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FG, NESG Inaugurate 29th NES Joint Planning Committee PG 4

Promoting Mortgage Financing: **PenCom, PFAs, Other Stakeholders Must Act**

EDITORIAL

The National Pension Commission (PenCom) has unveiled its intention to develop regulations enabling Pension Fund Administrators (PFAs) to engage in securities lending, a promising investment avenue within the capital market.

This revelation emerged during a recent workshop hosted collaboratively by the Nigerian Exchange (NGX), the Securities and Exchange Commission (SEC), and PenCom. The event, titled 'Business Facilitation Act 2023 as a catalyst for deepening securities lending in Nigeria,' served as the platform for this significant

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Wale Edun: **A Catalyst For Nigeria's Economic Transformation**

*Upon hearing of the appointment of **Mr. Adebayo Olawale Edun** (popularly known as Mr. Wale Edun) as the Minister of Finance And Coordinating Minister of The Economy, not a few Nigerians are in agreement that he is the ideal candidate for the role. With his extensive background as the former Special Adviser to the President on Economy and Monetary Policy, former Commissioner for Finance in Lagos State, Investment Banker, Economist, Financial Expert, and Philanthropist, he brings a wealth of valuable perspectives. Nigerians hold high hopes that his contributions will make a positive impact on the financial and economic growth of Nigeria. **Enam Obiosio** writes.*

Step into the world of Mr. Wale Edun, a former banker poised to revolutionise Nigeria's economy. In a historic departure from tradition, President Bola Ahmed Tinubu has handpicked Mr. Edun to steer the ship of Nigeria's financial realm, breaking a nearly two-decade trend of female finance ministers.

Mr. Edun, hailing from the heart of Ogun State, arrives on the scene with a wealth of experience in both the economic landscape and the banking industry. His reputation as an astute and seasoned professional is well-founded, having not only weathered but excelled in his career.

When Mr. Edun stood before the Senate as a nominee for the role of a Minister, he demonstrated his profound grasp of the nation's economic intricacies. Addressing issues ranging from the country's financial leaks to its economic challenges, he expressed his commitment to replicating the successful model of increased internally-generated revenue that he had championed in Lagos State.

Assuring Nigerians of President Tinubu's dedication to democratic principles, Mr. Edun pledged that the President would uphold the constitution's integrity by adhering to proper appropriation procedures, thus preventing the misuse of unapproved funds.

Mr. Edun's visionary approach extends to addressing fuel subsidy removal, as he unveiled plans to provide relief to the most vulnerable citizens through collaboration with telecommunication network providers. These partners would assist the government in digitally validating beneficiaries through biometric data.

The foreign exchange market, a critical aspect of Nigeria's economic landscape, takes center stage in Mr. Edun's strategy. He is unwavering in his determination to tackle the underlying challenges responsible for the current state of affairs, which fails to reflect

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Mr. Wale Edun, Minister of Finance And Coordinating Minister of The Economy

Nigeria, Ghana, Others' GDP To Rise To 3.9% in 2023 — *AfDB*

- Warns of Ongoing Capital Outflows, Expects Nigeria's Currency Vulnerability To Persist
- AfDB Greenlights $20 Million for Eco-Friendly Ventures, Including Nigeria

By Jennete Ugo Anya

The African Development Bank Group (AfDB) has released its 2023 West Africa Economic Outlook report, titled 'Mobilising Private Sector Financing for Climate and Green Growth in West Africa.' According to the report, Nigeria, Ghana, Benin, Burkina Faso, and several other countries in West Africa are expected to see a modest uptick in their Gross Domestic Product (GDP) by 3.9 percent in 2023, a slight improvement from the previous year's 3.8 percent.

The report notes that the region's economic growth has been slower compared to the pandemic-affected years of 2020 and 2021. This deceleration is attributed to a series of shocks, including the resurgence of the COVID-19 pandemic in China, a significant trading partner for West Africa.

Additionally, the report points out that the Russian invasion of Ukraine has led to higher inflation in food, fuel, and fertiliser prices, surpassing levels from the previous year. Tightened monetary policies in advanced economies have also played a role in restraining growth, resulting in a rate lower than the 4.4 percent achieved in 2021.

Despite these challenges, the report suggests a positive outlook for growth, projecting a potential increase in GDP to 4.2 percent in 2024. This growth is anticipated to be driven by greater private sector investments in green economy and sustainable energy initiatives.

As global climate conditions worsen due to the impact of global warming, the report underscores the urgency of transitioning to a green economy. The AfDB emphasises the need for countries in the region to allocate more resources to this sector, highlighting the opportunities for both businesses and governments to embrace sustainable and environmentally-friendly growth.

The report emphasises that West Africa possesses significant potential for achieving green growth, with green industrialisation being a prominent pathway forward.

The motivation behind pursuing green growth was attributed to several factors, including the repercussions of climate change, depletion of natural resources, poverty, food insecurity, limited employment opportunities, and the existence of capital-intensive enclaves.

During the release of the report, Professor Kevin C. Urama, Chief Economist and Vice President for Economic Governance and Knowledge Management at the AfDB, elaborated on a range of challenges.

These challenges encompassed climate change, inflation, energy price surges, and disruptions in supply chains, all of which were leading to escalating interest rates and compounding debt service payments for African nations.

Professor Urama emphasised the imperative to intensify efforts in mobilising domestic resources and securing private sector investments to facilitate the transition towards climate-friendly and sustainable growth. He highlighted the notable disparity between the actual climate financing received by Africa and the amount required, noting that the continent had received only a fraction of the necessary funds.

Dr Akinwumi Ayodeji Adesina, President AfDB Group

The projected investment needed for climate initiatives by Africa until 2030 stood at an estimated $235 billion to $250 billion annually, whereas the actual climate financing received between 2019 and 2020 was approximately $29.5 billion.

Private sector contributions to climate adaptation and mitigation in Africa were found to be significantly lower compared to other regions, totaling around $4.2 billion between 2019 and 2020. The report indicated a substantial annual gap of $213.4 billion in private sector climate financing for the continent between 2020 and 2030.

Professor Urama underlined that Africa's potential for sustainable development lay in optimising its natural resources, valued at about $6.2 trillion in 2018.

However, factors such as undervaluation, degradation, illicit capital flows, and losses from royalties and taxes were inhibiting the continent from fully harnessing the benefits of its natural wealth.

Mr. Guy Blaise Nkamleu, the lead economist at the AfDB, also drew attention to the vulnerability of four West African countries—Guinea-Bissau, Mali, Liberia, and Niger—to climate change and environmental hazards, ranking among the top 10 most susceptible nations.

To stimulate private sector investment in climate change and sustainable growth, he called upon West African governments to adopt innovative instruments and mechanisms.

In a parallel context, the AfDB cautioned about the persistent weakness of currencies in globally integrated economies, including Nigeria, due to ongoing capital outflows towards safer advanced economies.

This insight emerged from the 'Africa Economic Outlook 2023' report, which evaluated how African economies were grappling with the aftermath of the COVID-19 pandemic and the Russia-Ukraine conflict.

According to the report, the AfDB predicts that the depreciation of currencies in certain globally connected African economies (such as Kenya, Nigeria, and South Africa) is likely to continue in 2023, largely due to potential capital outflows as investors seek secure assets in advanced economies.

The report also spotlighted the significant depreciation of currencies in nations primarily reliant on commodity exports, a consequence of tightened monetary policies in the United States leading to reduced United States Dollars supply. Zimbabwe, Ghana, and Sierra Leone were identified as particularly impacted by this trend.

Addressing the issue of sluggish economic growth, the report highlighted the projected economic performance of West African economies in 2023. It foresees a slowdown in GDP growth for most of these economies over the next two years. This pattern indicates a deceleration in the recovery process following the economic downturn of 2020.

According to the report, "Despite facing macroeconomic challenges in some of the region's major economies, [GDP growth] is expected to rise from an estimated 3.8 percent in 2022 to 3.9 percent in 2023 and 4.2 percent in 2024."

The report attributes this deceleration in growth to a series of successive shocks, including the resurgence of COVID-19 cases in China, a significant trading partner for West African countries. Moreover, inflationary pressures stemming from Russia's Ukraine invasion have influenced the costs of essential commodities like food, fuel, and fertilizers in West African nations.

Furthermore, the report underscores the implementation of tighter monetary policies in advanced economies, which has added to the strain on exchange rates.

Despite these challenges, the report holds a positive outlook for the region's GDP growth, with expectations of a slight increase to 3.9 percent in 2023 and 4.2 percent in 2024.

> The projected investment needed for climate initiatives by Africa until 2030 stood at an estimated $235 billion to $250 billion annually...

In another development, the AfDB Board of Directors has granted a $20 million investment to the Pembani Remgro Infrastructure Fund II, operating across diverse African countries, Nigeria included. The fund is aimed at advancing industrial and infrastructure projects.

Established in 2012 in South Africa, the Pembani Remgro Infrastructure Managers oversee the Pembani Remgro Infrastructure Fund II. With the AfDB's contribution, the fund seeks to attract up to $400 million from private, commercial, and institutional investors to bolster its initiatives in Africa.

The Pembani Remgro Infrastructure Fund II, endorsed by AfDB, will direct investments into companies within key sub-Saharan African economies, such as South Africa, Kenya, Ghana, Nigeria, Angola, Uganda, Zambia, Mozambique, Botswana, Namibia, Côte d'Ivoire, Sierra Leone, Ethiopia, and Rwanda.

Funds amassed through this endeavor will be allocated to a range of industrial and infrastructure projects. These encompass digital infrastructure, the transition to renewable energy in the energy sector, logistics and transportation, waste recovery, heating, ventilation, and air conditioning. Energy efficiency enhancement is a central focus.

Moreover, these resources will play a pivotal role in nurturing robust regional value chains and infrastructure technologies.

The fund's investment strategy harmonises with AfDB's 10-year strategy, which emphasises environmentally sustainable and inclusive economic growth.

This initiative is in alignment with the bank's strategic priorities, known as its 'High 5s,' and its 2021-2030 strategy centered on climate change and sustainable green growth.

The AfDB fund is positioned to facilitate increased climate financing in these nations, playing a crucial role in achieving the climate change goals outlined in the Paris Agreement.

Mr. Abdu Mukhtar, Director of the Industrial and Trade Development Department at AfDB, underscores the bank's contribution to mobilising investments for African industrial and infrastructure projects. This not only drives economic growth and job creation but also enhances business efficiency, mitigates climate change effects, and improves health and education levels.

Similarly, Mr. Wale Shonibare, Director of AfDB's Energy Financial Solutions, Policy, and Regulation Department, emphasises the necessity of addressing the infrastructure gap for Africa's economic prosperity and sustainable development.

The bank remains steadfast in mobilising private capital for African infrastructure projects, acknowledging an annual funding gap of approximately $100 billion.

Meanwhile, the $55 million Anti-Corruption Fund initiated by the AfDB has remained untouched for a span of seven years. Despite its launch amid significant publicity,

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Wale Edun: A Catalyst For Nigeria's Economic Transformation

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the extensive efforts invested in stabilisation thus far.

President Tinubu's bold decision to appoint Mr. Edun, an accomplished investment banker, as the finance minister, marks a pivotal departure from tradition. The news of this appointment did not catch Nigerians off guard, given the rumors swirling about Mr. Edun's potential to usher in a new era of economic resurgence.

Before stepping into his role as finance minister, Mr. Edun had briefly served as the President's special adviser on matters of economy and monetary policy. His deep-rooted experience in the banking sector and his status as a seasoned financial expert make him a natural fit for the position.

He inherits an economic landscape marked by uncertainty, with the day of his appointment coinciding with a downturn in Nigeria's Eurobonds. Charged with addressing issues like soaring inflation and the skyrocketing cost of living, Mr. Edun's leadership is paramount in stabilising the nation's economic trajectory.

The depreciation of the Nigerian currency against the dollar, particularly in the parallel market, has been a pressing concern. His expertise will be pivotal in steering efforts to stabilise and strengthen the naira, reversing the currency's weakening trend.

R-L: **Senator Ekpenyong Asuquo,** Chairman, Senate Committee on NDDC, **Mr. Wale Edun,** Minister of Finance and Coordinating Minister of the Economy and **Sanyade Okoli** at the IMF/World Bank Spring Meetings in Washington DC

Mr. Edun's rich background spans economics, public finance, international finance, merchant banking, and corporate finance at both local and international levels. His tenure as Commissioner for Finance during President Tinubu's governorship in Lagos State and his roles in prestigious financial institutions like Chase Merchant Bank, Lehman Brothers, and the World Bank/International Finance Corporation (IFC) testify to his exceptional competence.

He over the years has shone outstandingly in his professional career; he is the founder of Denham Management Limited, Chairman of Livewell Initiative—an NGO focused on healthcare—and a Trustee of Sisters Unite for Children, an organisation dedicated to aiding underprivileged children.

Armed with a Bachelor's Degree in Economics from the University of London and a Master's Degree in Economics from the University of Sussex, Mr. Edun has made a significant impact through various charitable and non-governmental organisations.

Notably, his contributions extend beyond borders. He has spent over 25 years immersed in merchant banking, corporate finance, economics, and international finance, both on the national and international fronts.

The tale of Mr. Edun is a testament to his exceptional journey from the world of banking to the epicenter of Nigeria's economic transformation. As he takes the reins of the nation's financial realm, the promise of a reinvigorated and stabilised economy beckons under his leadership.

FG, NESG Inaugurate 29th NES Joint Planning Committee

• Designate Aduloju As New CEO

The collaboration between the federal government, represented by the Federal Ministry of Finance, and the Nigeria Economic Summit Group (NESG), culminated in the official inauguration of the Joint Planning Committee (JPC), with a number of new developments brought to bear. ***Musa Ibrahim*** *reports.*

A few weeks ago, there was the inauguration of the joint planning committee (JPC) for the 29th edition of the Nigerian Economic Summit. The committee is tasked with commencing preparations for the upcoming 29th Nigerian Economic Summit (NES 29#), scheduled to convene in Abuja on October 23rd and 24th, 2023.

At a conference with the media, Engr Nebeolisa Anako, Permanent Secretary of the Federal Ministry of Finance, emphasised the exceptional composition of professionals within the JPC, highlighting that NES #29 would stand out.

He noted the historical impact of past summits in fostering a culture of development planning in the nation, shaping government policies, and contributing to critical initiatives such as the National Development Plan (NDP) 2021-2025 and Nigeria Agenda 2050.

Engr. Anako outlined the responsibilities of the JPC, including evaluating the outcomes of the 28th Economic Summit, organising NES #29, devising a comprehensive budget and funding strategy, engaging relevant stakeholders from the public and private sectors, preparing the Green Book for NES #29 within three months post-summit, and executing any additional tasks integral to the summit's success.

Engr. Anako expressed confidence in the co-chairs and committee members, all adept summit veterans, underscoring their ability to ensure a triumphant outcome for NES #29.

He urged them to leverage their wealth of experience for the successful execution of this national endeavour. Furthermore, Mr. Tayo Aduloju has been appointed as the new CEO to lead the committee's efforts.

"It is with great honour and privilege that I officially commence the activities of the collaborative planning committee for NES #29.

Earlier, Mr. Laoye Jaiyeola, the Chief Executive Officer (CEO) of NESG, highlighted the cautious economic outlook for Nigeria between 2023 and 2025. Despite expectations of modest economic growth, these projections fall short in addressing the multifaceted challenges that our nation confronts, including unemployment and poverty, despite the considerable resources at our disposal.

Mr. Jaiyeola remarked, "Over its 30-year history, NESG has earned recognition from both domestic and international leaders in governance and business, establishing itself as the foremost platform for fostering productive public-private conversations within Nigeria. As we acknowledge these achievements, we must also confront the stark realities facing our country – feeble economic growth, high poverty rates, escalating living costs, growing unemployment, and widening income disparities – all demanding our attention.

He further commented, "The prevailing economic headwinds underscore the need for a departure from business-as-usual in economic governance. Unfortunately, forecasts for Nigeria's economic performance from 2023 to 2025 paint a pessimistic picture, projecting only moderate growth. Regrettably, this level of growth falls short of effectively addressing challenges such as unemployment, poverty, and other socio-economic issues that our nation grapples with.

According to Mr. Jaiyeola, "Nigeria possesses abundant opportunities, leveraging its vast natural and human resources. However, to harness these

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Congratulations!

Mr. Wale Edun

Minister of Finance And Coordinating Minister of The Economy

We the entire staff of *fmfinsights* congratulate you on your appointment as the Minister of Finance And Coordinating Minister of The Economy by President Bola Ahmed Tinubu.

Your appointment did not come to us as a surprise because your leadership qualities, experience and academic background are reasons for your well deserved appointment.

We believe you will justify the confidence reposed in you by Mr. President.

Once again, congratulations, Mr. Edun!

Signed:

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EDITORIAL

Promoting Mortgage Financing: **PenCom, PFAs, Other Stakeholders Must Act**

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announcement.

Historically, Section 89 of the Pension Reform Act 2014 had constrained PFAs from participating in securities lending. However, the recently enacted Business Facilitation Act 2023 has dismantled these limitations, granting PenCom the authority to formulate guidelines that foster securities lending.

PenCom's emphasis on securities lending aligns with its overarching goal of enhancing the investment landscape for PFAs. By revisiting investment regulations governing PFAs' activities, PenCom aims to broaden the scope of permissible assets, thereby expanding PFAs' investment opportunities.

In light of these developments, NGX must demonstrate its commitment to collaborate with pertinent stakeholders to bolster securities lending. NGX should remain steadfast in nurturing cooperative efforts with stakeholders, collectively contributing to the growth of securities lending transactions. Ultimately, these endeavors should align with the overarching objective of advancing Nigeria's and Africa's capital markets.

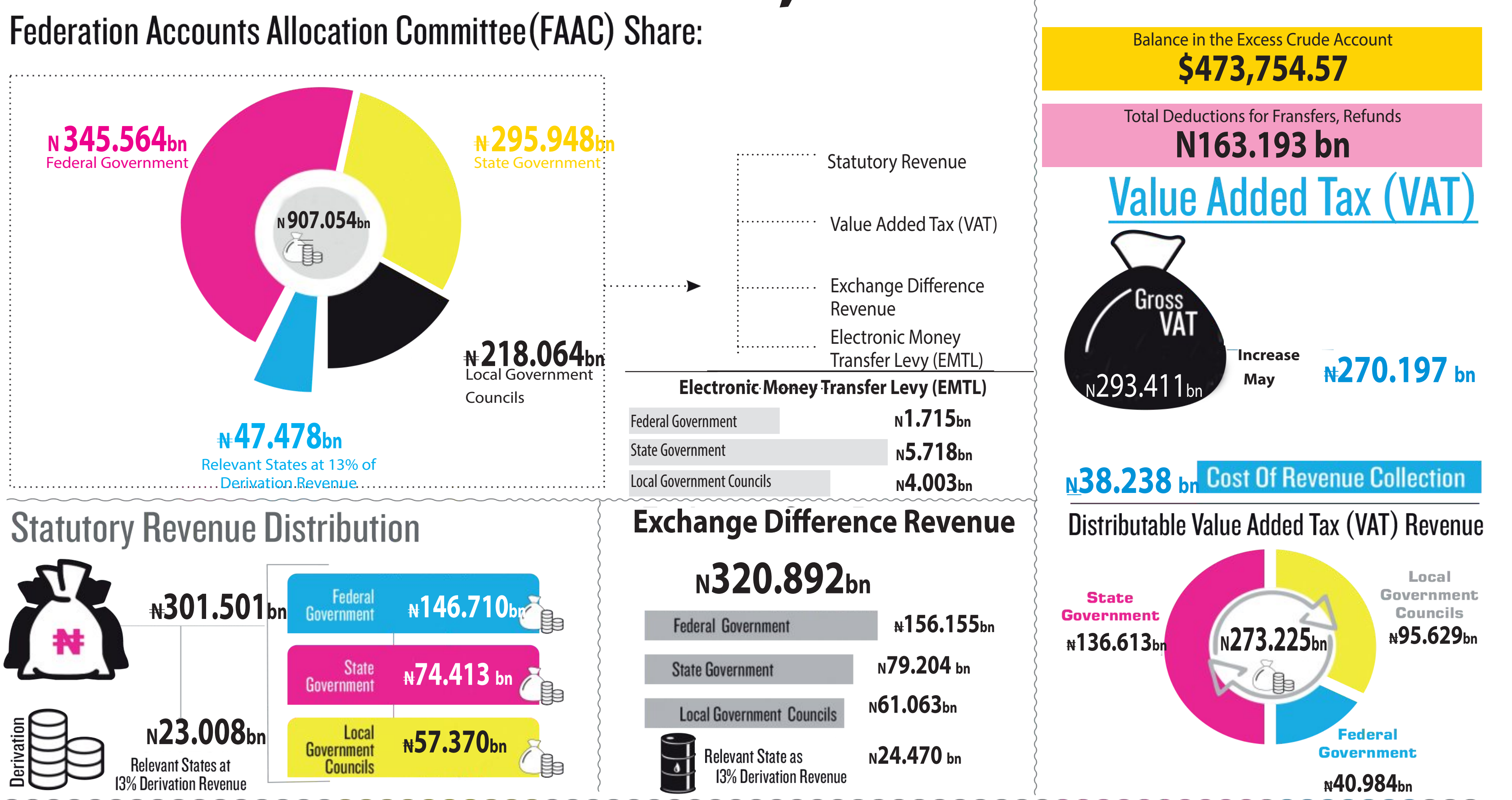
Notably, PenCom and PFAs have diligently fulfilled their promise to initiate the disbursement of 25 percent contributions from Retirement Savings Account (RSA) holders to support mortgage financing. This commitment has borne fruit, as industry operators have allocated a total of N3.1 billion to various applicants' accounts by the close of July 2023.

Encouragingly, this substantial sum has been disbursed to 187 Retirement Savings Account (RSA) holders seeking residential mortgage assistance as of July 2023. PenCom's official sanction and effective transfer of these funds to RSA applicants exemplify its dedication to facilitating mortgage funding.

Furthermore, the Pension Fund Operators Association of Nigeria (PenOP), the umbrella organization for licensed Pension Fund Administrators in Nigeria, has expressed interest in 'Improving Accessibility and Service Delivery in RSA Mortgage Financing.' It is imperative for key stakeholders to address mortgage financing comprehensively, focusing on enhancing accessibility and service delivery to eligible RSA holders. Tackling Nigeria's burgeoning housing deficit, which has surged from 7 million in 1991 to 28 million in 2023, demands immediate attention to alleviate overcrowded and outdated housing infrastructure.

The innovative mortgage policy introduced by PenCom, empowering RSA holders to acquire homes using 25 percent of their pension savings, presents a forward-looking solution. This progressive approach should contribute significantly to bridging the housing gap while providing RSA holders with valuable opportunities to invest in future residences.

FAAC Shares N907.054 Billion June 2023 Revenue To FG, States And LGCs



According to the communiqué, in the month of June 2023, Companies Income Tax (CIT) recorded tremendous increase. Import and Excise Duties, Value Added Tax (VAT), Oil and Gas Royalties increased significantly, while Petroleum Profit Tax (PPT) and Electronic Money Transfer Levy (EMTL) decreased considerably.

Nigeria's Foreign Exchange Inflows Reach $2.55bn In 2 Months After Naira Unification *-CBN*

● eNaira's Balances Surge, Reaching N2.5bn In 2022

By Jennete Ugo Anya

The Central Bank of Nigeria (CBN) has revealed a notable surge in foreign exchange (FX) inflows, totaling $2.55 billion, over a two-month period following the unification of the naira. According to the CBN's July Updates, inflows into the Investors and Exporters (I&E) window displayed consistent growth, climbing from $1.14 billion in May to $1.41 billion in June.

The data suggests that the June inflows were primarily driven by contributions from domestic companies and exporters, while foreign investors maintained a cautious approach to capital flows. The cumulative inflows since the exchange rate unification amount to $2.5 billion, comprising $1.14 billion from May and $1.41 billion from June.

The CBN highlighted that the unification of exchange rates contributed to this upward trend, fostering increased confidence in the I&E window. In June, more than 90 percent of the total inflow came from local sources, with non-bank corporates contributing $597.10 million and exporters contributing $448 million.

It's worth recalling that the CBN's decision to merge all forex market segments into one unified system in June aimed to enhance liquidity and stability. However, this move has evoked diverse responses from various sectors of the economy.

In a recent development, many companies disclosed their second-quarter financial statements, revealing pre-tax losses attributed to foreign exchange revaluation losses, despite recording improved revenues. This illustrates the ongoing impact of the exchange rate changes on the business landscape.

The unification of the naira has led to a surge in fuel prices, reaching N640 per litre, as Nigeria navigates the removal of fuel subsidies. Despite the ongoing depreciation of the naira against the dollar, experts are optimistic that the convergence of exchange rates will bring about enhanced FX liquidity in both the medium and long term. This move is also anticipated to attract increased investment across various sectors of the economy due to the flexible naira exchange rate.

Conversely, the naira recently experienced a sharp decline, hitting a new all-time low of N930/$1 in the parallel market. This drop is attributed to the overwhelming demand for dollars from importers and other end-users, significantly surpassing the available supply. Currency operators are now quoting rates as high as N930/$1, a significant jump from the previously quoted N910/$1, underscoring the scarcity of dollars amidst heightened demand.

In a proactive effort to counteract the depreciation of the naira, the Central Bank of Nigeria (CBN) is gearing up to unveil a series of interventions in the near future. The acting governor of the CBN, Mr. Folashodun Shonubi, disclosed this following a meeting with President Bola Tinubu at the Presidential Villa in Abuja. Mr. Shonubi emphasised that stringent measures will be taken against individuals engaged in covert activities within the foreign exchange market, including the parallel market.

Mr. Folashodun Adebisi Shonubi, Acting Governor of Central Bank of Nigeria

Addressing concerns surrounding market fluctuations and their implications, Mr. Shonubi conveyed that their discussions were centered on stabilising the naira. He highlighted that the parallel market was witnessing shifts driven by speculative behavior rather than genuine demand, cautioning that speculators could face substantial losses once the government's strategies take effect. Reflecting the President's deep concern for the dynamics of the foreign exchange market, Mr. Shonubi remarked, "Our deliberations aimed at enhancing market liquidity and stability, encompassing the parallel market. The President is particularly attentive to its impact on everyday citizens, given the interconnectedness of local activities with parallel market exchange rates."

> The unification of the naira has led to a surge in fuel prices, reaching N640 per litre, as Nigeria navigates the removal of fuel subsidies

Efforts are underway to enhance supply, with a focus on the official market's relative stability compared to the parallel market, ensuring an improved economic landscape. The Commissioner stated, "Our conviction is that speculative forces, rather than genuine economic demand and supply, drive fluctuations in the parallel market. We are poised to implement forthcoming strategies that could potentially lead to substantial losses for speculators."

Mr. Shonubi accentuated the President's concerns and detailed actions in progress to mitigate the issue. He reassured, "We are proactively tackling this concern, and in the near future, significant market transformations will unfold, promoting fairness and efficiency, while safeguarding the interests of the common citizen."

Concluding his remarks, he affirmed, "Our overarching objective is to cultivate an environment that functions optimally and brings tangible benefits to the general populace.

Also, the apex bank in its audited financial statement for 2022, noted that the year 2022 witnessed a remarkable surge in the eNaira's balance, soaring to N2.5 billion from the previous year's reported N940 million.

Introduced in 2021 by the CBN, the eNaira was conceived to bolster Nigeria's economic landscape through enhanced financial inclusion, innovation, and efficiency. Serving as legal tender, the eNaira facilitates a wide array of transactions, including payments, remittances, savings, and investments. It coexists harmoniously with traditional naira notes and coins, further supporting cross-border trade and remittance activities.

To foster its widespread adoption, the CBN forged collaborations with banks, fintech enterprises, and merchants, fostering an ecosystem that wholeheartedly embraces the utilisation of the eNaira.

The platform empowers users to establish digital wallets, seamlessly transfer funds, conduct payments, and access financial services using their mobile phones or computers. These transactions boast robust security, rapid processing, and transparent execution, all underpinned by the foundation of distributed ledger technology (DLT).

Recognising the paramount importance of driving adoption, the CBN has instituted strategic measures. These encompass the temporary waiver of transaction fees until 2023 and the establishment of a minimum capital requirement for eNaira service providers.

Additionally, comprehensive guidelines have been introduced to reinforce anti-money laundering and counter-terrorism financing (AML/CFT) measures within the eNaira ecosystem.

In a recent progressive move to augment its versatility, the CBN has seamlessly integrated the digital currency as a viable payment alternative for recipients of diaspora remittances. This integration aims to streamline and enhance the process of remittance payouts.

Nonetheless, the International Monetary Fund (IMF) has expressed apprehensions regarding the relatively modest adoption rate of the eNaira, pointing to sluggish growth in eNaira wallet downloads among retail users.

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resources effectively and unlock shared prosperity, a comprehensive approach involving concerted efforts and strategic planning is imperative. Nigeria's journey towards structural economic transformation has been ongoing.

He stated, "Nevertheless, an overreliance on crude oil as the primary source of foreign exchange has led to an imbalanced economy. Despite contributing less than 10 percent to the national output and offering limited employment opportunities, the crude oil sector maintains its dominance. Over the period from 2013 to 2022, average economic growth stood at a modest 2.2 percent. During the same timeframe, the industrial sector faced challenges, contributing around 23 percent to the national output and even impeding overall growth.

Mr. Jaiyeola expressed, "This skewed growth pattern has favored the agricultural and services sectors, together accounting for over 70 percent of the national output, serving as significant contributors to economic growth over the past decade (2013-2022).

Regrettably, Nigeria's slow progress in industrialisation is evident in suboptimal manufacturing capacity utilisation, stagnating at approximately 50 percent over the years. This circumstance significantly limits the industrial sector's potential contribution to national output, economic expansion, and job creation, ultimately leaving the nation's economy unbalanced and preventing full realisation of its potential for sustainable development.

Despite boasting abundant oil reserves and holding the position of Africa's largest economy, Nigeria paradoxically continues to be home to a substantial number of the world's impoverished, surpassing India in 2018."

He observed that Nigeria is grappling with one of the lowest human capital indices globally concerning education and health outcomes. In addition to confronting a substantial deficit in healthcare infrastructure, the nation has experienced a significant outflow of medical professionals, aggravating the scarcity of skilled personnel within the healthcare sector.

Mr. Tayo Aduloju, new CEO of NESG

This concerning pattern further complicates the efforts to tackle the country's healthcare demands and enhance overall human development metrics. In light of a new government administration, there is an unmistakable imperative to rejuvenate our endeavours towards achieving sustainable economic progress.

Meanwhile, discussing NES #29, the head of NESG emphasised that this iteration would primarily emphasise a renewed dedication and commitment to invigorate the economy. More than just an annual event, NES #29 symbolises a call for transformation, a resounding appeal for renewed devotion, and a determined endeavour to revitalise our economy for the better.

"We convene here today to underscore the necessity of this year's NES. It seeks to mark a pivotal juncture in our nation's voyage towards economic metamorphosis. We must confront the challenges head-on, engage in candid deliberations, and devise innovative approaches to yield tangible outcomes for every Nigerian.

NES #28, themed '2023 and Beyond: Priorities for Shared Prosperity,' rallied stakeholders to articulate the imperatives of the nation's development that fulfill the requisites of economic security, social equity, conscientious governance, political stability, and environmental sustainability. This was undertaken with the intentional aim of gleaning lessons and insights from the past and present to shape the economic policy agenda.

NES #29 will now build upon this by demanding a transparent and meticulously planned economic agenda with well-defined implementation steps in a purposeful response to the questions and recommendations raised during NES #28.

At NES #28, stakeholders underscored the significance of eliminating fuel subsidies and reforming Nigeria's monetary policy. Mr. Jaiyeola lauded President Bola Ahmed Tinubu's administration for promptly taking decisive measures in response to these calls.

He continued, "Nevertheless, it is vital that we prudently address the potential repercussions of these policies on the populace by implementing supportive initiatives and measures to mitigate any adverse effects. As NESG, we reaffirm our unwavering commitment to collaborating with the government to ensure that policies are enacted with minimal adverse consequences for the people.

He asserted, "In unity, we aim to strike a balance between necessary economic reforms and the well-being of our citizens. NES #29 sets forth several pivotal objectives. Firstly, it will facilitate an open and constructive dialogue that incorporates the perspectives and ideas of all stakeholders. Secondly, it will foster a collaborative environment, wherein the public and private sectors can join hands to co-create solutions that lead to collective prosperity. Thirdly, it will serve as a platform to present actionable recommendations to the government, guiding the formulation of effective policies and reforms.

In the meantime, Mr. Jaiyeola also commended and expressed gratitude to the Ministry of Finance, Budget and National Planning for their unwavering commitment to the partnership with NESG. He also tasked the NES #29 Joint Planning Committee with charting a new trajectory for the nation's economic well-being, and added that "together, we can shape a brighter future for Nigeria."

Tayo Aduloju Takes Helm As New NESG CEO

The NESG has officially unveiled Mr. Tayo Aduloju as its incoming CEO, assuming office on January 1, 2024. Mr. Aduloju, presently holding the positions of Chief Operating Officer (COO) and Senior Fellow for Economic Policy, Strategy, and Competitiveness, will assume the role from the outgoing CEO, Mr. Jaiyeola, at the conclusion of his two-term tenure.

In a statement, the NESG highlighted its significant strides in leveraging technology and data to foster the inclusive and sustainable growth of Nigeria's economy while adhering to its core tenets of a free-market economy, the rule of law, and governance in the national interest.

Mr. Niyi Yusuf, Chairman of the Board of Directors at NESG, conveyed profound appreciation to Mr. Jaiyeola for his dedicated service and substantial contributions. Additionally, the Federal Inland Revenue Service (FIRS) commended the incoming CEO's remarkable vision and expertise, describing him as an accomplished scholar-practitioner, economist, policy influencer, and strategist who has played a pivotal role in diverse reform initiatives spanning various sectors.

Mr. Aduloju's distinguished career encompasses advisory roles for former Presidents Umaru Yar'Adua and Olusegun Obasanjo, leadership of NESG's national public-private leadership forums, and a commitment to sustainable development. With an impressive academic background including stints at the Federal University of Technology, Akure, University of Oxford, and Massachusetts Institute of Technology, Mr. Aduloju is eminently qualified to guide NESG through its upcoming phase.

Among his numerous accolades, Mr. Aduloju was honoured with the Walden University 2022 Citizens Award for the College of Social and Behavioural Sciences. He holds a Doctor of Philosophy Degree in Economic Policy and Public Administration, and he is an alumnus of the John F. Kennedy School of Government at Harvard University, as well as an Executive Certificate in Economic Development from Harvard Kennedy School. He is also a distinguished fellow of esteemed professional institutions including the Chief of Staff Association, the Institute of Strategic Management in Nigeria, and the Institute of Management Consultants in the United States.

The NESG expressed eagerness for Mr. Aduloju's visionary leadership as its 6th CEO, emphasising its ongoing commitment to driving positive transformation, spearheading vital reforms, and fostering collaboration to shape a prosperous future for Nigeria.

In unity, we aim to strike a balance between necessary economic reforms and the well-being of our citizens

PenCom Recovers N24.5bn From 34 Defaulting Employers

Says 15,634 Retirees With Pensions Lower Than N10,000 Exist The Scheme

By Kingsley Benson

The National Pension Commission (PenCom) has revealed that it successfully retrieved the sum of N24,533,339,305.09 billion from 34 employers who defaulted in remitting pension contributions into their employees' retirement savings accounts. This amount includes principal contributions (N12,440,682,240.91) and penalties (N12,092,657,064.18). The recovery efforts spanned from June 2012 to March 31, 2023.

Breaking down the most recent figures, PenCom announced that it recovered N384,280,651.48 million from these non-compliant employers in the first half of 2023. This comprises principal contributions (N193,058,483.56) and penalties (N191,222,167.92).

The disclosure was made during PenCom's 2023 journalists' conference in Abuja, themed "Transforming Service Delivery in the Pension Industry: Strategies for Improving Efficiency and Customer Satisfaction."

Director-General of PenCom, Aisha Dahir-Umar, emphasised the organisation's proactive regulatory approach, which enhances oversight and governance of pension funds, fostering transparency, accountability, and safeguarding pension contributors' interests.

Dahir-Umar highlighted positive growth in pension assets, which increased by N1.77 trillion in the first half of 2023, reaching N16.76 trillion by June 2023 from N14.99 trillion in December 2022.

Contributory pension scheme (CPS) membership also experienced growth, with an addition of 146,920 new contributors, raising the total to over 10 million members by June 2023 from 9.86 million at the end of 2022.

Aisha Dahir-Umar, Director-General of PenCom

Dahir-Umar underscored the significance of CPS, as it empowers both public and private sector workers to build retirement savings throughout their careers, ensuring financial security in their retirement years.

Mr. Abdulquadir Dahiru, Head of Corporate Communications Department at PenCom, emphasised the organisation's role in setting standards, rules, and guidelines, along with conducting effective on-site and off-site supervision for pension fund management.

Mr. Dahiru stated that PenCom also focuses on enhancing the capacity and institutional strength of pension fund administrators and custodians.

Mr. Ikenna Chidi-Ebere, Head of Consumer Protection Department at PenCom, highlighted the commission's commitment to addressing consumer complaints swiftly.

He revealed that PenCom has designated staff to provide daily responses to complaints and inquiries and has established platforms to enable consumers to lodge complaints effectively.

Mr. Chidi-Ebere noted that unresolved issues would be escalated to relevant departments within PenCom if not addressed by the pension fund administrators (PFAs) in a specified timeframe.

Over the course of a year, a total of 15,634 retirees who were part of the Contributory Pension Scheme (CPS) and had monthly pensions below N10,000 withdrew a combined sum of N7.79 billion from their Retirement Savings Accounts (RSA), managed by their respective Pension Fund Administrators (PFAs).

This withdrawal was in accordance with the PenCom's quarterly report on en bloc payments to retirees. These individuals, who held less than N1.6 million in their RSAs, left the scheme between the second quarter of 2022 and the end of the first quarter of 2023.

These retirees joined the ranks of 133,738 individuals who had previously exited the scheme because their RSA balance was below N550,000 upon retirement. The National Pension Commission, or PenCom, had authorised the payment of the entire RSA balances for those whose funds were insufficient to guarantee a reasonable pension through a programmed withdrawal or annuity.

As a result of these measures, the total number of retirees leaving the Contributory Pension Scheme reached 149,372, with a total of N41.3 billion distributed to them. This figure encompassed 7,584 federal government retirees, 4,203 state government retirees, and 137,585 private sector retirees.

PenCom had made alterations to its regulations concerning en bloc payments to retirees. It allowed individuals with RSA balances lower than N1.6 million to withdraw the full balance upon retirement, rather than receiving monthly payments. This adjustment was prompted by the fact that these balances were unable to provide a pension equivalent to at least one-third of the prevailing minimum wage (N30,000).

The pension industry regulator clarified that the decision to make this change was influenced by the devaluation of money. Individuals who had been entitled to monthly pensions of less than N10,000 were permitted to take their entire RSA balance.

Furthermore, PenCom expressed concern about employers who were known to deduct pension contributions from employees' stipends without remitting them to the RSAs. This behavior had contributed to retirees receiving meager amounts in their RSAs.

PenCom had employed recovery agents to pursue unremitted pension contributions and penalties from defaulting employers. As of Q1 2023, N384.28 million had been recovered from 34 defaulting employers, and legal action was initiated against four such employers.

Since the inception of the recovery exercise in June 2012 up to March 2023, a total of N24.53 billion had been recovered from defaulting employers.

Nigeria, Ghana, Others' GDP To Rise To 3.9% in 2023 — *AfDB*

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the fund aimed at fostering integrity has yet to be activated and no funds have been allocated to fulfill its intended purpose of combating corruption.

Non-governmental organisations seeking grants from this fund, which was introduced in November 2016 as a means to counter corruption in Africa, have been informed that the fund is currently not operational.

This lack of utilisation of funds, which were collected from companies resolving alleged corruption cases with the Abidjan-based development bank, raises questions about the effectiveness of an institution often relied upon by Western governments to direct substantial funding towards development projects.

Beyond its 54 African member nations, the esteemed bank boasts 27 non-regional members including the UK, Japan, China, and the US, the second-largest shareholder following Nigeria. With authorised capital of $250 billion, the AfDB possesses ample resources available for distribution in vital areas such as infrastructure, power, and agriculture.

An expert on corruption, Mr. Joshua Meservey, who serves as a senior fellow at the Hudson Institute think-tank, expressed his surprise and disappointment, stating, "The retention of a substantial sum of money—tens of millions of dollars—without transparency is both surprising and disappointing. What progress has been made with $55 million over seven years?"

Upon approval by the AfDB board, the Africa Integrity Fund was introduced, and it was revealed that $55.25 million had been accumulated from companies resolving alleged corruption cases. The bank retains the authority to investigate such allegations on projects that have received its financial support.

The primary aim of the fund was to provide assistance to African enforcement agencies, tax authorities, educational institutions, and civil society groups engaged in anti-corruption endeavors. Mr. Anna Bossman, who was the director of the bank's integrity and anti-corruption department at the time, expressed confidence in the Africa Integrity Fund becoming a model for others.

However, the AfDB has confirmed that the integrity fund has not been activated, and no grants have been awarded from it. The bank explained that concerns over potential conflicts of interest, lack of transparency, and proper processes were identified during the implementation phase, leading to the fund's inactivity. Consequently, the decision was made for an external entity to manage the funds and prevent mingling with the bank's own resources.

The AfDB is currently in the process of selecting an independent institution to oversee the funds. A proposal to formally close the Africa Integrity Fund and appoint the external entity will be presented to the board of directors for approval.

While the AfDB did not provide a detailed explanation for the seven-year delay in seeking alternative arrangements, it emphasised its commitment to customary and prudent procedures when introducing new initiatives.

The initial sum of $55.25 million has been held in a separate interest-bearing account, which has since appreciated to $57.03 million. A senior executive from the bank verified that the fund remains fully intact.

Funding for this initiative originated from international companies that were investigated by the bank. One notable case involved a penalty imposed on Hitachi in 2015 following an inquiry into what the AfDB termed 'sanctionable practices' related to a power plant contract in South Africa. However, the exact amount of the penalty has not been publicly disclosed.

Hitachi reached an agreement with the AfDB, whereby a portion of the penalty would be allocated towards combating corruption in Africa. The bank emphasised that it adhered to the terms of the settlement. The AfDB established this fund to redirect financial penalties from its sanctions program towards anti-corruption initiatives.

Nevertheless, certain bank officials, including President Mr. Akinwumi Adesina, expressed reservations about using fines as a means to address corruption. These concerns were echoed by a current and a former executive from the AfDB, who likened the concept to "fruit from the poison tree."

While the integrity fund was initially hailed as an innovative approach, practical implementation after board approval raised significant concerns, according to a statement from the bank.

Organisations seeking grants from the fund were left unaware of its suspension. The Pavocat Stellenbosch Academy, a South African organization with an anti-corruption focus, applied for a grant but received notification that the fund's account had not been activated, with no clear explanation provided.

Former AfDB officials recall that inquiries about the integrity fund's status after board approval received minimal attention.

The bank's governance faced scrutiny in 2020 when whistleblowers alleged that Mr. Adesina disregarded bank procedures and appointed acquaintances, some of whom were fellow Nigerians. The then-US Treasury Secretary, Mr. Steven Mnuchin, expressed reservations about an internal investigation and called for an independent inquiry.

In July 2020, an external panel led by Mary Robinson, former President of Ireland, exonerated Mr. Adesina from any wrongdoing. Subsequently, he was re-elected to serve another five-year term in August 2020.

MoFI Collaborates With Partners To Drive Nigeria's Economic Transformation

By Edmond Martins

The Ministry of Finance Incorporated (MoFI), responsible for safeguarding the Nigerian government's investments and assets, is strategically partnering to propel the nation's economic transformation.

Mr. Amstrong Takang, the Managing Director (MD)/Chief Executive of MoFI, declared recently the agency's commitment to harnessing strategic alliances to expedite the country's economic overhaul.

During a working visit to the Nigerian Capital Market in Lagos, Mr. Takang articulated MoFI's aspiration to maximise the value of its government-owned investments and assets, targeting a substantial growth to at least N100 trillion over the next decade.

The crux of Mr. Takang's message was shared amidst interactions with key stakeholders, including the Nigerian Exchange (NGX) Limited and stockbrokers, with a primary agenda of investigating opportunities to list additional government-owned enterprises and investments.

Functioning as the special purpose investment and asset custodian for the federal government, MFI holds interests in all publicly-owned companies, assets, and investments on behalf of the government.

Mr. Takang emphasised that one of MoFI's primary objectives was to amplify the economic influence of its portfolio companies by generating a minimum of $10 billion in added gross domestic product (GDP) by 2033. This growth would be driven by strategic investments and partnerships designed to foster innovation, productivity, and competitiveness.

In an informative presentation at the NGX House in Lagos, the MoFI Chief revealed the agency's ongoing effort to compile a comprehensive national register encompassing both government-owned and government-affiliated assets. This undertaking aims to precisely identify government holdings prior to devising plans for optimising their value for the greater national benefit.

To catalyse growth in key sectors such as agriculture, manufacturing, digital services, technology, real estate, and healthcare, thereby supporting the expansion of high-potential enterprises within Nigeria's economy, Mr. Takang outlined MoFI's intention to establish a minimum of five sector-focused growth funds within the ensuing five years.

Dr. Armstrong Takang, Chief Executive Officer (CEO), MOFI

"Our strategic pillars revolve around enhancing state ownership of public assets to yield superior returns, igniting growth in priority sectors, financing the nation's economy, seeking funding, and mobilising investments into government-owned and linked companies," Takang elaborated.

Providing insights during the meeting, the CEO indicated that MoFI's initial portfolio encompassed a controlling stake of over 37 percent in 40 enumerated corporate entities, collectively valued at more than N18.3 trillion, exclusive of the nation's diverse mineral assets.

Mr. Takang elaborated on the asset distribution, revealing the portfolio's reach across sectors: 72 percent in energy and extractive industries, valued at approximately N14.32 trillion; 16 percent in financial services, valued at about N2.57 trillion; 9 percent in infrastructure, valued at around N1.45 trillion; one percent in services, totaling approximately N63 billion; and two percent in the industrial sector, valued at roughly N48 billion.

The MD affirmed MOFI's intent to collaborate closely with NGX to pinpoint suitable government-owned entities that can transition towards listing on the capital market. This strategic move aims to professionalise their operations to meet the rigorous governance, operational, and reporting standards required for exchange listing. It also offers enhanced visibility and access to investment capital, consequently bolstering market capitalisation.

During interactions with the media, Mr. Takang elaborated on the national asset register, clarifying its scope to include corporate assets such as minerals, oil and gas, concession holdings, real estate, spectrum licenses, airports, seaports, roads, and other intangible assets capable of generating government revenue.

Mr. Takang underscored the significance of the partnership with capital market stakeholders as a means to mobilise domestic resources and unlock greater value from the nation's underutilised assets.

The collaborative discourse with capital market stakeholders assumes vital importance, as it enables the government to seek capital for its various agencies, thereby moving away from funding their operations exclusively through the annual national budget.

"We must leverage the capital market for fundraising. Our collaboration with the Chartered Institute of Stockbrokers (CIS) and the Association of Stockbroking Houses of Nigeria (ASHON) is geared towards mobilising essential investment capital," he emphasised.

Facilitating government-owned entities' entry into the capital market would usher in a new era of transparency and adherence to market regulations, thereby aiding MOFI's pursuit of well-managed enterprises.

He lamented about the prevalence of stagnant state-owned companies that have failed to deliver value commensurate with their intended purpose. He cited an illustrative example of a three-decade-old corporation that, despite receiving an initial investment of $80 million in capital and debt servicing, has dwindled in value to a mere $5 million, devoid of substantial returns.

"Mobilising the capital market is essential for MoFI's role as a true custodian of government assets. We must be actively engaged in asset management. In the future, all government spending must align with a sound investment case, backed by performance targets," he stressed.

In his opening remarks, Mr. Temi Popoola, the MD of NGX Limited, underscored the market's improved governance and regulation, which stand as cornerstones for all operational activities.

Mr. Popoola commended MoFI for its pivotal role as the guardian of government investments and assets, affirming NGX's readiness to collaborate in facilitating capital access for listed government-owned entities, thereby enhancing their ability to contribute to Nigeria's capital market growth.

This partnership, Mr. Popoola emphasised, presents an opportunity for the capital market to play an active role in advancing the government's developmental agenda, encouraging local investors to take a more proactive role in the market's progression.

Furthermore, Mr. Tinu Awe, MD of NGX Regulation Limited, reiterated the exchange's commitment to robust regulation, highlighting the shared commitment among members to promote transparency, safeguard investor interests, and mitigate risks, ensuring the market functions seamlessly.

This undertaking aims to precisely identify government holdings prior to devising plans for optimising their value for the greater national benefit

NBS: Nigeria's Inflation Surges By 24%, With 98% Increase In Transportation Cost

By Majeed Salaam

Nigeria's inflation surged to 24.08 percent in July, as reported by the National Bureau of Statistics (NBS).

This marks the most significant spike in 2023 and a considerable increase over the recent past.

In the previous month of June, inflation stood at 22.79 percent. However, it has now risen by 1.29 percentage points.

The NBS stated, "In July 2023, the headline inflation rate escalated to 24.08 percent, surpassing the June 2023 rate of 22.79 percent.

Analysing the movement, the July 2023 headline inflation rate exhibited a rise of 1.29 percentage points compared to the June 2023 headline inflation rate."

When considering a year-on-year perspective, the headline inflation rate for July 2023 was 4.44 percentage points higher than the rate recorded in July 2022, which was 19.64 percent.

This indicates a noticeable increase in the headline inflation rate for July 2023 compared to the same month in the previous year (July 2022).

In the same vein, NBS in its report recently shows that transportation costs surge by 98 percent in a single month.

According to data from the NBS, the average expense for bus transportation within Nigerian cities surged from N649.59 in May 2023 to N1,285.41 in June 2023. This significant increase of 98 percent or N636 occurred within just one month, corresponding with the rise in premium motor spirit prices.

The details were unveiled in the transport fare watch report for June 2023 by the NBS, encompassing a comprehensive breakdown of bus journeys within cities on fixed routes, intercity bus travel charges per person, and other modes of transportation.

Comparing the figures on a year-to-year basis, the report indicated a staggering 120.63 percent rise in bus fares from the N582.61 paid by passengers in June 2022.

Furthermore, the average fare paid by commuters for intercity bus journeys per drop ascended to N5,686.49 in June 2023, marking a 42.09 percent increase from May 2023's N4,002.16. This notable month-on-month hike was also accompanied by a 55.25 percent surge from N3,662.87 in June 2022.

In summary, the report stated, "The average fare paid by commuters for bus journeys within the city per drop surged by 97.88 percent, rising from N649.59 in May 2023 to N1,285.41 in June 2023. On a year-on-year basis, this reflected a growth of 120.63 percent from N582.61 in June 2022. In another category, the average fare paid by commuters for intercity bus journeys per drop rose to N5,686.49 in June 2023, indicating a 42.09 percent month-on-month increase compared to May 2023's N4,002.16. On a year-on-year basis, the fare experienced a rise of 55.25 percent from N3,662.87 in June 2022."

Similarly, fresh data released by the NBS reveals an ongoing trend of increased food costs among Nigerians during the month of June 2023.

In the NBS's food price analysis for June, the prices of essential daily consumables for Nigerians exhibited a range of fluctuations, with increases ranging from 8 percent to as high as 12 percent on a month-to-month basis. Comparing the period between June 2022 and June 2023, an average rise of 30 percent in food prices was observed.

The selection of foods surveyed included staples like rice, beans, wheat, yam, tomatoes, beef, bread, and vegetables. This survey reiterates the growing financial strain experienced by individuals and households in Nigeria due to elevated food costs.

To illustrate, the average cost of one kilogram of boneless beef escalated by 5.26 percent, transitioning from N2,520.52 in May to N2,653.02 in June 2023. When considering the year-on-year aspect, this item's average cost surged by 27.55 percent from June 2022 to June 2023.

Nigeria's primary staple, rice, underwent a notable price surge from N555.18 per kilogram in May to N608.20, marking a substantial 9.55 percent monthly increase. Comparing June 2023 to June 2022, Nigerians paid 32.17 percent more for a kilogram of rice.

Tomatoes experienced a significant increase in average price per kilogram, soaring by 24 percent from June 2022 to June 2023, reaching N547.28. On a monthly basis, the cost per kilogram of tomatoes rose from N555.18 to N608.20, representing a 9.55 percent spike.

The average price of a one-kilogram yam tuber witnessed a substantial 32.85 percent surge from June 2022 to June 2023, with an additional 11.70 percent increase from May to June 2023.

The cost of wheat flour also saw a remarkable uptick, with a 28 percent jump in its price for a two-kilogram package in June 2023 compared to June 2022.

The trajectory of food prices in Nigeria has been consistently upward in recent years, as inflation has remained persistently high. The NBS reported a June inflation rate of 22.71 percent, the highest in nearly two decades.

According to data from the NBS, the average Nigerian is allocating approximately 56 percent of their income toward food expenses. In contrast, more developed countries like the U.S., Canada, and the U.K. dedicate just under 15 percent of their income to food expenditures.

Given the latest report from the NBS indicating a further rise in food prices, the proportion of income spent on food among Nigerians is expected to increase even more. This poses a challenge, especially considering that income levels have remained stagnant for a considerable period.

In response, President Bola Tinubu's administration recently declared a state of emergency on agriculture and food security, elevating it to a priority within the National Security Council's agenda.

This initiative encompasses various strategies, including addressing farm and farmer security, securing funding, harnessing river basins for year-round agriculture, and establishing a commodity exchange board. The success of the plans and their implementation remains to be observed.

> Comparing the figures on a year-to-year basis, the report indicated a staggering 120.63 percent rise in bus fares from the N582.61 paid by passengers in June 2022

PHOTO NEWS

Reflections from a 2–Day Sensitisation Workshop for Senior Management and Executive Staff of Nigeria Deposit Insurance Corporation (NDIC) in collaboration with the Bureau of Public Procurement (BPP) on the theme: "Result-Based Procurement: Strategic Approach" held recently at Four Point by Sheraton, Ikot-Ekpene, Uyo, Akwa Ibom State.

Mr. Mohammed Kollere, Deputy Director, NDIC Academy, doing a presentation while others look on at the workshop.

L-R: Muhammed Kollere, DD, NDIC Academy; Olawale Bakare, Director, Procurement & Magt. Services; Stella Henshew, Director, Strategy Development; Cooky Gam Nkese, Head, Board Secretariat; Bashir Nuhu, Director, Communication & Public Affairs; and Henry Formah, Head, Legal Department, NDIC

PHOTO NEWS

Adebowale Adedokun, BPP Director, Research, Training & Special Project presenting a paper

A group of participants at the workshop.

NDIC's Soothing Balm On Closed MFBs/PMBs Depositors' Pain

Cross section of the BPP and NDIC Executives and Senior Management during Opening Ceremony of the Workshop

By Gbenga Fabuyi

Mr. Jerry Dike, a depositor of Ally Microfinance Bank, Dutse, Abuja was in utter disbelief on hearing the news of revocation of the bank licence recently by the Central Bank of Nigeria (CBN). He was not only cast into a rude shock; he was in panic as to what becomes of his hard-earned savings. But before he could sink deeper into the confusion that momentarily engulfed his life, a seemingly instant respite came his way. He had received a short message service (SMS) from the Nigeria Deposit Insurance Corporation (NDIC) inviting him to come to the premises of the same bank the following day to verify his deposits and subsequently get paid the insured sum. Mr. Dike could receive up to a maximum limit of N200,000 as insured sum, depending on his balance in the closed bank.

Mr. Dike held the news as a delicate piece, pondering whether or not to believe it. He reluctantly headed for the premises of the bank the following day with a slim hope. However, all that gloom disappeared as he saw the bank opened by the NDIC officials who were already on ground to commence verification of depositors. To further bolster his confidence, he was warmly received and verified by confirming documents he brought forward as proof of account ownership and means of identification. He was consequently profiled for payment of her insured sum, which would be credited into the alternate account he had provided within seven days.

The story was not different with Mrs. Obianuju Udeogu, a depositor of FCT Microfinance Bank, Garki, Abuja that was also closed by the CBN. The despair that hanged on Mrs. Udeogu the previous night soon dissolved into high hope with her verification at the premises of the closed bank by the NDIC officials the following morning.

What Had Happened

The CBN had on Tuesday 23rd May 2023 published in two federal government official gazettes, the revocation of operating licences of 179 Microfinance Banks (MFBs) and four Primary Mortgage Banks (PMBs) pursuant to Section 12 of the Banks and Other Financial Institutions Act (BOFIA) 2020. The apex bank said that the closed banks had either remained inactive, insolvent, failed to render returns, closed shop, or ceased to carry on the type of banking business for which they were licensed for more than six months, in contravention of the BOFIA 2020.

NDIC's Soothing Balm

However, the anguish that the licence revocation would have brought to the depositors were promptly arrested and converted to excitement by the NDIC which swiftly activated mechanisms for the discharge of its deposit guarantee mandate. The NDIC was established in 1989 to administer the deposit insurance system (DIS) in Nigeria. Deposit insurance system is a financial guaranty to protect depositors in the event of bank failure. It is also an additional measure of safety for the banking system. Cumulatively, deposit insurance is meant to bolster public confidence in the banking system by assuring of safety of depositors' funds and mechanisms for orderly distress resolution to minimise disruption to the payment system. Apart from deposit guarantee, other mandate of the NDIC include bank supervision, failure resolution and bank liquidation.

With its instantaneous response on the ongoing verification of depositors of a hugely 179 closed MFBs and four PMBs, NDIC has, once again, brought its operational readiness and resilience to the fore in manner that earned it the admiration of stakeholders. But what exactly has the corporation done in this particular instance?

> ...simultaneously, each depositor was contacted directly through SMS on where specifically to report to for the verification

What NDIC Has Done

Mr. Bashir Alhassan Nuhu, Director, Communication and Public Affairs Department of NDIC said that the corporation acted in line with global best practice and International Association of Deposit Insurers' (IADI) Core Principle which stipulates instant verification and subsequent payment to depositors by a deposit insurer within seven days of becoming the liquidator of a closed bank. According to Mr. Nuhu, based on the collaboration between the CBN and NDIC, and giving its operational readiness, the corporation mobilised all human and material resources required for immediate verification ahead of the revocation. Mr. Nuhu said that it was seamless for the NDIC to deploy closing teams to over 188 closed bank premises across 32 states of the Federation overnight to take physical control of affairs of the institutions from the operators.

The NDIC spokesperson disclosed that the corporation took several proactive measures to prevent panic among members of the public and achieve high turnout of depositors of the affected banks to claim their money. In his words: "As part of preparations, the corporation had set for massive sensitisation of depositors and the general public on what happened, plans put in place by the NDIC to protect bank customers and steps to be taken by depositors towards payment of their trapped funds, beginning with the insured sums".

He continued: "The NDIC rolled out newspaper advertisements simultaneously with the announcement of revocation by the CBN, stating the list and addresses of all the closed banks to avoid a run on the live banks. Timeline and requirements for verification were also given to depositors. Also simultaneously, each depositor was contacted directly through SMS on where specifically to report to for the verification. Extensive announcement was embarked upon on 34 radio stations across 32 States and the FCT to further create awareness among the depositors. Support of royal fathers and other community leaders in and around the closed banks' host communities were also enlisted to ensure good turnout of depositors ".

What The NDIC's Response Symbolises

It is therefore refreshing that the NDIC rose up to the occasion to prevent suffering of failed MFBs/PMBs depositors following revocation of their bank's licences. The corporation's effectiveness has once again gone a long way, not only to boost public confidence in the banking system, but also to reinforce the position of the deposit insurance system as a potent financial system safety-net participant.

Shedding more light on this, Mr. Nuhu said that the corporation's response on the recent bank closure showed that the NDIC has been able to overcome the challenges that hitherto occasioned delayed verification and payment to closed bank depositors. On actual reimbursement to the verified depositors, he disclosed that the corporation had commenced payment of insured sums within the seven days stipulated by IADI. Some of the depositors that were interviewed also confirmed receiving payments. They were full of praises for the NDIC, not only for effectively discharging its mandate, but also for rubbing a soothing balm on the pains which the closure of their banks could have caused.

Gbenga Fabuyi writes from the Communication and Public Affairs Department, NDIC.

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Embrace Optimism As Major Global Organisations Focus on Growth Amid Recent Economic Measures

POLICY BRIEF

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The trajectory of Nigeria's economic performance and resilience to external shocks is profoundly influenced by domestic policies. Past attempts at achieving growth, controlling inflation, and fostering economic vitality through a combination of fiscal, monetary, and exchange rate policies, including the naira redesign initiative, fell short of expectations.

However, a pivotal shift has occurred with the removal of the petrol subsidy and the implementation of foreign exchange (FX) management reforms. These measures are instrumental in reconstructing fiscal leeway and reinstating macroeconomic stability. In light of this, a moment opportunity has emerged to advance additional policy reforms, aligning with the latest Nigeria Development Update (NDU).

Central to this endeavour is the imperative to adopt a comprehensive reform package encompassing a spectrum of interrelated measures. Such a package would ideally include a new social compact aimed at safeguarding the interests of the underprivileged and most susceptible segments of society. By coordinating these efforts, a synergistic impact on growth, job generation, and poverty alleviation can be maximised.

The initial months of 2023 have witnessed a softening of Nigeria's economic growth, with real gross domestic product (GDP) expansion moderating from 3.3 percent in 2022 to a year-on-year (y-o-y) rate of 2.4 percent in Q1 2023. The intricate global economic backdrop has exerted pressure on Nigeria's economic landscape.

Encouragingly, the current administration acknowledges the necessity for a fresh trajectory and has embarked on crucial reforms, notably the elimination of the petrol subsidy and FX market adjustments.

The cessation of the petrol subsidy is anticipated to yield substantial fiscal savings of around N2 trillion in 2023, equating to 0.9 percent of GDP. These savings are projected to surpass N11 trillion by the conclusion of 2025. Nonetheless, it is vital to ensure compensatory measures to shield the most vulnerable households from the initial repercussions of the subsidy reform. The absence of such support could potentially lead to increased poverty due to higher petrol prices, with enduring adverse consequences.

Similarly, the streamlining of FX windows is poised to enhance FX market efficiency, stimulate private investment, and mitigate inflationary pressures. It is, however, imperative to solidify this reform by eliminating FX restrictions, transparently elucidating the new FX regime's functioning, and concurrently executing supportive monetary and fiscal measures.

The current proactive stance of this administration in effecting anticipated reforms, including the elimination of the burdensome and opaque petrol subsidy and efforts toward FX harmonisation, is both timely and pivotal in steering Nigeria toward a trajectory of economic expansion.

Hence, a robust, large-scale cushioning initiative is advocated to provide swift relief to the impoverished, near-poor, and low-income households disproportionately affected by elevated petrol prices. This endeavour should be a component of a comprehensive strategy reallocating scarce fiscal resources toward development priorities.

Furthermore, it is imperative to articulate specific, pivotal actions to build upon the new government's bold initiations in critical reforms. These actions should encompass restoring macroeconomic stability through increased non-oil revenue, curbing inflation through a well-sequenced blend of trade, monetary, and fiscal policies, and concluding FX reforms. Additionally, an extension of social protection to safeguard the vulnerable and destitute, along with elucidating the manner in which recovered fiscal space will be progressively channelled to address pressing developmental challenges, is paramount.

> Encouragingly, the current administration acknowledges the necessity for a fresh trajectory and has embarked on crucial reforms...

The government's resolute efforts to instigate macro-fiscal reforms to address stubbornly high inflation and meager fiscal revenues are warmly received. It is imperative to deepen and sustain these transformations to emancipate Nigeria from the cycle of macroeconomic instability, limited investments, sluggish growth, escalating poverty, and fragility.

The World Bank underscores that Nigeria has a unique opening to unlock its growth potential, given the pivotal reforms undertaken by the new administration to counter macroeconomic imbalances. This window of opportunity holds the promise of transformative change for countless Nigerians and the establishment of a robust foundation for sustainable, all-encompassing growth.

With momentum established, the government, as articulated by Alex Sienaert, World Bank Lead Economist for Nigeria and co-author of a comprehensive report, possesses the capacity to undertake broader reforms, including the elimination of FX import restrictions, which presently distort the FX market.

In its August report on the oil market, the Organisation of the Petroleum Exporting Countries (OPEC) underscores the persistent burden of high inflation on Nigeria's economy. The trajectory of inflation reveals a steady acceleration, culminating in an annual rate of 22.8 percent y-o-y in June. Food inflation, a key contributor, reached 25.1 percent y-o-y in the same period.

An array of factors, including conflict, climate change's reverberations, population pressures, and below-average agricultural output, has exacerbated the scarcity of food resources over recent years. In response, the Nigerian government has introduced a comprehensive financial package totaling N500 billion. To temper inflation, the Central Bank of Nigeria (CBN) has raised the key policy rate by 25 basis points to 18.75 percent in July.

Nigeria's economy has demonstrated either forward momentum or signs of growth potential. Recently, the nation witnessed its 10th consecutive quarter of growth, albeit the expansion was comparatively subdued, partly attributed to the adverse impacts of a liquidity squeeze experienced throughout the quarter.

Collectively, optimism surrounds Nigeria as global attention fixates on the ongoing measures instituted by the current administration to mend the economy.

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