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African Continent Should Accelerate Production While Pursuing Low Carbon Shift

EDITORIAL

We call on African economies to articulate effective policies, strategies and programmes and take action to promote trade and exports in order to realise the objectives of the African Continental Free Trade Area (AfCFTA).

We note that intra-regional trade has potential to facilitate increased economies of scale, diversification and value addition.

The African economies should look to the major objective of AfCFTA which is to foster competitiveness at the industry and enterprise levels through opportunities for scale production, improved market access and efficiency in resource allocation.

According to African Development Bank biannual (AfDB) report, Africa's economic growth to outpace global forecast in 2023-2024. Just as the Bank, we also call for bold policy actions to help African economies mitigate compounding risks, as the continent is set to outperform the rest of the world in economic growth over the next two years, with real gross domestic product (GDP) averaging around four percent in 2023 and 2024.

This is higher than projected global averages of 2.7 percent and 3.2 percent, the AfDB Group said that in Africa's Macroeconomic Performance and Outlook report for the region, released in Abidjan recently.

With a comprehensive regional growth analysis, the report shows that all the

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Nigeria's Economy In Strong Position To Withstand Global Recession Threat – *Finance Minister*

- Gradual Removal Of Fuel Subsidy In Q2 2023
- Nigeria Won't Go To Bond Market In 2023
- Non-Oil Revenue To Drive Growth In 2023

*At the just concluded World Economic Forum (WEF) in Davos, Switzerland, Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Shamsuna Ahmed**, during separate interviews with the Arise News Channel and Bloomberg, reiterated Nigeria's economic resilience and other key issues amidst fears of another global economic recessions. **Musa Ibrahim writes**.*

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, at the recently concluded WEF'23 stated that although the anticipated global economic recession for 2023 appeared inevitable, with about $34 billion in the nation's foreign reserves, the projected headwinds should not pose much threat to Nigeria.

Speaking during an interview with Arise News Channel at the WEF in Davos and monitored by fmfinsights, Mrs. Ahmed revealed that the government is considering a gradual phasing out of petrol subsidy payments from April this year, instead of removing it in one

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Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** at the World Economic Forum 2023 in Davos.

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Nigeria's Non-Oil Export Earnings Hit $4.8bn

■ Earnings Highest In 47 Years – Says NEPC

■ As Finance Minister Reiterates Commitment To Economic Diversification

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

Executive Director/Chief Executive Officer of NEPC, **Dr. Ezra Yakusak**

By Edmond Martins

Following the non-oil revenue drive of the federal government as highlighted by Mrs. Zainab Shamsuna Ahmed, the Honourable Minister of Finance, Budget and National Planning, Nigerian Export Promotion Council (NEPC) has recorded the highest non-oil export revenue in its 47 years of existence. Musa Ibrahim writes.

The Nigerian Export Promotion Council (NEPC) has generated the highest non-oil exports earnings for Nigeria with the sum of $4.82 billion in 2022.

The amount, which was disclosed by the Executive Director/Chief Executive Officer of NEPC, Dr Ezra Yakusak, is the highest performance recorded in the 47 years history of the council.

He gave the figure while presenting the non-oil export performance for year 2022 to news media in Abuja recently.

According to him, the $4.82 billion non-oil export earnings represented an increase of 39.91 percent over what was earned in 2021.

He disclosed that the figures represent data collated from the various pre-shipment inspection agents appointed by the federal government under the Pre-shipment Inspection Act, 2004.

He said that the current result lends credence to the fact that the several export intervention programmes initiated and executed by the council and other sister agencies during the year under review were gradually yielding the desired result.

The NEPC boss said: "It is cheering to note that despite the harsh economic environment precipitated by the effect of COVID-19 and the global economic recession, the sector recorded a significant and highly impressive result with a non-oil export earnings of $4.82 billion for the year under review.

"This represented an increase of 39.91 percent over 2021. May I categorically emphasised that these figures represent data collated from the various pre-shipment inspection agents appointed by the federal government under the Pre-shipment Inspection Act, Cap P25 LFN 2004.

"I am glad to inform you that this result is the highest value ever achieved since the establishment of the NEPC 47 years ago.

Mr. Yakusak said that about 214 different products, ranging from manufactured, semi-processed, solid minerals to raw agricultural products, were exported in 2022.

Of these products exported, he stated that Urea/Fertiliser topped the list with 32.87 percent.

"The emergence of Urea/Fertiliser as the highest exported product in 2022 can be attributed to the Russia-Ukraine war which created an avenue for Nigeria's Urea/Fertilizer to thrive.

"It is worthy to note that our products were exported to 122 countries with Brazil recording the highest import value of 12.27 percent," he said.

Giving a breakdown of the non-oil performance, Mr. Yakusak said that 1,172 exporters participated, with Indorama-Eleme Fertiliser and Chemical Limited taking the lead with 23.25 percent.

"Issuing banks (31) participated, with Zenith Bank Plc processing the highest NXP values, 19 exit points were used with Apapa Port recording the highest tonnage.

"The month of December recorded the highest export value of 10.37 percent," he added.

The NEPC boss, however, regretted that of the top 10 importers of Nigerian products, no African/ Economic Community of West African States (ECOWAS) country made it to the top 10.

"We at the NEPC are working assiduously to change that trajectory, particularly in the wake of the Africa Continental Free Trade Area (AfCTA).

"The establishment of the Export Trade House Lome, the solo exhibition in Gambia, participation at the Lome International Trade Fair are deliberate initiatives aimed at boosting non-oil export within the ECOWAS sub-region.

"Put differently, there is the need to increase intra-African trade, given the huge opportunities and benefits therein," he said.

Mr. Yakusak further said that the non-oil export of Nigerian products was gradually diversifying from its traditional agriculture exports to semi-processed/manufactured products.

"This is buttressed by the fact that out of the product group exported, agricultural products topped with 30.12 percent.

"Semi processed/ manufactured products 36.61 percent and precious stones 17.06 percent and others 13.21 percent," Mr. Yakusak said.

On the projection for this year, he said that the council is targeting to raise the benchmark of what was earned last year by 30 percent.

This implies that the NEPC will be targeting to increase the $4.28 billion it generated in 2022 to about $6.27 billion this year.

Non-oil Sector Providing 73 percent of Budget Financing

Meanwhile, the Nigerian government says the non-oil sector contributes 73 percent financing of the federal budget.

The Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, stated that the non-oil sector previously contributed 30 - 35 percent to the federal budget.

She noted that the Nigerian National Petroleum Corporation Limited (NNPC Ltd)'s October crude oil production in the country moved up to 1.3 million barrels per day from a low of 800,000bpd.

According to her, "We have introduced the annual Finance Acts which are the main fiscal instrument we use to carry out fiscal policies programmes as well as amend fiscal laws that have either been problematic for businesses or unfair to businesses. These are also to bring in more revenue to government.

"We have been able to enhance it among several tax laws and improve tax administration efficiency. We have also been able to increase taxes. For instance, the Value Added Tax (VAT) increased from five percent to 7.5 percent. We have been able to reduce taxes for small businesses," the Honourable Minister stated.

Mrs. Ahmed explained that the federal government is set to establish the Ministry of Finance Incorporated (MOFI), which would be an investment arm of the federal government.

"MOFI is the investment arm of the federal government. If the government is going to be in any business, MOFI, is the investor standing on behalf of the government" she said.

"MOFI used to sit as a department in the treasury. Now, we have Mr. President's approval to turn it into a world class investment company. The MOFI currently has 130 corporate entities and it has various investments in these entities."

The Honourable Minister also disclosed that road infrastructure tax credit scheme has attracted 33 road projects across the country, as approved by the government. She noted that N78.7 billion has so far been disbursed under the tax credit scheme.

"One of our major functions is to support the states. The ministry facilitates the implementation of various federal government's intervention schemes to the sub national governments. These interventions include the Commercial Agricultural Credit Scheme, Healthcare Support Facility, Differentiated Cash Reserve Facility, and Several Bonds Issuance Programmes," Mrs. Ahmed added.

FG Inaugurates Technical Working Group To Tackle Youth Unemployment

By Ahmed Ahmed

Determined to curb the growing unemployment rate in the country, the federal government on recently inaugurated a Technical Working Group (TWG) on Youth Employment and Skill Development.

Speaking at the inauguration of the group in Abuja, the Minister of State, Budget and National Planning, Prince Clem Ikanade Agba, said that the TWG was a collaborative project of the Ministry with the World Bank, which he said had been continuously supporting the development of the country.

He commended the World Bank for continuously supporting the development of Nigeria, adding that this was reflected in various socio-economic development initiatives being supported by the bank across the length and breadth of the country in collaboration with the ministry.

The Minister noted that addressing youth unemployment was a major concern to the administration of President Muhammadu Buhari. Hence, it had received several interventions in recent years with a number of proactive mechanisms put in place to reduce unemployment rate for the youth in Nigeria.

He listed some of these interventions to include various programmes captured in the National Social investment Programme, including the N-Power programme, Government Enterprises Empowerment Program (GEEP) and a host of others.

Agba said: "It suffices to say that one of the key mandates of our ministry is to undertake surveillance of the national economy, which includes the conduct of periodic reviews and track sector performance with a view to attaining specific growth and development, including unemployment and other social vices.

"It is on the basis of this that the national planning arm of the ministry has embarked on periodic reviews so as to coordinate any programme that can promote and scale up youth employment opportunities, skill development and empowerment of citizenry for livelihood. All these are contained in the major thrust of the National Development Plan (NDP 2021-2025)".

The Minister pointed out that the present administration "is committed to providing an enabling environment for the creation of 21 million full time jobs and lifting 35 million people out of poverty by the year 2025 as encapsulated in the NDP: 2021-2025."

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

Mr. Agba, who assured the participants of government's commitment towards creating jobs for the teeming youths, said: "This, therefore, makes it imperative for urgent steps to constitute a technical working committee that will serve as a think tank for solving and addressing youth employment in Nigeria and the inauguration of the TWG on youth employment and skills development is one of the immediate steps that the government is taking on youth employment, empowerment and skill development in Nigeria."

The Minister noted that the population of Nigeria was estimated to have reached 217,079,601 as of August 25, 2022 based on Worldometers elaboration of the United Nations (UN) data with the youth population accounting for 70 percent of the 217 million, which stands at a huge 151 million youth...

"It is also estimated by International Labour Organisation (ILO) that 12.6 percent of youths in the global labour force are unemployed, amounting to about 74.6 million youths. In Nigeria, about 53.40 percent of youths are unemployed, according to youth unemployment rates released by the National Bureau of Statistics (NBS) in 2022."

Membership of the TWG is drawn from the Ministries of Labour & Employment; Education; Women Affairs, Agriculture and Rural Development; Trade and Industry, Youth and Sports Development; and Communication & Digital Economy.

Others are from Agencies & Extra-Ministerial Departments, including, Small Medium Enterprises Development Agency (SMEDAN), Industrial Training Fund (ITF), National Bureau of Statistics (NBS), National Directorate of Employment (NDE), National Youth Service Corps (NYSC), Office of the Senior Special Adviser to the President on Job Creation and National Agency for the Prohibition of Trafficking in Persons (NAPTIP).

Membership from the Private Sector Organisations is drawn from Elumelu Foundation, Dangote Foundation, Mastercard Foundation, Youth Alive Foundation

Dalberg, Nigerian Economic Summit Group (NESG), as well as the development partners and donor agencies, including the World Bank.

The terms of reference (ToR) of the committee are: Coordinate analysis, policy dialogue, and strategic planning for youth employment and skill development (YESD) in Nigeria; relate with development partners, private sectors and civil society organisations to support government programs and policies on YESD at both the federal and state levels in Nigeria; produce periodic reports on multisectoral interventions on YESD programs in Nigeria; and undertake strategic actions as may be mandated by the Hon. Minister of State, Budget and National Planning, among others.

PenCom Urges Senate To Keep Police In CPS, To Protect N14.79tr Invested In FG Securities

At a recent public hearing by the Nigerian Senate, the National Pension Commission (PenCom) gave reasons why the Nigerian Police Force (NPF) should not be exempted from the contributory pension scheme. Musa Ibrahim writes.

The National Pension Commission (PenCom) has urged the Nigerian Senate to renege on the plan of establishing a Police Pension Board (PPB) as an exit strategy from the current contributory pension scheme (CPS), adding that the move would hurt pension fund assets under management.

The agency made the appeal at a public hearing on Police Pension Board (Establishment) Bill, 2022 (Sb 1009) and Nigeria Police Special Forces (Establishment) Bill, 2022 (Sb 846) held by the Senate Committee on Police Affairs recently.

A bill that was jointly sponsored by Senators Ishaku Abbo, representing Adamawa North, and Mohammed Ali Ndume, Borno South, is seeking the establishment of a PPB that would divorce the NPF from the CPS and establish Nigeria Police Special Forces for training of police officers.

The push for a PPB stems from a long-standing dissatisfaction on the value of benefits payable to such personnel under the CPS, an issue PenCom said that could be addressed by an upward review of the rate of pension contribution under the CPS and not necessarily by exemption.

In his submission, the Commissioner in charge of the Inspectorate Department at PenCom, Mr. Clement Oyedele Akintola, said: "It is imperative to note that as at date, about 63.68 percent of the N14.79 trillion pension assets, as at 30 November 2022, are vested in federal government securities. Exempting the NPF would lead to material divestment from federal government's securities before maturity, which would have ripple negative effects on not only the finances of the government, but also on the entire financial system.

"It is evident that the Defined Benefits Scheme is not sustainable as exempting the Military, Department of State Security (DSS) and the Nigeria Intelligence Agency (NIA) has resulted in very high allocation of resources to fund their retirement benefits.

"It is also important to note that the exemption of the NPF and any other agency from the CPS would erode the pool of long-term investible funds accumulated under the CPS," he stated.

He told the audience that PenCom does not see the reason for the police to exit the CPS, but reasons for enhancement."

Mr. Godwin Ihebudike, a lawyer who represented the Attorney-General of the Federation (AGF) picked holes in the bill, especially as it did not make adequate preparation for the board. He observed that the proposed PPB did not make provision for the funding, composition of board members and staff, a reason he said that it would make it difficult to take a stand with the bill.

The federal government's liability under the CPS for the same police personnel is made up of N213.4 billion as accrued pension rights and monthly employer pension contributions of about N2.2 billion.

Operators Speak

The Chief Executive Officer (CEO) of Pension Fund Operators Association of Nigeria, Mr. Oguche Agudah, said that for the police to exit the CPS means taking Nigeria to the dark days. He raised concern about the sustainability of the funding of the police board, transparency of the system as entrenched in the CPS and its risk for the nation's financial system.

"The system is not perfect, I must admit. What is needed to be done is to rejuvenate the system and make it work perfectly," Mr. Agudah said.

Regarding justification for the bill, Senator Abbo said that he was moved by the disparity between the police and other security agencies in terms of contribution to pension savings and monthly pensions at retirement from active service. "I feel strongly that we are being unjust to the policeman on the street. You do not expect the policeman to give his best when you have not given him an encouraging emolument.

"You cannot talk of security of the nation without first taking care of the welfare of the police. We are not taking care of the police and yet expect them to secure this country. Mr. President, please, look at the lives of the Nigerian policemen, and not just their lives but also the lives of their families," Senator Abbo said.

On his part, Senator Ndume said that the proposed Mobile Police and Special Forces Academy is expected to provide training for mobile police. The moribund Mobile Police training camp would be revived to deal with the multifaceted security challenges.

Representative of Inspector-General of Police, DIG Sanusi Lemu, said that the swift passage of the bills would boost the morale of the police officers to confidently deal with the range of criminalities, including armed robbery, kidnapping and terrorism confronting Nigeria today.

Meanwhile, a non-governmental organisation, Contributory Pension and Happy Retirement Advocacy (COPEHRA), has said that the grievances of the police making them want to exit the CPS could be resolved within the system.

Legal adviser of the team, Mr. Ayinla Mahmod, while making the presentation, said that all the grievances of the police could be corrected within the CPS.

He said: "Currently, the government is saddled with heavy recurrent statutory expenditures as well as providing funding for necessary and important capital projects. A three–year review of our country's budget performance has shown that a large chunk of the budget is dependent on borrowed funds, by virtue of rising budget deficits."

Nigeria's Economy In Strong Position To Withstand Global Recession Threat – *Finance Minister*

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fell swoop in June.

She also said that it is quite likely that there would be a global recession from the reports seen from the World Bank, the International Monetary Fund (IMF) and other forecasts.

She explained that even China was predicted to see a reduction in growth, partly because of the sustained economic impact of the COVID-19 pandemic.

"We have seen the resurgence of COVID-19 in some developed economies, especially China, but also the effect of the Russia - Ukraine war that is having a global impact.

"The quantitative easing that is implemented by central banks across the world also contributes to high cost of interest, resulting in high inflation rate, which means people's spending power is weakened as a result. So, there are all indications that there will be a global recession," she noted.

On the question of how Nigeria intends to weather the coming headwinds and whether Nigeria has enough foreign reserves as it did around year 2008, when it had reserves of over $60 billion, Mrs. Ahmed also noted that at $34 billion, it was enough to sustain imports for six months.

"It is true we had higher reserves during the first global recession. Our reserves are now at $34 billion. So, that is still a healthy level. It means we are able to meet at least six months of imports and other expenses into the country. It means we can withstand another global shock if we are able to carry through a coordinated response between the monetary, fiscal as well as trade authorities. We have learned a lot from the experience that we went through during the COVID- 19. And it showed that when we plan as one, we can actually withstand the shocks," she explained.

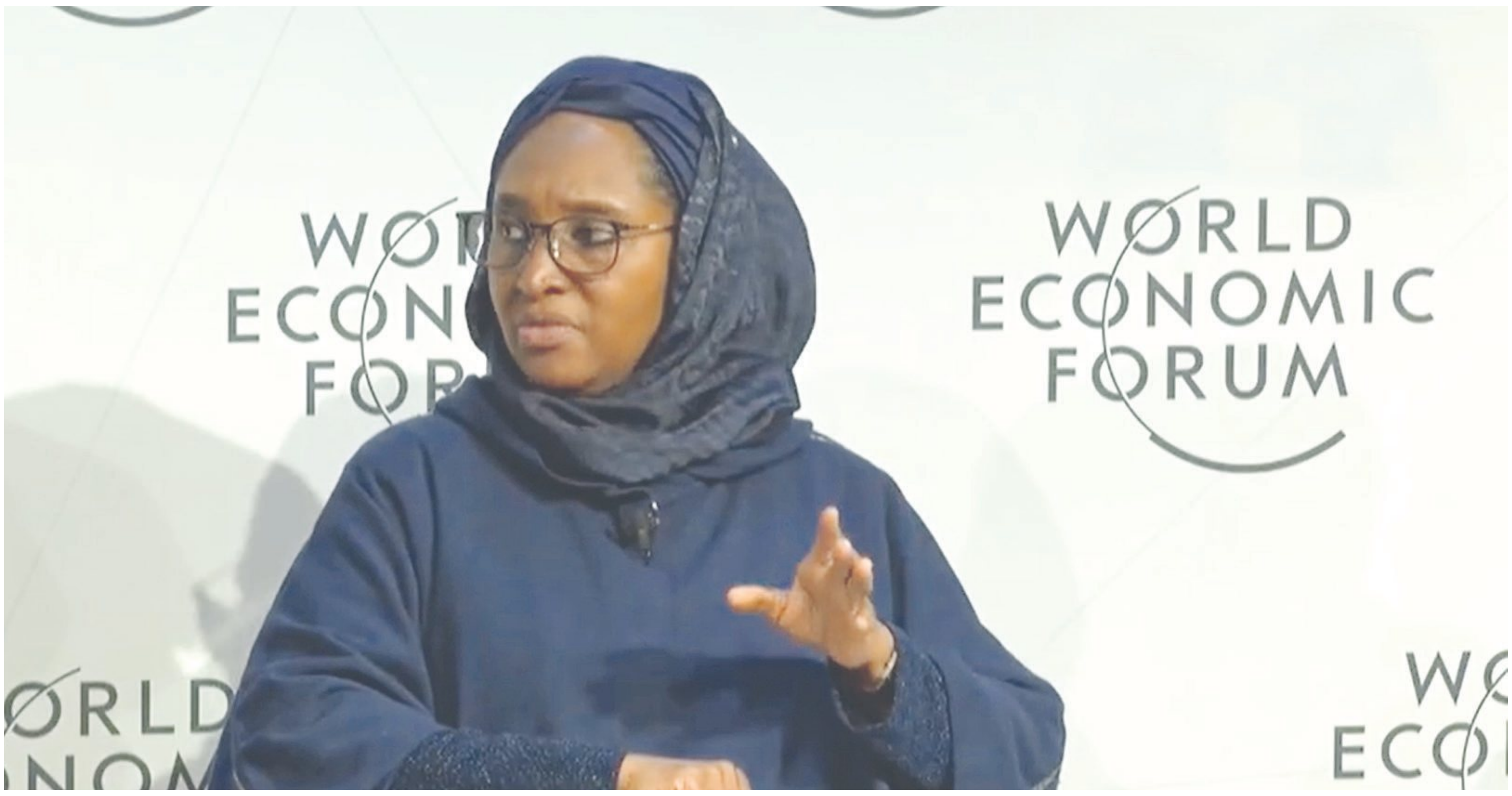
According to her, the last recession in Nigeria was short-lived because of the coordinated response, which had not just the government, but also private sector contributing to the efforts, including scaling back on some categories of government spending.

Mrs. Ahmed noted that President Muhammadu Buhari has done well in terms of infrastructural growth even as the non-oil sector outperformed the cash cow, crude oil, by a wide margin, a testimony to the efforts of the current administration to diversify the economy.

"Well, I will say that if you look at the numbers, the performance of the 2022 budget, you will see that oil and gas sector contribution was about 35 percent, while the non-oil sector had the largest contribution. But not only that, the non-oil sector contribution outperformed the budget by a very large proportion.

"For example, company income tax outperformed the budget by 158 percent. So, there is some foundational measures that have been taken that have enabled non-oil sector revenue to grow on a consistent basis and not just by a little bit but quite significantly.

"And secondly, the oil sector's contribution that was minimal in 2022 is looking good to pick up in 2023. The measures that the government has taken, a combined effort of security and intelligence agencies work, have resulted in improved production from the oil and gas sector.



Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** at the World Economic Forum 2023 in Davos.

> We have made our plans to make sure we are able to consistently service our debts

"And it looks like it will continue as well. Most of the fields that were previously not producing at the levels that they were supposed to produce can now produce at maximum capacity. And also, the oil price of the international market is still at a very reasonably high level.

"And we are doing a lot to encourage investments in gas, so there will be new and additional incremental streams that will come also from the gas sector. So, we should be able to meet this. Then, also, we introduced some new excise duties as some taxes, the full effect of which we will see in 2023," she said.

But, Mrs. Ahmed also stated that Nigeria must rev up its revenue collection efforts in relation to debt, saying that the government had embarked on borrowing to pay petrol subsidy.

"We have to improve on our revenue so that the revenue-to-debt service ratio improves. Again, we have had to borrow to be able to invest in our infrastructure. When this administration started, we had an infrastructure stock of about 22 percent. We have been able to move that to 35 percent.

These are investments that are required to grow the economy on a sustainable basis. Also, we have been faced with two recessions. And we took expansionary stand to spend our way out of recession, because you cannot just contemplate what will happen," she posited.

On fuel subsidy removal, the Honourable Minister said that this year it would be advisable to remove fuel subsidy, rather than waiting for June to withdraw payments which would hurt Nigerians.

"Where there is not enough revenue for government to buy the refined petroleum products, we have had to borrow to buy the petroleum products. So, if we take that out, that is about N3.25 trillion. That is a significant relief, that we do not incur any more than that number that we projected for in 2023.

She also pushed back on the question of whether she felt disappointed by the non-removal of subsidy, despite all her efforts, stressing that it was a collective decision to retain the payments.

"Betrayed? No, it was a decision that was taken as a collective one, recognising the fact that due to the lingering impact of the COVID-19 pandemic, and also heightened inflation, that the removal of the subsidy at that time will have increased more burden on the citizens.

The president does not want to contemplate a situation where measures are taken that are further going to burden the citizens. So, the decision was to extend the period from June 2022 to 18 months, beginning from January 2022.

"So, in June 2023, we should be able to exit. The good thing is, we hear a consistent message that everybody is saying this thing needs to go. It is not serving the majority of Nigerians.

"What will be safer is for the current administration to, maybe at the beginning of the second quarter, start removing the fuel subsidy, because it is more expedient if you remove it gradually, than to wait and move it all in one big swoop. So, the idea for us in the budget is that the subsidy costs should not exceed that N3.23 trillion. So, whether it is done completely, 100 percent by June or by July, or whatever, it is a process," she further stated.

Debt to Revenue Ratio to Reduce to 60 Percent

Also, Mrs. Ahmed said that Nigeria is planning to bring down its debt service-to-revenue ratio to 60 percent this year.

In 2022, Nigeria's debt service-to-revenue ratio was at 80.6 percent, a figure far above World Bank's suggested 22.5 percent for low-income countries like Nigeria.

Speaking on the issue, Mrs. Ahmed said that Nigeria is planning to cut its revenue spending on debt servicing to 60 percent in 2023, adding that the current ratio is not sustainable.

"Well, 80 percent is not sustainable and our plan is to come down to 60 percent in 2023, and how are we doing that? We are doing that by increasing revenues and by significantly reducing costs to enable us cope," she said.

"There are some costs that we can pull back on, though not in the economy, but there are some costs that we must sustain such as provisions for education and health as well as infrastructure."

However, Mrs. Ahmed said that the country's debt trajectory is sustainable.

"We are sustainable in our debt trajectory. We have made our plans to make sure we are able to consistently service our debts. And by the way, we are also exiting fuel subsidy, which is a huge cost. I am part of the contributors to where we are in terms of the debt stock," she said.

"So, once we pull the first subsidy out, production of crude oil increases and then we sustain the improvements we have put in place in terms of non-oil revenue, then we should be able to come down to 60 percent debt service-to-revenue," she further stated.

Nigeria Will Not Go to Bond Market in 2023

Asked if a lower debt service-to-revenue ratio will open up Nigeria's bond markets, Mrs. Ahmed said: "No, not in 2023".

"If we are able to get back to the rates of early 2021, then we can consider going back to the bonds market. But then, we are consistently monitoring the bond market. We are monitoring the performance of our bonds. So, when you get to that comfortable level, we will explore it," she said.

In November 2022, Ms. Patience Oniha, Director-General (DG) of the Debt Management office (DMO), said that the problem of high-interest rates and inflation has made the international capital market inaccessible for Nigeria to borrow money.

Meanwhile, Mrs. Zainab Ahmed said that in 2023, economic growth would be driven by increased revenues from the non-oil sector and also the beginning of the pick-up of revenues from the oil sector itself.

Although Nigeria had 'some problems' regarding oil production in 2023, Mrs. Ahmed said that production would surpass the projected 1.69 million barrels of oil per day in the 2023 budget.

"Production has picked up and it looks good to continue to reach the numbers that we have put in the budget. Our target is 1.6 million barrels per day (bpd), and we can comfortably achieve that," she said.

"We are doing an average of 1.25 million bpd to 1.3 million bpd. So, we should be able to reach that and hopefully surpass that as well with the measures that have been put in place."

EDITORIAL

African Continent Should Accelerate Production While Pursuing Low Carbon Shift

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continent's five regions remain resilient with a steady outlook for the medium-term, despite facing significant headwinds due to global socio-economic shocks.

In the face of identified potential risks, it is only proper to have robust monetary and fiscal measures, backed by structural policies, to address them and gear for growth in our gross domestic product (GDP).

We have to rise against slow growth; the estimated average growth of real GDP in Africa slowed to 3.8 percent in 2022, from 4.8 percent in 2021 amid significant challenges following the COVID-19 shock and Russia's invasion of Ukraine. Despite the economic slowdown, 53 of Africa's 54 countries posted positive growth. All the five regions of the continent remain resilient with a steady outlook for the medium-term.

We ask for caution following current global and regional risks. The risks include soaring food and energy prices, tightening global financial conditions, and the associated increase in domestic debt service costs.

African policy makers do not have to sweep climate change issue under the carpet, because with its damaging impact on domestic food supply and the potential risk of policy reversal in countries holding elections in 2023— it poses equally challenging threats.

There is need for bold policy actions at national, regional, and global scales to help African economies mitigate the compounding risks. The African economy has to foray for sustainable growth, knowing that with 54 countries at different stages of growth, different economic structures, and diverse resource endowments, the pass-through effects of global shocks always differ by region and by country. Slowing global demand, tighter financial conditions, and disrupted supply chains therefore had differentiated impacts on African economies. The continent does not have to slag just because despite the confluence of multiple shocks, growth across all five African regions was positive in 2022—and the outlook for 2023–24 is projected to be stable.

We understand that Africa's pre-COVID-19 top five performing economies are projected to grow by more than 5.5 percent on average in 2023-2024 and to reclaim their position among the world's 10 fastest-growing economies. Africa should not at this time be carried away by the acknowledging notion that African economies are growing and growing consistently.

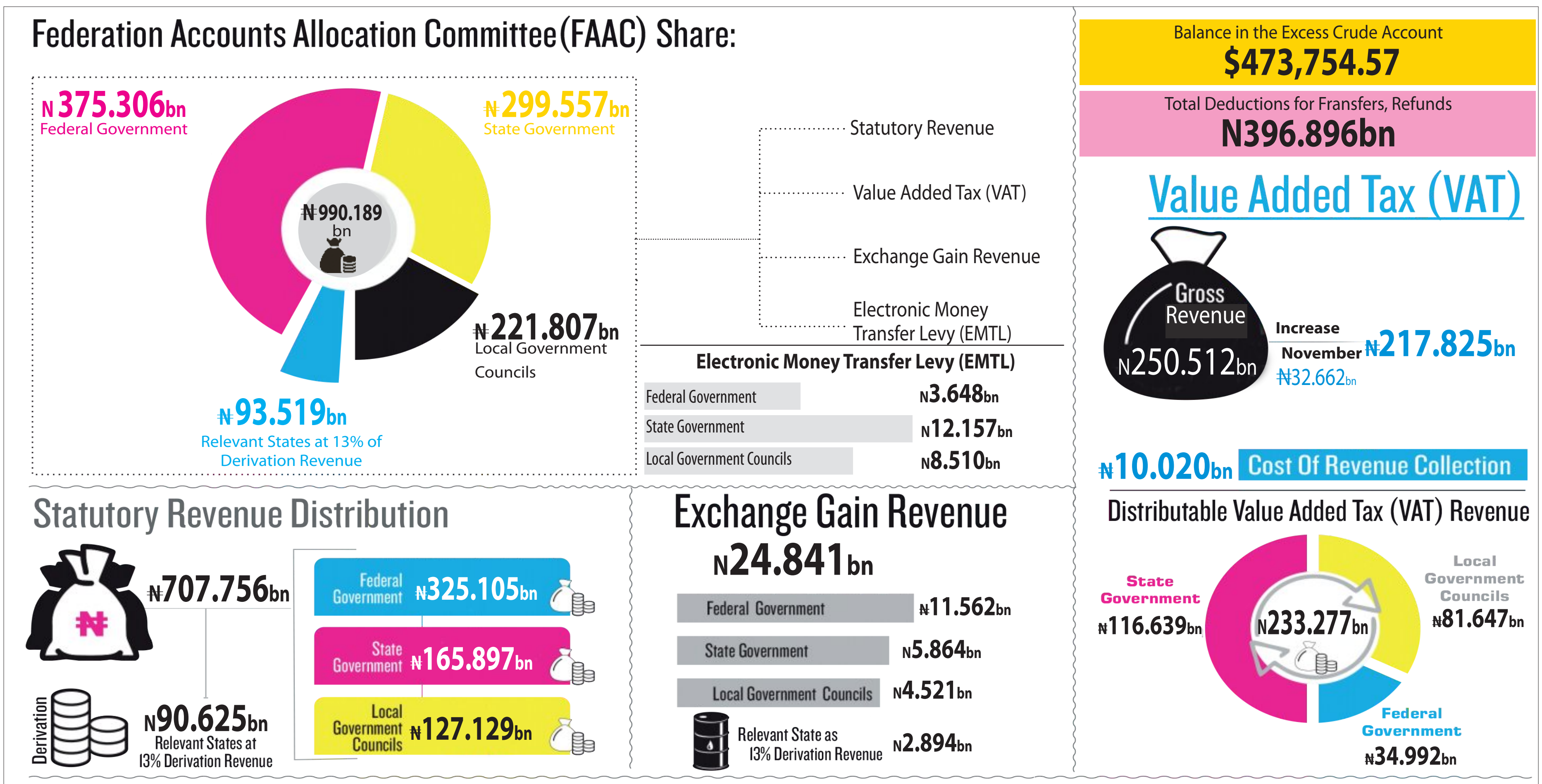
It is pleasing to hear that Africa can and will rise to growth of seven percent or more per year consistently in the coming decades. And that building on the glaring resiliency, there is a real acceleration of Africa's sustainable development so that Africa will be the fast-growing part of the world economy. Africa is the place to invest.

Let the be bold policy actions to help African economies mitigate the compounding risks. Let there be robust measures to address the risk, considering a mix of monetary, fiscal, and structural policies including timely and aggressive monetary policy tightening in countries with acute inflation, and cautious policy tightening in countries where inflationary pressures are low.

We note that coordination with fiscal policy will further strengthen the levers to ease inflationary pressures, enhancing resilience by boosting intra-Africa trade, especially in manufacturing products to cushion economies from volatile commodity prices, accelerating structural reforms to build tax administration capacity and investments in digitalisation and e-governance to enhance transparency, reduce illicit financial flows, and scale up domestic resource mobilisation.

Coordination with fiscal policy will improve institutional governance and ensure policies that can leverage the private sector financing, especially in climate-proof and pandemic-proof greenfield projects—and mobilising Africa's resources for inclusive and sustainable development.

FAAC Shares NN990.189 bn December 2022 Revenue To FG, States, LGCs



According to the Communiqué, in the month of December 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.

PUBLIC NOTICE

NDIC

Nigeria Deposit Insurance Corporation

Protecting your bank deposits

VERIFY YOUR CLAIMS IN UNYOGBA MFB (IN-LIQUIDATION)

30th January 2023 to 10th February 2023

The Nigeria Deposit Insurance Corporation (NDIC), the official Liquidator of **Unyogba MFB** whose license was revoked, is in the process of **paying insured sums** to **Depositors**. Therefore, we advise that all eligible depositors of the bank should meet NDIC officials at the closed bank's branches in **Kogi State** or any NDIC office in order to verify their claims.

The verification exercise will commence from **Monday, 30th January, 2023** till **Friday, 10th February, 2023**. Eligible depositors can also visit the NDIC website at **www.ndic.gov.ng/claims/** to download and fill out the Claims Form.

S/N	BANK BRANCHES	LOCATION	VERIFICATION SITE
1.	Head Office	Ejule Town	Ejule Branch
2.	Ejule Branch	Ejule Town	Ejule Branch
3.	Itobe Branch	Itobe Town	Ejule Branch
4.	Anyigba Branch	Anyigba Town	Anyigba Branch
5.	Abocho Cash Center	Abocho Town	Anyigba Branch
6.	Egume Cash Center	Egume Town	Anyigba Branch
7.	Ibaji Cash Center	Ibaji Town	Anyigba Branch
8.	Ugwolawo Branch	Ugwolawo town	Ugwolawo Branch
9.	Ogodu Cash Center	Ogodu Town	Ugwolawo Branch
10.	Abeju Kolo Cash Center	Abeju Kolo Town	Ugwolawo Branch
11.	Federal Polytechnic Idah Branch (FPI)	Idah Town	Fed. Poly Idah Branch
12.	Idah Branch	Idah Town	Fed. Poly Idah Branch
13.	Ajaka Cash Center	Ajaka Town	Fed. Poly Idah Branch
14.	Odolu Cash Center	Odolu town	Fed. Poly Idah Branch
15.	Okpo Branch	Okpo Town	Okpo Branch
16.	Ankpa Branch	Ankpa Town	Okpo Branch
17.	Imane Cash Center	Imane Town	Okpo Branch
18.	Ogugu Cash Center	Ogugu Town	Okpo Branch

The completed form along with scanned copies of supporting documents should be emailed to **claimscomplaints@ndic.gov.ng**.

Depositors can also contact the representatives of the **Director, Claims Resolution Department** at any NDIC Zonal Office to file their claims, and seek assistance or clarification.

Director, Claims Resolution Department
Nigeria Deposit Insurance Corporation
Lagos Office
Mamman Kontagora House (8th Floor)
23a, Marina
P.M.B. 12881, Lagos

S/N	OFFICES	ADDRESSES OF NDIC OFFICES	TELEPHONE NO.
1	Abuja HQ	Head, Bank Examination Unit (BEU), NDIC, Abuja, 447/448, Constitution Avenue, Central Business District, Garki, Abuja	094601261
2	Lagos	NDIC, Mamman Kotangora House (8th Floor), 23A Marina, Lagos	07080517483 | 08038112996 08188559729 | 08067298386
3	Abeokuta	No. 1, Oshele Road, Ibara GRA Abeokuta	08033137255
4	Bauchi	Plot No. 3, Bank Road, P.M.B. 0207, Bauchi	07038510761
5	Benin	28A/28B, Benoni Hospital Road, Off Airport Road, GRA, Benin City, Edo State	08023124220
6	Enugu	No. 10, Our Lord's Street, Independence Layout, Enugu	08065996819
7	Ilorin	No. 12A, Sulu Gambari Road, Ilorin	08023073975
8	Kano	Plot 458, Muhammad Muhammad Street, Off Maiduguri Road, Hotoro, GRA, Kano	08133151192
9	Owerri	Plot 56, Area A, World Bank Area, New Owerri Landmark, Behind Immaculate Hotel. Opposite Fidelity Bank Plc.	09135137677
10	Port Harcourt	No. 104, Woji Road, Off Olu Obasanjo Road, GRA, Port Harcourt, Rivers State	08054663230
11	Sokoto	No. 2, Gusau Road, Opposite NNPC Mega Station, Sokoto	094601085
12	Yola	No. 6, Numan Road, P.M.B. 2227, Jimeta, Yola, Adamawa State	08067910599 | 08067923383

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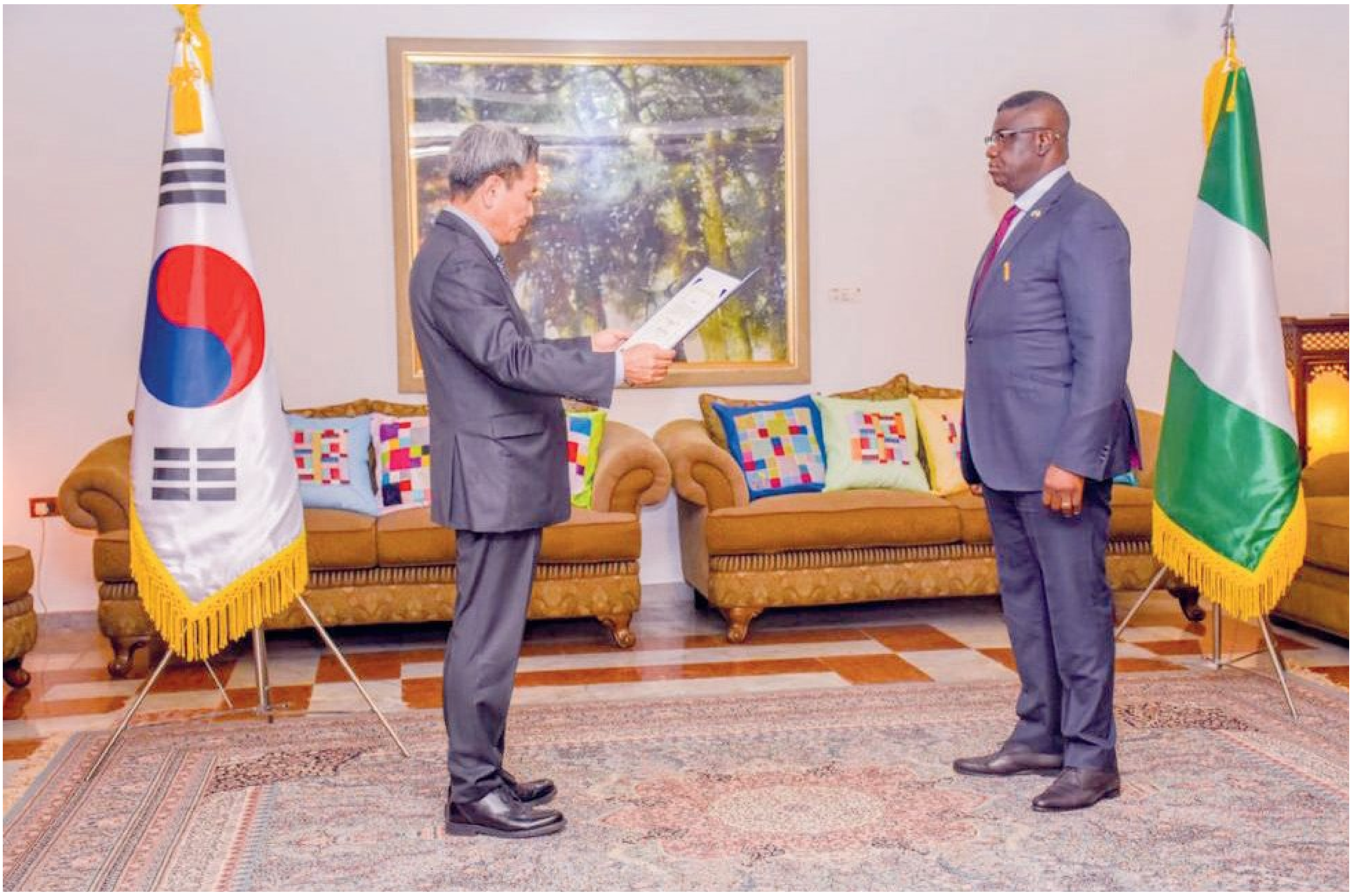
NEWS IN PICTURES

Minister of State for Budget and National Planning, **Prince Clem Agba**, being decorated with National Award of Diplomatic Service Merit (Heungin Medal) recently by South Korean Ambassador in Nigeria, **Kim Young-Chae,** on behalf of President of South Korea, **Yoon Suk Yeol,** in Abuja in the presence of other dignitaries, including **Princess Catherine Agba**.



NEWS IN PICTURES

South Korean President Confers National Award Of Order of Diplomatic Service Merit On Agba

By Majeed Salaam

President of South Korea, Yoon Suk Yeol, has conferred the country's National Award of the Order of Diplomatic Service Merit (Heungin Medal) on the Minister of State for Budget and National Planning, Prince Clem Ikanade Agba.

The award was conferred on Agba on Thursday night (January 12, 2023) at a ceremony for that purpose held at the residence of the South Korean Ambassador in Nigeria, Kim Young-Chae, on behalf of the South Korean President.

Young-Chae said that the award was in recognition of Agba's personal achievements and contributions to strengthening the ties between the Federal Republic of Nigeria and the Republic of South Korea.

He said that the Minister was the first African recipient of the award (Heungin), which is one of South Korea's highest civilian awards.

After he was conferred with the award, Agba acknowledged the Almighty God and His grace upon his life and the benevolence of the President of the Federal Republic of Nigeria, His Excellency President Muhammadu Buhari, GCFR, for appointing him as part of his cabinet.

"Therefore, I wish to dedicate the prestigious award to Almighty God, my lovely wife, Princess Catherine Agba, who has always supported me, and His Excellency President Muhammadu Buhari, GCFR.

"I would further like to express my thanks to His Excellency the President of the Republic of South Korea, Yoon Suk Yeol; His Excellency, the Korean Ambassador to Nigeria and my very good friend, Kim Young-Chae and the Selection Committee for bestowing this prestigious award on me. It is a great honour to be recognised in this way, and I am deeply grateful for the opportunity to serve my country as a Federal Minister.

"This award extends beyond me as it also serves as a testament to my colleagues' hard work at the Federal Ministry of Finance, Budget and National Planning, particularly my sister and colleague, Mrs (Dr) Zainab Shamsuna Ahmed, CON, the Honourable Minister of Finance, Budget and National Planning."

He said that considering his position as the Minister of State for Budget and National Planning, he had had the privilege of working on a wide range of initiatives that had allowed him to contribute to the field of diplomacy.

According to him: "From negotiating Economic Agreements to strengthening international relations, including technological and cultural exchange, I have been fortunate to be a part of some truly remarkable endeavours towards the prosperity of not just Nigeria but the common global development agendas shared by all nations, especially between The Republics of Nigeria and South Korea.

"Diplomacy plays a crucial role in today's world, and it has the power to bring about positive change and promote understanding and cooperation between and amongst nations. I am committed to serving in this field and doing my part to make a difference in the world.

"To this end, various Agreements were signed between the Federal Republic of Nigeria and the Republic of South Korea, with evident, resulting impact in addressing the challenges for a robust economy and a better quality of life for our teeming populace in Nigeria. Indeed, it has been a truly rewarding experience to be a part of the milestones achieved in the Nigeria-Korea Development Cooperation."

Agba said: "I wish to pay glowing tribute to my dearly beloved wife and family members without whom my public life would have been a mirage. I also wish to specially acknowledge the tremendous support I enjoy from my Colleagues - Honourable Ministers - and their spouses, including my Permanent Secretaries, the Chief Executive Officers of the parastatals in the Ministry and friends here present for gracing this auspicious epoch-making occasion of the conferment of the Heungin Medal on my humble self.

"I will forever treasure this momentous evening as I strive to preserve the honour accorded me and deepen the existing cordial relationship between the Federal Republics of Nigeria and South Korea."

Among personalities present on the occasion were Minister of State for Power, Mr Goddy Jeddy-Agba, Minister of Sports and Youth Development, Mr Sunday Dare, Minister of Women Affairs, Dame Pauline Tallen, Permanent Secretary of the Ministry of Budget and national Planning, Engineer Nnebolisa Anako, and Statistician-General of the Federation and CEO of National Bureau of Statistics (NBS), Prince Adeniran Adeyemi.

DMO Auctions 4 FGN Bonds Valued At N360bn

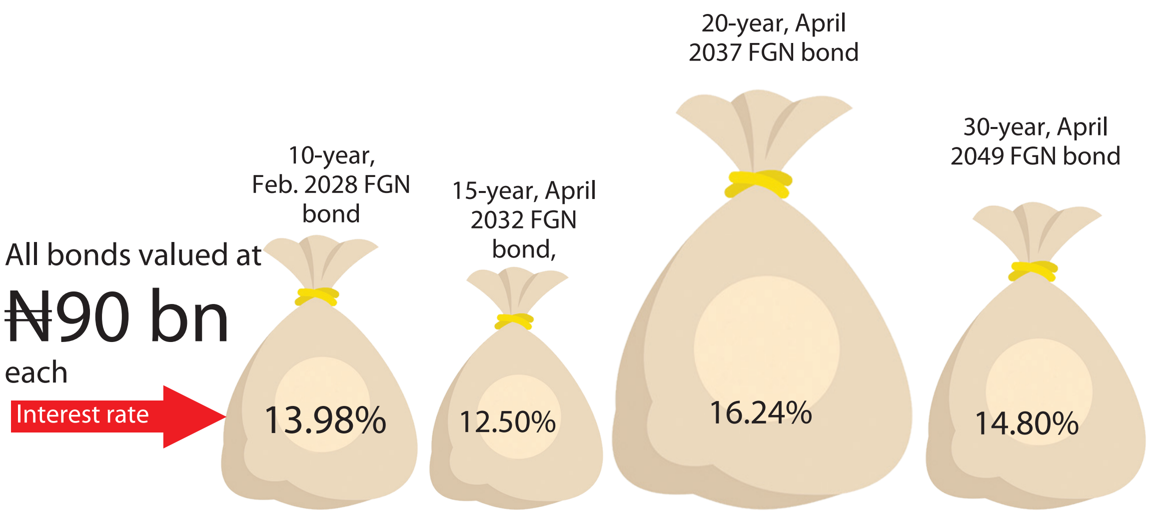
The Debt Management Office (DMO) has offered four Federal Government of Nigeria (FGN) bonds valued at N360 billion for subscription via auction at N1,000 per unit.

According to a circular by the DMO, the bonds on offer are re-opening of a 10-year, Feb. 2028 FGN bond, valued at N90 billion, at interest rate of 13.98 percent per annum.

There is also re-opening of the 15-year, April 2032 FGN bond, valued at N90 billion, at 12.50 percent rate per annum.

The third is re-opening of a 20-year, April 2037 FGN bond, valued at N90 billion, at 16.24 interest rate per annum.

The last offer is re-opening of 30-year, April 2049 FGN bond, also valued at N90 billion, at interest rate of 14.80 percent per annum.



"They are offered at N1,000 per unit with a minimum subscription of N50 million, and in multiples of N1,000 thereafter.

"For re-openings of previously issued bonds, successful bidders will pay a price corresponding to the yield-to-maturity bid that clears the volume being auctioned plus any accrued interest rate.

"Interest is payable semi-annually while the bullet repayment (principal sum) is made on maturity," the DMO said.

It added that the FGN bonds qualify as securities in which trustees can invest under the Trustee Investment Act.

"They also qualify as government securities within the meaning of Company Income Tax Act and Personal Income Tax Act for tax exemption for pension funds amongst other investors.

"They are listed on the Nigerian Stock Exchange Limited and FMDQ OTC Securities Exchange Limited.

"All FGN bonds qualify as liquid asset for liquidity ratio calculation for banks," it said.

It added that they were backed by the full faith and credit of the federal government and charged upon the general assets of Nigeria.

The government securities like FGN bond, FGN savings bond and the Sukuk bond constitute local component of government borrowings.

President Does Not Want To Contemplate Measures That Burden The Citizens *–Finance Minister*

*At the just concluded World Economic Forum (WEF) in Davos, Switzerland, the Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed**, had an interview with the **Arise News Channel** on global economic issues as they affect Nigeria and the efforts of the federal government.*

Honourable Minister of Finance, Budget and National Planning, **Mrs. Zainab Ahmed** at the World Economic Forum 2023 in Davos.

What would you say about the current global economic recession forecast?

Although the projected global economic recession for 2023 appeared inevitable, with about $34 billion in the nation's foreign reserves, the projected headwinds should not pose much threat to Nigeria. It is quite likely that there will be a global recession. From the reports we have seen from the World Bank and the International Monetary Fund (IMF) and other forecasts, there will be a global recession. How it will affect the globe, of course, will be different from sub-region to sub-region. But clearly, there is going to be a decline in growth on a general basis. Even China was predicted to see a reduction in growth, partly because of the sustained economic impact of the COVID-19 pandemic. However, we have seen the resurgence of COVID-19 in some developed economies, especially China, but also the effect of the Russia Ukraine war that is having a global impact. The quantitative easing that is implemented by central banks across the world also contributes to high cost of interest, resulting in high inflation rate, which means people's spending power is weakened as a result. So, there are all indications that there will be a global recession.

How does Nigeria intend to weather the coming headwinds, especially with depleted foreign reserves?

Nigeria has enough foreign reserves as it did around year 2008, when it had reserves of over $60 billion. However, at $34 billion today, it will be enough to sustain imports for six months. It is true we had higher reserves during the first global recession. Our reserves are now at $34 billion. So, that is still a healthy level. It means we are able to meet at least six months of imports and other expenses into the country. It means that we can withstand another global shock, if we are able to carry through a coordinated response between the monetary, fiscal as well as trade authorities. We have learned a lot from the experience that we went through during the COVID-19. And it showed that when we plan as one, we can actually withstand the shocks. The last recession in Nigeria was short-lived because of the coordinated response, which had not just government, but also private sector contributing to the efforts, including scaling back on some categories of government's spending. President Buhari has done well in terms of infrastructural growth even as the non-oil sector outperformed the cash cow, crude oil, by a wide margin, a testimony to the efforts of the current administration to diversify the economy. Well, I will say that if you look at the numbers, the performance of the 2022 budget, you will see that oil and gas sector contribution was about 35 percent, while the non oil sector had the largest contribution, but not only that, the non-oil sector contribution outperformed the budget by a very large proportion. For example, company income tax outperformed the budget by 158 percent. So, there is some foundational measures that have been taken that have enabled non-oil sector revenue to grow on a consistent basis and not just by a little bit but quite significantly. And secondly, the oil sector's contribution that was minimal in 2022 is looking good to pick up in 2023. The measures that the government has taken, a combined effort of security and intelligence agencies work, have resulted in improved production from the oil and gas sector. And it looks like it will continue as well. Most of the fields that were previously not producing at the levels that they were supposed to produce can now produce at maximum capacity. And also, the oil price of the international market is still at a very reasonably high level. And we are doing a lot to encourage investments in gas. So, there will be new and additional incremental streams that will come also from the gas sector. So, we should be able to meet this. Then, also, we introduced some new excise duties as some taxes, the full effect of which we will see in 2023.

What can government do to improve revenue?

We have to improve on our revenue so that the revenue-to-debt service ratio improves. Again, we have had to borrow to be able to invest in our infrastructure. When this administration started, we had an infrastructure stock of about 22 percent. We have been able to move that to 35 percent. These are investments that are required to grow the economy on a sustainable basis. Also, we have been faced with two recessions. And we took expansionary stand to spend our way out of recession, because you cannot just contemplate what will happen.

You insisted fuel subsidy will go this June. What are the plans?

It would even be advisable to remove fuel subsidy, rather than waiting for June to withdraw payments which would hurt Nigerians. Where there is not enough revenue for government to buy the refined petroleum products, we have had to borrow to buy the petroleum products. So, if we take that out, that is about N3.25 trillion. That is a significant relief, that we do not incur any more than that number that we projected for in 2023. A collective decision was taken, recognising the fact that due to the lingering impact of the COVID-19 pandemic, and also heightened inflation, that removal of the subsidy at that time will have increased more burden on the citizens. The President does not want to contemplate a situation where measures are taken that are further going to burden the citizens. So, the decision was to extend the period from June 2022 to 18 months, beginning from January 2022. So, in June 2023, we should be able to exit. The good thing is, we hear a consistent message that everybody is saying that this thing needs to go. It is not serving the majority of Nigerians. What will be safer is for the current administration to, maybe at the beginning of the second quarter, start removing the fuel subsidy, because it is more expedient if you remove it gradually, than to wait and move it all in one big swoop. So, the idea for us in the budget is that the subsidy costs should not exceed that N3.23 trillion. So, whether it is done completely 100 percent by June or by July, or whatever, it is a process.

President Buhari has done well in terms of infrastructural growth even as the non-oil sector outperformed the cash cow, crude oil, by a wide margin, a testimony to the efforts of the current administration to diversify the economy

FIRS Breaks Its 2021 Record, Collects N10.1 trn In 2022

By Chiamaka G. Okpala

The Federal Inland Revenue Service (FIRS) has said that it collected over N10 trillion in tax revenue in the year 2022, the highest tax collection ever recorded in the history of the agency.

The service disclosed this in its 'FIRS 2022 Performance Update' report signed by its Executive Chairman, Mr. Muhammad Nami, and released to the public recently, after his briefing with President Muhammadu Buhari.

"The FIRS in the year 2022 collected a total of N10.1 trillion in both oil (N4.09 trillion) and non-oil (N5.96 trillion) revenues as against a target of N10.44 trillion.

"Companies income tax contributed N2.83 trillion; value added tax N2.51 trillion; electronic money transfer levy N125.67 billion and earmarked taxes N353.69 billion.

"Non-oil taxes contributed 59 percent of the total collection in the year, while oil tax collection stood at 41 percent of total collection," the report noted.

It is the first time that the FIRS will cross the N10 trillion mark in tax revenue collection.

The performance update report further clarifies that, included in the total revenue sum is the sum of N146.27 billion, which is the total value of certificates issued by the service to private investors and Nigeria National Petroleum Company (NNPC) Limited for road infrastructure under the Road Infrastructure Development Refurbishment Investment Tax Credit Scheme created by Executive Order No. 007 of 2019.

In the statement by Mr. Johannes Oluwatobi Wojuola, Special Assistant Media & Communications to the Executive Chairman, FIRS, it is highlighted that the report also has it that the N10.1 trillion is exclusive of tax waived on account of various tax incentives granted under the respective laws, which amounted to N1,805,040,163,008.

Providing perspective to this unprecedented tax collection, the FIRS notes in the performance update that the Mr. Muhammad Nami-led management, upon assumption of office, came up with a four-point focus, namely: administrative and operational restructuring; making the service customer-focused; creating a data-centric institution; and automation of administrative and operational processes.

It further notes that over the period of 2020 to 2022, the management had introduced reforms bordering around these four-point focus which were producing results.

Mr. Muhammad Nami, Executive Chairman of FIRS

"The reforms introduced at different times from 2020 are gradually yielding fruits. By the close of 2022, the service had fully restructured the administration of the service for maximum efficiency and achieved internal cohesion such that all functional units are working in unison towards the achievement of set goals.

"As a result of conducive environment created for staff, officers of the service are pulling their weight on the global stage with international recognitions and awards;

"The service had also automated most of the administrative and operational processes. A major leap was the full deployment of the TaxPro Max for end-to-end administration of taxes in June 2021. The module for the automated tax clearance certificate (TCC) went live on 1st January 2023 while taxpayers had already downloaded over 1,000 TCCs this year, without having to visit FIRS office," the report reads.

It also notes that the service had operationalised its data mining and analysis system thereby allowing for data-backed taxpayer profiling.

Other reforms the service introduced in this period focused on the detoxification of the tax environment by ridding it of mutual mistrust, negative tax morale, and tax evasion, through effective taxpayer education, open engagement with stakeholders and improved services.

It notes that it is courtesy of the reforms, framed around the four-focus points that the service was able to achieve the collection.

Mr. Nami, Executive Chairman of the FIRS, commenting on the N10.1 trillion record tax collection achieved under his leadership, stated that this was made possible through "dogged implementation of strategic reforms over the past two years; a renewed commitment by officers of the service, accompanied with a boosted morale; as well as the innovative deployment of technology for automation of both tax administration and operational processes.

"This collection was possible through collaboration with our stakeholders, from our colleagues at the executive branch of government, to the members of the judiciary, to our brothers and sisters at the National Assembly, as well as the tax advisory committee, professional bodies, unions, and most crucially our taxpayers."

Speaking on the outlook for 2023, Mr. Nami stated that the service would build on the current reforms, achieve full automation and continue to establish a resilient service that would continue to provide sustainable tax revenue to fund the government.

"We intend to maintain, and even improve on the momentum in 2023," he stated.

"We have peaked, but this is not certainly our peak. In fact, my hope is that this would be the least sum the service would ever collect going forward.

"Our goal is to identify more areas where we can improve on in the delivery and efficiency of our collection; and plug loopholes, while deploying innovative reforms in data and artificial intelligence.

"Ultimately, we believe that the FIRS can shoulder the responsibility of providing revenue needed for the governments across the federation to cater for the needs of the Nigerian people through taxes.

"This is feasible once we get the much-desired support from the three tiers and arms of government, as well as all stakeholders."

The FIRS appreciated President Muhammadu Buhari for his support, as well as the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, and the Minister of State, Mr. Clem Agba.

"FIRS management uses this medium to commend all patriotic taxpayers who paid their taxes correctly, stakeholders for their support, and officers of the service for their dedication to duty.

"The service equally owes its achievements in 2022 to effective leadership of Mrs. Zainab Ahmed, her brother, Mr Agba, members of the National Assembly and the fatherly support of the President and Commander-in-Chief of the Armed Forces of Nigeria – Muhammadu Buhari."

This is the second consecutive year that the service will be recording unprecedented tax collection.

In 2021, the service achieved a record tax collection of N6.405 trillion, being over hundred percent of its collection target for the year, as well as the first time that the service will cross the N6 trillion mark.

In 2022, building on the success of the preceding year, the service achieved a record collection of N10.1 trillion, being over 96 percent of its collection target for the year, and the first time the service will cross the N10 trillion mark.

This collection represents an over one hundred percent leap from the tax collected by the service in 2020—the first year of the current management of the service.

Our goal is to identify more areas where we can improve on in the delivery and efficiency of our collection

Agba Charges New CMD Board To Come Up With Innovative Policies

The Minister of State for Budget and National Planning, Prince Clem Ikanade Agba, has tasked the newly-inaugurated Board of the Nigerian Council for Management Development (NCMD) to come up with innovative policies, programmes and projects.

The innovative policies, programmes and projects are to support the mandate of Centre for Management Development (CMD) towards improved productivity for the managerial workforce and national development.

The Minister gave the charge recently at the inauguration of the NCMD, which is the Board of the CMD, in Abuja.

He also charged them to provide policy guidelines for management development and not to be involved in the day-to-day running of the parastatal.

He noted that the day-to-day operations of

CMD was the responsibility of the Director-General (DG), who is the accounting officer and Chief Executive Officer (CEO) of the centre.

Giving the terms of reference of the Council, the minister said from the Act establishing it: "The Council is expected, as a policy making body, to: Advice the minister on policies, plans and programmes for the enhancement of the number, quality and effective utilisation of the managerial manpower resources of the country in all sectors of the economy; formulate policies and guidelines for coordination of management education and training activities," among others.

Responding, the Chairman of the Board, Mrs. Binta Shuaibu, thanked President Muhammadu Buhari for approving their appointments.

Mrs. Shuaibu assured the federal government that the experiences of the board members would be brought to bear for the uplift of the CMD and national development.

Recall that the NCMD Board as constituted comprises 13 members which include the Chairman, Mrs. Binta Shuaibu, and four other persons, namely, Barrister Marie Idaomi, Prof. Muhammad Mainoma, Mr Olawole J. Ademola, and Mr Bitrus D. Chinoko (DG CMD).

Others are the representatives of the Ministry of Budget and National Planning; National Universities Commission; Nigeria Employers' Consultative Association; National Youth Service Corps; Office of the Head of Civil Service of the Federation; Industrial Training Fund; and the Central Bank of Nigeria.

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In Response To Cost-of-living Crisis, Productivity Increase Through Open Trade Boost

POLICY BRIEF
with
ENAM **OBIOSIO**

While a majority of chief economists at the just concluded World Economic Forum (WEF) 2023 expect a global recession in this year 2023, leaders have stressed the need to respond to the cost-of-living crisis through boosting open trade, managing fiscal and monetary policies and increasing productivity.

The WEF, which was held in Davos, Switzerland, poised to be setting agenda for a new leadership of the world economies.

Bringing the global risk issues and solutions closer to Nigeria, The Forum, in partnership with the Africa Continental Free Trade Area (AfCTA) Secretariat, did launch the first-ever report by global business on the opportunities presented by the African continent's common trade initiative, with participants agreeing to develop an action plan for the Annual Meeting 2024.

Nigeria has been kin (and assiduously working) on meeting the global benchmark required for the kind of solutions being proffered at the WEF'23, especially in the area of foreign investment and trade facilitation.

Hopefully, the country's preparations and readiness for participation in the AfCTA is to spur some positive thinking around this area. Hence, it has currently participated in the development of the 2024 action plan, strategically aiming at seeing through the plan's implementation. It certainly would not want to miss out in the USA's new resources for the Global Alliance for Trade Facilitation to advance work in bright spot countries making tough reforms.

The Global Risks Report 2023 ranks the cost-of-living crisis as the most severe short-term global risk. The risks community have identified three priorities for its mandate: risk foresight, strengthening the quantification of global risks; and linking foresight and preparedness.

And it is the United States that announced new resources for the Global Alliance for Trade Facilitation to advance work in bright spot countries making tough reforms.

Based on responses from 1,200 private-sector risk managers, public policy-makers, academics and industry leaders across the world, the WEF's 2023 report highlights terrorist attacks, debt crises, cost of living, severe commodity supply crises, rapid or sustained inflation, and employment or livelihood crises as the most immediate risks facing Nigeria's economy.

"The resulting pressure on fiscal balances may exacerbate debt sustainability concerns, leaving emerging and developing countries with far less fiscal room to protect their populations in the future," WEF said.

The Forum said that a combination of extreme weather events and constrained supply could lead the current cost-of-living crisis into a catastrophic scenario of hunger and distress for millions in Nigeria and other import-dependent countries.

The pandemic and the ongoing Russia-Ukraine war have brought energy, inflation, food and security crises back to the fore, according to the report.

It also said that risks that will dominate the next two years include the risk of recession, growing debt distress, a continued cost of living crisis, polarised societies enabled by disinformation and misinformation, natural disasters, extreme events, and zero-sum geo-economic warfare.

On the findings of the report, "the short-term risk landscape is dominated by energy, food, debt and disasters. Those that are already the most vulnerable are suffering and in the face of multiple crises, those who qualify as vulnerable are rapidly expanding, in rich and poor countries alike," Saadia Zahidi, managing director at WEF, said.

"In this already toxic mix of known and rising global risks, a new shock event, from a new military conflict to a new virus, could become unmanageable."

She said that climate change and human development should be at the heart of concerns of world leaders to boost resilience against future shocks.

The report also called on world leaders to "act collectively and decisively, balancing short and long-term views," recommending "joint efforts between countries as well as public-private cooperation to strengthen financial stability, technology governance, economic development and investment in research, science, education and health."

"If we speed up action, there is still an opportunity by the end of the decade to achieve a 1.5 C trajectory and address the nature emergency. Recent progress in the deployment of renewable energy technologies and electric vehicles gives us good reasons to be optimistic," Scott said.

The goal of limiting global warming by 1.5 C by the end of the century was agreed in the 2015 Paris Agreement, but the world is on track to go well beyond this threshold as the efforts are not sufficient to achieve necessary emissions cuts.

Carolina Klint, risk management leader covering Continental Europe at Marsh, said that this year is set to be marked by increased risks related to food, energy, raw materials, and cyber security, causing further disruption to global supply chains and affecting investment decisions.

"No country is immune to these crises," she said. "At a time when countries and organisations should be stepping up resilience efforts, economic headwinds will constrain their ability to do so," she said. "Faced with the most difficult geo-economic conditions in a generation, companies should focus not just on navigating near-term concerns but also on developing strategies that will position them well for longer-term risks and structural change."

> ...climate change and human development should be at the heart of concerns of world leaders to boost resilience against future shocks

A WEF initiative is supporting the World Trade Organisation (WTO's) Draft Investment Facilitation for Development Agreement, which is expected to be completed by the first half of this year.

The chief economists have expectedly predicted a global recession in 2023, just as survey report published on the website of the WEF and released on the first day of WEF meeting in Davos has shown.

Also, they see geopolitical tensions mounting to shape the global economy, and anticipate further monetary tightening in the United States and Europe.

While "a third of respondents consider a global recession to be unlikely this year," the chief economists outlook, indicates that almost two-thirds of chief economists believe a global recession is likely in 2023; of which 18 percent consider it extremely likely – more than twice as many as in the previous survey conducted in September the previous year.

According to the report, there is a strong consensus that the prospects for growth in 2023 are bleak, especially in Europe and the US.

"All of the chief economists surveyed expect weak or very weak growth in 2023 in Europe, while 91 percent expect weak or very weak growth in the US. This marks a deterioration in recent months (at the time of the last survey, the corresponding figures were 86 percent for Europe and 64 percent for the US).

"In China, expectations of growth are polarised, with respondents almost evenly split between those who expect weak or strong growth. Recent moves to unwind the country's highly restrictive zero-COVID policy are expected to deliver a boost to growth, but it remains to be seen how disruptive the policy shift will be, particularly in terms of its health impacts," it stated.

On inflation, the chief economists say they see significant variation across regions, with the proportion expecting high inflation in 2023, ranging from just five percent for China to 57 percent for Europe.

"Following a year of sharp and coordinated central bank tightening, the chief economists said they expect the monetary policy stance to remain constant in most of the world this year. However, a majority expect further tightening in Europe and the US (59 percent and 55 percent, respectively). They noted that 2023 is likely to involve a difficult balancing act for policy-makers between tightening too much or too little."

From the WEF'23, the key takeaway actually made a highlight of a world moving on a pathway to a better future. The Forum brought together world leaders in the first major international gathering of the year to address ongoing economic, energy and food crises while laying the groundwork for a more sustainable, resilient world.

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