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EDITORIAL

Govt Diversifying Nigerian Economy For Sustainable Growth

The Nigerian government has taken a bold step with Agricultural Transformation Agenda (ATA). Of course, many challenges arise when pursuing a diversification strategy. It is often necessary to make significant investments in human resources and infrastructure to support economic sectors and activities such as value-addition in commodities. These are long-term endeavours that need government's commitment and political will, not to mention major capital investments. Moreover, in pursuing new sectors, products and partners, Nigerian governments must be careful not to neglect their traditional economic bases.

In fact, there are many benefits that could arise from more diversified economies. And these include less exposure to external shocks, an increase in trade, higher productivity of capital and labour, and better regional economic

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Finance Minister Clarifies Nigeria's Debt Management Options

- As FG Considers Additional Borrowing From IMF Food Security Package
- Eyes 3.7% Gross Domestic Product Target

At the just concluded annual general meeting of the World Bank and the International Monetary Fund (IMF), ***Mrs. Zainab Shamsuna Ahmed,*** *Honourable Minister of Finance, Budget and National Planning, explained plans of the federal government regarding debt management and other economic policies Nigeria is currently considering. Our correspondent,* ***Musa Ibrahim,*** *writes...*

At the recent meetings, there was a call by the International Monetary and Financial Committee (IMFC) for, among others, closer multinational cooperation and coordination, the IMF's global policy agenda, a debate that underscored the challenges facing economies of all income levels, and the economic prospects for the world's different regions.

At global economy debate, growth pressures were also noted. "Rises in international interest rates will add to global growth pressures and the challenges facing policymakers", panellists said during a debate on the global economy. "The number one

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R-L: **Mr. Godwin Emefiele,** CBN Governor, **Mrs. Zainab Ahmed,** Honourable Minister of Finance, Budget and National Planning, **H.M. Queen Máxima** of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development, and **Mr. Kingsley Obiora,** Deputy Governor, CBN, at the World Bank/IMF Annual Meetings in Washington DC.

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priority is to win the fight against inflation," Georgieva told the debate, moderated by CNN's Richard Quest.

The general understanding was that merging market and developing economies are under particular stress as global interest rates rise.

There and then Mrs. Zainab Shamsuna Ahmed, Honourable Minister of Finance, Budget and National Planning, said that debt-servicing costs were increasing but Nigeria was acting early to manage its liabilities by stretching out maturities. "We cannot just stand still when we see the risks coming," she said.

As inflation and economic downturn is affecting many economies in the world, Nigeria is already thinking ahead by looking at ways to tackle the challenge head on and improve domestic economic growth.

To this end, Mrs. Ahmed noted that the federal government has consistently been in discussions with the WBG and IMF on how to manage its debt liabilities.

Speaking on the sidelines of the meetings, she said: "It is a fact that Nigeria's debt has increased over the last three to four years and this increase in debt was occasioned by the different kinds of exogenous shocks that the country faced which is not unique to Nigeria.

The situation we have, by the 2023 projection, is that we will be needing about 65 percent of our revenues to service debt.

Unfortunately, the cost of debt service is rising because of the rising interest rate globally, which is resulting also in higher debt service costs. But our projection from the debt sustainability analysis is that Nigeria is able to cope with its debt service in 2022 as well as in 2023.

"We have been engaging financial institutions to look at the opportunity to further stretch the debt service period to give us more fiscal relief. Those are some of the things we want to achieve in this meeting," she said.

Mrs. Ahmed noted that while the interest rate hikes by central banks and strengthening of the dollar is necessary to curb rising inflation, the move would translate to increase debt service cost for the country.

She said: "On the borrowing side, it means that we are having to use more of our naira to pay debts that are dollar-denominated, and as the dollar strengthens and the interest rate goes up globally, it affects us; so we end up having to use more of our revenues to pay the debt.

"Our hope is that the tightening that the central banks across the world are undertaking will have the desired result because the cost is very stiff for us and it means we are having to use more of our local currency to service debt, because of the exchange rate depreciation."

Recall that for the 2023 budget, the federal government is looking at financing a deficit of N10.5 trillion most of which would be funded by debt. However, with a debt burden of over N42 trillion and surging debt servicing obligations spurred by the rising interest rates globally, the country has a short window in accessing the international debt market.

The Nigerian government has $15.918 billion outstanding Eurobonds debts as at March 2022 and continues to accumulate more.

R-L: **Mrs. Zainab Ahmed,** Honourable Minister of Finance, Budget and National Planning, **Mr. Axel van Trotsenburg,** World Bank Managing Director of Operations, and **Mr. Godwin Emefiele,** CBN Governor, during the World Bank/IMF Annual Meetings in Washington DC.

But as central banks continue to pursue aggressive tightening, and raising interest rate, approaching the Eurobond market becomes more expensive for a government that is already spending more than 100 percent of its retained revenue on servicing its debts.

Against that backdrop, Mrs. Ahmed said that the government is making efforts to extend the tenor of its current debts.

She said that the government would also buy back some of its bonds to save money on debt servicing costs.

"Because inflation is going up, and it's going to stay up for longer, our debt service obligations in foreign currency are increasing. And what we have decided to do is not to wait for it to happen," Ahmed said.

> ...we are not restructuring our loans but we are looking at options of how we can stretch them out, including buying back some of our bonds

"We have to start looking at how we can better manage liabilities. For example, domestic liabilities, we have been able to shift our loans from short term tenor to medium- or longer-term tenor.

"We have to do the same for international borrowings as well, bilateral loans and even some of the concessional loans, to see if the periods could be stretched to give us more fiscal room.

We are already reviewing our debts, for the local debt. We have been reviewing the maturity. We can extend maturities from short tenors to longer tenors, and we are doing the same thing for the international debts as well. What we want to do is to refinance our debts or renegotiate them so that our maturities will come down.

It is a liability management we are trying to do; we are not trying to restructure our debts.

"While we're working to increase revenue, to improve on our revenue-to-debt service, we still need to be able to renegotiate and stretch out our repayment obligations. So, we are not restructuring our loans but we are looking at options of how we can stretch them out including buying back some of our bonds," she explained.

In another development, Mrs. Ahmed also disclosed that the federal government would consider the newly created IMF Food Security Package for additional borrowing to tackle the severe impact of flooding on food production in the country.

She said: "The last drawing we had from the IMF is the second round of Special Drawing Rights (SDR) that was provided for all the member countries of the IMF. The IMF has recently offered a food security package which countries can draw and it is equivalent to about 50 percent of their SDRs. We have not taken a decision to draw on that. We have to examine the requirements to see if it will be safe for us to draw, because we do not want to be drawn into an IMF programme. And, as it is, we are studying the terms and conditions.

"If they work for us, we will now decide to take it, because the funds can certainly be useful in terms of adding to our reserves and also in terms of helping us to cope with the challenges that the country is facing, especially as the floods that have been happening right now in the country is going to cause more stress on our food system. We realise that the floods that are happening are currently destroying crops and, therefore, the harvest that is expected will be much less, and it will mean that more of our people will struggle to be able to afford food."

The Honourable Minister further stated that the federal government remains optimistic about achieving 3.7 percent gross domestic product (GDP) growth in 2022, notwithstanding the prevailing risks in the global and domestic economy.

"From the assessment we have made of the global and domestic economy, with all things being equal, we should be able to achieve that target. But, then again, in the past three years we have seen all three major crises on the globe affecting us. All things being equal, we should be able to make that 3.7 percent. Remember that Q2 2022 report was at 3.5 percent and we were told that is not very ambitious. But we are mindful of the risks that exist within the global ecosystem", she added.

In the same vein, the IMF has called on the federal government to redirect the money spent on petrol subsidy to support vulnerable households, to reduce the impact of food shortages and inflation triggered by flooding and climate change.

Considering the regional economic outlook for Africa, Director, African Department of IMF, Abebe Aemro Selassie, stressed that petrol subsidies support families and households that are richer more than they do poorer households.

Among other things, the IMF in the outlook, said that one of the four urgent policy priorities confronting African countries is tackling food insecurity to protect the most vulnerable; this is with a focus on effective and affordable measures that channel scarce resources to those who need them most.

Speaking on options available to the Nigeria government, in terms of support for vulnerable households, Selassie said: "Nigeria could have benefited even more if there were more targeted ways of supporting people rather than the generalised fuel subsidies that are being used at the moment. So, oil prices have gone up quite significantly, but the amount of resources that are accruing to the budgets, to external accounts have been very circumscribed as a result of the very generalised subsidy that the country has.

"I think we have been long on record, flagging that generalised subsidies like this one are extremely costly, and secondly, they are extremely regressive. So, they support families and households that are richer more than they do poorer households. A better policy in our view would be to find a way to redirect these resources to the most vulnerable households and supplement that with investments in health and education that Nigerians so desperately need.

"When you have a big surge in prices, it is understandable that governments will want to do something to smooth the increase in prices, including fuel subsidies, but those should be temporary and phased out and communicated in a very clear way.

"Ultimately, it is a political decision for Nigeria, and if that is how the country decides how resources should be used, that is how it will be used. But, you know, our role here is to flag that there are better options that could be done where economic efficiency could be facilitated in Nigeria."

On financing the green transition, the position is that the physical risks of climate change as well as the risks associated with the transition to net zero will both significantly affect the financial system, and every financial institution ought to have a transition plan, Ravi Menon, Managing Director of Monetary Authority of Singapore, told a Governor Talk session.

In view of inclusion and central bank digital currencies (CBDCs) and inclusion, it was noted that nearly 24 percent of the world's adult population remains unbanked. CBDCs could potentially bridge this gap, but significant policy, regulatory, design, and financial literacy challenges remain unresolved.

Regional outlook for Sub-Saharan Africa (SSA) points to the fact that growth in the region will slow sharply this year to 3.6 percent from 4.7 percent in 2021—as a worldwide slowdown, tighter global financial conditions, and volatile commodity prices spill into a region already weary from a prolonged pandemic, Abebe Selassie, director of the IMF's African Department, told the conference to launch the latest regional outlook.

> We are already reviewing our debts, for the local debt. We have been reviewing the maturity. We can extend maturities from short tenors to longer tenors, and we are doing the same thing for the international debts as well. What we want to do is to refinance our debts or renegotiate them so that our maturities will come down.

NDIC Invites Failed Banks' Depositors For Their Dividends

By Albert Egbede

The Nigeria Deposit Insurance Corporation (NDIC) has invited depositors of failed banks in the country to come forward with claims to get their dividends

The Director of Corporate Communications and Public Affairs, Dr Bashir Nuhu, who disclosed this at Abuja-International Trade Fair, said the corporation declared 100 percent liquidation dividends in the 20 failed banks.

The affected banks are ABC Merchant Bank Limited; Allied Bank of Nigeria; Alpha Merchant Bank Plc.; Amicable Bank of Nig. Limited; Commerce Bank; Commercial Trust Bank Limited; Continental Merchant Bank Plc.; Cooperative & Commerce Bank Plc.; and Eagle Bank;

The rest were Financial Merchant Bank Limited; Icon Limited (Merchant Bank); Ivory Merchant Bank; Kapital Merchant Bank Limited; Mercantile Bank of Nig. Plc.; Merchant Bank of Africa Limited; Nigeria Merchant Bank Plc.; Pan African Bank Limited; Premier Commercial Bank Limited; Progress Bank of Nigeria; and Rims Merchant Bank Limited.

He said: "The implication of this is that, through our dogged liquidation activities, the Corporation has realised enough funds to fully pay all depositors of the banks."

Mr. Bello Hassan, CEO, NDIC

According to him, similar notices were also sent to creditors of seven DMBs in-liquidation as well as depositors and ex-staff of two MFBs and a PMB.

The Director added that NDIC's determination to secure depositors' funds, it would ensure the digitisation of all Microfinance Banks operating in the country.

He said: "Recently, through newspaper adverts, radio and television announcements and notices on our website and social media handles, the Corporation repeated its call to depositors of twenty closed banks in which it has declared full (i.e. 100%) liquidation dividends to come forward for verification and payment of their deposits that are in excess of the guaranteed sums."

According to Dr. Nuhu: "The theme aligns with the corporation's initiative that established the new cost saving digital platform known as the National Microfinance Bank Unified Information Technology (NAMBUIT), to address cost of operation and assist Microfinance Banks (MFBs) to build a user-friendly interface, flexible processing, aid decision making and increase financial inclusion in the country.

"The corporation is hereby fully committed in ensuring the MFBs are digitalized to towards achieving this noble plan.

"It is instructive to note the strong nexus between our mandate and the theme of this year's fair."

He added that by discharging its public policy objective of protecting depositors in the event of bank failures and by offering a measure of safety for the banking system generally, NDIC was creating enabling environment for the financial system to support the SME sub-sector of the economy and promote an export ready market through an efficient payment system.

He said: "The Corporation protects depositors through the discharge of its mandate in four critical ways namely: by guaranteeing payment in the event of bank failure; by supervising the banks in conjunction with the Central Bank of Nigeria (CBN) to ensure that they are run in an efficient manner in line with extant laws and regulations; by resolving distress to reduce instances of failure; and through orderly and efficient liquidation of failed banks to prevent disruptions to the payment system."

In his remarks, the President of the Abuja Chamber of Commerce and Industry, Dr. Mujtaba Abubakar, charged the NDIC to be vigilant against Ponzi scheme operations who were out to defraud members of the Nigerian public.

Insurance Total Assets Increased 11.9% In Q2 Of 2022 As New Agric Insurance Coy Comes On Board

By Felix Omoh-Asun

The fortune of insurance industry in Nigeria has taken a leap for good, following the increased total assets of N2.3 trillion in the second quarter of 2022, a 11.9 percent increase or N200 billion from the second quarter of 2021.

The non-life business assets stood at N1.2 trillion while the sum of assets of the life segment was N1.1 trillion.

This was disclosed in the Insurance Market Second Quarter 2022 report released by the National Insurance Commission (NAICOM).

The Head of Corporate Communications and Market Development (NAICOM) Rasaaq Salami, said that the insurance market performance for the second quarter of 2022 showed some quality improvements in the market indicators including growth, claims settlement and profitability.

This performance, NAICOM said, was an insight into the market behaviour in the second quarter of 2022.

It disclosed that the market recorded about N369.2 billion gross premium during the period, indicating a 20.1 percent growth compared to the same period of the previous year and an impressive 65 percent quarter-on-quarter (q/q).

The continued growth from the first quarter of the year, it stressed, correlated with the current performance of the period under review. It was that the market could be adjudged as sound and stable while, the stance of the market deepening remains optimistic

According to the report, insurance companies incurred N174.8 billion in gross claims.

"The growth of the gross claims reported was 0.2 per cent higher than the corresponding period of 2021. The industry statistics for gross claims in Q2 of 2022 stood at N174.8 billion, representing 47.3 per cent of all premiums generated during the period," it said.

This is also as NAICOM has approved Sanlam Insurance underwriting agric business to underwrite agricultural business risks.

The Managing Director (MD) of the company, Mr. Bode Opadokun, disclosed this.

He said that the regulator's approval would further position Sanlam to broaden its product offerings and deepen insurance penetration in Nigeria.

He said that the risk mitigation services offered by the insurer cut across the entire agricultural value chain.

Mr. Opadokun listed some of the products offered to include multi-peril crop insurance, area yield index insurance, weather index insurance, livestock insurance and poultry insurance.

Others are agricultural goods-in-transit insurance, farm property and produce insurance which comprises agro-produce in warehouse and farm machineries.

He said that Sanlam's agricultural insurance products are designed to protect farmers across the agricultural value chain against the insured perils of fire, flood, drought, windstorm, pest and diseases.

"In a bid to have significant agricultural productivity, the company brings into the sector unique value proposition such as human assets, experience and professionalism.

"We also make available deployment of bespoke products and services as well as prompt claims payment.

"We are excited to underwrite agricultural risks, having robust agricultural insurance professionals and technical experts in the Nigerian insurance sector at our disposal.

"Our products are competitively priced without sacrificing quality and Sanlam Insurance remains flexible as it has carefully considered each client's unique need in order to develop fit-for-purpose products," he said.

According to him, clients may be able to access free farm advisory services during monitoring and inspection and regular access to veterinary surgeons and animal health nutritionists.

He said that farm consultancy services would also be made available at zero or minimal costs.

On claims payment, Mr. Opadokun said that the insurance firm considered prompt claims processing and settlements as critical success factors to its business model.

He noted that this was a cardinal part of its strategy to ensure customer satisfaction at all times.

Sanlam General Insurance Nigeria Ltd. is a subsidiary of Sanlam Life Insurance Nigeria Ltd, incorporated to transact general insurance business in Nigeria.

SEC Nigeria, Ghana Commit To Strategic Market Development, Cooperation

By Edmond Martins

The signing of Memorandum of Understanding (MoU) between the Securities and Exchange Commission (SEC) of Nigeria and that of Ghana has raised economic bar of both countries.

The MoU, which both countries said was to strengthen cooperation and mutual support in the regulation of the markets, is also to encourage market integration and provide better opportunities for economic prosperity of the countries.

Director-General (DG) of SEC, Nigeria, Mr Lamido Yuguda, emphasised that the move would enhance global competitiveness of both markets.

Mr. Yuguda said that the move would also enhance the efficiency and transparency of the capital markets in both countries.

"The enduring relationship between our two jurisdictions is more amplified by the fact that Ghana and Nigeria have the largest markets in the West African sub-region. It will only be good that we use the advantage of our size and peculiarities to explore viable areas of cooperation.

"This is even as we continue to work with other stakeholders to integrate our markets and provide greater opportunities for our economic prosperity," he said.

Speaking during the signing ceremony in Accra, Ghana, Mr. Yuguda recalled that both countries had enjoyed a long period of progressive and mutually-beneficial partnership, which resulted in the first MoU in 2003.

According to him, the partnership has paved the way for the signing of the current MoU, which "we have come to renew and put to greater use."

Mr. Lamido Yuguda, DG, SEC

"It will only be good foresightedness that we seize the advantage of our size and peculiarities, and explore viable areas of cooperation, even as we continue to work assiduously with other stakeholders to integrate our markets and provide greater opportunities for the economic prosperity of our peoples and our economies."

The SEC DG stated that in the spirit of the African Continental Free Trade Area (AfCFTA), the collaboration would be a good pedestal for future partnerships with other neighbours.

Mr. Yuguda pointed out that with the revised MoU, both countries have developed a robust and inclusive document that is all-encompassing and reflective of current trends, emphasising that the goal of the West African capital markets integration programme was the creation of an enabling environment for cross-border securities transactions.

"It will, therefore, be equally expected that we develop a tool of cooperation that enables our two institutions to effectively police our respective markets and ensure that the standards of regulation set out by the International Organisation of Securities Commissions (IOSCO) are sustained, and where possible, improved upon.

"However, without the readiness of all concerned, the lofty aims of the programme may continually remain a dream. It goes to say, unequivocally, that this goal can only be achieved seamlessly when all member states of Economic Community Of West African States (ECOWAS) come on board and actively commit to achieving the noble objectives of the enhanced collaborative structure that these kinds of agreements are enabled," he said.

He added that both the SEC Ghana and the SEC Nigeria are desirous of achieving these ideals and have taken the lead by example and by driving the project in the sub-region while hopefully aiming to someday expand its coverage beyond the sub-regional frontiers on to other parts of the continent of Africa.

He expressed appreciation to other agencies such as the African Development Bank (AfDB) towards the growth and integration of capital markets in the sub region, adding that capital markets in the region are working with other institutions to ensure provision of robust infrastructure in superintending over the capital market.

The DG of SEC Ghana, Rev. Daniel Ogbarmey Tetteh, said that both securities commissions were ready to work together and develop the potentials of the capital market by examining issues and exploring ways to resolve them to make the capital markets work better.

"This is a good framework that will benefit both countries and the sub region. If you want to go far, it is better to go along with others and that is why we always have discussions on co-operation in the capital market. We had an MoU in 2003 which centred on collaboration and leveraging the potentials of the capital markets in the sub region. We are better off when we pull together to attain the potentials of our capital markets.

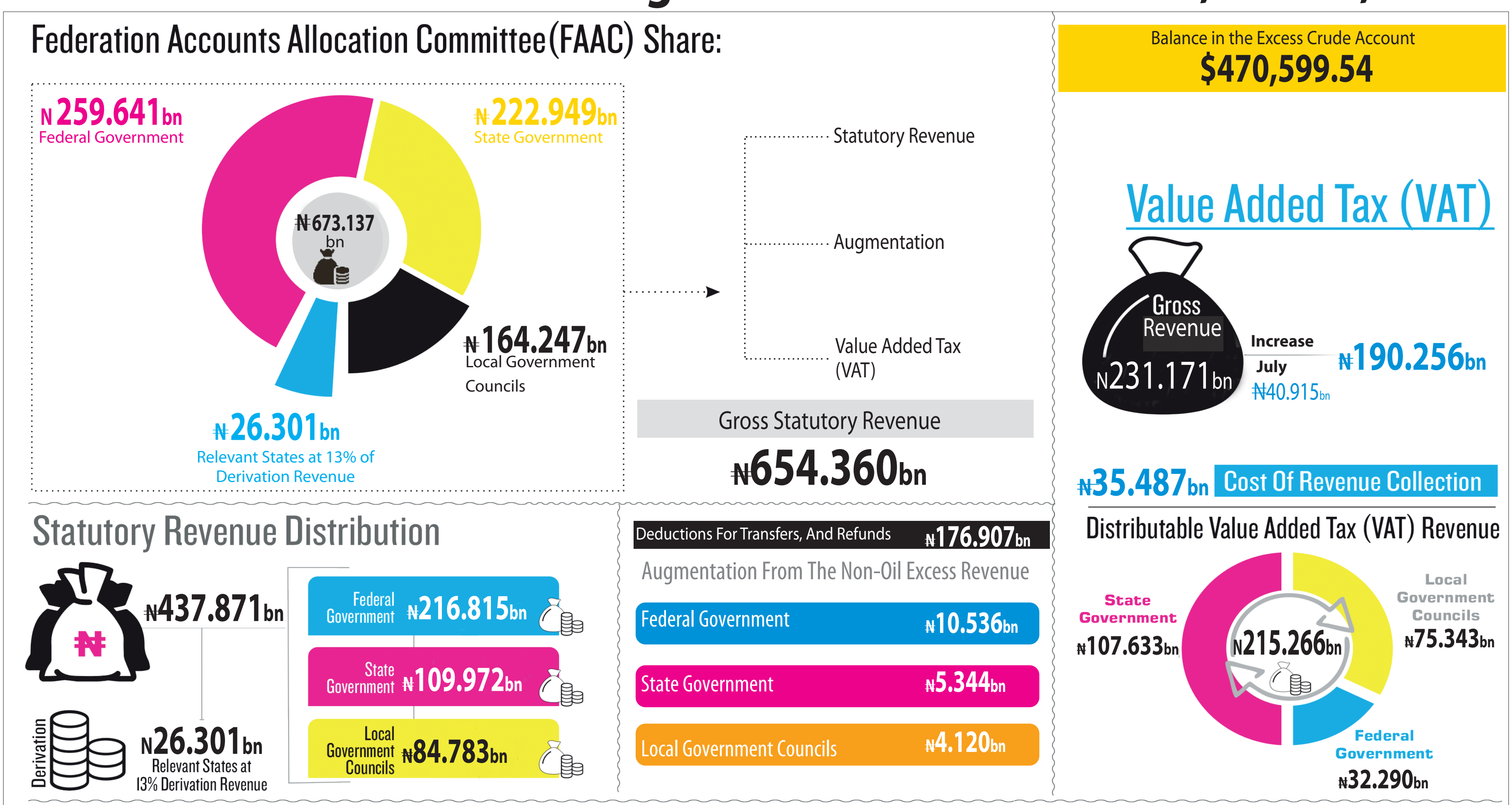
"Some progress has been made in the past, but we are not yet where we want to be, we could do more. Ghana and Nigeria can push forward in ways that will bring about the mutual benefits of leveraging the capital market. We need to have our markets open to each other so that we can achieve more and then attain one big capital market.

"The MoU has been revised to accommodate new direction to strengthen bilateral relations and measures towards deepening and growing markets through exchanges. This is significant and the Ghana SEC will be committed to play our role to ensure that this MoU results in tangible benefits. We will put it into operation so that our capital market will be deepened to experience growth that will lead to economic development.

"We need to come closer and take deliberate steps to achieve bilateral co-operation. We are very keen on this relationship. There is a strong relationship between us, so we need to continue to nurture and grow it and create institutions that will help our people have better living standards. I hope we can achieve a lot by bringing our capital markets together. We need to make our institutions stronger as well as our economic activities.

"We need this collaboration in a bid to make the process of accessing our markets as seamless as possible, easy for people to transfer assets, make investments and have confidence that the investments are protected in Ghana as they are in Nigeria and vice versa," Tetteh said.

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.

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EDITORIAL

Govt Diversifying Nigerian Economy For Sustainable Growth

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integration. The benefits, in addition to effective public management, can effectively help reduce poverty and promote human and social development.

Agriculture is one of the key sectors that provide unrivalled opportunities for Nigeria's accelerated growth. It shares linkage with virtually all the sectors of the economy with proven multiplier effect on the economy. It remains Nigeria's surest most strategic and competitive way to secure her rapid industrialisation and future. It creates employment more than any other sector of the economy, earns foreign exchange, provides food and food security, provides raw materials for our plants and industries.

It is the basis of the Nigeria economy, and even the source of the much-celebrated oil (science of oil formation). From food and cash crops to animal husbandry, horticulture and fishery, the opportunities are numerous.

The federal government's interventions in the agricultural sector, ATA of the present administration, has now raised the net earnings of rural farmers to the sum of N174billion due to its activities in five value chains namely: Cassava, rice (dry season and rainy season), sorghum, maize and cotton, minister of agriculture and rural development.

As a matter of priority, Nigeria government must encourage the diversification of Nigeria's economy. It is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price. It is crucial that government do not believe that oil provides an endless source of revenue. Nigerian economy is mono-economy, depending on oil. Good percentage of Nigerians live in abject poverty, unemployment is on the high and productivity is at its lowest level. Using descriptive method of analysis, it is revealed that considering Nigeria's peculiar circumstances and the successes recorded before the advent of oil, for Nigeria to break loose from the problems inherent in a mono-economy, especially one largely dominated by oil, which is subject to depletion, international price shocks and unfavourable quota arrangement, there is need for diversification. Agricultural sector is suggested as possible options for diversifying the Nigerian economy. The only sensible and durable way to sustain the economy is Nigerian innovation.

In recent times, Nigeria has been enjoying high levels of economic growth, human development, and relative political stability. As it continues along the path of economic progress, it is imperative that the country stays focused on diversifying its economy by boosting non-traditional sectors, expanding its range of products for exports and engaging new economic and trade partners.

While gross domestic product (GDP) neither reflects the wealth distribution nor accounts for the size of the population, it is a significant indication of Nigeria's emerging economic power.

It is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price. It is gratifying that the present administration does not believe that oil provides an endless source of revenue.

Diversification presents the most competitive and strategic option for Nigeria in light of her developmental challenges and given her background. It has a lot of benefits for Nigeria to maximally utilise her abundant resource base to rebuild the economy and enjoy the benefits of all the linkages, synergy, economies of scale, grow national technology and foreign investment profile, build human capital, exploit new opportunities, lessen averagely operational costs, increase national competitiveness and grow the standard of living and confidence of the citizens for national renaissance.

Diversification does not occur in a vacuum. And, the need to have in place an enabling environment to make diversification possible remains necessary.

We Have Created Market For Non-oil Commodities, Says CBN

...As SDF Jumped By 42%

By Felix Omoh-Asun

The Central Bank of Nigeria (CBN) said that it had taken steps to create export market particularly for non-oil commodities.

The CBN, in collaboration with the Bankers' Committee, in February, initiated the RT200 FX Programme aimed at boosting earnings of stable and sustainable inflows of foreign exchange.

Mr Osita Nwanisobi, CBN's Director, Corporate Communications, said this at the apex bank's special day at the 17th Abuja International Trade Fair.

"Our records show that the initiative has started yielding the expected result.

"Importers and exporters have been taking advantage of the incentive of N65 for every one dollar repatriated and sold at the I&E window.

"They also get N35 for every dollar repatriated for own use on eligible transactions," he said.

The director said that the apex bank had released N66.99 billion to 12 additional projects in manufacturing and agriculture under the Real Sector Support Facility (RSSF).

He said that cumulative disbursement under RSSF was N2.10 trillion disbursed to 426 projects across the country.

He said the apex bank was also committed to initiating programmes and policies aimed at supporting Small and Medium Enterprises (SMEs) in Nigeria.

Nwanisobi, who was represented by Samuel Okogbue, the acting Director, Corporate Communications, said that the CBN had over the years initiated interventions aimed at boosting the fortunes of SMEs.

According to him, they included the SMEs Credit Guarantee Scheme (SMECGS) and the Micro, Small and Medium Enterprises Development Fund (MSMEDF).

"There are also the Youth Enterprises Development Programme and the Agribusiness/Small and Medium Enterprises Scheme (AGSMEIS).

"Similarly, the CBN initiated Entrepreneurship Development Centres (EDCs), National Collateral Registry (NCR), the Creative Industry Financing Initiative (CIFI), the Targeted Credit Facility (TCF) and the Nigerian Youth Investment Fund (NYIF)," he said.

He also listed the Tertiary Institutions Entrepreneurship Scheme (TIES) as another of such initiatives.

"Recently, N20.17 billion was disbursed to 14 projects in healthcare, manufacturing and services, bringing the cumulative disbursement under the 100 for 100 Policy on Production and Productivity (PPP) to N93.39 billion to 62 projects." This is as the apex bank said CBN's lending to commercial banks drops by N350billion

Meanwhile, data obtained from the CBN suggest that money deposit banks (DMBs) could be struggling to park excess cash holdings despite low access to funds by the real sector.

According to the financial data, DMBs' total deposits with the CBN through standard deposit facility (SDF), a window through which the commercial banks offload their short-term excess liquidity, which stood at N192.4 billion in August, jumped by 42 percent to N272.92 billion month-on-month (m/m).

Mr. Godwin Emefiele, CBN Governor

Compared with July's figure, the amount lodged with the apex bank in August had spiked by 216.7 percent, suggesting an increase in activity on the window in the past two months. The total amount commercial banks deposited with the regulator in July for minimal interest compared with the high commercial rates was N60.76 billion.

In the third quarter, commercial banks deposited a total of N526.08 billion with the CBN through the SDF, with the amount lodged hitting the highest point in September.

Unlike the commercial interest rates, which peaked at 28.5 percent in August according to CBN data, banks earn the equivalent of monetary policy rate (MPR) less 700 basis points (bps) for SDF that meets the conditions of the window.

On the other hand, banks pay the central bank an equivalent of MPR plus 100 bps as the interest rate on any amount accessed from the standard lending facility (SLF), a window which lenders could draw from to meet short-term liquidity needs.

While SDF has been on the rise in recent months, SLF declined by as much as N350. 5 billion in September, when the total amount accessed stood at N836.5 billion. The volume fell by approximately 30 percent in the month.

The figure had slumped from N1.46 trillion in July to N1.19 trillion or 18.6 percent in August. The CBN's total short-term loans through the standard facility window last quarter was N3.48 trillion.

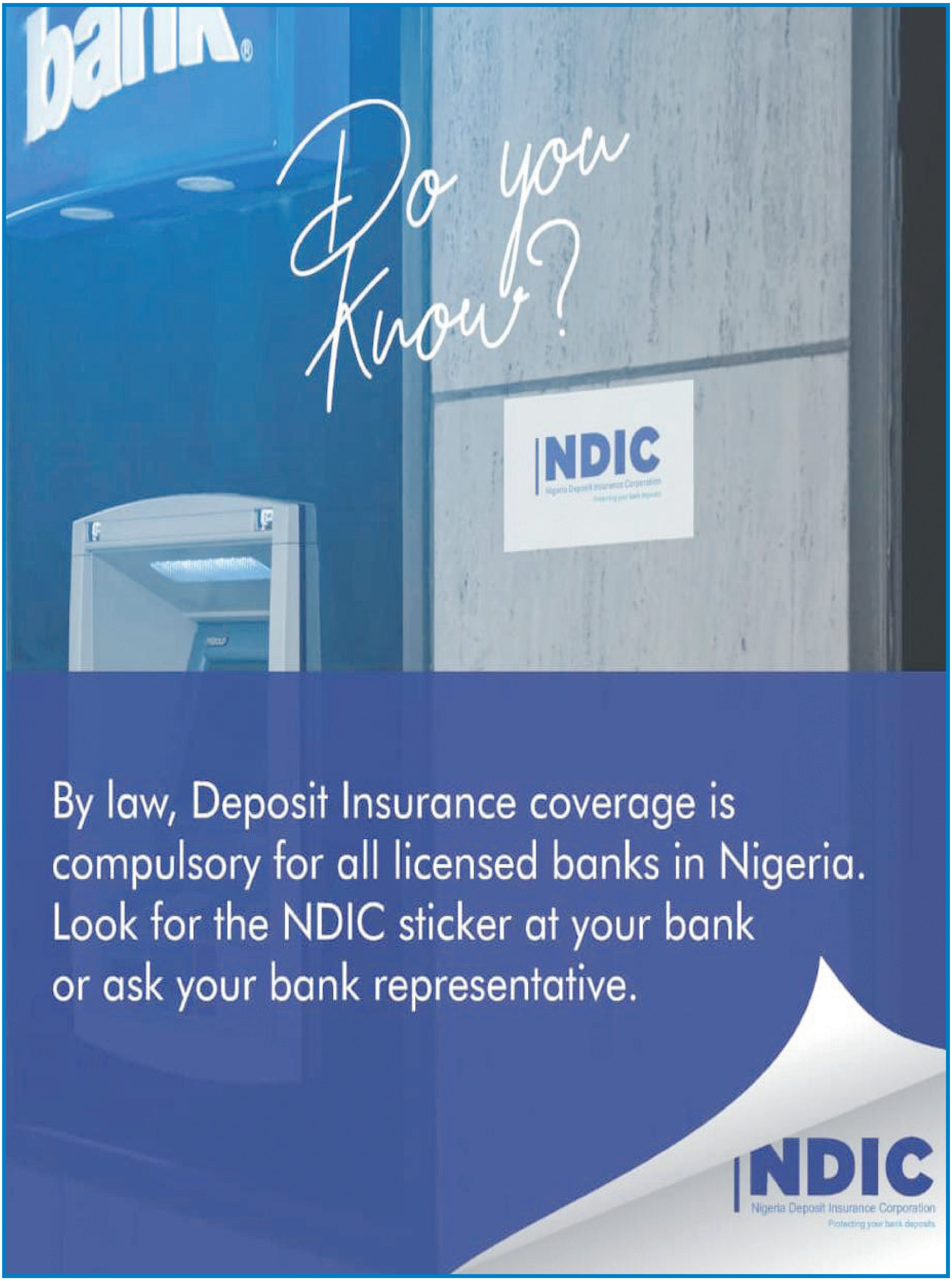
The amount accessed through SLF last quarter was N6.9 billion higher than N3.43 trillion, which built up gradually from April and spiked in June when the value hit N1.93 trillion. The amount was over 200 percent of N897.05 billion borrowed in May. In April, the banks borrowed N612.4 billion.

Activities at the repurchase order (repo), a short-term agreement to sell securities to buy them back at a slightly higher price used by banks to meet oversight liquidity challenge, slowed in September as per data analysed by The Guardian. Overall, the banks exchanged a total of N5.88 trillion through repo in Q3.

The value is almost twice the N2.99 trillion repo traded in the previous quarter. But over half of the figure recorded in Q3 took place in April, that is, before the beginning of the current aggressive monetary tightening. Last month, the value dropped by 42 percent N1.2 trillion from N1.62 trillion in August.

During liquidity squeeze, banks tend to transact more in repo transactions and access SLF. These slow when the banks are awash with liquidity. The Guardian had reported recently that banks would resort more to SDF window as the cost of borrowing blunts access to funds by the private sector.

It would be recalled that the Monetary Policy Committee (MPC), the rate-fixing arm of the CBN, has jacked up the benchmark rate by 400 bps since May to rein in inflation and cool capital outflow. The monetary authority said it would continue to hike the rate if convinced that excess money supply continues to weigh heavily on inflation.


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

NEWS IN PICTURE

Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, led the Nigerian delegation in a bilateral meeting with World Bank Executives. In the Nigerian delegation were dignitaries such as **Mr. Godwin Emefiele,** Central Bank Governor, **Mr. Aliyu Ahmed,** Permanent Secretary Finance, Federal Ministry of Finance, Budget and National Planning, **Ms. Patience Oniha,** DG, Debt Management Office, **Mr. Kingsley Obiora,** Deputy Governor, CBN, **Mr. Ben Akabueze,** DG, Budget Office of the Federation among others in attendance.

NEWS IN PICTURE

Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning with **Mia Mottley,** Prime Minister of Barbados at the World Bank/IMF Annual Meetings in Washington DC.

Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning with **H.M. Queen Máxima** of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development,at the World Bank/IMF Annual Meetings in Washington DC.

NAICOM Charges Industry Players On Sustainable Legacies

• Warms Operators To Digitilise Operations Or Risk Elimination
• As Elumelu Seeks N50mn Capital Base For Insurers

By Jennete Ugo Anya

The National Insurance Commission (NAICOM) has charged the Chartered Insurance Institute of Nigeria (CIIN), insurance companies and other stakeholders in the Nigerian insurance industry to leave legacies worthy of emulation for the next generations.

The Commissioner of Insurance, Mr. Sunday Thomas, made this charge during the 2022 edition of the annual insurance professionals' forum organised by CIIN recently in Lagos.

In a bid to see an enviable insurance sector in the nearest future, NAICOM has charged the CIIN, insurance companies and other stakeholders in the industry to leave legacies worthy of emulation for the next generations.

With the theme, 'Power of the Past: A Force for the Future of the Insurance Sector in Nigeria', the commissioner affirmed that the founding fathers of CIIN laid a solid foundation with the big dreams of berthing a world class educational institute designed to fill the void that existed for the baking of thorough-bred insurance professionals.

Charged with the responsibility of determining the standards of knowledge and skills to be attained by persons seeking to become registered members of the insurance profession in Nigeria, he maintained that the burden to ensure standards, professional ethics and discipline are enthroned, lies with the institute.

"We need to ask the lofty dreams of the founding fathers which I can say was once achieved, if being sustained. CIIN has grown its membership base and achieved immensely in various aspects of insurance education development in the country, public awareness, project 'catch-them-young' and others. We must look back and assess our achievement in the past years from professional education to ethical behavior of our members.

"Taking a peep into the past from where we are coming, a lot could be said to have been achieved but, in another breath, we must acknowledge the fact that so much is still needed to be done. The commission believes that the insurance sector in Nigeria will continue to get better if only all stakeholders continue to collaborate and cooperate as professionals."

Mr. Thomas posited that the long-standing issues on ethical behavior in the industry can be said to have significantly improved over time. He noted that young professionals that are eager to join the noble insurance profession must be bequeathed a good legacy to emulate. 'More so, the integrity of insurance business depends solely on the level of integrity we display as professionals in the business.

"The image and future of insurance business in Nigeria depends majorly on how we uphold and encourage members to adhere strictly to the observance of the industry's codes of conduct and ethics.

Subsequently, NAICOM has warned insurance companies operating in the country to go digital or find another sector to operate.

Mr. Thomas gave the warning during a closed-door meeting with chief executive officers of insurance companies.

He said: "It seems some companies do not want to go digital but they are in the minority. We will ensure that any company that is operating in this market must go digital otherwise, they should look at other sectors to play in."

"We will not allow such companies to operate in the insurance sector anymore because we must adopt technology to enable optimal growth."

Mr. Thomas in his address to participants at the forum noted that since the advent of COVID-19 pandemic, the way and manner in which businesses are conducted have significantly changed, with the major focus now on the use of technology to ease activities.

"The commission has also been working to boost access to insurance through effective deployment of technology, as its portal has been launched and effectively deployed."

He said that innovation would be the key to the sustenance of the industry and it would make insurance services seamless by leveraging technology, which drives applications like Insurtech, FinTech, blockchain, data analytics, and IoTs, among others.

"We all must work together to explore all possible means to take insurance to a new level that will enhance our contribution to the nation's economy."

Also at the close door meeting, Mr. Thomas informed the CEOs about the adoption and implementation of risk-based supervision (RBS).

The adoption and implementation of RBS has achieved appreciable level in the market. The support from operators has been encouraging and commendable. The next level is now the risk-based capital (RBC). The commission is working with the Financial Sector Deepening (FSD) Africa on this and very soon, the framework will be unveiled."

On the market's 10-year development strategic plan, he said that it has become necessary not just for now but for the future.

"It is a document that successive leaders of every arm of the sector could leverage and ride on". He urged the Nigerian Insurers Association (NIA) and Nigeria Council of Registered Insurance Brokers (NCRIB) to expedite action on the constitution of the committee to work on this expecting a formal report at the next insurers committee.

On claims payment, Mr. Thomas said that the industry needs a high level of integrity in the market by paying serious attention to the issue of claims payment. "We are not unmindful of the fact that there have been some considerable improvements in the payment of claims by operators in the last few years, but you really need to do a lot more in this area.

"You cannot fail to settle a claim you have already accepted and issued a discharge voucher; you certainly will have no excuse for such behaviour. The commission frowns at it and will continue to take appropriate steps in line with extant laws in ensuring that this sort of behaviour is curbed in the market."

Meanwhile, the NAICOM has been urged to upgrade the minimum capital base of insurance booking firms from the current N5 million to N50 million.

The insurance brokers on their part have been challenged to achieve the highest level of professionalism and dedication to service delivery to the public who rely on them for provision of comfort.

The Chairman, Heirs holding, the parent body for Heirs group of Insurance firms, Mr. Tony Elumelu, gave the advice while delivering a keynote address at the 60th year anniversary of the Nigeria Council of Registered Insurance Brokers (NCRIB).

Mr. Elumelu, whose insurance firms - Heirs life, Heirs Insurance and Heirs insurance brokers, currently hold high the flag of digitalisation and redefinition of insurance industry - addressed the brokers on the need to redefine the insurance industry, saying: "We, as an industry, need to enforce strict adherence to corporate governance by all NCRIB members.

"There is need for the body to weed out non-registered and non-compliant members from its fold. These are the ones tarnishing the image of the broking profession and the industry at large.

"In redefining the practice and practitioners in the broking profession, NCRIB should lead the war against many of the unethical practices that have been the bane of the industry for years."

"These include premium rate cutting, delayed premium remittance, unremitted premium, overloading of premium, returned premium, fake documents, fraudulent claims, collusion to defraud, mis-selling, unhealthy competition, misrepresentations, manipulation of policy conditions, self-enrichment methods disguised as marketing expenses, and more", he stated.

Mr. Elumelu also said that while NAICOM continued to play its role as the industry regulator, NCRIB as a body must ensure that appropriate sanctions were imposed on any of its members found engaging in unethical practices.

He urged NCRIB and other insurance industry bodies to collaborate more to deepen insurance penetration in Nigeria.

He said: "Where there are differences on issues, such must be resolved as friends and colleagues to protect and preserve the image of the industry. The body should also play a key role in government advocacy for pro-insurance laws and policies."

In the area of innovation, the Heirs Holding boss said that the industry could benefit from innovation across all phases of the service, adding that for this to happen, there was the need to reward and incentivise innovation across the industry.

He also advised the entire insurance industry to benchmark against global trends, pointing out that the starting point for innovation in the broking arm of the industry was retail insurance development.

Mr. Sunday Thomas, Commissioner of Insurance, NAICOM

> We will ensure that any company that is operating in this market must go digital

Nigeria On Path of Growth Despite Revenue Crunch -Ahmed

• Says FG Plans To Convert N20trn CBN Loan To 40yrs Bond

*On 19th October 2022, Minister of Finance, Budget and National Planning, **Mrs. Zainab Shamsuna Ahmed,** presented to the public the breakdown of the 2023 budget estimates. In this report, our correspondent, **Musa Ibrahim,** offers key highlights of the Minister's presentation.*

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

Amidst revenue challenges facing Nigeria's economy, Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, says the economy is on the path of growth despite recording a deficit of N5.33trillion between January to August 2022.

As at August 2022, the Honourable Minister said that the federal government's retained revenue was N4.23trillion, which is 64 percent of the pro-rata target of N6.65trillion.

She said: "The fiscal deficit for 2022 is estimated at N7.53trillion. The N5.53trillion deficit as at August is N430.82billion above the prorate level.

On the level of borrowing in the 2022 budget, she said: "The level of borrowing is at N1.26trillion ahead of August target. The federal government's share of oil revenue was N395.06billion representing 27.1 percent performance, while non-oil tax revenue totaled N1.549trillion a performance of 102.9 percent.

"Company income tax (CIT) and value added tax (VAT) collections were N826.27billion and N210.36billion representing 136.3 percent and 99.6 percent of their respective targets. The Nigerian Customs Service's collections comprised imports duties, excise and fees, and federal account special levies trailed the target by N102.51billion (17 percent). Similarly, other revenues amounted to N2.19trillion of which independent revenue was N866.16billion," she explained.

In terms of expenditure, Mrs. Ahmed put the aggregate expenditure for 2022 at N17.32trillion with a pro-rata spending target of N11.55trillion at the end of August.

The actual spending, as of August 31 was N9.56trillion and of this amount, N3.52trillion was for debt service and N2.89trillion for personal costs, including pensions.

In addition, the Honourable Minister stated that N1.78billion was released for capital expenditure in the year under review.

Speaking further, she said that the federal government is owing Central Bank of Nigeria (CBN) N20 trillion, and it plans to raise bonds to repay over a 40-year period.

"The total Ways and Means (CBN lending to the FG) today is N20 trillion and we have approval to securitise, and the securitisation will be over in 40-year period with an interest rate of nine percent. But over the years, we have been paying interest component and the current rate that is charged on the Ways and Means", the Honourable Minister said.

Speaking on subsidy, Mrs. Ahmed said that the federal government has provided N3.3trillion as subsidy for 2023 fiscal, in spite of the shallow revenue position of the government.

She said: "We have provided N3.3trillion to be used for fuel subsidy. For us on the fiscal side, it is not something we should be doing. But we live in a nation and we have different arms of government so we will have to do what is practicable."

On critical allocations, Mrs. Ahmed said that N2.02 trillion has been provided for the education sector, including N470billion to pay the increment portion of the adjustment of salaries for lecturers as well as the revitalisation that was negotiated with Academic Staff Union of Universities (ASUU). "This is in addition to the regular salaries. If you factor in that, the total package will be N515 billion", she noted.

Further breakdown of the budget for education sector shows that N1.23 trillion was budgeted for the Federal Ministry of Education and its agencies, 248 billion for the Tertiary Education Trust Fund (TETFUND) and N95.30 billion for Universal Basic Education Commission (UBEC).

The Defense and security sector is expected to gulp N2.74 trillion. The amount is budgeted for the military police, intelligence and paramilitary (recurrent and capital).

Other critical allocations include infrastructure which is expected to take N998.93 billion. In the same vein, Social Development and Poverty Reduction Programmes also is set to take N756 billion.

In the health sector is N1.58 trillion with N1.42 trillion budget for the Health Ministry's capital and recurrent expenditure, N69 billion for Gavi/Immunisation funds and N47 billion transfer to the Basic Health care provision (BHCPF).

Meanwhile, the federal government is expected to run the 2023 budget on N10.78trillion in 2023 budget. Breakdown shows that N7.04 trillion will be sourced domestically while N1.76 trillion from foreign sources which include multilateral/bilateral loan drawdowns and privatisation proceeds of N206.18billion.

In another development, Mrs. Ahmed admitted that deductions for fuel subsidy by the Nigerian National Petroleum Corporation (NNPC) Ltd is affecting the nation's revenue growth.

Her words: "Revenue generation remains the major fiscal constraint of the federation. The systemic resource mobilisation problem has been compounded by the recent economic recession.

"However, crude oil challenges and premium motor spirit (PMS) subsidy deductions by NNPC constitutes significant threat to the achievement of our revenue growth targets as seen in the 2022 performance up to August," she said.

She further stated that bold, decisive and urgent action is needed to address revenue underperformance and expenditure efficiency at the national and subnational levels.

Mrs. Ahmed also announced that the goal of fiscal interventions would be to further stimulate the economy through carefully calibrated regulatory/policy measures designed to boost domestic value addition and attract external investments and sources of funding.

She said this would be funded through domestic and multilateral borrowings and proceeds from privatisation.

According to her, of Nigeria's $102billion debt, 35 percent is foreign and 65 percent is domestic, adding that the current public debt is at 23 percent of the country's gross domestic product (GDP).

The Honourable Minister also said that the 2023 budget also factored in 17.16 percent inflation.

According to her, the draft 2023 budget has been prepared on the background of international challenges such as the Russia-Ukraine war and COVID-19 pandemic, adding that revenue generation has been a major challenge to the national development in the country.

> Revenue generation remains the major fiscal constraint of the federation

NSIA To Invest In Africa50 Infrastructure Acceleration Fund

By Albert Egbede

The Nigeria Sovereign Investment Authority (NSIA) has made known its intention to invest in the Africa50 Infrastructure Acceleration Fund (Acceleration Fund).

The Africa50 Infrastructure Acceleration Fund is a US$500 million closed-end private equity vehicle launched by Africa50 Group to mobilise long-term institutional capital from Africa and globally, aimed at helping to bridge Africa's infrastructure financing gap.

The Fund is designed to deliver attractive risk-adjusted returns for investors and to make a positive impact on Africa's socioeconomic development, while also supporting the continent's climate transition towards net-zero emissions. The Fund invests in bankable infrastructure projects in power and energy, transport and logistics, water, and sanitation, as well as the digital and social sectors.

Speaking on the occasion of the announcement, Mr. Uche Orji, the immediate past Managing Director (MD)and Chief Executive Officer (CEO) of the NSIA, recently said: "Investing in the Africa50 Infrastructure Acceleration Fund aligns well with the NSIA's priority focus on sustainable infrastructure and robust environmental, social and governance (ESG) practices. We appreciate the Acceleration Fund's strong African DNA, excellent management team, and strong project pipeline, and we are pleased to partner with the Africa50 Group and contribute to the successful implementation of this important initiative. We believe that African institutional investors like us have a critical role to play in helping reduce the continent's infrastructure funding gap and bringing transformational projects to fruition.

"This investment is an opportunity to expand our development impact in Africa while generating attractive financial returns".

The NSIA is an investment institution of the federation set up to manage funds in excess of budgeted hydrocarbon revenues.

Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, and providing stabilization support in times of economic stress.

The NSIA is empowered to receive, manage, and invest funds in a diversified portfolio of medium and long-term assets on behalf of all three tiers of government including the Federal Capital Territory, in preparation for the eventual depletion of Nigeria's hydrocarbon resources.

Last Tuesday, October 4, President Muhammadu Buhari, appointed a new MD for the Authority in the person of Aminu Umar-Sadiq. He was a former Executive Director and Head of Infrastructure at the NSIA.

Congratulations!

Mrs. (Dr.) Zainab Shamsuna Ahmed

Honourable Minister of Finance, Budget and National Planning

On your conferment as Commander of the Order of the Niger (CON).

This is an honour well deserved.

From Friends

NBS: States Raked In N5.10trn IGR In Three Years

● Lagos Accounted For N2.06trn ● As Inflation Hits 20.77%

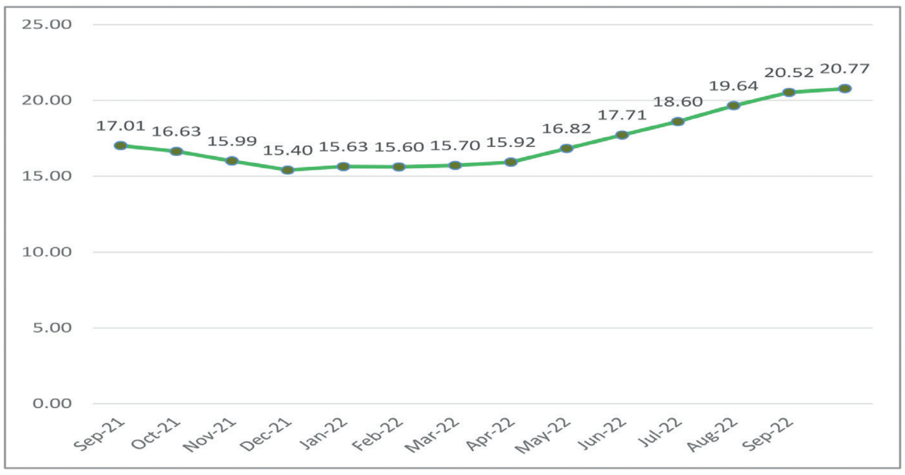
20.77%

YEAR-ON-YEAR
(FROM 16.63% IN SEPTEMBER 2021)

1.36%

MONTH-ON-MONTH
(FROM 1.77% IN AUGUST 2022)

CPI (%) HEADLINE 12-MONTH SERIES



The CPI (Consumer Price Index) measures the average change over time in prices of goods and services consumed by people for day-to-day living i.e it measures the inflation rate

FOOD SUB-INDEX IN SEPTEMBER 2022 ROSE BY

23.34%

YEAR-ON-YEAR
(FROM 19.57% IN SEPTEMBER 2021)

1.43%

MONTH-ON-MONTH
(FROM 1.98% IN AUGUST 2022)

CORE SUB-INDEX IN SEPTEMBER 2022 ROSE BY

17.60%

YEAR-ON-YEAR
(FROM 13.74% IN SEPTEMBER 2021)

1.59%

MONTH-ON-MONTH
(FROM 1.59% IN AUGUST 2022)

By Kingsley Benson

The 36 states of the federation including the Federal Capital Territory (FCT) generated a total sum of N5.10 trillion in internally generated revenue (IGR) between 2019, 2020, and 2021, according to the National Bureau of Statistics (NBS).

Total domestic revenue mobilisation stood at N1.64 trillion in 2019, with tax revenue accounting for 64.65 per cent of the total share, while tax revenue rose to 66.16 per cent out of the N1.56 trillion revenue recorded in 2020.

Also, in 2021, states' revenue collection grew by 21.54 per cent to N1.90 trillion. According to the IGR at the State level for 2019 – 2021, which was obtained from the NBS website, within the three-year period, Lagos State topped the IGR chart, accounting for N2.06 trillion of total revenue with N1.08 trillion in tax collections.

This was followed by Rivers which generated N410.14 billion for the period out of which the sum of N342.38 billion accounted for tax revenue. Precisely, Lagos generated N646.61billion, N659.99 billion, and N753.46 billion in 2019, 2020, and 2021 respectively, while Rivers recorded N169.60 billion, N117.19 billion, and N123.35 billion in the same period.

Kwara, Kogi, and Kebbi generated N77.21 billion, N58.04 billion, N30.98 billion respectively in the period under review. Also, Kano, Katsina, and Kaduna collected N112.8 billion, N31.9 billion, and N148.56 billion respectively.

The FCT, Zamfara, and Yobe recorded N298.53 billion, N52.88 billion, and N23.76 billion respectively. In the same vein, Taraba, Sokoto and Plateau generated N24.26 billion, N54.55 billion, and N57.02 billion

respectively. Oyo State IGR for the three-year period was N116.7 billion, Osun N59.22 billion, Ondo N85.8 billion, and Ogun N232.71 billion.

Others were Niger N40.34 billion, Nasarawa N51.27 billion, Jigawa N50.06 billion, Imo N26.59 billion, Gombe N26.02 billion, and Enugu N81.49 billion. Others include Abia N50.98 billion, Adamawa N31.03 billion, Akwa-Ibom N97.58 billion, Anambra N85.27 billion, Bayelsa N41.54 billion, Benue N40.23 billion, Borno N38.71 billion, Cross River N61.85 billion, Bauchi N43.22 billion and Delta N204.6 billion.

Ebonyi generated N39.46 billion, Edo N105.65 billion, Ekiti N39.54 billion, and Yobe N23.76 billion. The NBS explained that the data is computed alongside the Joint Tax Board (JTB) from official records and submissions by the State Boards of Internal Revenue.

The submissions were then validated and authenticated by the JTB which is chaired by the Federal Inland Revenue Service (FIRS) and has the NBS and the 36 States and FCT Boards of Internal Revenue as members.

Meanwhile, Nigeria's headline inflation rate (all items index) in September 2022 was 20.77 percent on a year-on-year basis, the latest report released by the National Bureau of Statistics (NBS) has revealed.

The report, which was signed by Prince Adeyemi Adeniran, the Statistician-General, NBS, and made available to News media noted that the figure was 4.14 percent points higher compared to the rate recorded in September 2021, which was 16.63 percent.

According to Adeniran, the development shows that the general price level for all items index rose by 4.14 percent in September 2022 when compared to the same month in the preceding year (i.e., September 2021).

The CPI measures the changes in the general price level of a basket of goods and services purchased by households for consumption purposes relative to a base period, stressing that the inflation rate is computed from the CPI index, which is the relative change in the CPI between periods.

"The Headline Inflation rate (all items index) in September 2022 was 20.77 percent on a year-on-year basis, this was 4.14 percent points higher compared to the rate recorded in September 2021, which was 16.63 percent.

"This shows that the general price level for all items index rose by 4.14 percent in September 2022 when compared to the same month in the preceding year (i.e., September 2021).

"The increase in the all-item index was a result of an Interruption in the food supply chain, the influence of domestic currency depreciation on the cost of importation, and a general increase in the cost of production" it added.

The NBS report noted that on a month-on-month basis, the Headline inflation rate in September 2022 was 1.36 percent, this was 0.41 percent lower than the rate recorded in August 2022 (1.77 percent). Meaning that in September 2022 the general price level was 0.41 percent lower relative to August 2022.

NBS further explained that the decline in the all-items index on a month-on-month basis, that is over the two months was due to the changes in the food index relative to the reference month index which is due to the ongoing harvesting season.

"The percentage change in the average CPI for all items index for the twelve months ending September 2022 over the average of the CPI for the previous twelve months period was 17.43 percent, showing a 0.6 percent increase compared to 16.83 percent recorded in September 2021.

"The food sub-index increased by 23.34 percent on a year-on-year basis in September 2022, the inflation rate was 3.77 percent higher compared to the rate recorded in September 2021 (19.57 percent). The rise in the food index was caused by increases in prices of Bread and cereals, Food products n.e.c, Potatoes, yam and other tubers, oil and fat.

CONTINUES ON PAGE 15

NBS: States Raked In N5.10trn IGR In Three Years

CONTINUES FROM PAGE 14

"On a month-on-month basis, the food inflation rate in September was 1.43 percent, this was a 0.54 percent decline compared to the rate recorded in August 2022 (1.98 percent); this decline was attributed to a reduction in prices of some food items like tubers, palm oil, maize, beans, and vegetables.

"The average annual rate of food inflation for the twelve months ending September 2022 over the previous twelve-month average was 19.36 percent, which was 1.35 percent points decline from the average annual rate of change recorded in September 2021 (20.71 percent).

"The index for all items less farm produce (core inflation), which excludes the prices of volatile agricultural produce stood at 17.60 percent in September 2022 on a year-on-year basis; the index rose by 3.86 percent when compared to 13.74 percent recorded in September 2021.

"On a month-on-month basis, the core sub-index was 1.59 percent in September 2022, which was similar to the rate recorded in August 2022.

"The highest increases were recorded in prices of gas, liquid fuel, passenger transport by air, solid fuel, and passenger travel by road, while

The average 12-month annual inflation rate was 14.93 percent for the twelve months ending September 2022; this was 2.38 percent points higher than the 12.55 percent recorded in September 2021.

"The CPI for urban consumers rose by 4.06 percent on a year-on-year basis. That is, in September 2022, the urban inflation rate was 21.25 percent higher, compared to the 17.19 percent recorded in September 2021, while on a month-on-month basis, the urban inflation rate was 1.46 percent in September 2022, this was a 0.34 percent decline compared to August 2022 (1.79 percent).

"The corresponding twelve-month average for the urban inflation rate was 17.94 percent in September 2022. This was 0.53 percent higher compared to the 17.41 percent reported in September 2021.

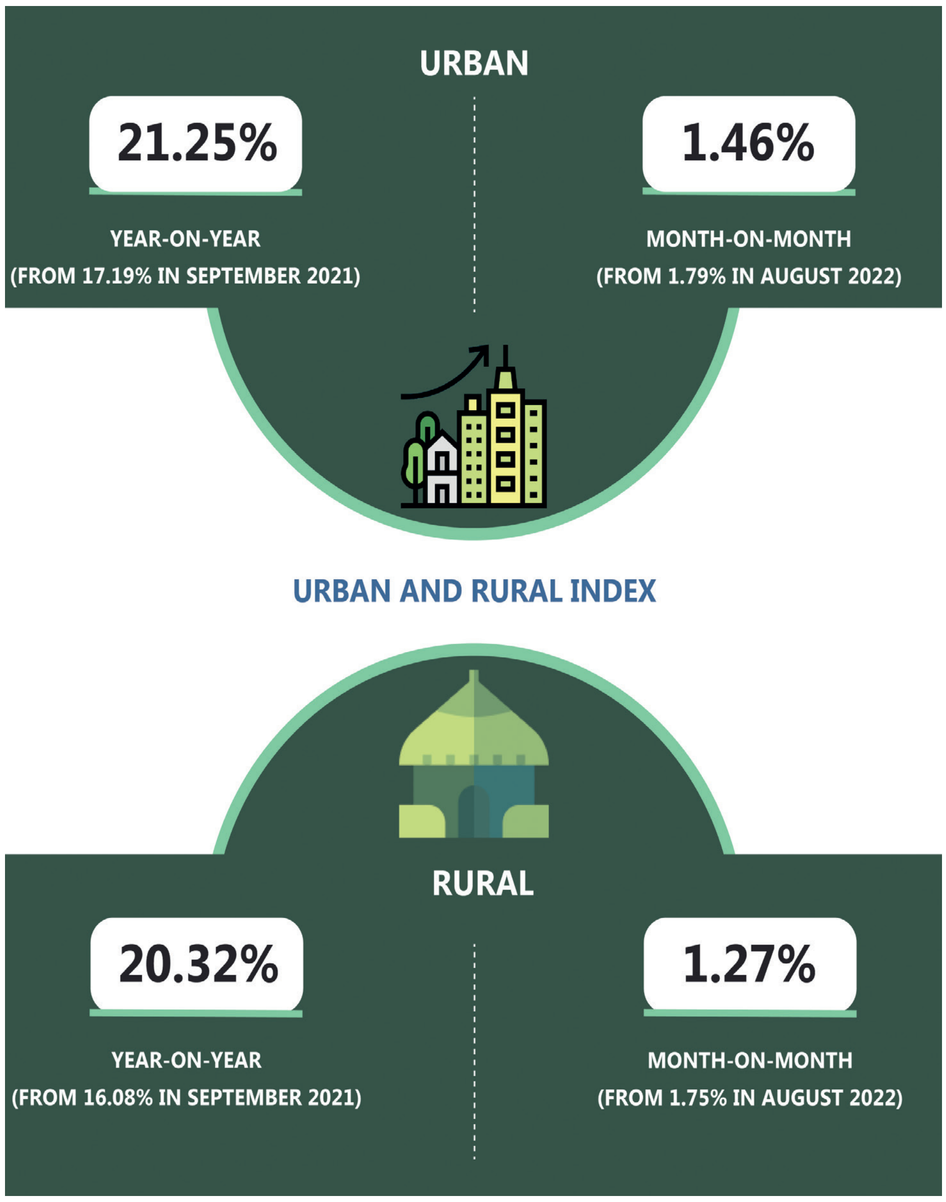
"The inflation rate for rural consumers in September 2022 was 20.32 percent on a year-on-year basis; this was 4.24 percent higher compared to the 16.08 percent recorded in September 2021.

On a month-on-month basis, the rural inflation rate in September 2022 was 1.27 percent, down by 0.48 percent compared to August 2022 (1.75 percent).

"The corresponding twelve-month average for the rural inflation rate in September 2022 was 16.94 percent. This was 0.68 percent higher compared to the 16.26 percent recorded in September 2021.

"On the states profiles, all item's inflation rates for September 2022 on a year-on-year basis were highest in Kogi (23.82 percent), River (23.49 percent), Benue (22.78 percent), while Abuja (17.87 percent), Borno (18.12 percent) and Adamawa (18.42 percent) recorded the slowest rise in headline year-on-year inflation.

"However, on a month-on-month basis, the state all items index for September 2022, recorded the highest rate in Jigawa (2.58 percent), Yobe (2.22 percent), Benue (2.05 percent), while Abuja (-0.72 percent), Sokoto (-0.19 percent) and Adamawa (0.25 percent) recorded the slowest rise in inflation" stated the report.



COMBINED URBAN AND RURAL STATE CPI SEPTEMBER 2022

ALL ITEMS INFLATION

YEAR-ON-YEAR

HIGHEST RISE IN		SLOWEST RISE IN	
KOGI	23.82%	FCT	17.87%
RIVERS	23.49%	BORNO	18.12%
BENUE	22.78%	ADAMAWA	18.42%

MONTH-ON-MONTH

HIGHEST RISE IN		SLOWEST RISE IN	
JIGAWA	2.58%	FCT	-0.72%
YOBE	2.22%	SOKOTO	-0.19%
BENUE	2.05%	ADAMAWA	0.25%

COMBINED URBAN AND RURAL STATE CPI SEPTEMBER 2022

FOOD INFLATION

YEAR-ON-YEAR

HIGHEST RISE IN		SLOWEST RISE IN	
KWARA	33.09%	KADUNA	18.84%
KOGI	28.46%	JIGAWA	19.20%
EBONYI	27.41%	SOKOTO	19.44%

MONTH-ON-MONTH

HIGHEST RISE IN		SLOWEST RISE IN	
ENUGU	2.61%	SOKOTO	-0.88%
OGUN	2.50%	ONDO	0.38%
OYO	2.43%	NIGER	0.62%

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Nigeria Should Diversify Economy To Be Able To Manage More Headwinds

POLICY BRIEF
with
ENAM **OBIOSIO**

To diversify Nigeria's economy, some people have argued, successive governments must reorient towards a consistent focus on pro-productivity and pro-the poor policies, alongside comprehensive civil service and security sector overhaul. This is to be in order to stall problems created by fluctuations in the prices of oil globally.

Other than looking at Nigeria's challenge of economic diversification it is arguably that since the turn of the century, policymaking by successive Nigerian governments, long before this present government, has, despite superficial partisan differences, been oriented towards short-term crisis management of macroeconomic stabilisation, restoring growth and selective public sector reforms. This has been without minding the protractive consequences.

In recent times, it is rather quite encouraging that the federal government has acknowledged that with the current challenges in the oil and gas sector, the only way out was to diversify the economy, or face more future headwinds.

It was quite hearty at an event to mark the 50th anniversary of the Petroleum Training Institute (PTI) in Abuja that the Secretary to the Government of the Federation (SGF), Mr. Boss Mustapha, had noted that the oil and gas industry in Nigeria has continued to suffer because many things were left undone.

Of course, many things were left undone, causing Nigeria to under-produce its Organisation of Petroleum Exporting Countries (OPEC) oil quota for over a year, a development that has negatively affected the Nigerian economy.

The situation got worse in September, with the nation barely able to produce half of its allocation and falling to a multi-decade low of 927,000 barrels per day, according to figures from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC).

It was gratifying to hear him acknowledge that "we are paying dearly for having not taken care of certain things in the past. The country is struggling to ensure that the economy is diversified in a manner where the total dependence that we have had had in the last 50 years on resources coming out of our extraction of oil and gas is sustained and that our economy does not crumble.

"Diversification is the only way to go and I believe that with the work that is going on at the institute and majorly with our flagship, the Nigerian National Petroleum Company Limited (NNPC) collaborating with other players in the sector, we will be able to transit in this energy environment, providing for our people and ensuring that the environment is protected and not degraded," Mustapha stated.

Nigerians need not be told that we must make sure that our dependence on oil and gas and even as we move and transit as a country and as a people, there must be a resolve on our path that all our God-given resources are protected and used for the benefit of the citizens.

Of course, the current global demand for cleaner fuels, decarbonisation as well as strategies to key into the decade of gas, among others, should be the preoccupation of not only the institute in the coming years but also the entire nation.

Although the federal government has continued to undertake initiatives towards overcoming economic challenges occasioned by varied local and global factors, it would make a lot more sense that the government accelerates its economic diversification drives.

This, as some economic experts would say, could be done through a synergy between monetary and fiscal authorities to diversify the economy and create multiple revenue sources.

Some are of the position that heavy dependence on crude oil for foreign exchange earning has left the country vulnerable to global economic shocks and force majeurs.

Good that the Governor of Central Bank of Nigeria (CBN), Mr Godwin Emefiele, has noted that the quest for building a diversified economy is a major component of federal government's monetary policy. He posits that the diversified economy would be built around agriculture, micro, small and medium and enterprises (MSMEs) industrial and manufacturing concerns.

Not only that the nation had largely depended on the oil sector for revenue generation over the past four decades, but that the decline in crude oil production had undermined the performance of the economy.

"There is the urgent need for a conscientious effort to diversify to other non-oil sectors. Our population has been growing by over three percent per annum over the past seven years, against a less than steady growth in output since 2019.

"It is important that we work to create an economy that will enable us feed ourselves, create jobs for our teeming youths and improve the standard of living of our people.

Would it be overstating the obvious that economic challenges brought about by the COVID-19 pandemic and the Russian-Ukrainian conflict has also made the idea of economic diversification imperative.

Apparently, as the world is gradually exiting the devastating negative shocks and impact of the pandemic, the economic sanctions against Russia have further worsened the subsisting supply-chain disruptions across the globe. Therefore, the quest for building a more sophisticated economy anchored on agriculture, MSMEs, industrial and manufacturing concerns has to become the major component of our monetary policy.

Statistics have shown that if well harnessed, the MSMEs can indeed become the springboard that could launch the nation's economy to greater heights. We cannot continue to flog the sense that the status of Nigeria as a mono-product economy had been detrimental to economic growth, because an increase or decrease in the world price of the mono product could affect the budget of the economy.

Unarguably, the overbearing impact of the oil sector on the nation's economy exposed the country to external shocks whenever there is change in price.

For the Nigerian economy to be insulated from the shocks and foreign exchange shortages, there is need to develop new strategies aimed at earning more stable and sustainable inflows of foreign exchange through diversification of the non-oil export sector.

Obviously, diversification would guarantee sectoral dependence and balance in the economy. And there is the need for more sources of export to reduce importation of goods and services that can be produced locally makes diversification imperative; there is the need for promotion of international trade that would lead to balance of payment position; and there is also the need for a dynamic economy capable of absorbing shocks while maintaining full employment.

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