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EDITORIAL

Entrench Conversation On Extension Of Common Framework Over Domestic Concerns

Although we recognise that it is not the mandate of fiscal and monetary authorities to consider the far-reaching impact of policies adopted to address domestic concerns on other countries, we expect the multilateral development banks (MDBs) to step in and carry much of the slack.

For us, it is about bringing to the forefront once again the ongoing conversation on re-allocation of Special Drawing Rights (SDRs) and the extension of the common framework.

With respect to the common framework, it is important that private creditors and all major creditor countries, including China, must be brought to the table so that a comprehensive approach to dealing with the debt concerns of developing countries can be agreed upon. In the absence of a comprehensive approach, countries which approach the MDBs for debt suspension or debt relief are essentially punished when trying to access private credit that essentially defeats the purpose of the framework, just as Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, would say.

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Ahmed Calls For Greater Flexibility, Agility In Responding To Global Macroeconomic Conditions

By Enam Obiosio

In response to global macroeconomic pressures with a view to the financing terms and the quantum of funds made available by multilateral development banks (MDBs), it is important to introduce greater flexibility and agility in responding to global macroeconomic conditions, according to Mrs. Zainab Shamsuna Ahmed, Honourable Minister of Finance, Budget and National Planning.

She said this at the Centre for Global Development- Overseas Development Institute event titled 'Multilateral Development Banks for a Global Future: The Perspective of Emerging Market Leaders' held recently at Washington DC, where a few questions were put to finance and economic managers of the world.

Mrs. Ahmed said: "For example, in the current context of tighter monetary policy in the United States (US), a situation precipitated by looser fiscal policy to meet the domestic needs arising from the effects of the COVID-19 pandemic, emerging and developing economies (EMDEs) like Nigeria are forced to respond by raising interest rates in turn to ensure price stability and reduce pressure on exchange rates. In particular, a stronger US dollar is placing enormous pressure on fiscal and monetary policy in other countries and leading to a vicious circle of further rate tightening. This weakens our currencies and makes it even more difficult to attract FDI and FPI and essentially, we are all in a race to the bottom.

"Although we recognise that it is not the mandate of fiscal and monetary authorities to consider the far-reaching impact of policies adopted to address domestic concerns on other countries, we expect the MDBs to step in and carry much of the slack. Thus, we must bring to the forefront once again the ongoing conversation on re-allocation of Special Drawing Rights (SDRs) and the extension of the common framework.

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Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** (4th from left), with other dignitaries at the Africa and the Developing World in a Turbulent Global Financial Architecture conference in Washington DC recently.

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framework, she said that private creditors and all major creditor countries, including China, must be brought to the table so a comprehensive approach to dealing with the debt concerns of developing countries can be agreed upon. "In the absence of a comprehensive approach, countries which approach the MDBs for debt suspension or debt relief are essentially punished when trying to access private credit which essentially defeats the purpose of the framework," Mrs. Ahmed said.

"Once again, the convening power of MDBs is required to gain consensus on a fair and transparent framework which ensures comparability of treatment and in which we can all participate with confidence. The MDBs are also in a strong position to advocate on behalf of debtor nations given their partnership with us on developmental issues and the unique insight this gives them into our fiscals and the structure of our economies, especially the potential for debt distress.

"We appreciate the work done so far in driving participation in the common framework but given current trends in the global economy, this must be expedited.

On the SDR allocation, she expressed appreciation for the implementation of the rapid financing instrument (RFI) by the IMF at the height of the COVID-19 crisis. According to her, the allocation of SDRs helped in shoring up our reserves and has created much needed fiscal space for Nigeria. "Yet, we must push for the realisation of the pledge by G20 countries to channel their unutilised SDRs to countries in need. Not only should these pledges be increased but mechanisms for their transfer via the IMF must also be operationalised.

Talking about cheaper financing terms for key projects and bureaucratic procedures, Mrs. Ahmed said that cheaper financing terms are always welcome, not only for projects tagged as climate or pandemic preparedness but for all projects which have gone through the rigorous process of approval by the MDBs. "This is because many of these projects we might consider less critical are the precise projects required to place us in a state of readiness for potential pandemics or to address the adverse impacts of climate change. MDBs and even governments might not always in the best position to appreciate the precise connections between these projects and the outcomes we desire on the climate and pandemic preparedness front and so we must be careful in our approach to tagging and prioritising projects.

Related to cheaper financing terms, according to her, is the speed at which these projects are eventually delivered to the final beneficiaries. She noted that the oftentimes crippling bureaucratic processes of MDBs is an issue which has been raised time and again and is one which must be addressed in a pragmatic fashion. "It is important that MDBs properly 'price in' the institutional capacity present in EMDEs when designing administrative processes from preparation to the monitoring and evaluation stage. With this in view, administrative hurdles can be streamlined to reflect the realities on ground and a wholistic and measurable approach to shoring up institutional capacity in the course of project implementation can be developed.

"If we fail to do this, we will continue going round in circles trying to meet these bureaucratic deadlines while beneficiaries expected to benefit from these projects continue to suffer.

In her words: "The IMF's Resilience and Sustainability Trust (RST) designed to address the twin concerns of climate and pandemics is a welcome development. However, it must be operationalised rapidly with clear and transparent guidelines on how countries can access these funds. Once again, easing the bureaucratic requirements for access is essential to speeding up the process.

The level of investment in social and physical infrastructure required to improve the livelihoods of Nigerians and make the country an attractive destination for the long-term foreign investment, is beyond the nation's limited fiscal resources.

Responding to how important multilateral development banks' (MDBs) financing term is in determining borrowing choices and whether she thinks there is a case for cheaper terms for certain kind of projects such as climate or pandemic preparedness, she in round one said: "Like most other EMDEs, the level of investment in social and physical infrastructure required to improve the livelihoods of Nigerians and make Nigeria an attractive destination for the long-term foreign investment we seek, is beyond our limited fiscal resources.

With general government consumption expenditure of only about six percent of gross domestic product (GDP), which is much lower than the 15 percent to 30 percent typically expected for developing countries, Nigeria is tapping all potential sources of investment, both market and concessional sources, to shore up government spending, according to her.

Mrs. Ahmed said that beyond providing much needed finance at low interest rates and favourable repayment terms, MDBs provide technical expertise, give confidence to private institutional investors who would otherwise price in a higher risk premium for investment in Nigeria and also utilise their convening power to crowd in finance from other multilateral and bilateral partners. Thus, for a variety of reasons, MDB borrowing is very important for Nigeria as a source of external financing.

On MDB Financing terms and loan conditions, she said: It is important that I reference the conditions we are required to meet to access these funds, in particular, reforms to the macro-fiscal framework. Although these reforms ostensibly are designed to improve macro-economic stability and represent 'common-sense' reforms from a technical perspective, they are oftentimes difficult to meet if one considers holistically the political economy pressures that either constrain us or slow down the pace at which these reform conditions can be met. "Thus, insisting that these conditions are met before we access these funds places us in an untenable position as not only are we forced to access funds at commercial rates of interest, which impacts debt sustainability, but oftentimes we require financing to implement the projects that enable us to overcome the political economy challenges impeding reforms.

On debt for climate swaps (DFCS), while considering innovative ways of climate financing, the Honourable Minister said: "I would like to mention the DFCS framework which is an arrangement in which the debtor nation makes payments in local currency to finance climate projects domestically on agreed upon terms instead of continuing to make external debt payments in a foreign

Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** (left), with other dignitaries at the Africa and the Developing World in a Turbulent Global Financial Architecture conference in Washington DC recently.

currency to creditors. DFC swaps can reduce the level of indebtedness which frees up fiscal resources, contribute to foreign reserves, while redirecting funds to green projects.

"Nigeria has experience with 'debt swaps' as over US$31 billion was purchased from the Paris Club at approximately 40 cents on the dollar, effectively saving Nigeria US$18 billion. The 'savings' that accrued to Nigeria as a result of this debt cancellation by the Paris Club creditors was set aside specifically for the financing of MDG projects in a virtual poverty fund.

Although the main players in structuring debt swaps are in the financial services sector, mainly banks, insurance companies and credit rating agencies, MDBs also have, as she stated, a critical role to play by assisting in developing a robust framework for 'green debt swaps' that benefits all parties and by providing technical assistance to help build government capacity to enter into and properly execute these agreements.

In round two, there was a question bordering on how MDBs should approach financing for natural gas projects, with a view to COP27 coming up, tensions and inequities in climate and development finance being revealed.

Her response highlighted the events of last year which she said have exposed many of the tensions and inequities in the discussions on the pace of adaptation and mitigation to climate change and in particular the question of climate and development finance and which projects should or should not be funded.

Mrs. Ahmed said that the energy crisis precipitated by the Russian invasion of Ukraine has exposed the need for us to balance addressing the real existential threat of climate change with the energy needs of today and the creation of industrialised and technologically advanced societies for future generations. "This is a very difficult balance to achieve and at the least it requires all parties to come to the conversation with sincerity and a respect and acknowledgement of the needs of all countries that constitute the global economy, most of which have signed up to the climate compact.

Her position on just and equitable transition runs thus: "Firstly, we must address the question of the redemption of the US$100 billion pledge made by countries with chief responsibility for the high level of global emissions to countries, including Nigeria, which have made a negligible contribution to these emissions but are the most vulnerable to its negative impact. We are rapidly approaching COP27 and yet this pledge that was made in 2009 has not been fully redeemed in 2022.

"I believe the time elapsed between the present and the date the pledge was made speaks to the importance accorded to meeting this promise. These funds are critical for safeguarding our countries from the worst effects of the climate change crisis and the sooner we recognise the interconnectedness of the world and the futility in thinking an adverse event on one side of the equator will not have an impact on the other the better for all of us.

Mrs. Ahmed reasoning on financing for gas projects is that the energy crisis instigated by the Russian invasion of Ukraine "has shown us the need for a phased and realistic transition to renewable energy sources. In response to the threat posed by a reduction in gas supply by Russia, many industrialised countries are now seeking to sign new deals for gas supply with countries like Nigeria, which had previously been shut off from financing for these very same gas projects.

"Nigeria has been consistent in making a case for including gas, a cleaner fossil fuel compared to petrol, diesel coal etc., as part of a phased transition to renewable energy and we welcome the increasing acceptance of gas in the energy mix as we move towards net zero. It is our expectation that MDBs and private creditors will match this with the requisite investment required for these gas projects.

According to her, Nigeria adopted a pragmatic approach to developing its Energy Transition Plan (ETP) which includes gas as a transition fuel towards our next zero emissions target date of 2060.

The ETP was launched in August this year by His Excellency Vice President, Prof. Yemi Osinbajo, with a call for investment in the plan to address energy poverty, "power our industrialisation drive while still meeting our 2060 net zero target. We require about US$10 billion per annum up till 2060 to meet these goals and have already developed a pipeline of projects to be funded.

As part of ETP, in the light of gas commercialisation, "Nigeria has developed a Gas Flare Commercialisation Programme with up to 89 individual projects. The goal is to reduce Nigeria's emissions by 13 million tons of CO_2 per year with potential annual revenue impact of US $1billion/annum.

"Over a 1.5 –2-year period, the NGFCP could generate approximately 300,000+ direct and indirect jobs and elimination of gas flaring. About $3.5 billion in financing is required from the private sector and following the launch of the ETP, we have received several commitments but require more.

On the role of MDBS in financing gas projects, Mrs Ahmed said: "It is time to adopt pragmatic and tailored solutions to meeting our energy needs while also committing to net zero in a graduated fashion, depending on the relative energy constraints faced by each country. At present, banks and other financiers are either passing on investing in and underwriting oil and gas projects or are applying extremely stringent rules to take on such investments.

"This is where MDBs can play a role in acting as a go-between to ensure gas projects which are relatively environmentally friendly are financed at competitive terms. MDBs must face the reality of the global energy situation and help in developing a framework in which gas is globally accepted as a transition fuel and is accommodated in the drive to net zero.

The gas supply challenges in Europe and the willingness of countries in Europe to find alternative supplies, according to her, indicates that at the end of the day, national interests trump all other interests. "However, if all countries pursue their own self-interest, it will lead to a fallacy of composition where what is good for one is not necessarily good for the whole.

"My recommendation is that we give equal weighting to the interests of all members of the global community in forestalling a climate crisis and develop a more realistic path to net zero that gives room for lower emitters to industrialise, grow their economies and improve the livelihood of their citizens while the countries with a greater share in cumulative emissions bear the brunt of the adjustments required.

"We all want to bequeath a thriving earth that ensures peace and prosperity to coming generations and we can develop a fair, just and equitable pathway to achieving this goal.

OGP Global Commends Nigeria's Effort At Increasing Open Budgeting

By Jennete Ugo Anya

Global Chief Executive Officer of Open Government Partnership, OGP, Mr Sanjay Pradhan, has commended Nigeria's effort at increasing open budgeting.

He also commended President Muhammadu Buhari's commitment to opening up the companies ownership process through the Beneficial Ownership Register.

He further applauded Nigeria's Minister of State for Budget and National Planning, Prince Clem Ikanade Agba, and the administration for convening an Open Government Partnership roundtable with the civil society, donors and the Auditor-General of the Federation to monitor the spending of the COVID-19 stimulus package during the pandemic.

The commendations came during the opening ceremony of the 2022 OGP Africa and the Middle East Regional meeting (From October 31 to November 3) in Marrakesh, Morocco.

Honourable Minister of State for Budget and National Planning, **Prince Clem Ikanade Agba**, with the Global CEO of OGP, **Mr. Sanjay Pradhan**, in Marrakesh, Morocco.

Prince Agba led the Nigerian delegation to the meeting in his capacity as OGP Nigeria State Co-Chair.

The meeting also commended President Buhari's leadership commitment to the OGP which had enabled implementation at all levels.

Meanwhile, the high-level ministerial meeting discussed increasing political support, leadership challenges and imperatives to scale up OGP reforms and areas where significant impact was being made, from which peers could learn.

Present at the meeting, among others, were Rep. Hassan Benomah, Deputy Speaker of the House of Representatives of the Parliament of Morocco, Rep Jodah Mohammed - 2nd Vice President of the parliament, The Morocco Minister of Digital Transition and Administrative Reform - Ghita Mezzour, Dr Korir Sing'Oei, Legal Advisor at the Executive Office of the Deputy President of Kenya.

Also present were Registrar-General of Nigeria's Corporate Affairs Commission (CAC), Alhaji Garba Abubakar, Chairman of Abuja Municipal Area Council (AMAC), Hon Christopher Maikalangu, and other stakeholders.

Things To Know In CBN's Approval For MTN, Glo, Airtel, Other PSBs To Sell Dollars

• Announces Introduction Of National Domestic Card Scheme

By Felix Omoh-Asun

The Central bank of Nigeria (CBN) has granted Nigerian three telecommunication giants MTN, Airtel, Glo, licences for dollar sales by payment service banks (PSB).

In its latest update, the apex bank said that the decision to allow PSBs to sell dollars would go a long way in reducing the difficulties in getting dollars, especially for online transactions.

PSB is a new category of bank with smaller scale operations and the absence of credit risk and foreign exchange operations. In addition to accounts (current and savings), PSBs can also offer payments and remittance services, issue debit and prepaid cards, deploy ATMs and other technology-enabled banking services. They are basically stripped-down versions of traditional deposit money banks (DMBs), with limited functionality and a focus on onboarding more of the excluded and marginalised population.

Under Nigerian central bank's regulations, subsidiaries of mobile network operators (aka telcos), mobile money operators, retail chains (supermarkets) and banking agents are welcome to apply for the PSB licence, provided they can meet certain requirements, including a N5 billion ($12million) capital base, and a combined N2.5 million ($6.4k) application and license fee (which are non-refundable).

The new banking licences for Nigeria's leading telcos are coming after the CBN issued an updated and revised guideline for the licensing and regulation of PSBs in Nigeria on August 27, 2020.

PSB licence is one of the many types of banking licenses a financial technology company in Nigeria seeking authorisation to operate from the country's central bank may explore. It is different from other existing banking licenses for financial technology companies because it is one of the few types of fintech licences that allow the licensee to operate across the country. A majority of others have geographical and structural limitations.

The service bank licensing rules is clear about what purpose this type of bank would serve.

"PSBs are envisioned to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion and help in attaining the policy objective of 20 percent exclusion rate by 2020," CBN said it in its latest rules.

But it appears that MTN and Airtel strategically delayed their license applications for the PSB license for a reason: The recently introduced mobile money licensing framework. While all hopes were high that the mobile money operational guidelines would be wider in scope, these hopes were dampened with the eventual release of the guidelines in July this year.

The mobile money guidelines heavily limited the operational capabilities of its licensees, restricting mobile telecoms operators such as MTN and others, for instance, from carrying out substantial banking activities using the model.

For now, MTN has the largest chunk of the Nigerian telco market with over 74 million subscribers, followed by Airtel with over 52 million users; locally owned Glo at 52 million; and then 9mobile with a meagre 12 million users. Visaphone (which is merely an extension of MTN, having being acquired by the telecom giant in 2015 to boost its 4G capacity) comes last with just a little over 137, 000 users.

CBN, in its framework, noted that PSBs can sell foreign currencies (forex) realised from inbound cross-border personal (remittances) to licenced foreign exchange dealers. CBN, however, stressed that the PSBs are only to offer smaller-scale banking operations and the absence of credit risk and foreign exchange operations.

The CBN framework also authorised the PSBs to accept deposits from individuals and small businesses, which shall be covered by the deposit insurance scheme; carry out payments and remittances (including inbound cross-border personal remittances) services through various channels within Nigeria. The framework states that the operators are expected to leverage on technology to provide services that would be easily accessed by the unbanked population and those who are in hard-to- reach areas of the country. The framework also shows that CBN wants the PSBs to operate mostly in rural areas and unbanked locations targeting financially excluded persons, with not less than 25 percent financial service touch points in rural areas defined by the CBN from time to time.

The CBN framework reiterates that the key objective of setting up PSBs is to enhance financial inclusion by increasing access to deposit products and payment/remittance services to small businesses, low-income households and other financially excluded entities through high-volume low-value transactions in a secured technology-driven environment.

Aside from their regular service of acceptance of deposits from individuals and small businesses, the PSBs owned by the telcos will accept inbound cross-border personal remittances.

From the remittances, the central bank's guidelines also empower MoMo of MTN SmartCash, and MoneyMaster to sell foreign currencies to certain licensed foreign exchange dealers.

The foreign exchange dealers qualified to buy forex from the Payment Service Banks must have a N5 billion minimum capital.

"PSBs shall have the privilege to make their investments from the CBN window. All funds in excess of the PSB's operational float should be placed with DMBs.

"PSBs shall participate in the payment and settlement system and have access to the inter-bank and the CBN collateralised repo window for their temporary liquidity management." The guidelines read.

The central bank stated further: "PSBs shall render quarterly returns indicating the number of financially excluded customers on-boarded during the quarter to which the returns relate.

"All PSBs shall be required to interface with the Nigeria Inter-bank Settlement System (NIBSS) platform in order to promote interconnectivity and interoperability of operations within the Nigeria banking system."

The decision by the Godwin Emefiele-led central bank comes at a period the country is struggling to make foreign exchange available to traders, with the scarcity causing dollar rate to skyrocket in both the official and black market.

Meanwhile, the CBN has in line with its mandate to promote stability, inclusion and growth in the financial and payment system, announced the introduction of a National Domestic Card Scheme effective January 16, 2023.

Mr. Osita Nwanisobi, Director of Corporate Communications, CBN, disclosed this in a statement.

He said: "Nigeria is Africa's largest and most vibrant economy and the pace of digitisation and innovation, alongside the expansion of mobile penetration and the proactive policy initiatives of the CBN have driven the accelerated adoption of digital financial services. Considering the strength and breadth of its banking sector and the rapid growth and transformation of its payments system over the last decade, Nigeria is ideally positioned to successfully launch a national card scheme.

The statement continued: "Building on this platform to accelerate financial inclusion requires infrastructure that can deliver lower cost payments services that are more accessible and affordable for Nigerians. Domesticating our card scheme also enhances data sovereignty, enabling the development of locally relevant products and services and reduces demands on foreign exchange. The scheme can also be leveraged as a platform for the seamless dissemination of government-to-person payments and other social impact initiatives, enhancing financial access and supporting the growth of a robust and inclusive digital economy.

According to the CBN spokesman, "The national domestic card scheme shall be delivered through the Nigeria Inter Bank Settlement Systems (NIBSS) Plc, Nigeria's central switch, in conjunction with the Bankers Committee and other financial ecosystem stakeholders. It will foster innovation within the Nigerian domestic market, while enabling African and international interoperability, allowing banks and other institutions to offer a variety of solutions including debit, credit, virtual, loyalty and tokenised cards amongst others."

With this development, the statement noted that Nigeria joins a growing list of countries – India, Turkey, China, and Brazil as leading examples – which have launched domestic card schemes and harnessed the transformative benefits for their respective payments and financial systems, particularly for the underbanked.

"The CBN recognises the significant benefits from delivering Africa's first central bank-driven, domestic card scheme, which, when delivered at scale, has the potential to become the largest in Africa, and one of the largest in the world", the statement concludes.

Agba: FG Committed To Closing Nigeria's Infrastructure Gap

By Edmond Martins

The federal government has demonstrated strong commitment towards closing the infrastructure gap in the country, Honourable Minister of State for Budget and National Planning, Prince Clem Ikanade Agba, has declared.

He restated government's commitment while recently addressing the recent inaugural meeting of the Technical Working Group (TWG) of the National Council on Infrastructure in Abuja.

Prince Agba said that the government was determined to addressing the infrastructure gap across the country by ensuring consistent budgetary allocations for capital projects at 30 percent in the annual budget since 2016, "and to this effect, the national infrastructure stock has increased from 25 percent in 2014 to at least 35 percent in 2020."

He also disclosed that public investment in both core and non-core infrastructure had substantially increased, particularly public investments in road, railway, power, aviation, broadband, housing and regional development infrastructure strategies which had all been prioritised by this administration.

He, however, noted: "There's a need to do more which has necessitated the inauguration of the National Council on Infrastructure along with its TWG, to essentially bring together stakeholders from ministries, departments and agencies (MDAs) and private sector organisations in order to fast track delivery of priority projects and programmes in line with key national policy thrust of the government."

Left: Honourable Minister of State for Budget and National Planning, **Prince Clem Ikanade Agba,** and the Permanent Secretary in the Ministry, **Engr Nebeolisa Anako,** at the opening of the inaugural meeting of the TWG of the Council on Infrastructure.

The Honourable Minister explained that Council and its TWG as encapsulated in the National Integrated Infrastructure Master Plan document recognise the important roles of key stakeholders, specialised MDAs and private sector organisation for their relevance in the sustainable implementation of the National Integrated Infrastructure Master Plan, both in the short and long terms.

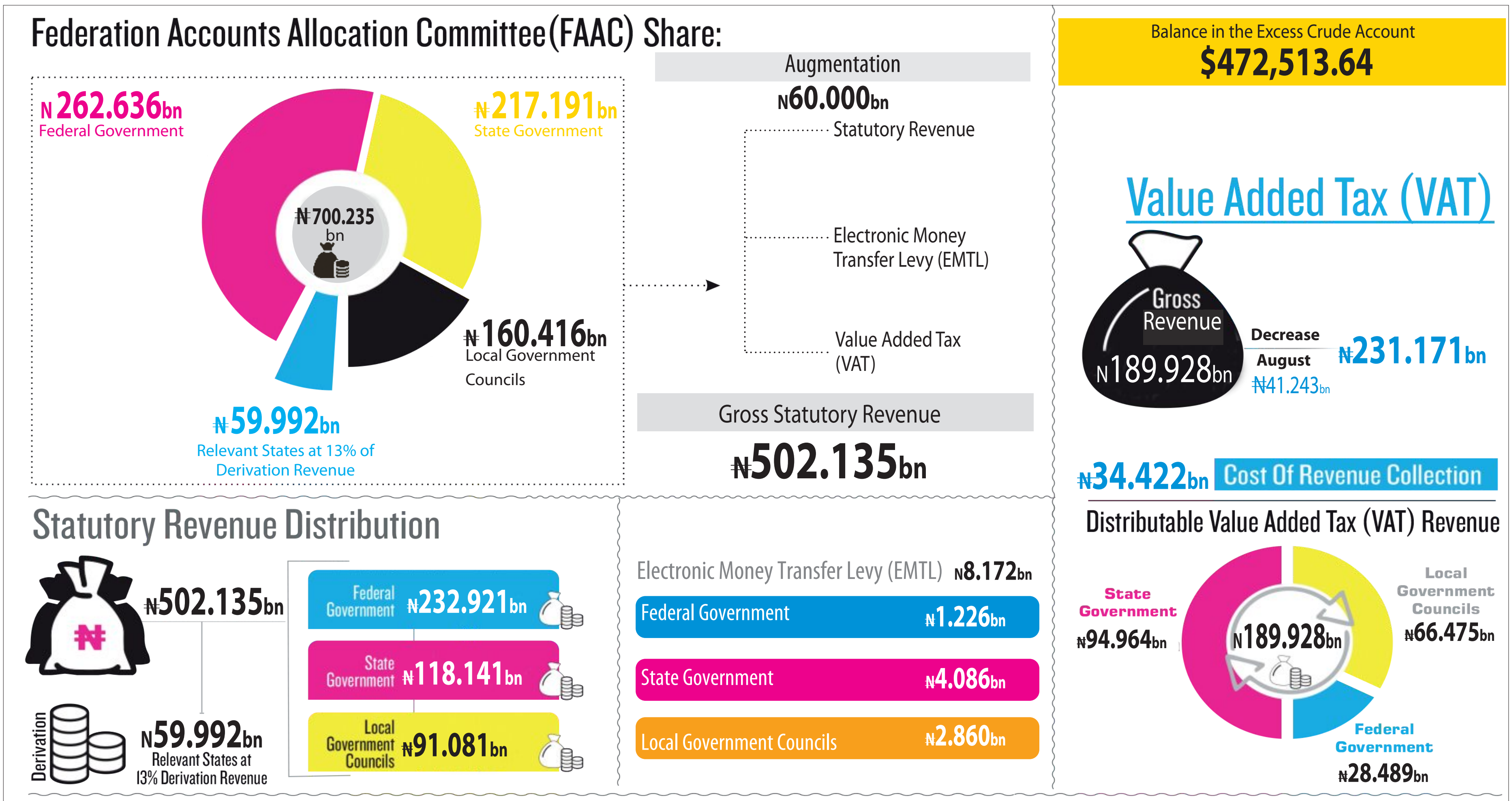
He said that following President Muhammadu Buhari's approval for the constitution of the National Council on Infrastructure and its inauguration under the Chairmanship of His Excellency, Vice President Yemi Osinbanjo, on 23rd August, 2022, "it therefore becomes imperative to constitute as well as inaugurate the TWG as a working arm to advise on all infrastructure related matters."

According to him, "the TWG is also expected to provide policy guidance to the Council towards driving sustainable implementation of the National Integrated Infrastructure Master Plan," adding that "it is in this regards that the event is crucial to the achievement, landmark and taking overall plans of the NIIMP."

Prince Agba said that although the Terms of Reference (ToR) of the TWG appeared limited, its overall task was quite enormous in terms of its implementation strategies.

"The National Council on Infrastructure will create a model for National Infrastructure Advisory Council as stipulated in its mandate; more specifically, in its political commitments towards increased funding for infrastructure development in Nigeria," he added.

FAAC Shares N700.235 bn September 2022 Revenue To FG, States, LGCs



According to the communiqué, in the month of September 2022, oil and gas royalties increased tremendously while Petroleum Profit Tax (PPT) and excise duty recorded marginal increases. VAT, import duty and companies income tax decreased considerably.

EDITORIAL

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Once again, the convening power of MDBs, for us, is required to gain consensus on a fair and transparent framework which ensures comparability of treatment and in which we can all participate with confidence. The MDBs are also in a strong position to advocate on behalf of debtor nations given their partnership with us on developmental issues and the unique insight this gives them into our fiscals and the structure of our economies, especially the potential for debt distress.

So far, we appreciate the work done in driving participation in the common framework but given current trends in the global economy, this must be expedited.

Concerning global macroeconomic pressures with a view to the financing terms and the quantum of funds made available by MDBs, it is important to introduce greater flexibility and agility in responding to global macroeconomic conditions.

For example, in the current context of tighter monetary policy in the United States (US), a situation precipitated by looser fiscal policy to meet the domestic needs arising from the effects of the COVID-19 pandemic, emerging and developing economies (EMDEs) like Nigeria are forced to respond by raising interest rates in turn to ensure price stability and reduce pressure on exchange rates. In particular, a stronger US dollar is placing enormous pressure on fiscal and monetary policy in other countries and leading to a vicious circle of further rate tightening. This weakens our currencies and makes it even more difficult to attract FDI and FPI and essentially, we are all in a race to the bottom.

In view of the SDR allocation, we appreciate the implementation of the rapid financing instrument (RFI) by the International Monetary Fund (IMF) at the height of the COVID-19 crisis. We note that the allocation of SDRs helped in shoring up our reserves and has created much needed fiscal space for Nigeria. Yet, we must push for the realisation of the pledge by G20 countries to channel their unutilised SDRs to countries in need. Not only should these pledges be increased but mechanisms for their transfer via the IMF must also be operationalised.

As we look to cheaper financing terms for key projects and bureaucratic procedures, the cheaper financing terms are always welcome, not only for projects tagged as climate or pandemic preparedness but for all projects which have gone through the rigorous process of approval by the MDBs. This is because many of these projects we might consider less critical are the precise projects required to place us in a state of readiness for potential pandemics or to address the adverse impacts of climate change. MDBs and even governments might not always be in the best position to appreciate the precise connections between these projects and the outcomes that we desire on the climate and pandemic preparedness front. Therefore, we must be careful in our approach to tagging and prioritising projects.

Related to cheaper financing terms, as we understand, is the speed at which these projects are eventually delivered to the final beneficiaries. The oftentimes crippling bureaucratic processes of MDBs is an issue which has been raised time and again and is one which must be addressed in a pragmatic fashion. It is important that MDBs properly 'price in' the institutional capacity present in EMDEs when designing administrative processes from preparation to the monitoring and evaluation stage. We believe strongly that with this in view, administrative hurdles can be streamlined to reflect the realities on ground and a wholistic and measurable approach to shoring up institutional capacity in the course of project implementation can be developed.

If we fail to do this, we will continue going round in circles trying to meet these bureaucratic deadlines while beneficiaries expected to benefit from these projects continue to suffer.

The IMF's Resilience and Sustainability Trust (RST) designed to address the twin concerns of climate and pandemics is a welcome development. However, it must be operationalised rapidly with clear and transparent guidelines on how countries can access these funds. Once again, easing the bureaucratic requirements for access is essential to speeding up the process.

The level of investment in social and physical infrastructure required to improve the livelihoods of Nigerians and make the country an attractive destination for the long-term foreign investment, is beyond the nation's limited fiscal resources.

Insurance Sector Up N200bn In Q2, As NAICOM, NAIC Assure Flood Victims Of Quick Claims Settlement

By Albert Egbede

As the total assets of the country's insurance industry increased to N2.3 trillion in the second quarter of 2022, growing by 11.9 percent or N200 billion from the second quarter of 2021, the National Insurance Commission (NAICOM) and the Nigerian Agricultural Insurance Corporation (NAIC) have assured prompt settlement of claims due to policyholders affected in the recent flood disaster across the federation.

Recall, recently NAICOM announced an increase in the insurance market performance for the second quarter of 2022.

The commission stated that there were 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 per cent growth compared to the same period of the previous year and an impressive 65 per cent 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

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

Meanwhile, speaking in an industry forum in Lagos, the Head of Corporate Communications and Market Development of NAICOM, Rasaaq Salami, assured affected policyholders of the commission's commitment towards ensuring prompt settlement of claims by insurance companies.

The Assistant General Manager of Corporate Services, of NAIC, Magdalene Omosimua, who also spoke, said: "NAIC sympathises with flood victims in the country. The corporation shares the pains and agony of victims and stands with them during this trying period.

"As a responsive organisation, we are using this medium to assure our insured clients that their genuine claims will be given utmost urgent attention to enable them to go back to living their normal productive lives.

"NAIC wishes to advise that property and business endeavours of our citizens be promptly insured to guarantee the sustainability of existing jobs, income stabilisation, food security, poverty alleviation and wealth creation."

This as the commission called on Industry operators to expose operators defaulting in claim settlement, saying such elements are destructing the sector.

The Commissioner for Insurance, Mr. Sunday Thomas, disclosed this at the 2022 Professionals' Forum, organised by the Chartered Insurance Institute of Nigeria (CIIN) in Ogun State.

The Commissioner said that insurance practice in Nigeria had, in the past, good, bad and ugly moments, saying one of such bad and ugly moments, which had a significant impact on the image of the industry.

He expressed that records and statistics of unpaid claims associated with some of the operators have not been too good and must be overturned to benefit stakeholders and the growth of the industry.

He said: "I must quickly acknowledge and salute the efforts of the companies that are alert to their responsibilities of prompt claim payment and encourage them to keep the good practice.

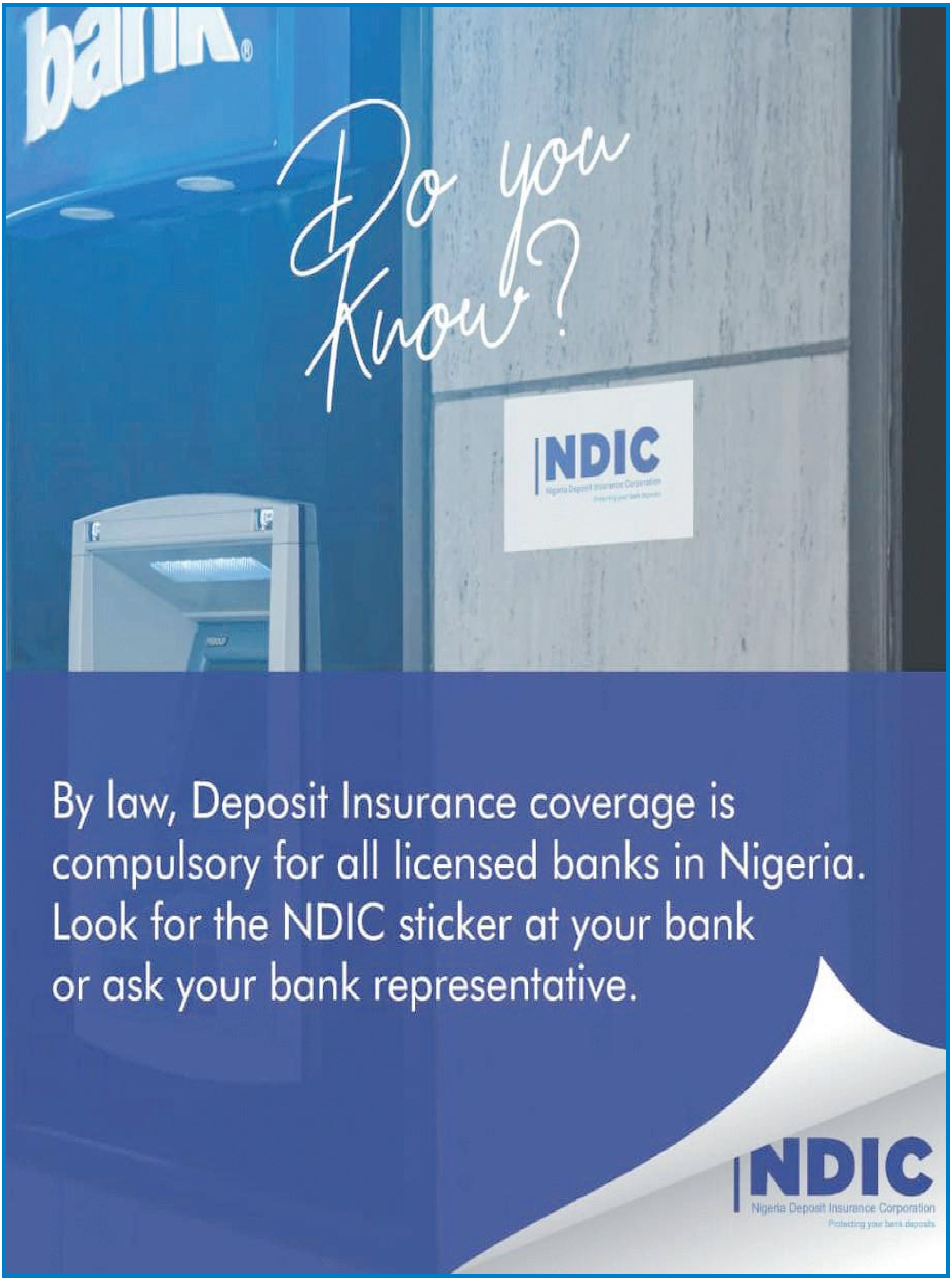
"Insurance practitioners must be seen to be fighting the cause genuinely and collectively for the future of insurance to be as bright as we expect it. We must not continue to harbour elements of destruction in the industry."

Mr. Thomas stressed that the issue of non-payment of genuine claims has always put the commission and the entire industry on the defensive side when it comes to discussing insurance, stating that the commission is doing all it could within the ambit of extant laws to see that the non-settlement of genuine claims is eliminated in the sector.

He admonished the professionals to leverage the positive experience from the past to build a formidable future for the industry, stressing that efforts must be collective and patriotic.

"We must all see insurance as a profession that should be a buffer for the economy while eliminating the toga of being the weak link within the financial services sector.

"We must practice insurance with passion and resilience not just as a means of livelihood that we have to survive on but, that which every insurance professional should be proud to say "I am a party to this success," he submitted.


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

Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** (M), Honourable Minister of State for Budget and National Planning, **Prince Clem Agba** (L), and Chairman of Islamic Development Bank Group (IsDB), **H.E. Dr. Muhammad Sulaiman Al Jasser,** with other dignitaries at a Dinner Night organised by Mrs. Ahmed recently.

NEWS IN PICTURE

SEC Says Non-interest Capital Market Will Fast Track Development of Housing Sector

By Majeed Salaam

The Director-General (DG) of the Securities and Exchange Commission (SEC), Mr. Lamido Yuguda, has emphasised the need for non interest segment of the capital market to fast track the development of housing needs of Nigerians.

He said that non interest capital market was capable of financing the housing sector which would lead to better well-being of the citizenry as well as general performance of the other sectors of the economy.

Mr. Yuguda, who stated this during a webinar themed: "The Non-Interest Capital Market as Panacea For Mortgage Financing in Nigeria", noted that it is a well-known fact that financing residential and commercial real estate to enhance societal well-being and unlock economic opportunities remains a global challenge.

He said that he considered the theme timely and relevant in the discourse of issues pertinent to the growth and advancement of the Nigerian capital market and the economy as a whole.

According him, "I have observed with delight, the attention this webinar has generated, and come to the conclusion that it is a clear indication of the keen interest in the potentials, that the non-interest finance segment holds in furthering the development of the capital market and the growth of our economy.

"According to a World Bank study, Nigeria's housing sector requires an investment of about N59.5 trillion to bridge the 20 million housing deficit that is increasing yearly. Undoubtedly, this shows a huge untapped investment opportunity in the nation's real estate sector."


Mr. Lamido Yuguda, SEC DG

The SEC DG stated that governments at both federal and state levels, and businesses in Nigeria had been tapping various available sources of financing, including capital market products for funding real estate developments.

The methods of finance, he said, had various associated costs, some which are deemed to be high.

He emphasised that the Nigerian capital market provides a platform for mobilising long-term funds for real estate investments to complement the mortgage funding sources by commercial banks, primary mortgage institutions, non-governmental organisations, cooperative societies and international finance institutions.

"The capital market creates investment opportunities to enhance the flow of low-cost, long-term funds to the real estate sector through investment vehicles such as real estate investment trust schemes (REITs) and mortgage-backed securities. These instruments are usually traded on recognised exchanges.

"I am delighted to inform you that some corporate entities have started taking advantage of the non-interest capital market. In 2021, Family Homes Funds Limited, a social housing initiative promoted by the federal government, issued a N10 billion Sukuk to finance residential houses across the six geopolitical zones of the country and it was oversubscribed by over 200 percent. The company also recently raised another N10 billion from the market. This development was a strong indication of the readiness of the capital market and corresponding investors' appetite for non-Interest mortgage instruments.

"We strongly believe that the operationalisation of the Non-Interest Pension Fund (Fund VI) and the recent amendment of the Pension Act to facilitate withdrawals from RSA for down payments of equity contributions for mortgage will increase the quantum of low-cost long-term investible funds to the mortgage industry by unlocking the untapped capital in the economy".

The webinar, he said, aims to create awareness of the non-interest capital market instruments as a new source of financing for mortgage institutions as well as facilitate the active participation of the private sector towards positioning the sector to perform optimally and contribute to the overall economy.

The DG expressed the confidence that the non-interest finance experts at the webinar would evoke the interest and attention of participants and enhance their knowledge on the subject to eventually lead to the birth of promoters and off-takers of new non-interest products in the capital market.

Speaking at the event, the Managing Director (MD) and Chief Executive Officer (CEO) of the Federal Mortgage Bank of Nigeria Mr. Madu Hamman, stated that the non interest financial products have gained a lot of interest by investors in Nigeria and globally and could aid housing finance sources and expand the frontiers of home ownerships through non interest finance sources.

He stated that the engagement would go a long way in giving the capital market the needed boost to unbundle funds that were hitherto not accessible to Nigerians adding that it is obvious that the Nigerian economy is on the verge of experiencing a tremendous transformation in this regard.

Mr. Hamman said that the sourcing of non interest funds from the capital is very necessary for seamless operations as funds sourced from interest based facilities cannot be leveraged to deliver on non interest mortgage transactions.

"We are committed to linking the mortgage market with the Nigerian capital market and thereby ensure sustainable long-term funding for the housing and mortgage sector. The non interest capital market is therefore one area for such sustainable long-term funds that can be assured," he said.

In his remarks, Managing Director, Nigerian Mortgage Refinancing Company, Mr. Kehinde Ogundimu, said that there is no way the nation can meet the housing deficit without having the non interest services sector actively participating in it and commended the SEC on the initiative.

PenCom, FCCPC Approve Access Corporation's Acquisition Of FGLP, Sigma Pensions

By Albert Egbede

National Pension Commission (PenCom) and the Federal Competition and Consumer Protection Commission (FCCPC) have given approval for the acquisition of First Guarantee Pension Ltd (FGPL) and First Ally Asset Management Ltd (First Ally) of the entire issued shares of Actis Golf Nigeria Ltd (AGNL) by Access Holdings.

The Group Company Secretary, Access Bank, Mr Sunday Ekwochi, recently disclosed this in a statement in Lagos.

The statement said that the acquisition extended to Sigma Pensions Ltd (Sigma) with AGNL being the sole shareholder of Sigma.

It stated that the proposal of the acquisition was approved by the PenCom and the FCCPC.


Mrs. Aisha Dahir-Umar, Pencom DG

"The corporation had recently announced its acquisition of majority equity stake in FGPL. It is intended, subject to the receipt of relevant regulatory approvals, that the operations of FGPL and Sigma will be merged to create Nigeria's fourth largest Pension Fund Administrator (PFA) by Assets Under Management," it said.

Commenting on the development, Dr Herbert Wigwe, the Group Chief Executive, Access Corporation, expressed satisfaction with the progress the company was making regarding its diversification and growth into the pension funds administration sector.

"Having concluded our divestment from the pension funds custody sector and our recent acquisition of FGPL, we are pleased with the progress we are making regarding our diversification and growth into the pension funds administration sector.

"We are particularly pleased to have reached this agreement with Actis. Our plan is to consolidate these entities to create a formidable pension funds administration business," Wigwe said.

He said that the proposed consolidation would leverage the corporation's expansive distribution network, strong risk management culture and best-in-class governance standards to provide contributors with sustainable world class pension funds administration services.

In his remarks, Mr Natalie Kolbe, Non-Executive Director of Actis Golf Nigeria Ltd., expressed delight that Access Holdings, a well-respected operator, is set to support Sigma across its next phase of growth.

"Sigma has transformed during our partnership, and we are delighted that Access, a well-respected operator, is set to support the company across its next phase of growth.

"The market Sigma operates, is ripe for consolidation and I have no doubt that with such a capable backer, they will go from strength to strength," Kolbe said.

IsDB Approves $1.8bn Funding For Nigeria

By Kirk Obed

The Islamic Development Bank (IsDB) on recently disclosed that it has approved a total financing of $1.8 billion for funding developmental programmes in Nigeria.

The amount includes $971 million in project financing by IsDB, and about $288 million provided by the Islamic Corporation for Development (ICD).

President and Chairman of Islamic Development Bank Group (IsDB), Mohamed Suleiman Aljasser, made the disclosure when he led a delegation of the bank on a courtesy visit to the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed.

The Islamic bank also requested the federal government to give it land to build a permanent office in Abuja. Nigeria is the largest office outside of the bank's head office in Jedda. The bank is engaged in other areas like education and health, a reason Aljasser said the bank is looking forward to entering the food sector as there is a $10 billion facility Nigeria can benefit from.

Honourable Minister of Finance, Budget and National, **Mrs. Zainab Ahmed** with President and Chairman of Islamic Development Bank Group (IsDB), **H.E. Dr. Muhammad Sulaiman Al Jasser,** during a meeting at the Honourable Minister's Office recently.

IsDB said that it is partnering other organisations as the African Development Bank and International Fund for Agricultural Development (IFAD) to establish Special Agriculture Processing Zones (SAPZ), across the country.

The IsDB President said that 190km of rural roads would be constructed to support Small and Medium Scale farmers in Nigeria.

Aljasser said: "Our private sector affiliate, $477 million in trade operations by our trade arm, the International Islamic Trade Finance Corporation (ITFC), and $90 million from other IsDB funds and operations".

He said in addition, that the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), its investment guarantee arm, has provided $1.1 billion as business insured and $1 billion as a new insurance commitment to help attract businesses and insure them.

"With the IsDB active portfolio in Nigeria standing now at $1.2 billion and we have completed about 55 percent of all of those projects.

"And we look forward to strengthening relations on bilateral relations. Out of the 36 states in Nigeria, IsDB has investments in 16 states. I applaud the federal government of Nigeria for emphasising the diversification of the economy," he added.

Aljasser said that the bank would try to boost the private sector activities of the private arm of the IsDB to assist the development of the private sector and the economic diversification programme of the government.

"The IsDB is keen to continue to engage Nigeria on its strategic priorities areas such as economic and social infrastructure, and advisory support for strengthening Islamic financial services.

"IsDB is committed to supporting Nigeria to deal with the recovery phase of COVID-19 including providing the necessary support to the private sector to create and revive economic growth. Two projects, SAPZ and the Nigeria-Morocco gas pipeline – very important projects for Nigeria's hydrocarbon and the rest of the world".

Earlier, the Honourable Minister in her welcome remarks, noted that the IsDB is a multilateral financial institution established to foster the economic development and social progress of its 56 member countries, adding that Nigeria is currently the 4th largest shareholder with 8.75 percent share that entitled it to have a permanent seat on the board of executive directors.

The purpose of the visit, according to her, was to strengthen collaboration between the Bank and Nigeria, as well as serve as an avenue to discuss the IsDB Group's Strategy Update and Alignment and Member Country Partnership Strategy (MCPS) for the period 2023-2025 anchored on Nigeria's Medium-Term National Development Plan (MTNDP) 2021-2025, among others.

According to her, what Islamic Development Bank offers include: Providing financial assistance to member countries in forms of economic and social development such as concessionary loan, non-concessionary (ordinary financing), and grants; establishing and operating special funds for specific purposes in addition to setting up trust funds; assisting in the promotion of foreign trade, especially in capital goods, among member countries; providing technical assistance to member countries; and extending training facilities for personnel engaged in development activities in Muslim countries to conform to the IDB principles.

Mrs. Ahmed noted that Nigeria became a regional operational hub of the bank in Africa in 2017 as the bank expanded its existing country gateway office in Abuja, to serve as a key regional office.

She explained that the regional office coordinates the operations of the bank in its West and Central African member countries, which constitute a majority of the 27 African countries in the institution, notably Nigeria, Gabon, Niger, Mozambique, Burkina Faso, the Republic of Cameroon, Uganda, Senegal, Djibouti, and Guinea Bissau, among others.

FIRS Begins Direct Deduction From Online Gaming Operators

By Chiamaka G. Okpala

The Federal Inland Revenue Service (FIRS) has commenced the deduction of taxes at transaction points from Online Gaming Transactions using the Sentinal National Payment Gateway and Electronic Solution.

With this, all operators offering online gaming services in Nigeria are now compelled to connect to the Sentinal National Payment Gateway by December 31 so that the deducted tax can be remitted directly to the government's treasury.

Although offshore online gaming operators are not so mandated, they are, however, compelled by extant tax laws to connect to the Sentinal National Payment Gateway for the purposes of deducting tax from the gaming transactions of players in Nigeria and remitting the same directly to the government purse.

Executive Chairman of FIRS, Mr. Muhammad Nami, disclosing this, urged full compliance by the online gaming community, explaining that the Sentinal National Payment Gateway was a transaction processing system that enables Integrated Payment Services Providers to deduct taxes at the points of transaction and immediately remit the tax deducted to the government's treasury.

"The FIRS is automating the administration of tax on online gaming using Sentinal National Payment Gateway and Electronic Solution.

"Sentinal National Payment Gateway is a transaction processing system that enables Integrated Payment Service Providers to deduct taxes at transaction points and remit the tax deducted directly to the government's treasury.

The deployment of Sentinal National Payment Gateway is expected to simplify tax compliance for companies engaged in online gaming activities," Oluwatobi Wojuola, media aide to the FIRS Chairman, said in a statement.

Mr. Nami said that the policy is adopted as the country needed to innovate and harness technology for improved revenue generation from e-commerce as well as for accountability.

"The world is entering a challenging time where there is a strong obligation on governments to increase tax revenue as a percentage of gross domestic product (GDP) so as to provide much needed funding for local infrastructure and public services. Nigeria needs to innovate and harness technology to ensure that online transactions are taxed and accounted for.

"We have been very impressed with the Sentinal platform which allows us to not only collect tax revenues at source but also provides us with tax reporting and monitoring tools in real-time," noted Mr. Nami who also stated: "The system will also integrate with our own TaxPro Max portal."

The Director-General of the National Lottery Regulatory Commission of Nigeria, Mr. Lanre Gbajabiamila, commended the adoption of this innovation, describing it as a "huge step" for taxation of the gaming industry.

"Online gaming continues to grow rapidly in Nigeria, particularly on mobile, and the adoption of e-technologies' Sentinal National Payment Gateway is a huge step for us to allow us to capture gaming duty at the source.

"We are welcoming all responsible offshore gaming operators to apply for a Remote Operator Permit as long as they pass all the relevant criteria including full AML screening and responsible gaming practices. We are proud to be the first country to adopt the Sentinal System and we believe it will bring a real national benefit to Nigeria," Mr. Gbajabiamila noted.

David Kicks, the CEO of E-Technologies Global Limited, the proprietor of the Sentinal National Payment Gateway, expressed excitement over the adoption of the system by the Service.

"Governments in rapidly developing nations are struggling to keep pace with the evolution of e-commerce and the ascent of mobile transactions.

"We are thrilled that the Nigerian government has made the decision to integrate our Sentinal System, which empowers them to streamline online taxation. By understanding better how the payments ecosystem behaves and evolves; we can drive a paradigm shift towards a point of consumption tax methodology," he said.

OFFER FOR SUBSCRIPTION

DEBT MANAGEMENT OFFICE
NIGERIA

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

DEBT MANAGEMENT OFFICE

on behalf of the

FEDERAL GOVERNMENT OF NIGERIA

Offers for Subscription and is authorized to receive applications for the

Federal Government of Nigeria Savings Bond

at the following interest rates

2-Year FGN Savings Bond due November 16, 2024: 12.492% per annum
3-Year FGN Savings Bond due November 16, 2025: 13.492% per annum

Opening Date:	November 7, 2022
Closing Date:	November 11, 2022
Settlement Date:	November 16, 2022
Coupon Payment Dates:	February 16, May 16, August 16, November 16

SUMMARY OF THE OFFER

ISSUER:
Federal Government of Nigeria ("FGN")

UNITS OF SALE:
₦1,000 per unit subject to a minimum Subscription of ₦5,000 and in multiples of ₦1,000 thereafter, subject to a maximum subscription of ₦50,000,000.

INTEREST PAYMENT:
Payable Quarterly

REDEMPTION:
Bullet repayment on the maturity date

STATUS:

1. Qualifies as securities in which trustees can invest under the Trustee Investment Act.
2. Qualifies as Government securities within the meaning of Company Income Tax Act ("CITA") and Personal Income Tax Act ("PITA") for Tax Exemption for Pension Funds, amongst other investors.
3. Listed on The Nigerian Stock Exchange.
4. Qualifies as a liquid asset for liquidity ratio calculation for banks.

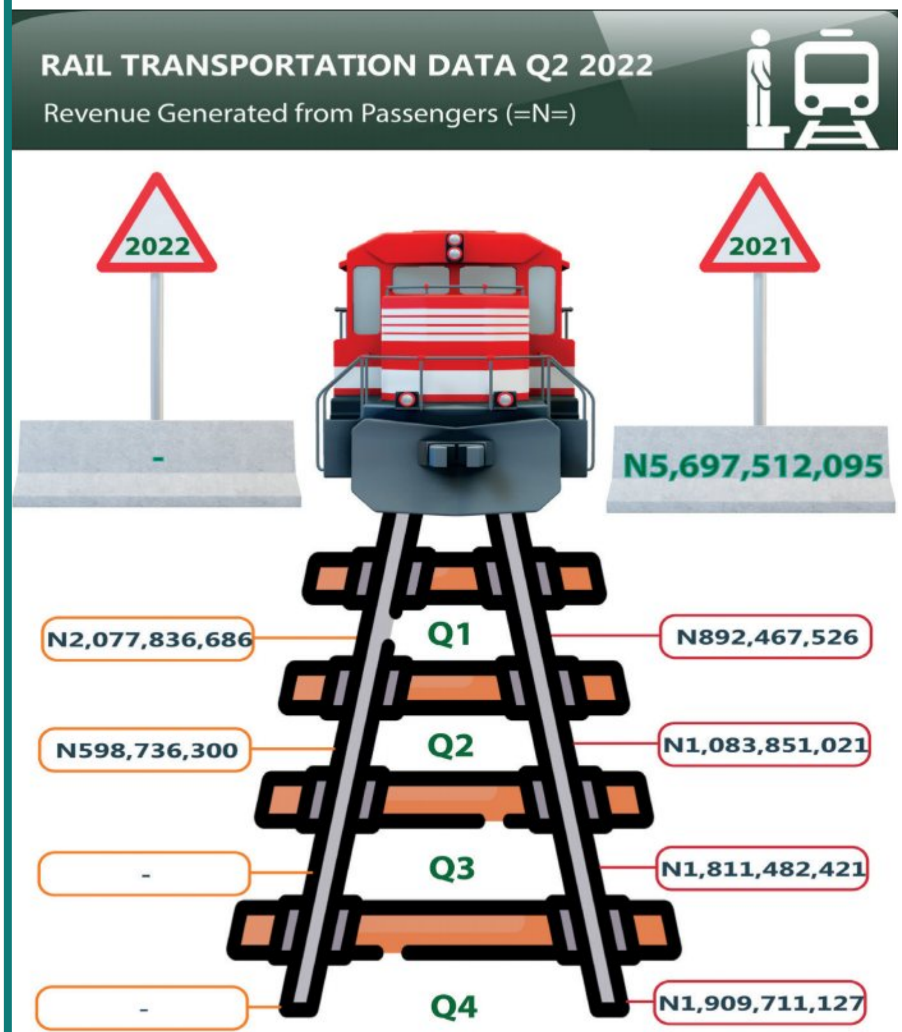
SECURITY:
Backed by the full faith and credit of the Federal Government of Nigeria and charged upon the general assets of Nigeria.

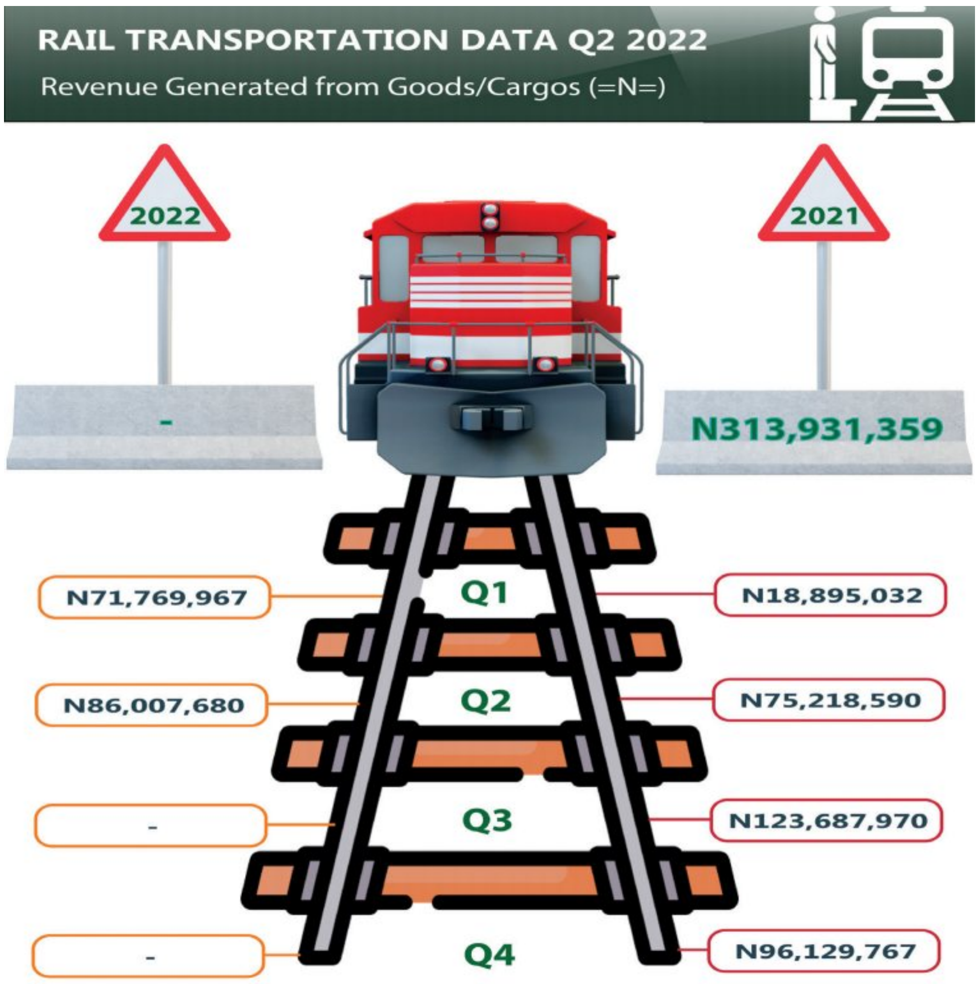
INTERESTED INVESTORS SHOULD CONTACT THE STOCKBROKING FIRMS APPOINTED AS DISTRIBUTION AGENTS BY THE DEBT MANAGEMENT OFFICE. PLEASE VISIT www.dmo.gov.ng FOR THE LIST OF DISTRIBUTION AGENTS.

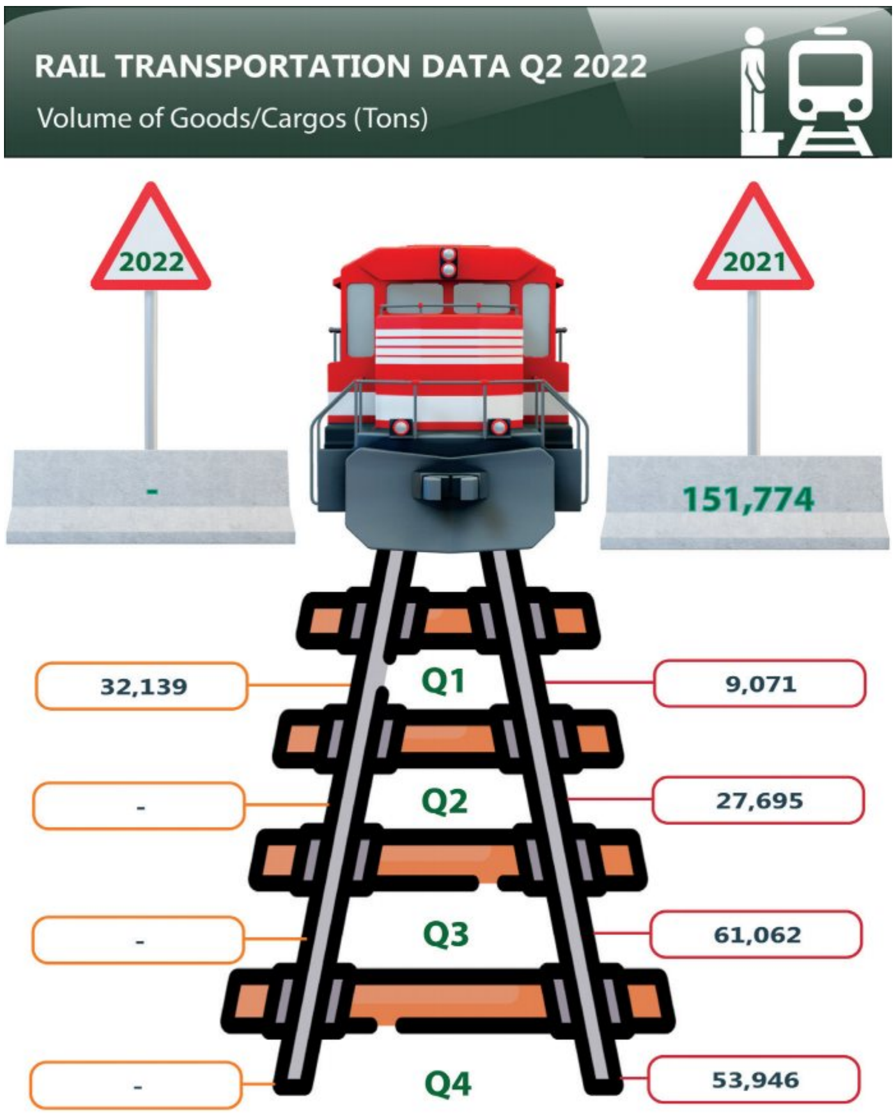
Rail Transportation Data

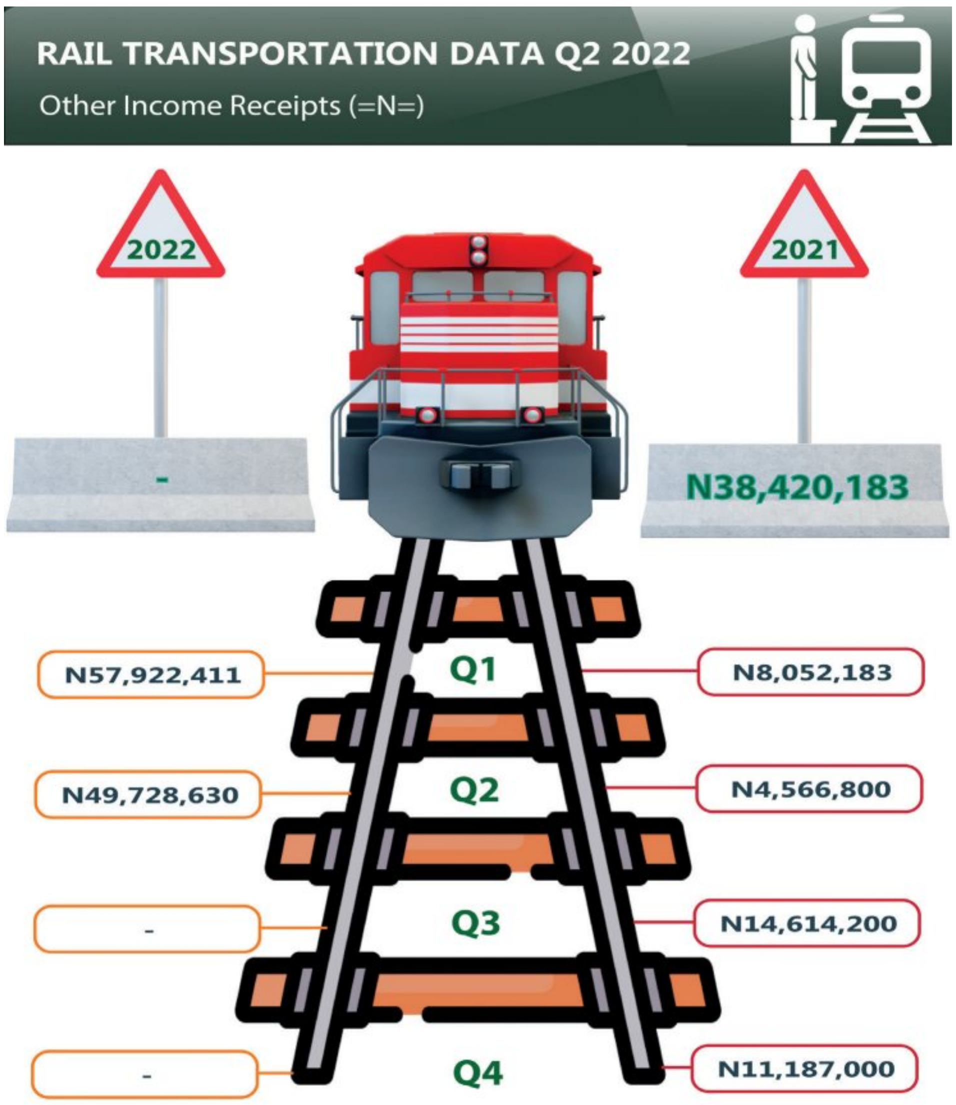
The rail transportation statistics in the first quarter of 2022 revealed that 953,099 passengers travelled via train relative to 424,460 reported in the corresponding quarter of 2021, repre-senting a growth rate of 124.54%. In addition, 32,139 tons of goods were transported in the first quarter of 2022, compared to 9,071 tons reported in the first quarter of 2021, showing a growth rate of 254.30%. In terms of revenue generation, N2.07 billion was received from passengers over the period, higher by 132.82% relative to N892.46 million in the first quar-ter of 2021. Similarly, N71.76 million was collected in the first quarter of 2022 as revenue from goods/cargos, compared to N18.89 million in the first quarter of 2021. Other receipts grew by 619.34% in the first quarter of 2022, recorded at N57.92 million from N8.05 million in the first quarter of 2021.

In the second quarter of 2022, passengers declined by 25.29%, reported at 422,393 relative to passengers in the second quarter of 2021 which stood at 565,385. Revenue generated from passengers was N598.73 million, a decrease of 44.76% from N1.08 billion in the same period last year. Moreso, revenue generated from goods in the second quarter of 2022 amounted to N86.00 million, higher by 14.34% compared to N75.21 million reported in the second quarter of 2021. Other income receipts stood at N49.72 million, an increase of 988.92% from the N4.56 million recorded in the same period of the preceding year.









Nigeria Unveils SAPZ To Tackle Food Insecurity

By Kingsley Benson

Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** (3rd from right), Vice President, **Yemi Osinbajo** (5th from right), President and Chairman of Islamic Development Bank Group (IsDB), **H.E. Dr. Muhammad Sulaiman Al Jasser** (2nd from left) and others during the launch of Special Agro-Industrial Processing Zones (SAPZ) recently in Abuja.

The Vice President of Nigeria, Professor Yemi Osinbajo, has launched the Special Agro-industrial Processing Zone (SAPZ) programme designed to end food insecurity, improve export earnings, and create jobs and other opportunities for Nigerian citizens.

"If the Special Agro industrial processing zones programme delivers on its objectives and we have no doubt that it will, then we would in less than a decade deal a fatal blow to food insecurity, create millions of good paying agro-industrial jobs and opportunities and radically improve export earnings from agriculture," Osinbajo started at the official launch of SAPZ on Monday.

SAPZ is a clear plan for the industrialisation of agriculture, the deliberate development of value chains in the crops farmers grow and a pathway to net exportation of their produce, Osinbajo explained.

He described SAPZ as a critical component of Nigeria's agricultural strategy to accelerate industrialisation of the country's agricultural sector with the objective to provide food, nutrition, and wealth for its population.

A government-enabled and private sector-led initiative, SAPZ will mobilise private sector investment to develop value chains for selected strategic crops and livestock in the participating states.

The first phase of the programme is expected to reduce the country's current food import bill through Import substitution, boost revenue from agricultural exports, create wealth for rural farming communities as well sustainable jobs, especially for women and youths, the vice president noted.

"Nigeria will implement the first phase of the SAPZ programme with co-financing from the African Development Bank, the International Fund for Agricultural Development (IFAD), and the Islamic Development Bank (IsDB)," he said.

SAPZ is a major cross-cutting value chain investment effort driven by the Federal Ministry of Agriculture and Rural Development, in alignment with the National Agricultural Technology and Innovation Policy of the Federal Government to incentivise agro-industrialisation for private sector development.

It will stem rural-urban migration, boost rural livelihoods and revive stranded public and private sector-funded assets, and decisively improve food security, Osinbajo stated.

A five-year programme, SAPZ is to be implemented by the federal government in partnership with the African Development Bank (AfDB), the International Fund for Agricultural Development (IFAD), Islamic Development Bank (IsDB), state governments, and the private investors, in seven participating states (Kano, Imo, Kaduna, Cross River, Kwara, Oyo, and Ogun) and the Federal Capital Territory (FCT).

SAPZ will also "vastly improve the business environment for agro-industrial processors as it will improve their productivity and enable value addition for inclusive, adaptive economic growth.

"In the next phase, we will bring on board another 18 States," Osinbajo added.

In a remark, the AfDB President, Akinwumi Adesina, said the bank support to Nigeria, through Technologies for African Agricultural Transformation (TAAT), was to aid the production of more wheat, rice, and maize.

"This support will allow Nigeria to cultivate, by next year, 900,000 hectares of rice, 250,000 hectares of wheat, and 107,000 hectares of maize.

"Agriculture is critical for the survival of any nation. The most important role of any nation is to feed its people. Food is a fundamental human right," Adesina said at the launch.

The AfDB president, however, noted that despite Africa's massive agriculture potential the continent still faced huge challenges in meeting its food needs with 283 million people that go hungry annually.

NNPC, Daewoo Sign Pact On Kaduna Refinery Rehab

By Ahmed Ahmed

Nigerian National Petroleum Company (NNPC) Ltd and Daewoo Group of South Korea have signed a Memorandum of Understanding (MoU) on the rehabilitation of the Kaduna refinery.

The agreement was signed on the sidelines of the 2022 World Bio Summit held recently in Seoul, South Korea in the presence of President Muhammadu Buhari who was also at the summit.

The pact came on the back of the ongoing rehabilitation works at the Warri refinery by the same Daewoo Group which will at the first instance, deliver fuels production before the first half of 2023.

An elated Buhari said that Daewoo Group has massive investments in the automobile, maritime and other sectors of our economy in addition to its current engagement in the execution of the NLNG train seventh project and also the construction of the sea-going LPG vessels for NNPC and her partners.

"I look forward to the delivery of ongoing projects, especially at the Warri and Kaduna refineries, and the NLNG Train Seven," stressing that "This no doubt will open many more windows of opportunities for Daewoo and other Korean companies in Nigeria."

"I thank you for your faith in Nigeria," President Buhari told the Korean conglomerate at the end of the significant ceremony on the last day of his visit to the Asian country to attend the First World Bio Summit.

The 110,000 bpd-capacity Kaduna Refinery is one of Nigeria's four dysfunctional refineries that have produced no fuel for years leaving the country to rely on imported products. It recorded an N22.9 billion loss in 2021.

The biggest state-run refinery, which is Port Harcourt, is currently undergoing repairs handled by Tecnimont of Italy. The government says it expects the plant to start production by December.

The Federal Executive Council (FEC) in August last year approved the award of the contract for the rehabilitation of Warri and Kaduna Refineries at the combined total sum of $1.5 billion.

Daewoo is also repairing the Warri plant which will at the first instance deliver fuel before the first half of 2023.

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35th EDITION

The Importance Of Financing Term In Determining Borrowing Choices

POLICY BRIEF

with

ENAM **OBIOSIO**

It could be quite interesting to look at how important multilateral development banks' (MDBs) financing term is in determining borrowing choices and whether there is a case for cheaper terms for certain kind of projects such as climate or pandemic preparedness.

Just as most other emerging and developing economies (EMDEs), the level of investment in social and physical infrastructure required to improve the livelihoods of Nigerians and make Nigeria an attractive destination for the long-term foreign investment we seek, is obviously beyond our limited fiscal resources.

With general government consumption expenditure of only about six percent of gross domestic product (GDP), which is much lower than the 15 percent to 30 percent typically expected for developing countries, Nigeria is tapping all potential sources of investment, both market and concessional sources, to shore up government spending, according to her.

Beyond providing much needed finance at low interest rates and favourable repayment terms, MDBs provide technical expertise, give confidence to private institutional investors who would otherwise price in a higher risk premium for investment in Nigeria and also utilise their convening power to crowd in finance from other multilateral and bilateral partners. Thus, for a variety of reasons, MDB borrowing is very important for Nigeria as a source of external financing.

On MDB Financing terms and loan conditions, it is important to reference the conditions we are required to meet to access these funds, in particular, reforms to the macro-fiscal framework. Although the reforms ostensibly are designed to improve macro-economic stability and represent 'common-sense' reforms from a technical perspective, they are oftentimes difficult to meet if one considers holistically the political economy pressures that either constrain us or slow down the pace at which these reform conditions can be met. "Thus, insisting that these conditions are met before we access these funds places us in an untenable position as not only are we forced to access funds at commercial rates of interest, which impacts debt sustainability, but oftentimes we require financing to implement the projects that enable us to overcome the political economy challenges impeding reforms.

On debt for climate swaps (DFCS), while considering innovative ways of climate financing, there is the DFCS framework which is an arrangement in which the debtor nation makes payments in local currency to finance climate projects domestically on agreed upon terms instead of continuing to make external debt payments in a foreign currency to creditors. DFC swaps can reduce the level of indebtedness which frees up fiscal resources, contribute to foreign reserves, while redirecting funds to green projects.

Nigeria has experience with 'debt swaps' as over US$31 billion was purchased from the Paris Club at approximately 40 cents on the dollar, effectively saving Nigeria US$18 billion, according to Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning. The 'savings' that accrued to Nigeria as a result of this debt cancellation by the Paris Club creditors was set aside specifically for the financing of millennium development goal (MDG) projects in a virtual poverty fund.

Although the main players in structuring debt swaps are in the financial services sector, mainly banks, insurance companies and credit rating agencies, MDBs also have a critical role to play by assisting in developing a robust framework for 'green debt swaps' that benefits all parties and by providing technical assistance to help build government capacity to enter into and properly execute these agreements.

Now looking at how MDBs should approach financing for natural gas projects, with a view to COP27 coming up, tensions and inequities in climate and development finance being revealed,

We have to highlight the events of last year which exposed many of the tensions and inequities in the discussions on the pace of adaptation and mitigation to climate change and in particular the question of climate and development finance and which projects should or should not be funded.

The energy crisis so far precipitated by the Russian invasion of Ukraine has exposed the need for us to balance addressing the real existential threat of climate change with the energy needs of today and the creation of industrialised and technologically advanced societies for future generations.

This is a very difficult balance to achieve and at the least it requires all parties to come to the conversation with sincerity and a respect and acknowledgement of the needs of all countries that constitute the global economy, most of which have signed up to the climate compact.

On just and equitable transition, we must address the question of the redemption of the US$100 billion pledge made by countries with responsibility for the high level of global emissions to countries, including Nigeria, which have made a negligible contribution to these emissions but are the most vulnerable to its negative impact. We are rapidly approaching COP27 and yet this pledge that was made in 2009 has not been fully redeemed in 2022.

The energy crisis instigated by the Russian invasion of Ukraine has shown us the need for a phased and realistic transition to renewable energy sources. In response to the threat posed by a reduction in gas supply by Russia, many industrialised countries are now seeking to sign new deals for gas supply with countries like Nigeria, which had previously been shut off from financing for these very same gas projects.

Nigeria has been consistent in making a case for gas, a cleaner fossil fuel compared to petrol, diesel, coal etc., as part of a phased transition to renewable energy and we welcome the increasing acceptance of gas in the energy mix as we move towards net zero. It is our expectation that MDBs and private creditors will match this with the requisite investment required for the gas projects.

In view of all this, we suggest that we give equal weighting to the interests of all members of the global community in forestalling a climate crisis and develop a more realistic path to net zero that gives room for lower emitters to industrialise, grow their economies and improve the livelihood of their citizens while the countries with a greater share in cumulative emissions bear the brunt of the adjustments required.

DFC swaps can reduce the level of indebtedness which frees up fiscal resources, contribute to foreign reserves, while redirecting funds to green projects.

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