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In Need Of Understanding Between Executive And Legislature For 2023 Appropriation Bill

EDITORIAL

President Muhammadu Buhari on Tuesday in Abuja signed into law the 2023 Appropriation Bill.

The President signed the documents in the Presidential Villa in the presence of Senate President, Ahmed Lawan, Speaker of the House of Representatives, Femi Gbajabiamila, Mrs. Zainab Ahmed, Honourable Minister of Finance, Budget and National Planning, and other members of the Federal Executive Council (FEC).

Speaking at the event, President Buhari said that the 2023 Budget, just signed into law, provides for aggregate expenditures of N21.83 trillion, an increase of N1.32 trillion over the initial Executive Proposal.

The key point to note is that Mr. President said that he signed the appropriation bill into law to enable implementation to commence without delay, which is in line with the understanding that we are seeking between the executive and the legislature.

We call for the understanding because delay in the implementation of the budget might be dangerous and injurious to the national economy.

Also emphasising the need for mutual understanding and collaboration between the two arms of government, Mr. President had directed the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, to liaise with the National Assembly to effect the necessary amendments to the bill.

Already some people are predicting woeful outcome for the economy. The Centre for Economic Policy Analysis and Research (CEPAR), University of Lagos, has said that Nigeria is on its way to Golgotha with its rising

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FG Says N23.7 trn Securitisation Of Ways And Means Will Be Huge Relief For Economy

▪Insists Petroleum Subsidy Must Go By June ▪Says Nigeria Loses N6 trn To Tax Waivers In 12 Months ▪We Can't Do More To Reduce Personnel Cost - *DG Budget*

*On Wednesday January 5th, the Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed**, presented the breakdown of the 2023 budget in Abuja after the signing into law of the budget by **President Muhammadu Buhari**. In this report, **Musa Ibrahim** looks at the major areas in the budget as outlined by the minister.*

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, has said that the securitisation of N23.7 trillion ways and means advances by the Central Bank of Nigeria (CBN) would be a huge relief to the federal government.

She disclosed this during the public presentation of the 2023 federal government's budget in Abuja recently.

During the public presentation, Mrs. Ahmed said: "The President has approved the securitisation of the ways and means balances with the amount being N23.7 trillion and a 40-year moratorium tenure on principal repayment, three years and pricing interest rate nine percent."

President Muhammadu Buhari has sent to the Nigerian Senate a request for

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R-L: **Mr. Ben Akabueze,** Director-General, Budget Office of the Federation, **Mrs. Zainab Shamsuna Ahmed,** Honourable Minister of Finance, Budget & National Planning, and **Mr. Aliyu Ahmed,** Permanent Secretary Finance, Ministry of Finance, Budget and National Planning at the Public Presentation and Breakdown of Highlights of 2023 Appropriation Act.

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How Technology, Regulatory Resilience Advance Insurance Sector

■ As NAICOM Raises Third Party Motor Insurance To N15,000

*The insurance sector in Nigeria recorded growth in the preceding year due to regulatory resilience and technology adoption. In this report, **Musa Ibrahim** highlights some of the events in the sector.*

The Nigerian insurance industry witnessed some level of growth in terms of gross premium income and penetration last year on the back of technology adoption and increased consumer confidence.

Both operators and the regulator attributed the growth to the adoption of technology and insurtech partnerships, which did not only enhance product distribution but also increased customer experience and data generation.

The National Insurance Commission (NAICOM) established a 'NAICOM Portal' that enhanced policy upload by operators and data generation for critical analysis and policy decisions.

The NAICOM described the portal as one of the initiatives of the commission being pursued to deepen the insurance market and increase penetration to the level that is consistent with the nation's economy.

"The commission, in July 2009, embarked on a comprehensive computerisation effort tagged project e-regulation that was meant to transform its operational procedures and the conduct of its regulatory responsibilities by providing a robust, world-class ICT infrastructure to help implement an automated business process internally and for industry wide supervision via an integrated platform," Mr. Sunday Thomas, Commissioner for Insurance, said.

He said that prior to the development of the portal, the processing of applications required that applicants physically drop their applications at the commission with their attendant challenges of delays in processing times, wasted manpower hours due to back-and-forth in application processing as well as ineffective application tracking system.

A number of insurers, on the other hand, recorded improved partnership that enables them sell insurance via the USSD platforms and as well as other virtual assistant mechanisms that are also boosting customer experience.

Consumer confidence also saw a leap when NAICOM's regulatory hammer fell on two insurance companies, Niger Insurance and Standard Alliance Insurance, for their inability to meet claims obligation and solvency concerns.

Today, the insurance consumer is better off as claims payment has seen an upward trend from across the players, since it has become almost impossible for any insurer to intentionally want to deny or repudiate a genuine claim, without getting appropriate penalty from the regulator.

● **Mr. Sunday Thomas,** Commissioner for Insurance/CEO of NAICOM

> ...the insurance consumer is better off as claims payment has seen an upward trend from across the players...

For Mr. Thomas, the statistics of the insurance market performance for the year 2022 revealed some quality improvements in the market indicators including growth, claims settlement and profitability.

"The market statistics of the third quarter 2022 has revealed some quality developments in the industry performance indicators in terms of growth, retention, claims management experience and profitability, at levels of which the industry could be ruled as profitable, sound and stable," the commission said.

"In cognisance also to the on-going digitisation and market deepening measures of the commission, the outlook remains strongly positive."

Mr. Edwin Igbiti, Chairman of Insurance Industry Consultative Council, noted that the insurance industry is one of the most resilient and fast-growing sectors in Nigeria.

"You will agree with me that there has been growth in the industry despite the numerous economic recessions, the effects of the COVID-19 and the #ENDSARS protests, which resulted in millions of claims," Igbiti said.

The NAICOM, in its Bulletin of the Insurance Market Performance, said that the industry's gross premium rose 14.9 percent to N532.7 billion year-on-year in the third quarter, while total assets stood at N3.2 trillion in the same period.

According to the commission, though the operational environment remains challenging due to global and domestic economic challenges, consumer confidence in the insurance industry remained high as affirmed by the relevant retention situation.

"Life business retention for the period was 94 percent, while non-life recorded a ratio of 55 percent as industry average stood at 71.4 percent," it said.

In terms of share of the market volume, the non-life segment sustained its market dominance at 58.4 percent of the total premium generated.

Insights in the segment show oil and gas was the leading driver at 30.8 percent, followed by fire insurance (21.3 percent).

Motor insurance accounted for 14.6 percent, while marine and aviation, general accident and miscellaneous had 11.8 percent, 11.2 percent and 10.3 percent respectively.

Life business recorded 41.6 percent of the market production as its share contribution gradually closed up. The share of annuity in the life insurance business was about 25.5 percent, while individual life was at 41.2 percent of the premium generated during the period.

According to the commission, the insurance claims component defines the essence of insurance business as a whole and indeed a major factor in consumer confidence building.

The NAICOM data show that claims of N242.6b billion were paid out in the third quarter, 2.3 percent lower compared to the corresponding period of 2021.

The insurance market remained profitable during the period, recording an overall industry average of 54.5 percent, compared to 46.7 percent in the corresponding period of 2021.

Similarly, Muda Yusuf, Chief Executive Officer (CEO) of Centre for the Promotion of Private Enterprise (CPPEs), said recently that insurance could really do much in the economy, if given the needed attention by the government.

He, therefore, called on the federal government to set aside a minimum of two percent annual non-debt expenditure for insurance premium.

He said that for the federal government to meet its insurance obligation as the highest spender, at least a minimum of two percent must be set aside for insurance premiums annually from the non-debt expenditures.

In another development, Nigeria's insurance regulator, the NAICOM has raised third-party insurance coverage for motorists from N5,000 to N15,000 yearly.

According to a circular addressed to insurance companies, the new policy becomes effective from January this year.

Agba: **National Development Plan Will Accelerate Inclusive, Private Sector-led Growth**

*In this interview, **Prince Clem Agba**, Honourable Minister of State Budget and National Planning, speaks about the federal government's National Development Plan, 2021-2025. He strongly believes that the economic plan would help accelerate and sustain inclusive and private sector-led growth in the country, address critical macro-structural issues in the areas of concentric economic diversification, expand fiscal space to support higher economic and social expenditure. **Obinna Chima** brings the excerpts:*

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

What is the National Development Plan all about?

The National Development Plan (NDP), 2021-2025 is the successor Medium Term Plan to the Economic Recovery and Growth Plan (ERGP), 2017-2020. The NDP 2021-2025 was designed to unlock the country's potential in all sectors of the economy for a sustainable, holistic and inclusive national development; accelerate growth; deepen the initiatives for a diversified economic growth and foster sustainable development. The plan was meant to lift 35 million people out of poverty and generate 21 million jobs by 2025. The total planned investment size of the plan is N348.1 trillion and will be allocated to sectors, programmes and projects in the plan.

We have had several economic plans in the past e.g. Vision 20:2020; the ERGP which you mention, that have had little or no effect on the masses. Why should we expect this to be any different?

To assume that the ERGP did not have effect on the masses is not evidence based. The ERGP was meant to ensure that Nigeria exit recession, stabilise the macro-economy and return the country to a path of positive growth. This was achieved. Before the preparation of the NDP, government carried out the end-term review of the ERGP. The result showed that the plan significantly delivered on its key objectives. The NDP, 2021-2025 is different from other previous plans. It adopted an inclusive and participatory approach. The approach was adopted with the hindsight of the lessons learnt from the implementation of previous plans. It has three volumes with Costed Capital Programmes and Projects and also identified binding constraints for effective plan implementation. Obviously, the outcome of the implementation of the Plan will be different.

How was the plan conceived, did you get input from the states and other stakeholders?

The plan was formulated against the backdrop of several subsisting development challenges in the country and the need to tackle them within the framework of medium- and long-term plans. These challenges included low and fragile economic growth, insecurity, weak institutions, inefficient public service delivery, infrastructure deficit, climate change and weak social indicators. The plan also builds on the lessons learnt and foundation laid by previous plans. It is unique from other previous plans because the process was not only participatory and inclusive but consultative involving a broad range of critical stakeholders. This was deliberately done for inclusiveness, participation and citizen engagement for ownership. To ensure that the new plan remains a truly National Development Plan, all the 36 states of the Federation and Federal Capital Territory Administration as well as representatives of the Local Government Councils and organised private sector, youths, labour unions, traditional and religious organisations, amongst others, were all involved in the preparation process.

Which aspects of the economy is this development plan looking to address?

The National Development Plan, 2021-2025, aims to accelerate and sustain inclusive and private sector-led growth. It will address critical macro-structural issues in the areas of concentric economic diversification, expand fiscal space to support higher economic and social expenditures and create a stable macroeconomic environment. During the plan period, government will focus on sectors with great potentials to generate jobs with multiplier effects on other sectors. The Plan will continue to invest in critical infrastructure such as power and alternative energy, rail, roads and housing. There will be renewed vigour in enhancing business and investment environment. All these will ultimately impact on the living conditions of the Nigerian people.

A lot of Nigerians believe the economy is not looking good at the moment with inflation on the rise, exchange rate depreciation, over 100 million Nigerians said to be living in state of multi-dimensional poverty. What role will the National Development Plan play in addressing these challenges?

Rise in inflation is a global phenomenon occasioned specifically by the lingering Russia-Ukrainian war that has impacted hugely on food prices which is the major driver of inflation in the country. The pressure on foreign exchange is as a result of the huge subsidy payments and low oil production. Conscious implementation of the nine priority areas of the plan will no doubt ensure that these structural challenges are addressed.

The plan speaks about a lot of programmes and projects; how exactly will it be financed?

The plan has a total investment size of N348.1 trillion. Of this amount, N298.4 trillion or 86 per cent will come from the private sector, while the general government (Federal and Sub-national) will account for N49.7 trillion or 14 per cent. Essentially, the plan will be private sector led while government provides the much needed enabling environment for businesses to thrive. In addition, financing vehicles such as Growth Funds, Securitisation and Public-Private-Partnerships (PPP), will be explored. Also, the Infrastructure Corporation of Nigeria (InfraCo) will provide the lever for infrastructure rebirth and address the infrastructure deficit which has hampered the country's productive capacity, constrained our product space and competitiveness.

How does the federal government intend to monitor this plan for proper evaluation and how will the general public be carried along?

The government has realised that the success of the Plan will to a large extent depend on the establishment of a strong implementation mechanism and framework that promotes performance and accountability. It is against this backdrop that a Development Plan Implementation Unit (PIU) will be established in the Ministry. There will also be a National Steering Committee (NSC) under the Chairmanship of the Vice President. This will promote overall coordination with Ministries, Departments and Agencies (MDAs), organised private sector and CSOs.

Our public debt has been on the rise. How much more does the government need to borrow to facilitate the execution of the initiatives in this plan?

Government will finance the plan directly from budgetary provision as approved by the National Assembly and provide enabling business environment for the private sector. To ensure fiscal sustainability, efforts will be made towards enhancement of domestic resources mobilisation, especially in enhancing non-oil revenue. The target is to increase national government revenue up to 15 per cent of GDP at the end of 2025. As part of the efforts to improve revenue mobilisation, deliberate efforts are ongoing to effectively implement Strategic Revenue Growth Initiatives (SRGIs). This initiative focuses on optimising the operational and collection efficiency of GOEs, restricting the cost-to-revenue ratio of GOEs to 50 per cent, leveraging on technology and ICT, enhancement of existing and creation of new revenue streams. Where extremely necessary government will borrow to finance capital projects that will eventually be able to pay back. In doing this, government will be mindful of the debt sustainability plan.

There is going to be a change in government and governance come February 2023. Would not this end up being another abandoned project?

The structure of the plan will make it difficult for it to be another abandoned project as the plan has already taken this into consideration during the formulation. The plan has 3 volumes: Volume I is the policy document which is structured around seven cluster areas: Economic Growth and Development; Infrastructure; Public Administration (Public Sector Reforms); Human Capital Development; Social Development; Regional Development; and Plan Implementation, Communication, Financing, Monitoring and Evaluation;

Volume 2 contains the prioritised costed capital projects and programmes that will form the foundation of the Federal Government's annual budget; and

Volume 3 deals with the legislative imperatives which contains the identified binding constraints to Plan implementation. In this regard, 18 laws and 10 policies that constrain Plan implementation that needs to be reviewed or amended were identified. The government is also working with the National Assembly to pass into law the Development Planning and Project Continuity Bill to ensure that the plan will not turn out to an abandoned project.

What timelines should the masses be working with in accessing and evaluating this plan?

The National Development Plan, 2021-2025 is due for mid-term review in 2023 and the government is already making necessary preparations for the review. This is consistent with international best practice for mid-term and end-term review of Plans. In addition, government has institutionalised the process of tracking and evaluating Plan implementation by setting up the Development Plan Implementation Unit with membership drawn from relevant MDAs, civil society organisations and organised private sector.

Culled from Thisday Newspaper Online of Thursday, 12th January, 2023.

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FG Says N23.7 trn Securitisation Of Ways And Means Will Be Huge Relief For Economy

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approval of the restructuring of N23.7trillion ways and means advances given to the federal government by the CBN.

According to her, "The CBN ways and means has built up over eight years from 2014-2022 to the current amount and we are hopeful that the National Assembly will pass it as requested by President Buhari.

"The National Assembly has set up a special committee for this purpose and we are ready to interface with them to provide the necessary explanations needed to pass the budget.

"If passed, it will bring significant fiscal relieve to the federal government considering a moratorium of 40 years and interest rate of nine percent. President Buhari has urged the National Assembly to pass it and we are hopeful they will," Ahmed said.

Speaking further, she said that Nigeria could no longer be described as a mono-economy as the non-oil sector is now the mainstay of the economy.

"Nigeria cannot be referred to as a mono-economy any longer as the non-oil sector is now becoming the major sustainer of the economy, contributing about 70 percent of revenues.

In the past, oil revenues have been 70 percent while non-oil revenues have been 30 percent, but that story has changed; the situation is now vice-versa.

The latest gross domestic product (GDP) figures from the National Bureau of Statistics (NBS) show that Agriculture contributed over 20 percent of GDP while sectors like information communication technology (ICT), financial services, trade, and transport also contributed significantly to the growth," she further stated.

Speaking on fuel subsidy, Mrs. Ahmed disclosed that in the 2023 fiscal proposal, the government only made provision of N3.36trillion for fuel subsidy payment to cover the first six months of 2023 in line with the 18-month extension announced in early 2022.

She said: "The projected fiscal outcome in the 2023 Budget is based on the Premium Motor Spirits (PMS) subsidy reform scenario.

"In the 2023 Budget framework, it is assumed that petrol subsidy will remain up to mid-2023 based on the 18-month extension announced early 2022.

"In this regard, only N3.36trillion has been provided for PMS subsidy. There will be tighter enforcement of the performance management framework for Government Owned Enterprises (GOEs) that will significantly increase operating surplus/dividend remittances in 2023."

On the federal government's revenue, Mrs. Ahmed said that as of November 2022, the sum of N6.50trillion was generated. This is about 87 percent of the prorated target of N7.48trillion.

She put the share of the federal government's oil revenues at N586.71billion, representing 35.7 percent performance, while non-oil tax revenues totalled N2.09trillion – a performance of 123.3 percent.

She stated that the companies' income tax and value added tax collections were N1.08trillion and N295.2billion, representing 158.6 percent and 124.3 percent of their respective targets.

Mrs. Ahmed added that Customs collections, comprising import duties, excise, fees, and special levies exceeded the target by N15.42billion.

On actual spending from the 2022 budget, she said that, as of November 30, it was N12.87trillion.

Of this amount, N5.24trillion was for debt service; N3.94trillion for personnel costs, including pensions, statutory transfers, overhead and service wide votes.

Nigeria Lost N6trillion To Tax Waivers, Incentives In 12 Months

Also, Mrs. Zainab Ahmed did say that the federal government lost the sum of N6trillion to various tax incentives and waivers under the pioneer tax incentives scheme in 2021.

Pioneer incentive scheme is an incentive from the federal government which exempts companies from basic income tax.

The incentive is also known as tax holiday and it is generally regarded as an industrial measure aimed at stimulating investments into the economy.

This means the companies with pioneer status do not have to pay tax for a certain period of time, allowing the company to get established. This tax exemption can be full or partial.

The products or companies suitable for this pioneer status are industries or products that do not already exist in the country; it also means that the existing industry do not meet the required needs or fulfill expected goals.

Mrs. Ahmed said that the federal government would be phasing out the integrated corporate income tax, otherwise known as pioneer tax incentives, for industries that had already grown, in the 2023 Appropriation Act.

She noted that though phasing out the incentive would not be a popular decision, it however becomes imperative in order to ensure that infant industries, especially from the information technology (IT) sector, benefits from the policy.

She stated: "We are phasing out integrated corporate income tax incentives for mature industries...

"We have tax provisions that are dated to 1958 or something. So, there are some industries from that schedule at that time that were classified as infant, and we are saying they have grown and need to exit. And we need to bring in new infant industries to benefit.

"Such industries are the ones that are now growing in the IT sector, that did not exist then, that need these opportunities. And we are glad that the Start-up Act has also emphasised that.

"So, we will be exiting some industries from the incentive of pioneer tax. We are aware that this is not going to be a very popular thing to do, but it is a must do for us.

"As at 2021, the tax expenditure of government was N6trillion. That is, N6trillion in revenue in terms of different kinds of tax incentives, tax holidays, exemptions of import duties, different kinds of waivers, and revenue.

"When we appreciate the need to provide incentives to encourage industry, we have to create a balance that we are not giving out too much without getting much."

Mrs. Ahmed explained that the 2023 projections deviated somewhat from the National Development Plan of 2021-2025.

She stressed that this was because government had to adjust to the current economic realities, as well as the modified medium-term outlook.

Meanwhile, the Director-General (DG) of Budget Office of the Federation, Mr. Ben Akabueze, said that the federal government is constraint in reducing personnel cost when preparing budgets.

His words: "Government cannot do much to bring down personnel cost. I hear people shouting that N5.2 trillion personnel cost is too much, but if you consider the fact that the amount will be divided among 1.5 million employees of the federal government, including security agencies, you will see the amount just average N200,000.

As such, I do not think the work force of the federal government is over bloated compared to other countries of the world."

Mrs. Ahmed said that the federal government would be phasing out the integrated corporate income tax, otherwise known as pioneer tax incentives, for industries that had already grown, in the 2023 Appropriation Act

Cross section of participants at the Public Presentation and Breakdown of Highlights of 2023 Appropriation Act

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debt profile, especially with recent revelation that the debt stock would hit N77 trillion at the end of the current administration.

The centre, through Professor Ndubuisi Nwokeoma, Director, CEPAR, noted that the next President of Nigeria, who will inherit about N77 trillion debt, would have a big challenge. Lamenting that the high-profile borrowings had not translated into improved quality of life and living standard for Nigeria as well as appreciable provision of infrastructure.

Meanwhile, the federal government through Mrs. Ahmed has been working very hard on all fronts to ensure robust productive economy using potent fiscal policies and very effective measures to appropriate the economy.

At the same time, the government has a debt management strategy it is strictly following; ensuring that debts are within sustainable limits. It also has been improving other sectors of the economy to earn more foreign exchange. The nation is beginning to see export proceeds ticking off in the non-oil sector.

We all know that the world is facing multiple challenges. We were able to weather the COVID-19 pandemic; but it affected our economy. The pandemic crashed the price of crude oil due to the breakdown in global supply chains, which drove us into a recession.

In response, the federal government through the Honourable Minister of Finance designed the Economic Sustainability Plan that helped us quickly exit the recession within two quarters. The government had reviewed the national budget and Finance Acts, which enabled the nation to amend a number of fiscal laws, realise more revenues and stabilise the economy.

Consequently, the country started reporting positive growth and had seven consecutive quotas of economic expansion, but then the Russia-Ukraine war happened.

Also, during the pandemic, what was unique about that situation was that the people that fell further into poverty were urban poor, a phenomenon the country did not have before. Then, the government designed economic sustainability interventions, including cash transfers to the poor and, importantly, support to micro, small and medium enterprises. It gave out payroll support so that small businesses could retain their employees. The government also provided soft, low-cost loans to businesses to help them reinvest, grow and maintain jobs.

The government created a public works programme that enabled us to employ a large number of youths in public work projects, such as road and housing construction. It also developed a programme that helped farmers sustain their crop production.

Regarding domestic resource mobilisation, the belief was that Nigeria could and still needs to do more. Strategically, the revenue-to-gross domestic product (GDP), which was eight percent of GDP in 2019, slipped to six percent during COVID-19 because the country lost revenues from oil and non-oil sectors due to trade stagnation.

Then, the government created the Strategic Revenue Growth Initiative (SRGI), a suite of initiatives designed to enhance the capacity, identify new revenue streams, expand revenue base and block revenue leakages. The SRGI has been quite successful. The government has been systematically working to achieve key targets.

The present administration successfully returned the budget cycle to January through December, which is important because even though the federal budget is small compared to the size of the economy, it acts as a determining factor for some of the decisions that the business sector and states take.

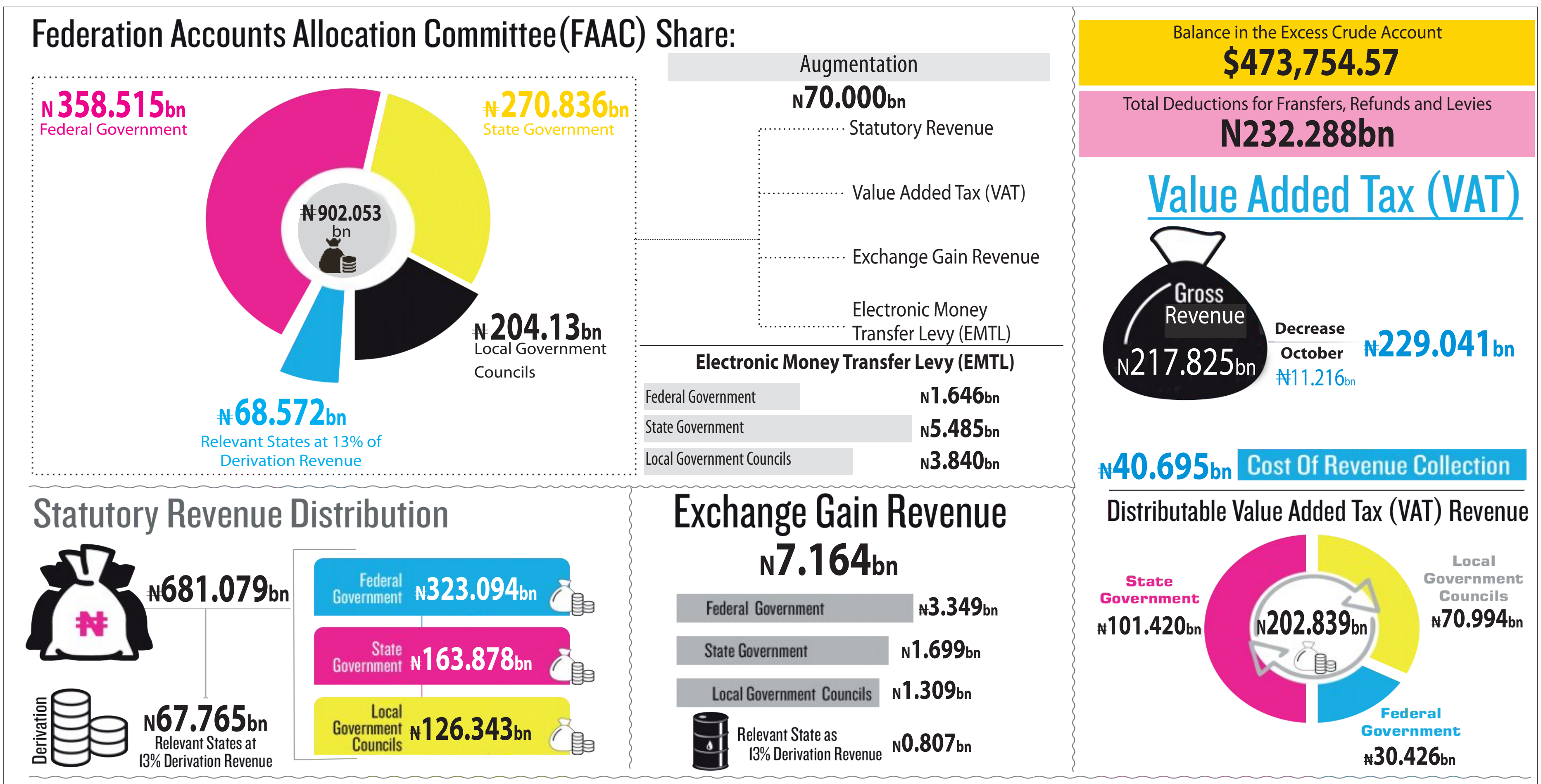
The government introduced the annual Finance Act to support the implementation of the annual budgets and increased the value-added tax (VAT). The government also introduced new taxes and were able to block a number of leakages. In addition, it reduced taxes for micro, small and medium enterprises.

This means that small businesses are paying zero company income tax. The government also reduced medium-sized businesses taxes from 30 percent to 20 percent—tax relief that will enable them to retain revenue and reinvest.

We note that all government independent revenue has been deployed to the Treasury Single Account (TSA). There is no agency of government that is having its accounts outside of the treasury. There are efforts being intensified to further boost the economy through removal of bottlenecks to fast-track growth and development, with the government acknowledging the role of the private sector in national development, which is part of the reasons why the National Development Plan (NDP) 2021-2025, made provision for robust private sector involvement.

In view of all the efforts by the federal government to presently further the Nigerian economy, we therefore seek an enduring, very timely collaboration and understanding between the Legislature and the Executive in the handling of the National Budget, specifically the 2023 Appropriation Bill.

FAAC Shares N902.053 bn November 2022 Revenue To FG, States, LGCs



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

Ahmed Hints At Renaming FIRS In 2022 Finance Bill

■ As FIRS Takes Tax Clearance Certificate Online

By Jennete Ugo Anya

The Hounourable Minister of Finance, Budget and Economic Planning, Mrs. Zainab Ahmed, recently appeared before the Senate Committee on Finance to defend the amendments proposed to the 2022 Finance Act which was sent to the National Assembly by the President Muhammadu Buhari.

She highlighted that the key provisions in the Finance Act 2022 include the change of name of the Federal Inland Revenue Service (FIRS) to the Nigeria Revenue Service.

It also includes the reorganisation of the board of the FIRS by separating the executive management from the board of directors.

She said: "The chairman of the agency will now be referred to as Commissioner-General."

The amendments to the Finance Act were expected to be passed with the 2023 Appropriation Bill which is expected to be considered and passed soon.

This Finance Bill is the fourth one in the series that seeks to complement the budget cycle of January-December that was re-established with the 2020 Appropriation Act by the 9th National Assembly.

It also proposed the 35 percent on electronic money transfer levy receipt to be paid to local government as against an initial 15 percent to the federal government and 85 percent to the state.

It proposes a 50 percent tax increase from 30 percent to companies involved in gas flaring, among others.

Earlier, the chairman of the Senate panel, Senator Solomon Adeola, while welcoming the Honourable Minister, explained that the Bill generally sought to review and possibly amend sections of existing legislation on revenue for the nation.

He said, "The intent of these amendments is not only for generating increased revenue for

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

the government, but also providing clarity, removing ambiguities, providing succor for deserving persons and sectors as well as bringing our laws up to speed with global best practices.

"Let me restate that in our nation's legislative development, the way forward at present is not much about enacting new laws as much as amendments of old laws to take care of new realities and reform observed shortcomings in the implementation of existing laws.

"Such new realities include the development of new technologies and their implications for revenue/income generation by individuals, corporate bodies, and government agencies. This, among other realities and observed challenges, are the rationale for the yearly amendments contained in the proposed Finance Bill.

"In the Bill referred to the committee, a total of 10 existing Acts are proposed for amendments namely: capital gains tax, companies income tax, customs, exercise tarrif, etc. (consolation), federal revenue service establishment, the personal income tax, petroleum profits tax, stamp duties, value added tax, corrupt practices and other related offences, and public procurement.

"In all, 34 Sections of the various Acts are in the Bill before us for consideration and possible amendments."

He added, "We are to understand that our economy is facing serious challenges occasioned by many factors, including crude oil theft, armed insurgency, and banditry as well as spiraling inflation rate that are being tackled by the government.

"The expectation is that at the possible passage of these amendments and its faithful implementation, our country can be propelled toward appreciable economic outlook."

Tax Clearance Certificate Now Online

Meanwhile, the FIRS has announced that taxpayers could get their tax clearance certificate in a single click via its flagship Taxpro Max solution.

The TaxPro Max, a tax administration solution introduced by FIRS in June 2021, is a one-stop-shop for taxpayer registration, tax returns filing, tax payment, tax clearance certificate request, among other functionalities.

The service made the announcement two weeks ago in a statement where it stated that the generation of tax clearance certificates, which used to be issued within a period of two weeks, would now be available on a single click by the taxpayer.

This innovation is coming on the heels of wide-scale technological reforms embarked on by the service in its bid to achieve hundred percent automation of its tax administration functions.

Commenting on the development, Chairman of FIRS, Mr. Muhammad Nami, explained that the functionality was in line with the objectives of the service to make the lives of taxpayers easier and ensure the ease of doing business in the country.

"One of our objectives as a service is to build a customer-centric institution. That means an institution that has the customer at the heart of its innovations and solutions. It is for this reason that we have tuned the operations of our TaxPro Max solution to be able to deliver tax clearance certificates in the shortest possible time to taxpayers.

"At the click of a button, a taxpayer will get their Tax Clearance Certificates, as long as they have no outstanding liabilities. This would impact, in no small measure, on the Ease of Doing Business in Nigeria," Mr. Nami stated.

Explaining further, Mr. Nami stated that the taxpayer could only generate their tax clearance certificates on the TaxPro Max platform when they did not owe any liabilities among other conditions set out for use of the platform.

The FIRS boss noted that this innovation was aimed at appreciating taxpayers for their trust and contributions to national development, stating that the service would continue to come up with innovative solutions that would make the taxpayers' life easier.

He also used the opportunity to wish all taxpayers in the country a happy and prosperous new year, urging them to continue to trust the government to serve their interests, as the taxes paid by them directly and indirectly are what government at the three tiers continue to use to fund social amenities, secure life and properties of the citizenries and provide critical national infrastructures, including schools, hospitals, roads, among others. Mr. Nami also implored governments at all levels to continue to give taxpayers value for their money.

How Naira Notes Redesign Will Benefit Nigerian Economy

Asides fighting counterfeiting and sustainability of the Nigerian financial industry, Central Bank of Nigeria (CBN) says the redesigning of Nigeria's naira notes will also aid Independent National Electoral Commission (INEC) to monitor campaign fundings, among others. ***Musa Ibrahim*** *writes.*

As the call for more partnership between monetary and fiscal authorities intensifies, the Central Bank of Nigeria (CBN) says efforts are in place in promoting value of the naira, deepen financial inclusion and discourage illegal hoarding of the naira by individuals.

Why Redesign of Notes

According to the CBN, the decision to redesign the notes was prompted by the persistent large-scale hoarding of the naira which has resulted in a worrisome situation where over 80 percent of the currency in circulation is outside the banking system.

Other concerns that motivated the decision include the high cost of currency management, increasing the risk of naira counterfeiting, and long periods of denominations' existence without redesign, among others. The plan is expected to yield numerous benefits, including the adoption of electronic channels of transactions, reduction in currency management costs, and discouraging counterfeiting and other criminal activities.

Also, CBN Governor, Mr. Godwin Emefiele, has been saying rightly that one of the reasons the CBN is redesigning the banknotes is the fact that currency management has faced several daunting challenges that have continued to grow in scale and sophistication with attendant and unintended consequences for the integrity of both the CBN and the country.

The challenges include significant hoarding of banknotes by members of the public, with statistics showing that over 80 percent of currency in circulation are outside the vaults of commercial banks; worsening shortage of clean and fit banknotes with attendant negative perception of the CBN and increased risk to financial stability; and increasing ease and risk of counterfeiting evidenced by several security reports.

More than N2.73 trillion out of the N3.23 trillion currency in circulation is outside the banking sector. That, the CBN says, is unacceptable. With the new development, the central bank aims to take control of money supply by mopping up all cash from the economy, both within the vaults of banks and in the hands of citizens.

Not a few people and organisations have commended the CBN for taking a step that is seen to not only give the bank some marginal integrity, but to help in addressing the fundamental issue of inglorious election funding that has proved to be detrimental to the national economy.

Similarly, the apex bank said that the measure would yield numerous benefits, including helping to address the risk of naira counterfeiting, and long periods of denominations' existence without redesign, among others.

Experts have also commended the CBN for the move. For instance, former deputy governor of the apex bank, Professor Kingsley Moghalu, belongs in the majority of those that have expressed full support for the central bank in redesigning of the naira. "If 80 percent of bank notes in circulation are outside of the banks, that is troubling," he stated.

The move by the CBN is also a way to withdraw currency from circulation, an unorthodox way of tightening the money supply, since the country is battling high inflation.

While there is skepticism about the possibility of policy to rein in inflation because of other existential issues like insecurity and other fiscal pressures, the general agreement is that the step has become necessary for national security and in the general interest of the economy.

For the Economic and Financial Crimes Commission (EFCC), the decision is apt and commendable. Chairman of the EFCC, Abdulrasheed Bawa, described the move by the apex bank as "a well-considered and timely response" to the challenges of currency management which has negatively impacted the country's monetary policy and security imperatives.

Mr. Bawa did not mince words when he said that it was heart-warming that "the CBN has

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NEWS IN PICTURES

R-L: **Mrs. Zainab Shamsuna Ahmed,** Honourable Minister of Finance, Budget & National Planning, **Mr. Ezeoke Sylva Okolieaboh,** Acting Accountant-General of the Federation (AGF), and **Mr. Aliyu Ahmed,** Permanent Secretary Finance, Ministry of Finance, Budget and National Planning, at Senate Committee on Finance hearing in Abuja.

Okolieaboh: Providing Direction, Vision For OAGF's Diverse Workforce, National Treasury Wholesomeness

*In the Nigerian public service, **Mr. Ezeoke Sylva Okolieaboh,** who is apparently no small fry, has outstandingly been around. Though in acting capacity till May 28, 2023, when he will retire from the service, he is now in charge of the Office of the Accountant-General of the Federation (OAGF) obviously to, among others, oversee the operations and management of the Nigerian treasury. **Enam Obiosio**, shines some light on just a few of the milestones achieved by the Chartered Accountant so far.*

Mr. Ezeoke Sylva Okolieaboh, Acting Accountant-General of the Federation (AGF)

Of course, Mr. Ezeoke Sylva Okolieaboh's brief presence in the Office has led to improvements in a wide range of government programs and services. The office is into planning, development, implementation and formulation of policy pertaining to financial management of the federation; including associated procedures, rules and regulations. It is also involved in the direction, control and coordination of matters relating to national treasury management, accounting systems and operations in liaison with the Budget Office of the Federation and the Ministry of Finance, Budget and National Planning.

For nine years, Mr. Okolieaboh, a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) has been assisting the Accountant-General of the Federation in providing direction and vision for the OAGF's diverse, multidisciplinary workforce.

He has been part of the development of the Office's strategic plans for serving the nation and improving government in the 21st century. He also has played a key role in guiding the agency's efforts to highlight current and emerging issues that warrant attention from policymakers.

Born in 1963 in Uli, Anambra State, the astute Mr. Okolieaboh is the pioneer Director, Treasury Single Account (TSA) at the Office, where he is an international expert in Public Financial Management (PFM), and has written extensively on various PFM topics in both local and international journals. The TSA under the leadership of Mr. Okolieaboh is celebrated around the world as one of the most successful PFM reforms in Africa and has attracted the attention of other African countries, including The Gambia and Ethiopia.

Mr. Okolieaboh, an Associate Member of the Chartered Institute of Taxation of Nigeria (CITN), holds Bachelor of Science and Master of Science in Accountancy and Public Financial Management from (the old) Imo State University and University of London; respectively. He has attended several executive courses in diverse subjects at University of Oxford, Harvard Kennedy School, London School of Economics, IMF Institute Washington DC, ILI-South African Centre for Excellence; among others.

Since 2005, He has been a core member of the Federal Government of Nigeria PFM reform team. He is the pioneer PFM team leader for the Government Integrated Financial Management Information System (GIFMIS) and author of the GIFMIS Chart of Account which has now been adopted as the National Chart of Accounts.

In 2011, Mr. Okolieaboh won the Microsoft Community Contributor (MCC) Award for his contributions to the Microsoft global programming community.

He was appointed director overseeing the OAGF on June 21, 2022 and subsequently, Acting Accountant-General of the Federation with effect from October 21, 2022, following the exit, in quick succession, of Mr. Ahmed Idris and Mr. Chukwunyere Anamekwe within 30 days of each other.

Against the backdrop of the image and credibility crises leading to the disengagement of his two predecessors, Mr. Okolieaboh has in the very few months stabilised the OAGF; he has restored its integrity and reposition it in line with its core mandate as the treasurer to the federation by making professionalism the centrepiece of its entire operations. Now, obviously looking at the milestones that he has covered in the past few months since assuming the role of the Head of the Treasury, his near-term plans is incredibly in order.

The OAGF has been running smoothly in the past few months with no known crisis. He has so far run the office in a consultative manner by building coalition with the entire Treasury staff at all levels both at the headquarters and on posting to other places.

He believes in equity and fairness to all and has ensured that members of staff are sufficiently motivated to put in their best. He takes matters of welfare and capacity building seriously and has ensured that most members of staff are equipped to work for the overall good of the office. In addition, Mr. Okolieaboh has had cordial working relationship with all critical stakeholders, including the leadership of the Federal Ministry of Finance, Budget and National Planning; the Head of Civil Service of the Federation; the Presidency; National Assembly; development partners; etc.

Within three days of assuming office, Mr. Okolieaboh visited the Auditor-General for the Federation to solicit for his co-operation towards the conclusion of 2020 Financial Statements of the federal government. Aside the visit, he also worked with the relevant department and staff to ensure timely conclusion of the statements. The statements are now concluded and awaiting signing by the Auditor-General. It would be recalled that the delay in concluding the financial statements cost federal government $5 million in World Bank budget support funding under the fiscal governance and institutions project (FGIP).

The marked improvement in internally generated revenue (IGR) in the past few years is predicated on the implementation of TSA which made it mandatory for all IGR items to be remitted real time to the Consolidated Revenue Fund (CRF)/Sub-Rec, unlike the past when ministries, department and agencies (MDAs) would collect and remit at their own time and convenience. The introduction of automatic deduction of Operating Surplus under the Strategic Revenue Growth Initiative (SRGI) using the TSA payment platform has further boosted IGR performance.

The recent approval of Mr. President to increase the rate of automatic deduction to 40 percent in line with the Finance Act 2020 could lead to higher IGR performance in 2022. It is notable that it was within the short period of his assuming office that the provision of the Finance Act 2020 was being implemented using the TSA platform.

The inability of Nigeria to implement effective cash management as envisaged under the PFM reform initiatives of the economic reform and governance project (ERGP) of 2004 led to the inclusion of bottom-up cash planning (BUCP) as one of the deliverables of the FGIP. The non-implementation of BUCP since 2019 resulted to the loss of (additional) $5 million in budget support from the World Bank under the FGIP. In under two months of assuming office, Mr. Okolieaboh has succeeded in obtaining presidential approval for BUCP (which attracts additional $1 million in budget support). He actually worked to secure a cash management expert through the World Bank to support the OAGF in the pilot roll-out in November, 2022.

Since assuming office, Mr. Okolieaboh has devoted most of his time and attention to the challenges facing the Integrated Payroll and Personnel Information System (IPPIS). Working with the Head of

He believes in equity and fairness to all and has ensured that members of staff are sufficiently motivated to put in their best

Okolieaboh: Providing Direction, Vision For OAGF's Diverse Workforce, National Treasury Wholesomeness

the Civil Service of the Federation and her staff as well as service providers and other stakeholders including NITDA, he has been able to conduct a thorough diagnostic of the platform and is gradually working towards addressing the observed challenges. Some of the challenges are data integrity, multiplicity of service providers and absence of effective controls leading to unwholesome practices. He is currently discussing with Oracle Nigeria towards the possible waiver of over $10 million in backlog of unpaid support fees on Oracle EBS.

Mr. Okolieaboh's first involvement with the Academic Staff Union of Universities (ASUU) negotiating team led by the leadership of the House of Representatives on 29th September 2022 provided the clarity needed to dismiss the objection of ASUU to IPPIS. At the last meeting between ASUU and OAGF brokered by the Speaker of the House of Representatives on 24th October 2022, it was agreed that ASUU and OAGF should work together to incorporate the legitimate peculiarities of the university community into IPPIS. This effectively put paid to the insistence of ASUU on UTAS, its own payment platform.

Upon assumption of office, he has visited the CBN Governor in an effort to resolve the issue and improve user experience. He has also involved the IMF who has sent in a team of experts at no cost to government to assist in resolving the issue. Furthermore, he has brought his wealth of experience in PFM and ICT to bear on improving the operational efficiency of not only GIFMIS and TSA but also on all other aspects of the PFM reforms.

Mr. Okolieaboh has good working knowledge and relationship with key bilateral and multilateral development agencies and partners. This has proved to be an asset as can be seen from the progress made on FGIP and in securing IMF expert within the short space of time.

Based on the resolution reached with the leadership of House of Representatives led by the Honourable Speaker, Hon. Femi Gbajabiamila, Mr. Okolieaboh is to ensure that IPPIS incorporates the peculiarities of the university community within three months.

Over the years, the well-established internal control mechanisms underpinning Treasury operations have been eroded leading to avoidable leakages. Mr. Okolieaboh, who is also Chairman, Federation Account Allocation Committee (FAAC) and Sub-Committee on International Public Sector Accounting Standards (IPSAS) implementation in Nigeria, is working on restoring those controls which serve as preventive guardrails against mismanagement of public funds. This will be largely achieved using the existing PFM ICT platforms.

With the approval of the Honourable Minister of Finance, Budget and National Planning, the OAGF in consultation with critical stakeholders that include past Accountant-Generals of the Federation, is putting together a stakeholder's workshop to develop a roadmap for the Treasury in the 21st century. This has become necessary given the events of the past few months and the negative image it created for the OAGF.

Mr. Okolieaboh has good working knowledge and relationship with key bilateral and multilateral development agencies and partners

The workshop, which was earlier planned to hold in late October 2022, has now been shifted to early this year, to allow more time for planning and execution.

Mr. Okolieaboh apparently believes in training and retraining. While recently declaring a training programme opened in Bauchi, he said that training is very essential for successful migration. He hinted that relevant reference materials, including accounting policies to be adopted, guidelines on the recognition of legacy assets, highlight of what is needed to know on IPSAS, accrual accounting manual and other financial reporting publications and templates, have been developed to further enhance the proficiency of key finance operators.

He stated: "We have constantly engaged with key stakeholders as we are doing today and we have equally provided support in form of capacity building across the federal, state and local governments for seamless implementation. I am highly delighted that this capacity building programme has continued to be sustained and more precisely the 2022 capacity building exercise has been carefully packaged to address key and contemporary issues on both effective migration strategies for entities on IPSAS Cash Basis of Accounting and practical approach to the preparation of GPS for entities already on IPSAS Accrual Basis of Accounting. It is my hope that better equipped public financial management operators would be able to challenge and change the status quo "in our respective PSE to adopt only practices that are in conformity with the set standards."

He is highly commitment to preventing diversion of revenue by the ministries, departments and agencies (MDAs). As part of efforts to block leakages in government, the acting AGF also hinted that the federal government was putting measures in place to stop civil servants from diverting the money generated by the MDAs as well as other government institutions.

In a circular which he signed dated December 19, 2022, and addressed to the Chief of Staff to the President and other senior officials of government, including Heads of MDAs, a copy captioned 'Guidelines of financial activities for the end of the year 2022', Mr. Okolieaboh warned: "No money shall be spent by MDAs merely because it has been voted for".

Part of the circular reads: "As the financial year 2022 is coming to an end, it has become imperative to provide relevant guidelines to all MDAs and other arms of government on financial activities for the financial year ending 31st December 2022. The objective of the guidelines is to promote probity, transparency, accountability and prudence in the management of public resources." The circular warned MDAs to adhere to revenue collection and reporting.

To ensure that all revenues due to the government are fully collected and accounted for, the circular directs all MDAs to adhere to the provisions of all treasury circulars issued in respect of revenue collections, accounting and reporting. With respect to the remittance of operating surplus, it made reference to corporations and agencies listed in the Fiscal Responsibility Act 2007 as amended and relevant finance circulars.

It also states: "All relevant agencies that have their operating surplus reconciled and agreed upon should ensure that payments are made on before 31st December 2022." The circular warned of non-rendition of financial reports to the treasury and non-preparation of annual statutory financial statements.

Before the directive, most of the agencies remitted inadequate revenues to CRF, a development that contributed to the government's inability to meeting its budget funding obligations.

The foregoing is only a brief on what Mr. Okolieaboh has done within the short period of assuming the headship of the Treasury and what he plans to do in the near term, bearing in mind that he will be retiring from service on May 28, this year. Given his experience and competence on the job, allowing Mr. Okolieaboh, who is married and has children, to serve till his retirement date of May 28, 2023 will not only allow him to complete the tasks he has started, but his short tenure would be used to sanitise the Treasury before his retirement.

DMO Calls For Calm, Says Alarm Over N77 trn National Debt Unnecessary

As Finance Minister Restates Nigeria Doesn't Need Debt Restructuring

By Ahmed Ahmed

The Debt Management Office (DMO) has said that the alarm created around the country's projected public debt was unnecessary.

The Director-General (DG) of DMO, Ms. Patience Oniha, said this in a statement to react to reports by a segment of the media that the next government would inherit N77 trillion debts.

Ms. Oniha stated that Nigeria's debt would only attain that level when the ways and means advances from the Central Bank of Nigeria (CBN) were securitised.

According to her, the securitisation of the ways and means advances would enable the DMO to include the debt in the public debt stock thereby improving debt transparency.

At the public presentation of the 2023 Appropriation Act, Ms. Oniha had explained the projected debt stock using the actual public debt stock of N44 trillion as a basis.

She stated that the total debt stock included external and domestic debts of the federal government, the 36 state governments and the FCT.

"Taking into account a number of on-going activities, the total public debt stock; that is the external and domestic debts of the federal government, the 36 state governments and the FCT, would be about N77 trillion.

"The debts that will be added to the public debt data in 2023 include the N1 trillion ways and means advances to finance the supplementary budget. This has already been approved by the National Assembly (NASS). It also includes N22.72 trillion ways and means advances currently under the consideration by the NASS.

"The projected debt stock for May 2023 also includes N5.567 trillion, representing about 50 percent of the new borrowing of N11.134 trillion in the 2023 Appropriation Act. It also includes new promissory notes estimated at N1.5 trillion to be issued to settle arrears of the FGN and judgement debts," she stated.

According to her, also included are estimates for new borrowings by state governments and the FCT.

"From these figures, it is clear that the ways and means advances of N22.72 trillion which represents funds already spent, is the largest source of the increase," Ms. Oniha stated.

In another development, the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, had said that Nigeria does not need to seek debt cancellation or restructuring as its debt position is within the comfortable limits.

Mrs. Zainab Ahmed (Left), Honourable Minister of Finance Budget and National, and **Ms. Patience Oniha, Director-General, Debt Management Office,** during a meeting.

She also said that Nigeria was not broke and could meet its debt obligation in the short, medium and long terms.

Asked if Nigeria should go for debt restructuring or cancellation, she said that the option was not on the table.

"We do not have any need to restructure; our debt management strategy is being followed closely. We provide in our budgets provision for debt service and it is taken as first line charge. We have not defaulted on any loan – local or external.

"We have projections of meeting our debts obligation in the short and medium terms. We are comfortable in terms of our ability to pay our debts. So, we are not going for any debt relief and we are not going for any debt restructuring," the Honourable Minister said.

President Muhammadu Buhari had, at the United Nations (UN) General Assembly in September, sought debt cancellation for developing countries, which he said, were faced with a "debilitating chokehold on their fiscal space."

President Buhari had said: "There is a need to address the burden of unsustainable external debt by a global commitment to the expansion and extension of the Debt Service Suspension Initiative to countries facing fiscal and liquidity challenges as well as outright cancellation for countries facing the most severe challenges".

According to data from the DMO, Nigeria's total public debt stock was N42.84 trillion ($103.31 billion) as of June 30.

Mrs. Ahmed yesterday also noted that even though the federal government was not earning enough, its revenue position was improving, with oil theft now reducing.

"We have also witnessed a significant increase in non-oil revenue. Unfortunately, oil revenue has underperformed because of criminality. But recently, the Nigerian National Petroleum Corporation Limited (NNPC Ltd) has reported that oil theft has been curtailed and we are beginning to see a pick-up in production levels. This means more revenue will come to the government," she said.

She also said that, the NNPC Ltd was now doing about 1.3 million barrels per day as against about 800,000 the company previously did.

Mrs. Ahmed, however, stressed that what the federal government earned was not enough to cover its needs, hence the borrowings. She also noted that the borrowings had been practical, sustainable and guided by a debt management strategy.

"There is a debt management board chaired by the vice president. The debt management strategies are being followed judiciously. At 33 percent to gross domestic product (GDP), we are still the lowest within countries that are our comparatives" she stated.

"But again, I still say we have a revenue problem in spite of the increase in non-oil revenue because our performance is eight to nine percent of GDP; the revenue is not enough. We are a population of about 200 million who deserve better service."

On the support of developments in the states, the Honourable Minister said: "A total of N5.03 trillion plus an additional $3.4 billion has been released to states by the federal government over the lifetime of this administration.

"The support covers the 13 percent derivation refund to oil-producing states, a refund for the construction of federal roads, ecological support, support from the development of the Natural Resources Fund, Paris Club refunds, support from the Stabilisation Fund, COVID intervention, among others."

She also said that the government was evaluating its revenue-earning enterprises to attract more investments and revenues.

"Restructuring of the Ministry of Finance Incorporated (MOFI), which manages government owned enterprises (GOEs) and government-linked companies (GLCs) to drive value creation from different asset classes or investments of the federal government.

"MOFI's current portfolio consists of 130 corporate entities valued at about N19 trillion. The goal in the next 10 years is to grow MOFI's Assets Under Management (AUM) to about NGN 34 trillion and drive a minimum annualised average return of 15 percent (about N5.1trn), she said.

We have projections of meeting our debts obligation in the short and medium terms. We are comfortable in terms of our ability to pay our debts

fmfinsights

Economy & Investment

ADVERT RATE

COLOUR

PRODUCT		
Size	**Rate**	**Vat (7.5%)**
F/P	557,916.68	41,843.76
H/P	316,462.50	23,734.68
Q/P	152,770.00	11,457.76
14.5x5	452,218.76	33,916.40
14.5x3	271,293.26	20,347.00
10x6	374,250.00	28,068.76
10x5	311,875.00	23,390.62
10x4	249,500.00	18,712.50
9x6	336,825.00	25,261.88
9x5	280,687.50	21,051.56
9x4	224,550.00	16,841.26
9x3	168,412.50	12,630.94
8x6	299,400.00	22,455.00
8x5	249,500.00	18,712.50
8x4	199,600.00	14,970.00
7x6	251,975.00	18,898.12
7x5	218,312.50	16,373.44
7x4	174,650.00	13,098.76
7x2	172,150.00	6,549.38
6x4	149,700.00	11,227.50
6x3	112,275.00	8,420.62
6x2	74,850.00	5,613.75
5x6	187,125.00	14,034.38
5x5	155,937.50	11,695.32
5x4	124,750.00	9,356.26
5x3	93,562.50	7,017.18
5x2	62,375.00	4,678.12
4x4	99,800.00	7,485.00
4x3	74,850.00	5,613.76
4x2	49,900.00	3,742.50
3x2	37,425.00	2,806.88
2x2	24,950.00	1,871.26
2x1	12,475.00	935.62
1x1	6,237.50	467.82

PUBLIC NOTICE POLITICAL		
Size	**Rate**	**Vat (7.5%)**
F/P	578,838.55	43,412.90
H/P	328,329.84	24,624.74
Q/P	158,498.88	11,887.42
14.5x5	234,558.65	35,183.80
14.5x3	284,858.44	21,364.38
10x6	388,303.80	29,122.78
10x5	323,586.50	24,268.98
10x4	258,869.20	19,415.20
9x6	349,473.42	26,210.50
9x5	291,227.85	21,842.08
9x4	232,982.28	17,473.68
9x3	174,736.70	13,105.26
8x6	310,643.04	23,298.22
8x5	258,869.20	19,415.20
8x4	207,095.36	15,532.16
7x6	271,812.66	20,385.94
7x5	226,510.55	16,988.30
7x4	181,208.44	13,590.64
7x2	90,604.22	6,795.32
6x4	155,321.52	11,649.12
6x3	116,491.14	8,736.84
6x2	77,660.76	5,824.56
5x6	194,151.90	14,561.40
5x5	161,793.24	12,134.50
5x4	129,434.60	9,707.60
5x3	97,075.95	7,280.70
5x2	64,717.30	4,853.80
4x4	103,547.66	7,766.08
4x3	77,660.74	5,824.56
4x2	51,773.84	3,883.04
3x2	38,830.38	2,912.28
2x2	25,886.92	1,941.52
2x1	12,943.46	970.76
1x1	6,471.72	485.38

BLACK AND WHITE

PRODUCT		
Size	**Rate**	**Vat (7.5%)**
F/P	366,792.56	27,509.44
H/P	198,423.18	14,881.74
Q/P	95,782.00	7,183.66
14.5x5	283,950.60	21,296.30
14.5x3	190,000.00	14,250.00
9x6	234,993.60	17,624.52
9x5	176,245.20	13,218.4
9x4	140,996.16	10,574.72
9x3	105,747.12	7,931.04
8x6	187,994.88	14,099.62
8x5	156,662.40	11,749.68
8x4	126,329.92	9,474.74
7x6	164,495.52	12,337.16
7x5	137,079.60	10,280.98
7x4	109,663.68	8,224.78
7x2	54,831.84	4,112.38
6x4	93,997.44	7,049.80
6x3	70,498.08	5,287.36
6x2	70,498.08	5,287.36
5x6	117,496.80	8,812.26
5x5	97,914.00	7,343.56
5x4	78,331.20	5,874.84
5x3	58,748.40	4,406.14
5x2	39,165.60	2,937.42
4x4	62,664.96	4,699.88
4x3	46,998.72	3,524.90
4x2	31,322.48	2,349.18
3x2	23,499.38	1,762.46
2x2	15,666.24	1,174.96
2x1	7,833.12	587.48
1x1	3,916.56	293.74

PUBLIC NOTICE POLITICAL		
Size	**Rate**	**Vat (7.5%)**
F/P	435,178.08	32,638.36
H/P	254,538.96	19,090.42
Q/P	131,226.90	9,842.02
14.5x5	38,040.56	2,853.04
14.5x3	232,825.87	17,461.94
10x6	319,512.00	23,963.40
10x5	266,260.00	19,969.50
10x4	213,006.00	15,975.46
9x6	287,560.80	21,567.06
9x5	239,634.00	17,972.56
9x4	191,707.20	14,378.04
9x3	143,780.40	10,783.54
8x6	255,609.60	19,170.72
8x5	213,008.00	15,975.60
8x4	170,406.40	12,780.48
7x6	223,658.00	16,774.36
7x5	186,382.00	13,978.66
7x4	149,105.60	11,182.92
7x2	74,552.80	5,591.46
6x4	127,804.80	9,585.36
6x3	95,853.60	7,189.02
6x2	63,902.40	4,792.68
5x6	159,756.00	11,981.70
5x5	133,130.00	9,984.76
5x4	106,504.00	7,987.80
5x3	79,878.00	5,990.86
5x2	53,252.00	3,993.90
4x4	85,203.20	6,390.24
4x3	83,902.40	6,292.68
4x2	42,601.60	3,195.12
3x2	31,951.20	2,396.34
2x2	21,300.80	1,597.56
2x1	10,650.40	798.78
1x1	5,325.20	399.40

SPECIAL POSITION	Rate	Vat (7.5%)
FPS 6x2	1,291,193.44	96,839.50
BPS 6x2	923,375.00	69,253.12
STRIP (FRONT) 2X6	1,322,912.50	99,218.44
STRIP (BACK) 2X6	1,037,500.00	77,812.50
STRIP (INSIDE) 2X6	218,460.38	16,384.52
EARPIECE (FRONT) 2X2	517,094.30	38,782.08
EARPIECE (BACK) 2X2	405,145.10	30,385.88
EARPIECE (INSIDE) 2X2	240,000.00	18,000.00
CENTERSPREAD (FULL)	3,320,000.00	249,000.00
CENTERSPREAD (HALF)	1,992,000.00	149,400.00
CENTERSPREAD (STRIP)	594,300.00	44,572.50
DOUBLESPREAD	2,982,952.00	223,721.40

WRAP	Rate	Vat (7.5%)
FULL WRAP	41,500,000.00	3,112,500.00
10 X 6	28,620,690.00	2,146,551.76
HALF PAGE (FRONT)	20,800,000.00	1,560,000.00
5X6 (FRONT)	14,312,344.00	1,073,425.80
4X6 (FRONT)	11,448,274.00	858,620.56
2X6 (UNDER MASTHEAD	7,262,500.00	544,687.50
2X6 (FRONT POLITICAL)	1,560,000.00	117,000.00

LOOSE INSERT	
RATE PER 1,000 SHEETS	60,000.00
HANDLING CHARGE (SINGLE)	1,000,000.00
HANDLING CHARGE (SINGLE)	1,000,000.00

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SEC To Intensify Sanctions Against Illegal Investment Schemes This Year

Approves Listing For Tech Board

By Kingsley Benson

The Securities and Exchange Commission (SEC) has stated that the persisted proliferation of operators running illegal investment schemes in the country continues to be a major critical concern to the capital market.

Mr. Lamido Yuguda, Director-General (DG) of SEC, who stated this in a New Year Message in Abuja, assured of a renewed onslaught against promoters of such schemes.

He said that last year alone, the commission sealed off the offices of four of such illegal operators that had defrauded innocent citizens of billions of naira, and assured that the commission would continue its enforcement actions to ensure that such illegal entities are not allowed to operate.

The SEC has been fighting a serious war against Ponzi schemes; we have been alerting people. We have said that investors should only deal with registered operators that have the registration of the commission. We have their list on the SEC's website, and we have always said that if you go to an operator or when an operator approaches you, you must confirm that he is a licensed operator with the SEC.

"We have our phone numbers on how to reach our offices in the zones, and we have done a lot of sensitisations in terms of seminars, webinars all in an effort to discourage people from going to Ponzi schemes. Unfortunately, a lot of people continue to patronise the Ponzi schemes; we have had cases that have been reported to us. Our enforcement department and the police unit have been on many of these cases, trying to resolve the cases that have been reported to us.

"The commission has also continued to employ its compliance tool to ensure that only fit and proper capital market operators practice in the market. This has resulted in an improved level of compliance with filing of prudential returns rising to 96 percent in 2022, compared to 81 percent in 2021".

Mr. Lamido Yuguda, DG SEC

The DG expressed confidence that the various initiatives the commission is implementing is beginning to gradually manifest in 2023; the commission and indeed the capital market will witness uncommon development in securities issuance businesses, especially as it affects digital assets, commodities trading ecosystem, custodianship of assets, and Fintech, among others.

"With the implementation of the Revised Capital Market Master Plan, the market will also witness renewed confidence expected to attract fresh investments from domestic and foreign investors.

"Although 2023 is an election year and market activities may typically slow down before and during the general elections, we are hopeful that the improved awareness and positive electioneering campaigns will lead to peaceful elections and a quick return to the pre-election levels of investment activities.

On some of the achievements of the commission in the last year, Mr. Yuguda disclosed that the commission approved the rules and regulations of the virtual asset service providers. This follows amendments of the sector specific regulations to repeal the 2013 SEC AML/CFT regulations and enactment of the 2022 AML/CFT regulations.

And this was in line with the anti-money laundering/combating the financing of terrorism (AML/CFT), in order to comply with the requirements of both GIABA Mutual Evaluation Report (MER) Follow-Up Process and the FATF International Cooperation Review Group (ICRG) requirements, to ensure that Nigeria avoids being placed on the FATF public grey list at the Plenary after the deadline in October, 2022.

On fintech, the DG stated that the commission will pursue various initiatives, including sensitisation programs on crowd funding, adding that to further strengthen and encourage developments in the fintech space, the commission resuscitated the regulatory incubation program during the year.

Giving an update on the Investments and Securities Bill (ISB) review, the SEC DG said that the commission presented the ISB to the National Assembly for its legislative consideration and a public hearing was successfully organised on September 20, 2022. The Bill had successfully gone through the 3rd reading at the House of Representatives in December, 2022, and would be presented to the Senate on resumption this month for its concurrence.

"We are hopeful that the Bill will be passed into law before the end of the 9th National Assembly. With less than six months to the end of the 9th National Assembly come June, 2023, we believe that the ISB will be passed in the coming months. The ISB, if passed into law, will align the enabling Act with the realities and trends in capital market regulation and practice in Nigeria and abroad" he stated.

Mr. Yuguda assured that the commission would continue to provide extra support to the registered commodities trading platforms to complement government's renewed diversification efforts in agriculture.

He said that engagement with the Standards Organisation of Nigeria (SON) would continue in order to expedite action on the review, approval and publication of commodities standards.

The SEC has disclosed that its enforcement action against capital market operators (CMOs) has resulted in improved level of compliance among the CMOs with filing of prudential returns rising to 96 percent in 2022 compared with 81 percent in 2021.

In another development, SEC has approved the rules for listing on Nigeria Exchange's new technology board, the NGX announced recently.

The technology board is a specialised platform for technology-based companies to list and raise capital on the exchange. Through the board, NGX aims to encourage investments in indigenous technologically inclined companies and others across Africa, provide greater visibility to these companies and ultimately deepen the Nigerian capital market.

How Naira Notes Redesign Will Benefit Nigerian Economy

CONTINUED FROM PAGE 7

demonstrated courage in taking this bold decision which, I believe, will bring sanity to the currency management situation in Nigeria."

He called on operators in the Nigerian financial services sector, especially deposit money banks and bureau de change operators, to work within the guidelines provided by the CBN to ensure seamless withdrawal of the old currencies.

An Economist, Pam Paul, while commenting on the design, said: "It is also an opportunity for the CBN to begin to downplay the use of physical cash in business transactions in its move toward its cashless economy policy. The cash in circulation should not be more than 20 percent of the current physical cash in the system. The new move provides the apex bank the opportunity to have full control of the volume of physical cash in the system, and I will advise they take advantage of the notes change to do that," he pointed out.

Mr. Paul added that the CBN ought to have made the move earlier, considering the huge mutilated notes in circulation. He stated that this would ensure that those who may have stocked naira notes outside the banking system would have no option than to bring them into the banking system, in a bid to change them to the new notes.

Spokesman of the CBN, Mr. Osita Nwanisobi, says that the management of the CBN relied on provisions of section 2(b), section 18(a), and section 19(a)(b) of the CBN Act 2007 to seek and obtained the approval of President Muhammadu Buhari in writing to redesign, produce, release and circulate new series of N200, N500, and N1,000 banknotes.

Urging Nigerians to support the currency redesign project, he said that the redesign was in the overall interest of Nigerians, reiterating that some persons were hoarding significant sums of banknotes outside the vaults of commercial banks. This trend, he said, should not be encouraged by anyone who means well for the country.

Furthermore, he noted that currency management in the country had faced several escalating challenges which threatened the integrity of the currency, the CBN, and the country, stating that every top-rated central bank was committed to safeguarding the integrity of the local legal tender, the efficiency of its supply, as well as its efficacy in the conduct of monetary policy.

On the timing of the redesign project, Nwanisobi explained that the CBN had even tarried for too long, considering that it had to wait 20 years to carry out a redesign, whereas the standard practice globally was for central banks to redesign, produce and circulate new local legal tender every five to eight years.

While assuring Nigerians that the currency redesign exercise was purely a central banking exercise and not targeted at any group, the CBN spokesman expressed optimism that the effort would, among other goals, deepen Nigeria's push to entrench a cashless economy in the face of increased minting of the e-Naira.

This, he said, is in addition to helping to curb the incidents of terrorism and kidnapping due to access of persons to the large volume of money outside the banking system used as a source of funds for ransom payments.

Also, Director, currency operations, Mr. Ahmed Umar of the CBN, says the naira redesign will encourage expanded financial inclusion and other forms of electronic transactions.

He says that the redesign would encourage many un-banked people to be included in the financial system.

According to him, it would discourage excessive carrying of cash and encourage other electronic means of transactions.

He also says that when the un-banked were fully captured in the financial system, it would help form adequate data for effective planning for greater economic growth.

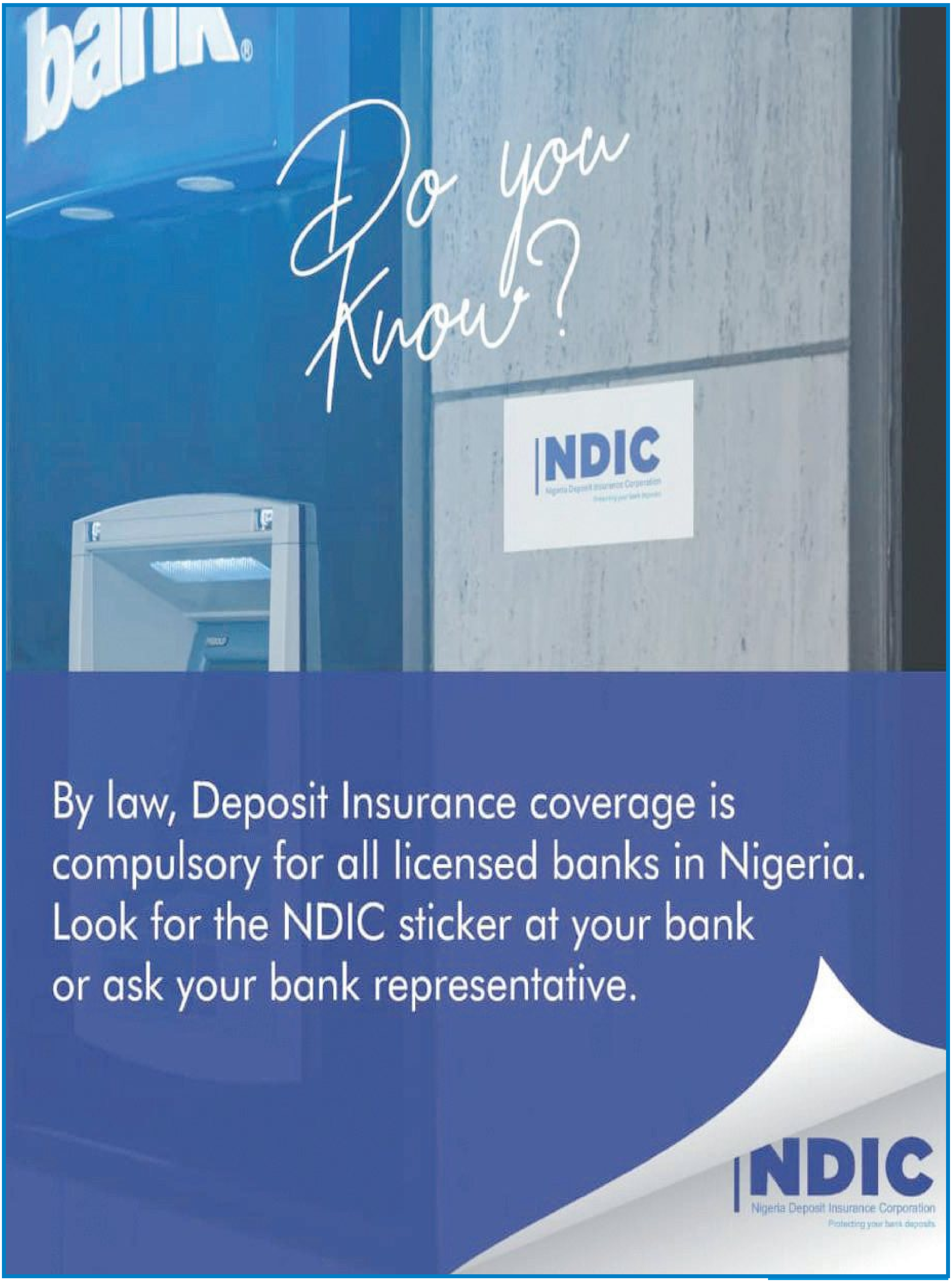
"Naira redesign will also help in reducing cash management expenditures, give visibility and control and will help the bank to know the volume of money in circulation. It will also help in fighting counterfeiting and money laundering," he says.

The director says, contrary to rumours that the CBN would print other denominations apart from the redesigned N1000, N500 and N200, that no other denomination would be printed.

Mr. Umar also did say that the bank was not making money from the printing of the new notes, contrary to insinuations. He also says that it was just a continuous process of printing money by the Nigerian Security Printing and Minting Plc, adding that no contract was given to outsiders for the printing.

Fielding questions on why the redesign was so simple, he said: "We want to solve a problem and we have limited time to do that. Redesigning is about change of colour or size. The ink itself is a security feature," he said.

Mr. Umar also said that the redesigning of the notes was long overdue, noting that the N1000 notes had remained for 17 years, N500 for 21 years while N200 had existed for 22 years.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Not Only Nigeria, Global Headwinds Affect All

POLICY BRIEF with ENAM OBIOSIO

No doubt, historic challenges have tested the global economy this year, from Russia's invasion of Ukraine and the sharp slowdown in China to surging inflation and rising interest rates.

It is mostly about growth prospects as a common thread, along with rapid inflation, rising borrowing costs, a strong dollar and risks from strange currency.

The economic outlook and monetary policy have poised for new challenges this year and going forward, these would likely affect the world's major regions, even as slowing global economic growth is increasingly evident.

While there are multiple headwinds weighing on growth, further policy tightening is expected amid the need to bring down elevated inflation.

Different latest economic outlooks have lowered the global growth forecast for 2023 to 2.7 percent, and it is expected that countries with more than one third of global output to contract during part of this year or next.

However, despite growing evidence of a global slowdown, policymakers ought to continue to prioritise containing inflation, which is contributing to a cost-of-living crisis, hurting low-income and vulnerable groups the most.

We emphasise the macroeconomic policy environment is unusually uncertain; economic headwinds are not dealing with Nigeria only, because the consequences of the global socio-economic turbulence have direct impact on every nation of the world.

However, we categorically state that continued fiscal and monetary tightening is likely needed as in many other countries to bring down inflation and address debt vulnerabilities — and we do expect further tightening in the months ahead. Nonetheless, we do understand that these actions will continue to weigh on economic activity, especially in interest-sensitive sectors such as housing.

We also call for the understanding that the challenges that the global economy is facing are immense and weakening economic indicators point to further challenges ahead. However, with careful policy action and joint multilateral efforts, Nigeria nay the world can move toward stronger and more inclusive growth.

We hereby re-echo the fact that the global economy continues to face steep challenges, shaped by the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China.

Experts are of the opinion the 2023 slowdown will be broad-based, with countries accounting for about one-third of the global economy poised to contract this year or next. Overall, this year's shocks will re-open economic wounds that were only partially healed post COVID-pandemic. In short, the worst is yet to come and, for many people, this year will feel like a recession.

Almost everywhere, rapidly rising prices, especially of food and energy, are causing serious hardship for households, particularly for the poor.

Despite the economic slowdown, inflation pressures are proving broader and more persistent than anticipated. Global inflation was forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Inflation is also broadening well beyond food and energy. Downside risks to the outlook remain elevated, while policy trade-offs to address the cost-of-living crisis have become more challenging.

The risk of monetary, fiscal, or financial policy miscalibration has risen sharply amid high uncertainty and growing fragilities.

According to experts, global financial conditions could deteriorate, and the dollar strengthen further, should turmoil in financial markets erupt, pushing investors towards safe assets. This would add significantly to inflation pressures and financial fragilities in the rest of the world, especially emerging markets and developing economies.

Inflation could, yet again, prove more persistent, especially if labour markets remain extremely tight. Also, the war in Ukraine is still raging and further escalation can exacerbate the energy crisis.

Obviously, increasing price pressures remain the most immediate threat to current and future prosperity by squeezing real incomes and undermining macroeconomic stability. It is nothing short of saying that central banks are now laser-focused on restoring price stability, and the pace of tightening has accelerated sharply.

There are risks of both under- and over-tightening. Under-tightening would further entrench inflation, erode the credibility of central banks, and de-anchor inflation expectations. "As history teaches us, this would only increase the eventual cost of bringing inflation under control."

Over-tightening risks pushing the global economy into an unnecessarily severe recession. Financial markets may also struggle with overly rapid tightening. Yet, the costs of these policy mistakes are not symmetric. The hard-won credibility of central banks could be undermined if they misjudge yet again the stubborn persistence of inflation. This would prove much more detrimental to future macroeconomic stability. Where necessary, financial policy should ensure that markets remain stable. However, central banks need to keep a steady hand with monetary policy firmly focused on taming inflation.

Formulating the appropriate fiscal response to the cost-of-living crisis has become a serious challenge and now much in view.

It is advisable that fiscal policy should not work at cross-purpose with monetary authorities' efforts to bring down inflation. Doing so will only prolong inflation and could cause serious financial instability, as recent events illustrated. Fiscal policy should instead aim to protect the most vulnerable through targeted and also temporary transfers.

This is because fiscal policy can help the nation like Nigeria adapt to a more volatile environment as now by investing in productive capacity: human capital, digitalisation, green energy, and supply chain diversification. Expanding these can make the nation more resilient to future crises.

On the monetary front, the appropriate response, as experts would say, is to calibrate the policy to maintain price stability, while letting exchange rates adjust, conserving valuable foreign exchange reserves for when financial conditions really worsen.

> ...we categorically state that continued fiscal and monetary tightening is likely needed as in many other countries to bring down inflation and address debt vulnerabilities...

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