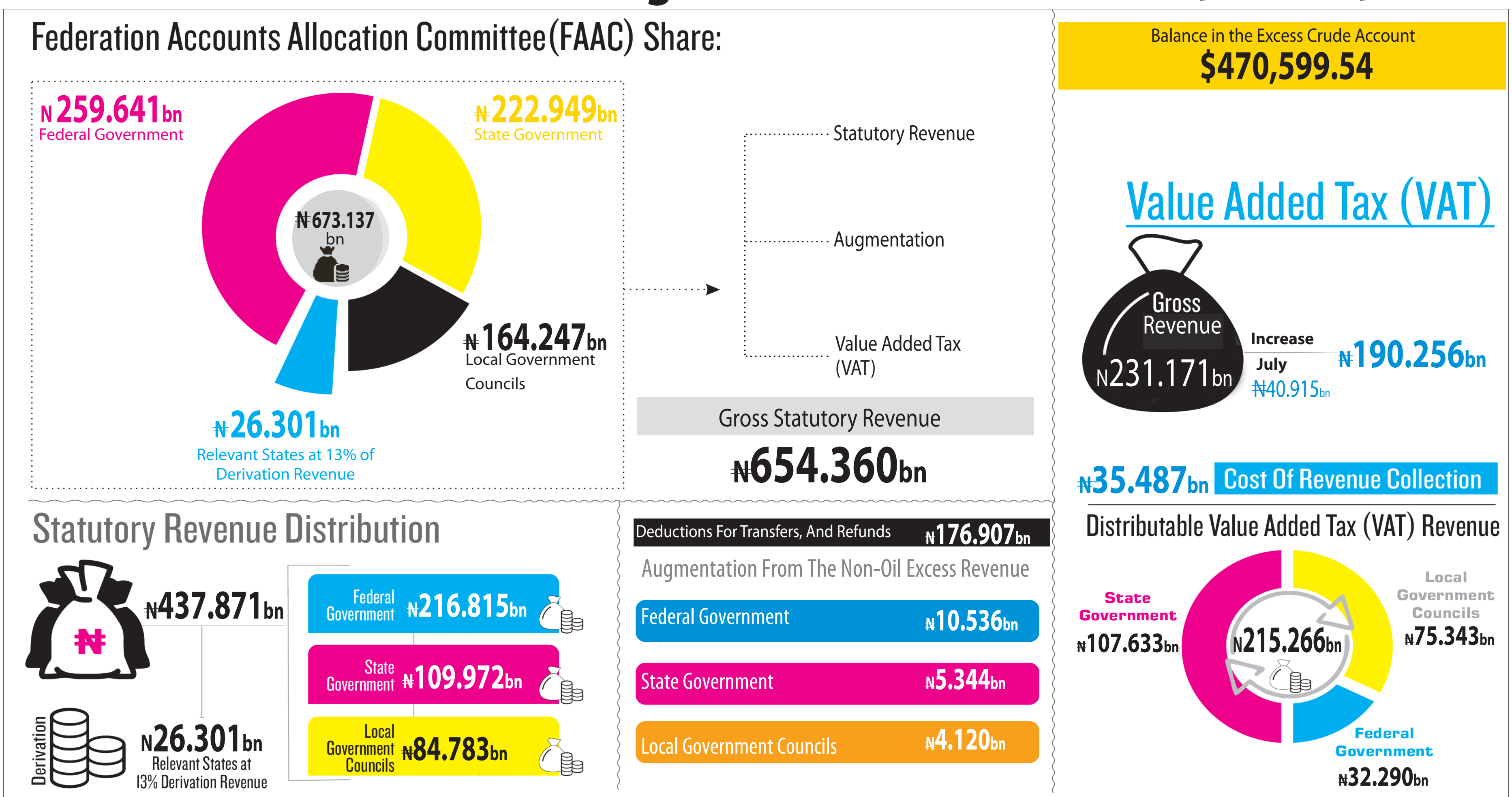
"A hybrid approach to transport infrastructure financing allows us to deepen our domestic capital market through the issuance of medium to long term debt instruments which allow citizens and institutional investors to take a stake in the future growth of our economy.

"The issuance of Eurobonds targeted at infrastructure spending allows us to raise foreign exchange at market-determined rates but also registers Nigeria as a viable investment destination for foreign investors."

Speaking on the success of the road infrastructure development and refurbishment investment tax credit scheme (RITCS), Mrs. Ahmed described the scheme as a sustainable and innovative approach to financing road transport infrastructure in Nigeria.

After completing its development finance assessment (DFA) in 2020, Nigeria kickstarted its Integrated National Financing Framework process with support from the European Union (EU) and United Nations Development Programme (UNDP).

FAAC Shares N673.137 bn August 2022 Revenue To FG, States, LGCs



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

EDITORIAL

FG Should Continue Focusing On Measures To Rescue Nigeria's Economy

Nigeria shortly before now has been typically less diversified and rely more on imports, making it more susceptible to inflationary pressures arising from higher import prices. Also, food and fuel—both of which have experienced large price increases since the beginning of the war in Ukraine—account for a larger share in the consumption basket.

The effects of the current state of Nigeria's economy are beginning to take a toll with many Nigerians worried and many unable to afford basic things.

Ahead of the 2023 general elections, the scramble to become Nigeria's next president has intensified.

According to reports, Nigerian governors under the Nigeria Governors Forum (NGF) met and advised president Buhari to take some urgent steps as "part of coordinated efforts to instil fiscal discipline and prevent the nation from economic collapse."

In view of all the issues, the federal government has been focusing on measures meant to rescue country's economy.

However, we want to point the federal government, just as the NGF, to premium motor spirit (PMS) subsidy and the need to finally remove it, to save the nation huge amount of money.

This is premised on the fact that in 2021, the country spent N1.57trillion on subsidies. In the 2022 budget, N4 trillion which represents about 270 percent of the total payment in 2021 was budgeted. The N4 trillion budget represents about 24 percent of the total budget for 2022 and 74 percent of the capital expenditure. With increasing fuel prices across the globe and importation of fuel, the International Monetary Fund (IMF) has revealed that subsidy payment might increase to N6 trillion, leaving a N2 trillion deficit.

Nigeria, it is reported, spent 10 trillion on subsidies between 2006-2019. The country also spent N14.6 trillion on capital expenditure. This means that during the period, the country spent 68.1 percent of its capital expenditure on subsidy. Despite increasing subsidy payments, fuel prices have continued to increase in the country. The elimination of subsidies will help curb corrupt practices and improve capital projects in the country, if used judiciously.

We are also asking the government to look into the cost of governance and to see the need to merge government's agencies with similar mandates and responsibilities and eliminate some that have no direct economic relevance in their functions. We understand that if some of these are implemented it is expected to save the country N1 trillion.

We do also ask the government to reduce fiscal deficit to no more than 2 percent of GDP in 2023-2025, because embarking on the measures to reduce the fiscal deficit to 2 percent will help the country's gross domestic product (GDP) and boost the economy.

This is based on the fact that Nigeria recorded a record-breaking fiscal deficit of N7.3 trillion in 2021. While the country generated N4.3 trillion in revenue, it incurred an expenditure of N11.69 trillion, which means for every N4 earned, over N11 was spent. Deficits are usually incurred through high spending or low tax; both are peculiar to Nigeria. The IMF also revealed that Nigeria's fiscal deficit is expected to remain high as 6.1 percent of the country's GDP.

The government should work to improve offshore crude oil and gas production. Oil production in the country has been met with problems following the shutdown of some terminals, and the increase in oil theft and oil vandalisation. Improving offshore oil production will certainly help in increasing the country's daily oil production, it will also help boost the excess crude oil account, which has depleted drastically from $35.37 million to $376,655.

The government should continue using infrastructure to spur economic growth; having top-notch infrastructure increases productivity by enabling businesses to operate as efficiently as possible. For example, when roads and bridges are abundant and in working order, trucks spend less time sitting in traffic, and they don't have to take circuitous routes to traverse waterways.

Additionally, infrastructure spending creates jobs as workers must be hired to complete the green-lighted projects. It is also capable of spawning new economic growth. For example, the construction of a new highway might lead to other investments such as gas stations and retail stores opening to cater to motorists. It is our position that the federal government should continue focusing on measures to rescue Nigeria's economy.

NAICOM Seeks Governments' Patronage of Local Insurers, Reviews Third Party Motor Insurers Upwards

By Albert Egbede

The National Insurance Commission (NAICOM) and operators are worried that the Nigerian government at all levels are unwillingness to insure public assets.

The Commission said for the insurance industry to contribute significantly to the economy, there is a need for the government at all levels to provide the needed support to operators.

The commission expressed this worry at the commencement of a partnership process with the Katsina State Government recently.

The commission pleaded with the government of Kastina State to enactment laws to domesticate compulsory insurance, urged the state governments to ensure adequate insurance of their assets.

The meeting was to discuss the enforcement and implementation of third-party motor and public building insurance.

Head of Corporate Communications and Market Development Department, NAICOM, Rasaaq Salami, at a national workshop on micro-insurance and Takaful organised in collaboration with Safe Sapphire Foundation in Abuja, said that the #EndSARS protests, though unfortunate, highlighted the essence of insurance in risks mitigation. This, he said, should have served as a lesson to the government.

"Full implementation of compulsory insurances will help the government cushion the effect of recurring fire inferno in different markets across the states. These have caused so many economic losses to traders," Salami said.

Meanwhile, Nigerian insurance industry players and NAICOM have announced a revised third-party motor insurance premium that would take effect from September.

The commission in collaboration with industry operators, at an industry committee meeting held in Lagos, agreed on September (this month), as the deadline for the announcement of a new premium rate.


Mr. Sunday Thomas, Commissioner for Insurance/Chief Executive Officer, (NAICOM)

The new rate, which will be an upward review of the current N5,000 premium paid by motorists, is the outcome of the discussion between a committee that consists of the commission and chief executive officers of underwriting firms.

Third-party motor insurance is one of the compulsory classes of insurance and the most popular among the six compulsory insurance policies stipulated by the Insurance Act 2003.

This review plan was made known by the Vice Chairman of the Sub-Committee on Publicity and Communication, Segun Omosehin, at a briefing on the outcome of a committee meeting held in Lagos.

Omosehin said that the regulator has adopted, in principle, the implementation of ECOWAS Brown Card and third-party motor insurance in Nigeria.

According to him, what is left to be finalised is the applicable premium that will be charged.

He also said that the team wants to consider the pros and cons, taking views and concerns into consideration before the final decision on the new fee.

Nigeria Partners France In €25mn Agreement To Boost Electricity Supply

● As FG Subtly Ensures Electricity Subsidy Removal

By Ahmed Ahmed

In a commitment to boost development in the power sector, the Nigerian government and the French Development Agency (AFD) have signed a grant agreement of €25 million for the Northern Corridor Project jointly funded by European Union and AFD.

The Minister of State for Budget and National Planning, Prince Clem Agba, and the AFD Country Director in Nigeria, Xavier Muron, signed the agreement recently in the presence of the Ambassador of France to Nigeria, Emmanuelle Blatmann, and the Head of Cooperation at the European Union Delegation to Nigeria and ECOWAS, Cecile Tassin-Pelzer.

The Northern Corridor Project, being implemented by the Transmission Company of Nigeria (TCN), is meant to strengthen low-carbon economic growth in West Africa by improving the quality of the electricity network in Nigeria and supporting the development of a regional electricity market under the West African Power Pool (WAPP).

The specific objectives of the project, in line with the Nigerian Energy Transition Plan (ETP), are to reinforce globally the north-west network and develop access to electricity for the population and help evacuate/distribute the solar-generated power from future projects in the North.

It is also geared towards participating in the WAPP interconnection project with Niger Republic.

Checks by fmfinsights show that the project will build more than 800km of 330 kV double circuit transmission lines and construct or upgrade 13 substations.

"The grant agreement signed today represents the EU's contribution to the project while the AFD contribution of €202 million was signed in December 2020. The total cost of the project is around €238 million, including a €12-million contribution from TCN.

5GW additional evacuation capacity to be created under the project, potential transmission of 17 TWh of additional electricity every year and possibility of several millions of people to have access to electricity and better electricity service in a short term and creation of 600 jobs (500 during the construction phase and 100 in the operation phase)," the project description says.

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

Prince Agba also said: "This project will help TCN to operationalise its 'Transmission Expansion Plan', through the construction of additional transmission lines and substations across nine states in the northern part of the country – Niger, Kebbi, Sokoto, Kaduna, Kano, Jigawa, Bauchi and Nasarawa," said.

Xavier Muron, the AFD Country Director in Nigeria, highlighted the importance of such project as a technical enabler for the integration into the grid of the expected solar farms in the North-West part of the country. He noted that poor transmission network has been a significant bottleneck in many countries for the achievement of mix diversification.

According to the Ambassador of France to Nigeria, Emmanuelle Blatmann, "France is committed to helping Nigeria achieve its commitments on climate change in line with the Paris agreement and she welcomes the Team Europe piece of work to address it."

Speaking on behalf of the European Union, the Head of Cooperation, Cecile TASSIN-PELZER, said: "We appreciate this Team Europe collaboration with the government of Nigeria, which is a concrete example of how the EU Global Gateway can contribute to major investments in infrastructure development.

Meanwhile, the minister of finance, budget and National Planning, Mrs. Zainab Ahmed, has said that the federal government would remove the subsidy on electricity tariff.

Ahmed at a virtual meeting of African Finance Ministers and the International Monetary Fund (IMF), stated that the amendment of the budget was ongoing to accommodate the incremental removal of petrol subsidy, also stating that the government had to carefully adjust the prices incrementally at some levels.

"We are cleaning up our subsidies. We had a setback; we were to remove fuel subsidy by July this year, but there was a lot of pushback from the polity. We have elections coming and because of the hardship that companies and citizens went through during the COVID-19 pandemic, we just felt that the time was not right, so we pulled back on that," Ahmed said.

"But we have been able to quietly implement subsidy removal in the electricity sector and as we speak, we do not have subsidies in the electricity sector. We did that incrementally over time by carefully adjusting the prices at some levels while holding the lower levels down." She said.

Meanwhile, the Minister of power, Abubakar Aliyu, has disclosed that Nigeria's major power project, Siemens Power Project when completed would increase Nigeria's electricity from the current 4,500 megawatts (mw) to 25,000mw.

Recalled that in July 2019, the federal government signed a power deal with Siemens AG, to increase Nigeria's electricity generation to 25,000mw.

According to him, President Muhammadu Buhari's administration had put everything in place for the partnership to work, stating that the project had the capacity to expand Nigeria's electricity to 25,000mw.

He noted that the Presidential Power Initiative (PPI), which began in 2021, was in three phases and was estimated to be completed in 2025.

"The phases cover the upgrading and expansion of the transmission networks (TN) and distribution companies (DisCos) networks.

"Improvement of access to affordable, efficient and reliable electricity and, providing support of industrial and economic growth in the country.

"Given Siemens AG's accomplishment of a similar plan in Egypt and also its reputation as an international giant in the power sector related engagements, it is strongly believed that the Nigeria Electricity Roadmap (NER) is possible and achievable," he said.

The minister also explained that the government was currently evaluating the procurement process and was confident that a positive outcome would emerge.

He hinted that the project had reached an advanced stage in line with the Siemens project implementation plan. According to him, sustainable growth in the power sector could only be achieved by adding renewable sources to the energy mix.

"Today, for example, 80 percent of our energy comes from gas-fired plants. Government is driving the change to increase the quantum of renewable energy sources using solar, wind and hydros across the nation. We are encouraging investments in renewable sources in areas with comparative advantages. We are working tirelessly to increase the hydro and solar opportunities in the country," he also said.

NBET Calls For More Gas-Based Power Plants, Power Purchase Agreements

By Jennet Ugo Anya

The Managing Director (MD), Nigerian Bulk Electricity Trading (NBET), Dr. Nnaemeka Ewelukwa, has said that the country needs more gas power plants.

Ewelukwa, said this during a panel session featuring several energy stakeholders on Nigeria's gas-to-power masterplan in the ongoing Nigeria Energy conference in Lagos.

"To build more gas-based power plants, there is a need for power purchase agreements and there is a need for full payments, otherwise, there will be a gap in the value chain," he said.

According to him, the Edo State-based independent power producer (IPP), Azura power plant had signed a gas purchase agreement with Seplat Energy in 2014, which gave Seplat a line of revenue for over 10 years. This line of revenue enabled Seplat to invest about $300 million to expand its gas facilities.

Dr. Ewelukwa alluded to the fact that the Seplat expansion would not have been possible without the Azura power plant.

He stated that once the downstream works, the upstream

Dr. Nnaemeka-Ewelukwa, The Managing Director (MD), Nigerian Bulk Electricity Trading (NBET)

will work, noting that the entire value chain will be efficient as it should be when all customers are metered and are paying their bills when due, and distribution companies (Discos) are collecting payments.

"When discos are efficient in their operations and are making payments to NBET, it becomes possible for NBET to pay generating companies (Gencos). In turn, Gencos would be able to pay gas suppliers. Our goal is to get the system working to the point where NBET is no longer needed to transfer funds from Discos to Gencos, because we now have a truly competitive electricity market," he maintained.

Dr. Ewelukwa also emphasised the need for NBET, Discos, Gencos, Transmission Company of Nigeria (TCN) and the Gas Aggregation Company of Nigeria (GACN), to work together, so as to accelerate the drive towards having an efficient electricity market.

As Nigeria currently lacks enough infrastructure to enable maximisation of natural gas resources, incentives are needed in order to encourage the development of more gas to power infrastructure. Olakunle Williams, the Chief Executive Officer (CEO) of Tetracore Energy Group, spoke about the need for gas-to-power projects financing.

"There is a lot of emphasis on export projects like the Nigeria-Morocco gas pipeline. However, to enable gas-to-power projects development, there is a need to create certain market conditions that will enable these projects.

"We need to strengthen the value chain very quickly by creating conditions to ensure that sanctity of contracts, full payments and offtake assurances are done," he says.

Dafe Akpeneye, the commissioner for legal, license and compliance at the Nigeran Electricity Regulatory Commission (NERC), said that coordination and communication between policymakers and regulators is key to pushing the value chain forward.

"There is a massive mismatch in the power sector. Only until recently, the government was subsidising our power consumption. We have had tariff review battles with labour unions because there is a perception that consumers are paying for darkness," he said.

He called for patience on the part of Nigerians, stating that power supply tariff payments should be made, so as to play the long game and at the end of the day, the power sector will be better off for it. He also reminded stakeholders that Nigerians need to know the roadmap to power sector success, which outlines the journey and cost to get to the destination, so, they can make better choices.

Nigeria's current electricity demand is said to be about 19,000 megawatts, but the supply is only 5,000 megawatts. For the nation's growing population, Nigeria needs to upgrade to 40,000 megawatts and about 10 billion standard cubic feet of gas per day is needed to achieve this.

So far, about 70 percent of gas produced in the country is being consumed by the power sector.

NEWS IN PICTURE

Mrs. Zainab Shamsuna Ahmed, Honourable Minister of Finance, Budget and National Planning, with other dignitaries at UNGA 77 in New York.

R-L: Mr. Dapo Abiodun, Ogun State Governor, **Mrs. Zainab Shamsuna Ahmed**, Honourable Minister of Finance, Budget and National Planning, **Aisha Rimi,** Senior Special Assistant to the President on Legal Matters, and Dr. Mohammad Mahmood Abubakar, Honourable Minister of Agriculture & Rural Development

Mrs. Zainab Shamsuna Ahmed, Honourable Minister of Finance, Budget and National Planning, with **Mark Edington**, Head Grant Management Division, The Global Fund.

NEWS IN PICTURE

L-R: **Mrs. Zainab Shamsuna Ahmed**, Honourable Minister of Finance, Budget and National Planning, with **Amina Mohammed,** Deputy Secretary-General of the United Nations

R-L: **Mrs. Zainab Shamsuna Ahmed**, Honourable Minister of Finance, Budget and National Planning, with His Highness **Sanusi Lamido Sanusi**

PMS Average Retail Price For August 2022 Increase 14.89%

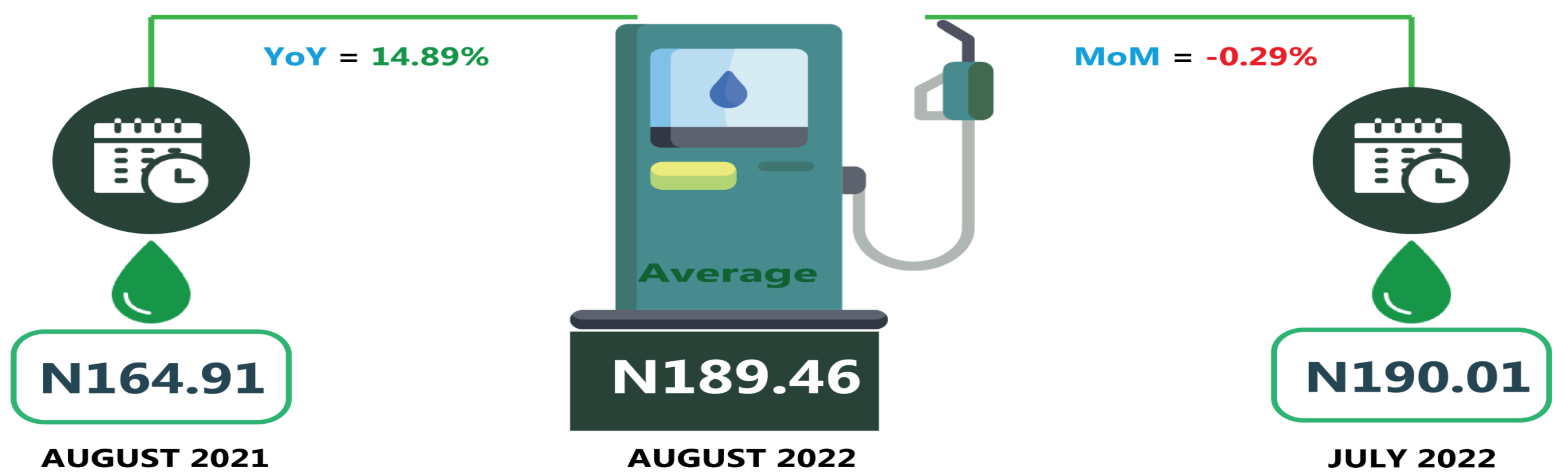
The average retail price paid by consumers for Premium Motor Spirit (Petrol) for August 2022 was N189.46, indicating a 14.89% increase when compared to the value recorded in August 2021 (N164.91). Likewise, comparing the average price value with the previous month (.i.e. July 2022), the average retail price decreased by 0.29% from N190.01.

On state profile analysis, Kaduna State had the highest average retail price for Premium Motor Spirit (Petrol) with N210.94, followed by Jigawa with N210.50 and Ebonyi with N205.50. On the other hand, Ogun had the lowest average retail price for Premium Motor Spirit (Petrol) with N177.88, followed by Delta with N178.00 and Bauchi with N178.50.

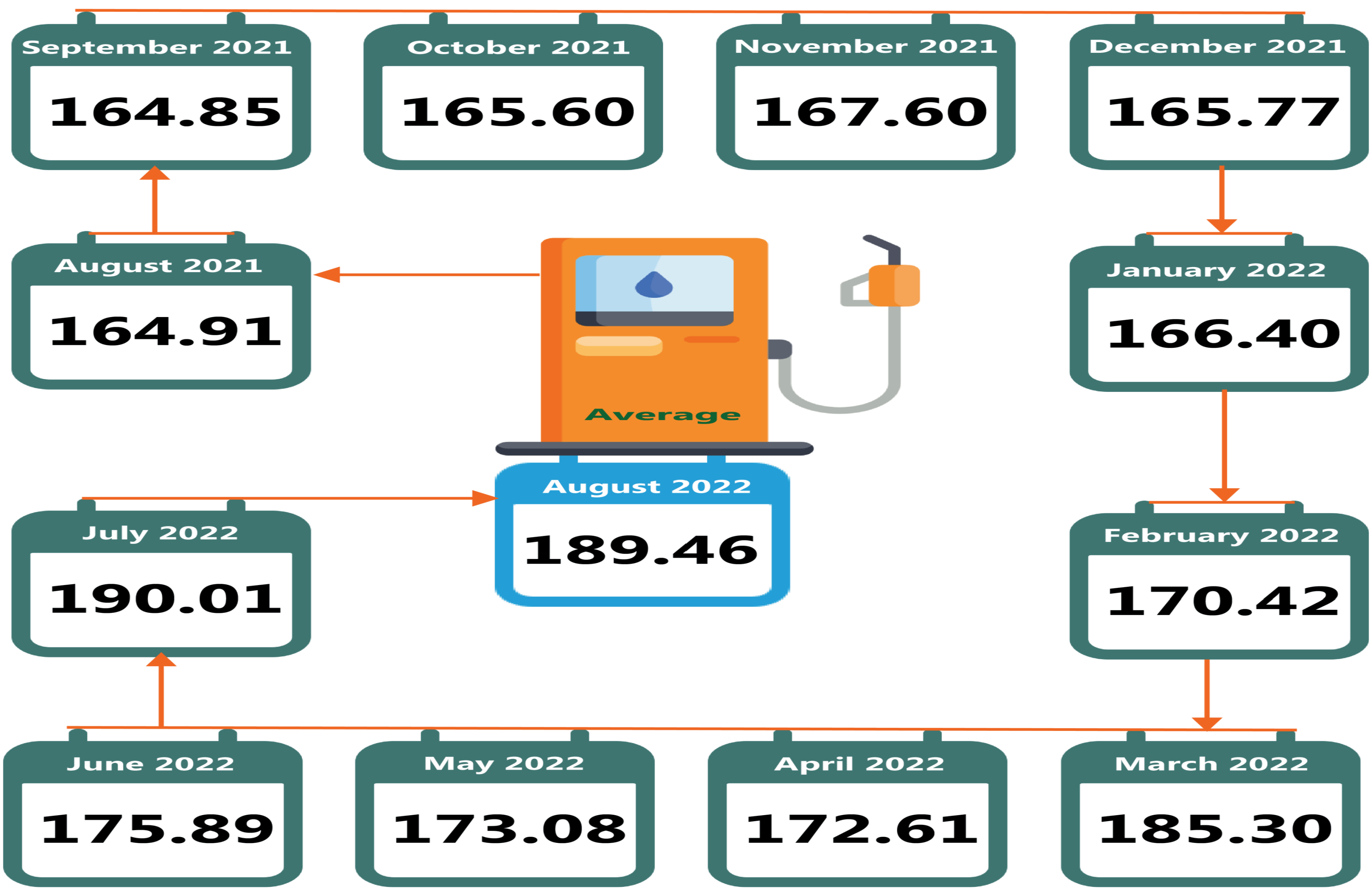
In addition, analysis by zone showed that the North-West recorded the highest average retail price in August 2022 with N199.73, while the North-East had the lowest with N178.93.

PREMIUM MOTOR SPIRIT (PETROL) PRICE WATCH - AUGUST 2022

Average PMS Prices Across States



12 Months Average Prices



Source: National Bureau of Statistics

PenCom Gives Self Tall Order, Pensioners To Get Paid A Week After Retirement

● Denies Staff Earning N3mn Monthly Salary

By Albert Egbede

The National Pension Commission (PenCom), has given itself a tall order, retirees are to be paid a week after retirement.

It is a known fact that it takes years for retirees to be credited with their pension. However, Aisha Dahiru Umar, the Executive Chairman of PenCom has promised that henceforth payment of pension to retirees of federal government agencies would only take a week to be credited.

Reacting to inquiries on delayed payment of pension and other challenges being faced by retirees, she said, arrangements had been concluded for retired officers to be paid a week after retirement.

Umar was responding to the Senate Committee on Finance's inquiries in the ongoing meeting on the 2023 – 2025 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) sitting in Abuja.

The PenCom boss also declared that the sum of N14.5 trillion pension fund in the vault of the Commission was not idle as being portrayed in some quarters, disclosing that the amount was invested.

The PenCom boss said the backlog of accrued rights component of pension payments to Pensioners causing delay in payment over the years, is almost cleared by the federal government.

She revealed that the federal government has been paying N49 billion consistently every month as pension with the intention of clearing the backlog of pension arrears.

She said: "Late payment of pension to pensioners will be a thing of the past very soon as required steps in that direction have been taken by the federal government whose retirees are affected."

She, however, advised pensioners to carry out required documentation a year to their retirement in fast tracking the whole process.

The Committee Chairman, Senator Solomon Adeola Olamilekan, however, said the yearly repeated N102 million overhead subvention given the agency by the federal government will be removed aside the N26 billion yearly inserted into the Commission budget without cash backing.

Aisha Dahir-Umar, Director-General (DG) of PenCom

Recall the Commission had informed the general public that the 2022 online verification and enrolment exercise for retirees/prospective retirees of federal government treasury-funded Ministries, Departments and Agencies (MDAs) will commence on 20 June, 2022.

The Commission had advised employees of federal government treasury-funded Ministries, Departments and Agencies (MDAs) scheduled to retire in 2022 to partake in the verification exercise.

Prior to enrolment, all retirees/prospective retirees were required to visit their Pension Fund Administrators (PFAs) and undergo the data recapture exercise. This entails retirees/prospective retirees providing their personal details including their National Identity Number (NIN).

Retirees/Prospective retirees who had undergone the data recapture exercise earlier were excluded from the exercise.

The verification and enrolment by all concerned was to be completed on or before 31 August, 2022.

Also, it is worthy of note that the PFAs had earlier complied with the directive that administrators must recapitalised to the tune of N5 billion minimum Regulatory Capital Requirement

PenCom informed all stakeholders and the general public that as at 27 April 2022, all Pension Fund Administrators complied with the Commission's directive for the increase of the Minimum Regulatory Capital (Shareholders' Fund) from N1 billion to N5 billion.

The exercise became expedient as the value of pension fund assets under management and custody had grown exponentially by 244 percent, from N3 trillion in 2012 (when the previous recapitalisation was done) to N12.29 trillion (as at December 31, 2020). The sustained growth in assets implies greater fiduciary responsibilities that require more operational capacity by the PFAs. The urgent need to ramp up PFAs capacity to manage the increasing number of registered contributors and value of pension fund assets under management led to the recapitalisation exercise.

Ten PFAs had met the new regulatory capital requirement of N5 billion as at 31 December 2021, while the others intensified efforts to meet the deadline of 27 April 2022. This resulted in some mergers and acquisitions, which led to the reduction of the number of PFAs from 22 to 20.

Meanwhile (PenCom) has refuted allegations that the least paid employee of the commission earns a salary of N3 million per month.

The commission noted that while the highest paid official of the commission earns less than N1 million a month, "It is therefore completely illogical and improbable that the least paid will earn a monthly salary of N3 million".

PenCom, further pointed out that the clarification became necessary against the backdrop of the false and misleading information on the compensation package of the commission which was being circulated on traditional and social media.

The commission, therefore, appealed to the public to ignore the false and mischievous information on the staff compensation package, adding that PenCom has nothing to hide and will continue to run a transparent and accountable system.

PenCom said: "We understand that there is an element of mischief and possible blackmail on the Commission's compensation package.

"From our understanding, it appears someone calculated all staff costs, including training, staff exit benefit scheme, and employer's pension contribution, and divided the total by the number of the commission's employees and concluded that the least paid employee is on a monthly salary of N3 million. There is a clear difference between staff costs and staff salaries."

While noting that the reports had fuelled all sorts of false allegations and unfair insinuations, the commission stressed that it was imperative to point out that right from the inception of the PenCom in 2004, the federal government mandated the board to adopt an employee compensation policy that favourably compares to comparator government bodies in the financial services sector, such as the Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC) and the Securities and Exchange Commission (SEC).

It said Section 25(2)(b) of the Pension Reform Act 2014 also empowers the board of the commission to fix the remuneration, allowances, and benefits of the employees.

The statement added, "More so, the Presidential Committee on the Consolidation of Emoluments in the Public Sector headed by the late Chief Ernest Shonekan, former Head of the Interim National Government, made a number of recommendations which guide the PenCom Board in its compensation review exercises.

"One of the recommendations is that the pay structure of self-funded agencies should be benchmarked with their private sector comparators so as to ensure relativity in such agencies and attract and retain high-caliber professionals."

Buhari Commends CBN For Financial System Stability

● Urges Banks To Double Efforts On Agric Financing

By Kirk Obed

President Muhammadu Buhari has applauded the Central Bank of Nigeria (CBN) for effectively ensuring financial system stability in the country over the years.

President Buhari made the commendation at the just concluded 15th Annual Banking & Finance Conference of the Chartered Institute of Bankers of Nigeria (CIBN) Themed: 'Repositioning the Financial Services Industry for an Evolving Global Context' which recently held in Abuja.

Represented by the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, President Buhari assured the entire banking and finance community that his administration will continue to support the industry in all appropriate ways to ensure the sector continues to deliver on its mandates while creating value innovation for its customers.

The President acknowledged that CBN's interventions, especially in the agricultural sector has helped to put the nation's agricultural sector on a global map.

Also speaking at the event, Chairman, Union Bank of Nigeria Plc (UBN), Farouk Gumel, called on Nigerian banks to invest in modernising agriculture, help it to be more resilient, more dynamic and better able to adapt for the banking sector to favourably compete in the evolving global context. Modernisation means much more than technology alone. It is also about farming techniques.

Mr. Gumel in his keynote address noted that the country has begun an agricultural renaissance over the past seven years.

Under the Godwin Emefiele-led CBN, Nigeria now has some 70 rice mills, compared to only a handful at the start of 2015. The same goes for fertiliser plants. "We now have around 50. They are thriving businesses that serve our farmers," Mr. Gumel said, also stating: "Ask anyone who manufactures sacks. They will explain the growth they are seeing in demand."

Mr. Gumel said that understanding the importance of farms and small businesses for growth is by no means new for Nigerian banks.

He urged operators In the Nigerian banking sector to devote more funding to agriculture financing to be able to compete with their global counterparts.

"If we are to make the most of the opportunities that global offers in an increasingly uncertain world, we need to see greater coordination between monetary, trade and fiscal policies. One would think that is a local request," Mr. Gumel said.

Mr. Gumel also said that to reposition the industry for a 'Global context', "we need also to look more inwards," saying repositioning is not an option. It is a necessity.

Nigerian has begun an agricultural renaissance over the past seven years.

Truly global, we must commit the same resources and investments to rural-local customers as we have done to urban global clients.

Of course, he agreed that the local players must keep an eye on what global happenings to stay in tune with international best practices, while asking that local/rural farmers should never be forgotten.

He underscored the need to localise global best practices – and, equally, for a global presence in an exciting emerging local market as Nigeria.

Mr. Gumel said that Nigeria's financial services and tech sectors are attracting unprecedented interest from Silicon Valley. "We can be proud of having more unicorns than any other African country," he said. Nigerian fintech start-ups are setting the pace for the continent and indeed, the world.

He also said that 55 percent of Nigeria's 64 million adult unbanked population is "a missed opportunity for our financial services industry to help create the growth that lifts us all to collective prosperity."

To encourage financial inclusion drive, Mr. Gumel urged CIBN to publish a study that shows the fastest growing retail banks or the most trusted bank brand across Nigeria. "Those unbanked Nigerians are not only potential savers and borrowers. With our help, these are the entrepreneurs and founders of the businesses of the future."

He further said as the industry players hail their role as champions and strive to retain position as industry leaders on a world stage, it is at their peril that the lose sight of the local element of what it means to be Global, a word for thinking global and acting local.

Statement By President Buhari At The 77th Session Of The United Nations General Assembly

Mr. President,
Heads of State and Government,
Mr. Secretary-General,
Distinguished delegates,
Ladies and gentlemen,

Mr. President,
On behalf of the Government and people of Nigeria, I congratulate you on your well-deserved election as President of the 77th Session of this August Assembly. I assure you of the full support and cooperation of the Nigerian delegation during your tenure.

2. I commend your predecessor, H.E Abdullah Shahid for the many remarkable achievements of the General Assembly under his leadership during these challenging times.

3. May I also congratulate the Secretary-General, Mr. Antonio Guterres on his ceaseless and untiring efforts to promote peace, security and development, very much in line with his exalted role.

Mr. President,
4. The first time I could have addressed this August Assembly was in 1984, when I was the Military Head of State of the Federal Republic of Nigeria. Thirty one years later, I had the great privilege to personally address the Assembly in 2015, as the democratically elected President of my country. As I approach the end of my second and final four-year term, I am reminded of how much has changed in Nigeria, in Africa, and in the world, and yet, how some challenges remain.

5. We are now more severely tested by these enduring and new global challenges, paramount among which are conflicts increasingly being driven by non-state actors, proliferation of Small Arms and Light Weapons, terrorism, violent extremism, malignant use of technology, climate change, irregular migration, and disparities in opportunities for improved standards of living.

6. Despite the challenging international environment, the United Nations has proved that it can be strong when the will of its members is harnessed for positive collective action. The guiding principles of this extraordinary institution is the promotion of peace and security, development and human rights. Latest in a chain of events challenging these principles is the Ukraine conflict which has already created strains that are perhaps unprecedented for a generation.

7. Such a conflict will have adverse consequences for us all, hindering our capacity to work together to resolve conflicts elsewhere, especially in Africa, the Middle-East and Asia. Indeed, the ongoing war in Ukraine is making it more difficult to tackle the perennial issues that feature each year in the deliberations of this Assembly, such as nuclear disarmament, the right of the Rohingya refugees to return to their homes in Myanmar, and the Palestinians' legitimate aspirations for statehood and reduction of inequalities within and amongst nations.

8. The danger of escalation of the war in Ukraine further justifies Nigeria's resolute calls for a nuclear-free world and a universal Arms Trade Treaty, which are also necessary measures to prevent global human disasters. In this regards we must find quick means to reach consensus on the Nuclear non-proliferation Treaty with related commitments by nuclear weapon states.

9. I remain firmly convinced that the challenges that have come so sharply into focus in recent years and months emphasize the call by Nigeria and many other Member-States for the reform of the Security Council and other UN Agencies. We need more effective and representative structures to meet today's demands that have since outgrown a system designed for the very different world that prevailed at its foundation in 1945. CHANGE IS LONG OVERDUE.

Mr. President,
10. This is the first meeting we are having here in New York without the restrictions that characterised the last three years. The COVID-19 pandemic ripped across National borders like a toxic whirlwind, leaving in its wake a legacy of pain and loss.

11. Happily, we also witnessed an incredible level of innovation and creativity from those who devised treatments and vaccines. These laudable achievements were underpinned by partnerships and international cooperation. We have also seen the bravery, care, and endurance of health professionals at every corner of the globe.

12. I am happy to note that in Nigeria, our healthcare agencies were able to form effective local management and engaged international partnerships with multinational initiatives like COVAX and private groups like the Bill and Melinda Gates Foundation. These efforts helped mitigate the impact of the pandemic and we were mercifully spared the images of overwhelmed hospitals, overworked healthcare personnel and high mortality which sadly we saw elsewhere.

13. With COVID-19, we saw very clearly how states tried to meet the challenge of a threat that could not be contained within national borders. The results were mixed; but at its best, cooperation among stakeholders was outstanding. It facilitated solutions that saved countless lives and eased the huge burden of human suffering.


President Muhammadu Buhari

14. That same theme of unilateralism and the promotion of national interest competing with the common cause in the face of an existential threat has been our recurring experience in recent times. In every address I have delivered to this august Assembly, I have dwelt on the issue of climate change, especially as it fuels conflicts and complicates food security.

15. Climate change reduces opportunity and prosperity which, in Africa, Latin America and some parts of Asia also contribute to transnational organized crimes.

16. As part of Nigeria's efforts at achieving our Global Net-zero aspiration, the current Administration last year adopted a National Climate Change Strategy that aims to deliver climate change mitigation in a sustainable manner.

17. The measures we took at the national level also require climate justice. Africa and other developing nations produce only a small proportion of greenhouse gas emissions, compared to industrial economies. Yet, we are the hardest hit by the consequences of climate change as we see in the sustained droughts in Somalia and floods of unprecedented severity in Pakistan.

18. These and other climate-related occurrences are now sadly becoming widely commonplace in the developing world. We are, in effect, literally paying the price for policies that others pursue. This needs to change.

19. At the Cop 26 in Glasgow last year, I did say that Nigeria was not asking for permission to make the same mistakes that others have made in creating the climate emergency.

20. Fortunately, we now know what we can do to mitigate the effects of the climate crisis and the related energy challenge. As a first step, we must all commit to releasing the financing and the technology to create a stable and affordable framework for energy transition.

21. Development Financial Institutions must prioritise de-risking energy projects to improve access of renewable projects to credit facilities. There should be no countries "left behind" in this equation.

22. Rocketing energy costs worldwide are, in part, the product of conflict and supply disruptions to Europe and the Americas. Yet, we are all paying the price. It is, therefore, our expectation that this UNGA 77 and the upcoming COP 27 will help galvanise the political will required to drive action towards the fulfilment of the various existing climate change initiatives.

23. Another feature of the last decade has been the gowing partnership between states and the increasingly influential non-state actors. There was a time when the most important event at this Assembly was the speech by the world's most powerful leaders. Now a Tweet or Instagram post by an influencer on social or environmental issues may have greater impact.

24. Technology offers us nearly limitless opportunities and sometimes runs ahead of the imagination of regulators and legislators. At its best, social media helps strengthen the foundations of our society and our common values. At its worst, it is a corrosive digital version of the mob, bristling with intolerance and division.

25. When I began my tenure as President in 2015, distinctions were drawn between the experience of poorer countries and those apparently better able to manage the avalanche of unfiltered information. Nigeria has had many unsavoury experiences with hate speech and divisive disinformation. Increasingly, we also see that many countries face the same challenge. Clearly, data also know no borders.

26. In confronting these challenges, we must also come together to defend freedom of speech, while upholding other values that we cherish. We must continue to work for a common standard that balances rights with responsibilities to keep the most vulnerable from harm and help strengthen and enrich communities.

27. Efforts to protect communities from the scourge of disinformation and misinformation must also be matched with efforts to reduce inequalities and restore hope to our poorer and most vulnerable of our communities as a means to stem the many socio-economic conflict drivers with which we are faced.

28. In spite of our efforts, humanitarian crises will continue to ravage some of our communities. Nigeria, therefore, implores our global partners to do more to complement our endeavours.

29. Indeed, the multifaceted challenges facing most developing countries have placed a debilitating chokehold on their fiscal space. This equally calls for the need to address the burden of unsustainable external debt by a global commitment to the expansion and extension of the Debt Service Suspension Initiative to countries facing fiscal and liquidity challenges as well as outright cancellation for countries facing the most severe challenges.

Mr. President, Your Excellencies, Distinguished Delegates,
30. Democracy is an idea that crosses time and borders. Certainly, democracy does have its limitations. The wheels of democracy turn slowly. It can demand compromises that dilute decisions. Sometimes, it bends too much to special interests that exercise influence, not always for the general good, in a manner disproportionate to their numbers. But it has been my experience that a democratic culture provides a Government with the legitimacy it needs to deliver positive change.

31. In Nigeria, not only have we worked to strengthen our democracy, but we have supported it and promoted the Rule of Law in our sub-region. In The Gambia, we helped guarantee the first democratic transition since independence. In Guinea-Bissau we stood by the democratically elected Government when it faced mutiny. And in the Republic of Chad, following the tragic death of its President, the late Idris Deby Itno in the battle field, we joined forces with its other neighbours and international partners to stabilize the country and encourage the peaceful transition to democracy, a process which is ongoing.

32. We believe in the sanctity of constitutional term limits and we have steadfastly adhered to it in Nigeria. We have seen the corrosive impact on values when leaders elsewhere seek to change the rules to stay on in power. Indeed, we now are preparing for general elections in Nigeria next February. At the 78th UNGA, there will be a new face at this podium speaking for Nigeria.

33. Ours is a vast country strengthened by its diversity and its common values of hard work, enduring faith and a sense of community. We have invested heavily to strengthen our framework for free and fair elections. I thank our partners for all the support that they have provided our election institutions.

34. As President, I have set the goal that one of the enduring legacies I would like to leave is to entrench a process of free, fair and transparent and credible elections through which Nigerians elect leaders of their choice.

Mr. President,
35. The multiple challenges that face us are truly interconnected and urgent, and your choice of this Session's theme "A watershed moment: transformative solutions to interlocking challenges" is apt. In keeping with our obligations as Member States of this noble Organisation, we all must do our utmost to work with you toward resolving them. In this regard, I reiterate my Delegation's full and resolute cooperation.

36. Let me convey my final reflection from this famous podium. We live in extraordinary times with interdependent challenges but enormous opportunities. The pace of change can seem bewildering, with sometimes a palpable and unsettling sense of uncertainty about our future. But if my years in public service have taught me anything, it is that we must keep faith with those values that endure. These include, but are not limited to such values as justice, honour, integrity, ceaseless endeavour, and partnership within and between nations.

37. Our strongest moments have always been when we remain true to the basic principles of tolerance, community, and abiding commitment to peace and goodwill towards all.

I thank you all.

FIRS FEDERAL INLAND REVENUE SERVICE

...it pays to pay tax

FEDERAL INLAND REVENUE SERVICE

15, SOKODE CRESCENT, ZONE 5, WUSE, P.M.B 33, GARKI, ABUJA, NIGERIA
www.firs.gov.ng

PUBLIC NOTICE

CONCESSIONING OF OR APPOINTMENT OF CONSULTANTS FOR TAX ADMINISTRATION FUNCTIONS BY UNAUTHORISED MDAs

1. It has come to the notice of the Federal Inland Revenue Service that some Ministries, Departments and Agencies of Government (MDAs) are appointing concessionaires or consultants for the assessment, collection, accounting or enforcement of taxes and levies due to the Federal Government or any of its agencies. Some MDAs include such functions in their agreements with concessionaires or consultants.

2. The Service wish to call the attention of the general public, particularly, all MDAs to Section 68(2) of the Federal Inland Revenue Service (Establishment) Act (FIRSEA) 2007 (as amended), which provides that *"subject to section (1) and notwithstanding any other law imposing taxes or levies in Nigeria, the Service shall be the primary agency of the Federal Government of Nigeria responsible for the administration, assessment, collection, accounting and enforcement of taxes and levies due to the Federal Government or any of its agencies, except as may be authorised by the Minister responsible for Finance by regulation as approved by the National Assembly".*

3. Section 12(4) of the FIRSEA further provides that *"The Service may appoint and employ such consultants, including tax consultants or accountants and agents to transact any business or to do any act required to be transacted or done in the execution of its functions under this act; provided that such consultants shall not carry out duties of assessing and collection tax or routine responsibilities of tax officials".*

4. Based on the above provisions of the law, it is clear that the duty of administration, assessment, collection, accounting or enforcement of taxes and levies due to the Federal Government or any of its agencies is that of the Federal Inland Revenue Service and its tax officials. No part of these responsibilities can be contracted to a private enterprise by any other MDA.

5. Furthermore, appointment or authorization of any person, other than by the Federal Inland Revenue Service, to assess, collect, enforce or account for taxes constitutes an offence under Section 68(3) of the FIRSEA. Such appointment or authorization is punishable, upon conviction, with fine, imprisonment or both under Section 68(6) of the Act.

6. In view of the foregoing, where any person, individual or corporate, has any information or asssistance that may be of use to the Service for the purpose of administration, assessment, collection, accounting or enforcement of taxes and levies due to the Federal Government or any of its agencies or for the performance of its duties under the FIRSEA, such person should approach the Service directly with such useful information.

Muhammad Nami
Executive Chairman,
Federal Inland Revenue Service

FIRS Does Not Grant Tax Waivers, Says Nami

- Commends FG's Infrastructure Tax Credit Scheme
- Cautions MDAs To Stop Contracting Tax Assessment, Collection, Enforcement To Consultants

By Musa Ibrahim

Executive Chairman of the Federal Inland Revenue Service (FIRS), Muhammad Nami, has emphasised that the mandate of the service is to collect taxes that are due to the federation and the federal government, and not to grant tax waivers to any taxpayer in the country.

He stated this in a swift reaction to the news making the rounds then that some companies, among them, Dangote Sinotruck Limited, Lafarge, Honeywell, etc. had been granted tax waiver on pioneer status between 2019 and 2021 in the sum of N16 trillion by the FIRS and other federal government agencies.

In his reaction, Mr. Nami said: "FIRS does not have the power or responsibility of facilitating or even implementing tax waivers to investors in Nigeria. There are relevant agencies of government that are charged with such responsibility."

He, however, noted that the service is not unmindful of the objectives of granting tax waivers to investors, which he said include "helping to grow local companies, stimulate economic growth, and earn investors' confidence."

He also stated that he is confident that the companies which are now enjoying tax breaks will eventually exit shortly and begin to pay taxes to the federal government as is currently being done by the companies that have equally enjoyed such tax breaks in the past and are now paying taxes in hundreds of billions of naira.

"Such companies will continue to pay taxes to the government, so long as they remain in business."

The FIRS Executive Chairman also clarified that the companies enjoying the Pioneer Status would be exempted from paying only the direct taxes (e.g. CIT, EDT) from their profits and would continue to act as agents of collecting and remitting indirect taxes (e.g. VAT, WHT) in the ordinary course of their operations."

He emphasised that he remains focused on the task of achieving the mandate of the service which is to assess, collect, and account for taxes due to the federation and the federal government.

This task, he noted: "Is challenging, more so at this time of global economic disruption occasioned by the Russia-Ukraine war and the pandemic.

"However, the management of FIRS is steadfast in achieving the target set for it by the federal government. For instance, last year the service surpassed its target by collecting an unprecedented amount of N6.4 trillion in taxes. So far this year, the service is poised to perform even better than its record for last year."

He then called on the stakeholders to join hands with him to grow the nation's economy.

Meanwhile, The Road Infrastructure Tax Credit Scheme has been described by Mr. Nami, as one of the greatest innovations of the federal government in its resolve to tackle Nigeria's infrastructure deficit.

The scheme, which provides for public-private partnership (PPP) intervention in the construction, refurbishment and maintenance of critical road infrastructure in the country, with participants being entitled to tax credits against their future Companies Income Tax (CIT), was the subject of debate at the Senate

Mohammed Nami, Executive Chairman, (FIRS)

Stakeholder and Public Hearing on the 2023 Medium-Term Expenditure Framework and Fiscal Paper (MTEF/FP), which held recently at the Senate Chambers.

"I think one of the greatest innovations of the government of the day is the Executive Order 007, which was signed into law in 2019," Mr. Nami said. "I want to speak about the one we are handling jointly with the NNPC. The NNPC through its subsidiary for instance is investing in about 1,824 kilometres of roads across the six geopolitical zones in Nigeria.

"Some of these roads had been constructed as far back as 1976. I could remember when I was still rounding up my primary school education, the road that leads Suleja to Lapai-Agaie-Bida was constructed by a company called DTV. I am not aware of any significant work done on that road 40 years later, only until now when the NNPC is using Executive Order 007 to reconstruct the road.

"I can report authoritatively to the Chairman and members of this committee that from December 2021 to July this year, the contractor has completed the reconstruction of well over 50 percent of that road.

"The challenge of road construction in Nigeria has always been funding. Yes, there are contracts for the construction of roads, but funding these constructions is the challenge.

"The road leading from Suleja to Minna for instance was awarded some 11 years ago to a company for over N20 billion. Ironically, annual budgetary provision in our national budget every year stands between N150 million to N200 million per annum. If we are to complete that road, going by the annual budgetary provisions, it would take an average of 35 to 40 years before we finish it.

"I can confirm to the Chairman that with Executive Order 007, NNPC is now providing funds and in the next two to three years, that road will be completed. This is an important innovation of the government and I would plead with this distinguished Committee of the National Assembly to support the government on it," Mr. Nami noted.

Supporting the position of the FIRS Executive Chairman, the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed, explained further that the tax credit was only provided to the beneficiaries after completion of the construction work, and not before.

She noted that several companies had indicated interest in carrying out construction and rehabilitation of roads under the scheme across the country, adding that while some of these companies had commenced work, others were yet to as they were still finalising on some of the documentation requirements such as bill of quantities.

On the issue of revenue challenges being faced by the country, Mr. Muhammad Nami noted that a major cause of tax revenue loses for the country is the issue of having "fragmented tax systems and agencies."

"In Nigeria, we have 774 Local Governments, each of them having a tax authority; each of the 36 States, too, have revenue authorities with their respective mandates; then we have the FIRS and Customs. What I would advise for efficiency and to do things in line with global best practices, is that we should amend our tax laws to harmonise the tax agencies and tax system.

"With this, when the FIRS, for instance, visits 'Company A,' it can serve one assessment on the company, and also on the individual that owns the Company; it can also ask the company to account for the VAT it has collected, and ask for pay as you earn (PAYE) it has deducted from its employees as well as the Personal Income Tax (PIT) of the promoters of the company.

"This is currently not the case, and as such, has created a huge gap in our tax system."

Also, the FIRS has cautioned ministries, departments and agencies of government (MDAs) against the appointment of consultants and concessionaires to collect taxes due to the Federal Government or any of its agencies.

The FIRS stated this based on the fact that it is the sole agency of government saddled with the responsibility of tax collection.

In a Public Notice it issued Thursday, 22nd September, 2022, signed by its Executive Chairman, Muhammad Nami, the FIRS accused some MDAs of including functions of assessment, collection, accounting and enforcement of taxes and levies in their agreements with concessionaires and consultants.

"It has come to the notice of the FIRS that some ministries, departments and agencies of government (MDAs) are appointing concessionaires or consultants for the assessment, collection, accounting or enforcement of taxes and levies due to the federal government or any of its agencies.

"Some MDAs include such functions in their agreements with concessionaires or consultants," the public notice read.

Citing Section 68(2) of its Establishment Act, the FIRS highlighted that by law it is "the primary agency of the Federal Government of Nigeria responsible for the administration, assessment, collection, accounting and enforcement of taxes and levies due to the federal government or any of its agencies, except as may be authorised by the Minister responsible for Finance by regulation as approved by the National assembly".

The Notice also stated that while Section 12(4) of the FIRS Establishment Act has provided that the Service may engage consultants, accountants or other agents to carry out certain functions on its behalf, the law has expressly prohibited the carrying out of assessing and collecting tax by consultants.

The law provides that: "The Service may appoint and employ such consultants, including tax consultants or accountants and agents to transact any business or to do any act required to be transacted or done in the execution of its functions under this Act; provided that such consultants shall not carry out duties of assessing and collecting tax or routine responsibilities of tax officials".

According to the notice, going by "the above provisions of the law, it is clear that the duty of administration, assessment, collection, accounting or enforcement of taxes and levies due to the federal government or any of its agencies is that of the FIRS and its tax officials. No part of these responsibilities can be contracted to a private enterprise by any other MDA."

The Executive Chairman of FIRS further cautioned MDAs who were in the business of appointing consultants for tax assessment and collection that they were not just acting against the letters of the law, but were committing offences that were punishable under the FIRS Establishment Act as amended.

"Furthermore, appointment or authorisation of any person, other than by the FIRS, to assess, collect, enforce or account for taxes constitutes an offence under Section 68(3) of the FIRSEA. Such appointment or authorisation is punishable, upon conviction, with fine, imprisonment or both under Section 68(6) of the Act.

"In view of the foregoing, where any person, individual or corporate, has any information or assistance that may be of use to the Service for the purpose of administration, assessment, collection, accounting or enforcement of taxes and levies due to the federal government or any of its agencies or for the performance of its duties under the FIRSEA, such person should approach the Service directly with such useful information," the notice read.

> FIRS does not have the power or responsibility of facilitating or even implementing tax waivers to investors in Nigeria. There are relevant agencies of government that are charged with such responsibility

fmfinsights Economy & Investment Free

fmfinsights fmfinsights @fmfinsights www.fmfinsights.com Monday, 26th September - Sunday, 9th October, 2022

Inflation Challenge, Unemployment With Implication For Dominant Employers

POLICY BRIEF

with

ENAM **OBIOSIO**

Across the world, employers with labour market power are more likely to fire workers as rates rise because they can more easily hire back when central banks cut rates again.

Some employers can attract a large pool of job applicants without having to offer higher wages. Such employers with significant labour market power are dominant, and they are prevalent in many parts of the world, especially rural areas.

Dominant employers are a lot more likely to respond to rising interest rates by firing workers because they can more easily hire back when central banks start lowering interest rates, new research has shown. Less educated workers in poorer nations tend to be most affected because dominant employers are relatively more prevalent in poorer regions.

The findings are especially important amid the fastest interest rate increases in a generation. Elevated inflation is prompting the monetary authorities to act, which will affect employment as businesses reduce investment and payrolls and consumers spend less. In this period of rapid inflation, the authorities' tightening is appropriate in pursuit of its dual mandate of maximum employment and price stability.

Recent scenario has, however, suggested that the unemployment rate—which recently reached a half-century low— is now likely to rise, in part because of the role that dominant employers play. And that in turn would exacerbate inequalities.

Data have shown that dominant employers are mostly located in less densely populated areas of a country like Nigeria, especially in rural areas, where incomes tend to be lower and job-seekers have fewer employers to choose from. Dominant employers are disproportionately in industries like healthcare, agriculture, and mining.

Therefore, on how dominant employers' hiring decisions have varied in response to monetary policy surprises—unexpected interest rate hikes or cuts?

Of course, they are more responsive to changing interest rates—they cut back on vacancies a lot more when rates are rising relative to other employers. Understandably, fewer vacancies reduce employment. The effects are particularly important for less educated workers

and those with limited information technology skills because they cannot easily find new jobs. Then all employers cut wages when interest rates are rising, and dominant employers are not different in this regard from other employers.

Why would dominant employers fire workers when interest rates go up? Certainly, when interest rates rise, demand for products declines, production costs rise, and the need for workers is reduced. Because dominant employers can usually hire more easily, they are more likely to fire staff.

To bring down inflation, the monetary authority needs to raise interest rates. It is, however, difficult to do so without creating higher unemployment. Historically, small increases in the jobless rate have reduced wage and price pressures significantly, but more recently, this relationship has obviously weakened.

As inflation looks up, the impact on real incomes and purchasing power remains a key challenge, especially for the most vulnerable. Therefore, looking into the challenge from the perspective of Nigeria the high inflation is a bigger challenge in because the country is less diversified, rely more on imports, and appears to be more limited with policy levers at its disposal. The poorest households have been hit the hardest and food insecurity is on the rise.

During the first half of 2022, inflation in many countries reached multi-decade highs. The latest available inflation data for August have revealed that yearly headline inflation exceeded nine percent while core inflation has shown similar trends, staying at lower levels than headline inflation since it strips out food and energy prices.

Just as other smaller economies of the world, Nigeria shortly before now has been typically less diversified and rely more on imports, making it more susceptible to inflationary pressures arising from higher import prices. Also, food and fuel—both of which have experienced large price increases since the beginning of the war in Ukraine—account for a larger share in the consumption basket.

Of course, the ongoing inflation wave is hurting the poor more, given the rapid increase in food prices

On Nigeria, some experts would refer to high public debt, partly a legacy of the COVID-19 pandemic, and limited fiscal space. Of course, the ongoing inflation wave is hurting the poor more, given the rapid increase in food prices. The development may worsen food insecurity further, which had already increased during the pandemic.

In view of all these, many countries worldwide have responsively implemented measures to mitigate the impact of higher global energy and food prices in the domestic economy, particularly after the start of the war in Ukraine. Some researchers have gone to gauge the magnitude of these measures, estimating the response of domestic fuel prices to a one percent change in the international fuel price—the pass-through from international to domestic fuel prices.

Only a few economies have increased policy rates to contain second-round effects and keep inflation expectations anchored. To mitigate the impact of higher global energy and food prices, they have implemented discretionary fiscal policy measures, most of which have been announced as temporary and about half have been targeted to the most vulnerable.

The size of the fiscal measures has varied across economies—they have been larger for economies with larger weights of food and transportation in their consumer price index (CPI) basket, weaker social safety nets, or lower income per capita.

Looking at the new measures and their costs provides a partial picture because some countries already had in place extensive subsidies on food and fuel. When comparing existing energy or food subsidies with the cost of new measures, it is observed that countries with larger pre-existing subsidies tended to introduce smaller measures. In view of all these, it is advisable that policymakers should be prepared for a possible long-lasting inflationary shock.

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**