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Economy & Investment
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NAICOM Takes Action To Expose Unsettled Insurance Claims By Defaulting Firms PG 9

Among Others, Expand Manufacturing Base, Make Infrastructure, Fiscal Policy Main Driver

EDITORIAL

Considering the focus of President Bola Ahmed Tinubu-led administration and the policies made so far, we want to encourage the administration to redirect the funds made from the fuel subsidy removal into public infrastructure, transportation, affordable housing, education and health, and strengthen the social safety net for the poorest of the poor, thus averting increased security challenges.

We urge this administration to make our fiscal policy the main driver because monetary policy is weaker and a less effective instrument as we all can see. Bad monetary policy is, of course, destructive. But even good monetary policy as we can understand cannot carry the load the fiscal arm can. The federal government must steadily remove itself from the fiction of tying our budgets to dollar denominated oil revenues.

The old policy cannot work because pegging our budget to a dollar standard is as outdated as the fuel subsidy itself. It is

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Finance Minister Wale Edun Unveils President Tinubu's Economic Agenda

- Vows To Fulfill Renewed Hope Vision
- Says Economy Stagnated For The Past 10 Years

*Just two weeks ago, **President Bola Ahmed Tinubu** inaugurated a group of 45 ministers, constituting the Federal Executive Council (FEC). He urged them to immediately embark on their responsibilities in order to achieve the goals outlined in his administration's 'Renewed Hope Agenda'. On resumption, **Mr. Wale Edun,** Finance and Coordinating Minister of the Economy got in the saddle, having unveiled the administration's agenda, enthusiastically emphasising dedication to the well-being of the Nigerian populace, even amidst the challenges posed by ongoing reforms. **Tony Tagbo** reports.*

Without delay, the newly appointed ministers have assumed their roles, with a majority of them making a commitment to diligently execute and bring to fruition the 'Renewed Hope Agenda' put forth by President Tinubu, a commitment he had presented to the public during the electoral campaigns.

Mr. Wale Edun, Finance and Coordinating Minister of the Economy, among others, offered reassurances to Nigerians, projecting a brighter future through the effective implementation of President Bola Ahmed Tinubu's 'Renewed Hope Agenda'.

Mr. Edun expressed confidence that the President remains dedicated to the well-being of the Nigerian populace, even amidst the challenges posed by ongoing reforms. He guaranteed that the current difficulties experienced nationwide would soon become a thing of the past.

Upon his ministerial induction, Mr. Edun addressed the ministry's directors, urging all personnel to uphold their duties with dedication and meet the expected standards of performance.

He stated, "President Tinubu has implemented significant macroeconomic, monetary, and fiscal measures with the aim of transforming the nation's economy. Our responsibility is to mitigate the potential challenges associated with these reforms and ensure the welfare of all Nigerians."

Mr. Edun expressed his approval of the advanced automation and digitisation within the ministry. Observing these advancements, he expressed confidence in the ministry's ability to meet President Tinubu's expectations for the betterment of the Nigerian people.

Commending his predecessor, Mrs. Zainab Ahmed, the former Minister of Finance, Mr. Edun pledged to build upon her economic accomplishments. He vowed to elevate the country's status by leveraging the achievements.

Addressing the ministry's directors in a comprehensive meeting, the former Commissioner of Finance for Lagos State emphasised the lofty hopes Nigerians hold for the present administration. He stressed the importance of not underestimating the aspirations.

"Having previously engaged with the ministry on several special assignments, I recognise the commendable work done by the former Minister of Finance, Budget, and National Planning, Mrs. Zainab Ahmed. Our goal is to reinforce her efforts and push for even greater heights.

"We are committed to delivering tangible results, as the expectations of Nigerians are substantial. President Tinubu has initiated critical macroeconomic, fiscal, and monetary strategies that will lead Nigeria towards a brighter future. It is incumbent upon us to collaborate in alleviating any associated difficulties. We are fully aware of our responsibility to ensure that these reforms are inclusive and

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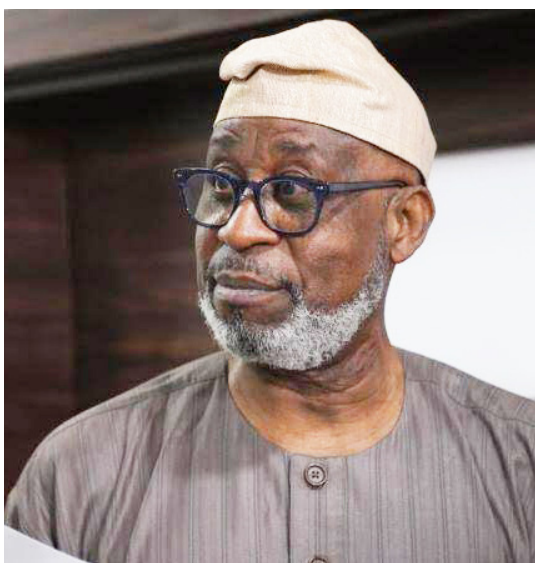
Mr. Wale Edun, Minister of Finance And Coordinating Minister of The Economy

Mr. Abubakar Bagudu, Minister of Budget and Economic Planning



Mr. Dele Alake, Minister of Solid Minerals Development

Mr David Umahi, Minister of Works

CBN Settles 5.10bn Yuan as Nigeria-China Currency Swap Renewal Looms

● Introduces Fresh Guidelines for BDC Operations

● Differs With BDCs As FX Black Market Premium Widens

By Jennete Ugo Anya

The Central Bank of Nigeria (CBN) has completed the repayment of 5.10 billion Chinese yuan (CNY) out of the total 6 billion yuan utilised under the Nigeria-China currency swap arrangement, slated for renewal in the upcoming year.

The apex bank conveyed this update in a response addressed to Mr. Femi Falana, a human rights advocate, who in June 2023, submitted a Freedom of Information (FOI) request to the CBN, seeking disclosure of the intricacies surrounding the currency swap deal.

According to the CBN, the currency swap pact initiated in July 2018, underwent renewal in April 2021, and allowed for an overdraft amount of 15 billion yuan within that year. The CBN stipulated that the renewal of this agreement is scheduled every three years.

In its statement, the bank detailed that since the renewal, 9 billion yuan had been accessed, 6 billion yuan utilised, and 3 billion yuan remained outstanding. Among the 6 billion yuan used, 5.10 billion yuan has been reimbursed, leaving 2.10 billion yuan untapped, resulting in an outstanding balance of 900 million yuan, yet to be repaid. The next renewal is anticipated in the year 2024, as outlined by the CBN.

Mr. Falana raised concerns regarding the usage of naira and yuan for transactions, lamenting that the federal and state governments, along with the business community, have been constrained in their ability to conduct business seamlessly using these currencies.

The ceremonial signing of the agreement took place in Beijing, China, on April 27, 2018, officiated by Mr. Godwin Emefiele, the suspended governor of the CBN, alongside the Chinese delegation led by Yi Gang, the governor of the People's Bank of China (PBoC). This event marked the culmination of over two years of arduous negotiations between both central banks.

The primary aim of the deal was to furnish sufficient local currency liquidity to industrialists and enterprises in Nigeria and China, thus mitigating the challenges faced in sourcing alternate foreign currencies.

Notably, Nigeria became the third African nation to forge such an agreement with the PBoC. This arrangement furnished naira liquidity to Chinese businesses and renminbi liquidity to Nigerian companies, thereby bolstering the pace, convenience, and magnitude of transactions between the two countries. Furthermore, it facilitated effective management of foreign exchange reserves for both nations, fostered financial stability, and catalysed broader economic collaboration.

Operationalising this agreement has streamlined processes for numerous Nigerian manufacturers, small and medium enterprises, as well as cottage industries involved in production and exports. These entities can now import raw materials, spare parts, and basic machinery with ease, leveraging available renminbi liquidity from Nigerian banks, thereby circumventing the challenges posed by scarce foreign currencies.

Introduces Fresh Guidelines for BDC Operations

The CBN unveiled updated operational directives for entities engaged in Bureau de Change (BDC) activities within the nation.

The guidelines stipulate the permissible boundaries for BDCs involvement in the Nigerian foreign exchange market.

As conveyed through a circular published on the apex bank's website recently, Dr. O.S. Nnaji, Director of the Trade and Exchange Department, communicated these alterations to both BDC operators and the general public.

This initiative has been implemented with the aim of enhancing the effectiveness of the foreign exchange market.

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

Outlined within the circular is the determination that BDC operators can engage in buying and selling activities only within a defined range of -2.5 percent to +2.5 percent of the prior day's weighted average rate in the Nigerian foreign exchange market.

Furthermore, the circular accentuates the requirement for BDC operators to consistently submit prescribed financial reports on the Financial Institution Forex Rendition System (FIFX). Notably, this system has undergone enhancements to cater to the distinctive needs of individual operators.

This initiative has been implemented with the aim of enhancing the effectiveness of the foreign exchange market

Effective immediately upon the issuance of the circular, BDC operators are informed that failure to submit the stipulated reports within the specified timeframe could result in penalties, including the potential revocation of their operational licenses. In cases where operators have conducted no transactions during a particular period, they are still obliged to submit a "nil return" report. Compliance with these directives is strongly emphasised and expected

CBN, BDCs Differ As FX Black Market Premium Widens

BDC operators appear to be headed for a clash with the CBN due to alleged market infractions, according to emerging market intelligence.

Currently, there is an ongoing dialogue between the bank and the Association of Bureau de Change of Nigeria (ABCON) concerning unfulfilled expectations.

The CBN has previously expressed both publicly and privately its displeasure with BDC operators, accusing them of engaging in actions that it views as undermining the market and manipulating it. The operators, however, reject the allegations and consider them unfounded.

While the CBN primarily holds the registered operators, numbering 5,689 as of December 2021 (with new registrations frozen thereafter), responsible for their actions, ABCON has consistently contested the perspective. They urge the central bank to undertake the challenging task of distinguishing between market speculators and legitimate ABCON members.

Dr. Aminu Gwadabe, the President of ABCON, reiterated the stance, underscoring the difficulty in discerning between market speculators and registered members as a central point of conflict within the sector.

This narrative is likely to gain prominence once again following the CBN's set deadline for ABCON to implement its recently revised guidelines.

It is important to note that the central bank had recently introduced a new framework aimed at enhancing the efficiency of the Nigerian foreign exchange market. This framework incorporates reporting and trading rules intended to bring order to what experts like Prof. Bongo Adi of the Lagos Business School describe as a unique and intricate currency trading environment.

Under the new guidelines, BDC operators are constrained to a trading margin ranging from -2.5 percent to +2.5 percent of the previous day's weighted average of the Nigerian foreign exchange market. Furthermore, while the requirement for filing returns has always existed, albeit frequently flouted by unauthorised street vendors, the revised rule mandates operators to submit daily, weekly, monthly, quarterly, and yearly returns through the upgraded Financial Institution Forex Rendition System (FIFX), as designated by the CBN.

The circular strongly emphasises that non-compliance could result in the revocation of licenses. In alignment with tax return protocols, operators are obligated to file returns as part of broader efforts to restore order and foster a culture of proper reporting.

Multiple sources, validated by Dr. Gwadabe, have confirmed that the CBN followed up with a letter, granting members until August 31 to adhere to the new directive or face punitive measures.

Less than 48 hours prior to the deadline, market insights indicate a substantial discrepancy between the prevailing circumstances and the regulator's envisioned outcomes. Notably, the desired stability through the prescribed margin cap has not been achieved. At the time of reporting, individuals seeking foreign exchange (FX) were still paying a premium of over 19 percent in the black market to access scarce hard currencies for personal or business transactions.

In terms of absolute values, the parallel market rates for the dollar in locations like Lagos, Ibadan, and Abuja were quoted between N910 and N920 per dollar, as observed. In some instances, traders were offering the dollar at N930/$.

While extreme rate quotations could be dismissed as speculative, on online peer-to-peer platforms that closely matched the actual parallel market rates, the exchange rate at noon was N928 for a dollar.

These rates in the alternative market are nearly 20 percent higher than the official market rate of N772/$ that was recorded recently. Furthermore, they surpass the margin set by the CBN by over 15 percent.

The President of ABCON indicated that their members were being trained to provide accurate reports, aligning with the goals set by market regulators. However, uncertainties remain beyond official efforts.

Investigations reveal that besides representatives from BDC firms that interact with ABCON and CBN, numerous individuals are posing as BDC operators without a proper understanding of the rules or compliance measures.

Many of these individuals work under companies lacking the resources to educate them on compliance matters. Some are even resistant to learning, raising questions about the effectiveness of rule enforcement.

Regarding funding, the CBN may have unveiled a funding approach by the deadline of August 31, to potentially allow BDC operators access to official windows, diaspora remittances, international oil companies, and other funding streams to enhance market growth and liquidity.

The CBN acknowledges the challenge of liquidity but suggests that direct funding might be unfeasible. Nonetheless, it emphasises that a sustainable solution must address the sub-sector, which often contributes to market instability.

Despite the CBN's disapproval, banks have been discreetly engaging in market transactions. The market convergence expectation aimed to reduce arbitrage, discouraging round-trip transactions and informal inflows. However, recent data indicate a potential loss of convergence gains.

Informal remittances are rising due to high operational costs with international money transfer organisations.

As a response, individuals are circumventing formal channels, causing a decline in formal inflows and undermining market liberalisation. FMDQ markets recorded a 33.4 percent week-on-week drop in transactions, reversing the initial trend after convergence.

Wale Edun, Others Assume Office, Pledge To Actualise President's Renewed Hope Agenda

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beneficial to all," he articulated.

He called upon the collaboration of the ministry's Directors and other personnel to accomplish the envisioned outcome, emphasising, "Together, we have the capability; let's unite our efforts to ensure the realisation of our aspirations."

Mr. Edun also unveiled some agenda which the President Tinubu-led administration hopes to use in transforming the challenging economic environment. The unveiling was at his maiden briefing in Abuja recently where he also outlined the president's vision, agenda and strategy for the economy.

He said that the administration had pointed out some priority areas including food security, economic growth, utilising human resources by focusing on inclusivity, women and youths, rule of law and anti-corruption, among others.

He said that there would be periodic performance evaluations for the different ministers for Nigerians to see their achievements.

Commenting on how the President hopes to measure performance, Mr Edun said that objective measure of performance will be used. He made reference to inclusivity, stating, "In the area of inclusivity, we will measure literacy rate, out-of-school children and see how successful the trend in reducing out-of-school children, rule of law, anti-corruption etc. likewise other metrics will be used to check how well the administration is doing"

Mr Edun said: "This is to give you elements of President Tinubu's vision and his strategy for the economy, his plans to give a better economy and a better life to Nigerians.

"His plans for the economy are economic growth, job creation and access to capital, particularly consumer credit that makes growth affordable to the average Nigerian. The areas where he is going to take Nigeria and his key priorities are to improve the lives of Nigerians by providing food security and by ending poverty."

The Honourable Minister noted that the last time that the country had low inflation, low exchange rate, affordable interest rate and considerable economic growth was 10 years ago. "We all know we are not where we should be; the economy is growing barely above the rate of population growth, but it was not always so," he said.

Mr. Edun also noted that during the period of former President Goodluck Jonathan, the country had enough foreign exchange to defend the naira and meet its fiscal obligations.

"What that points to is that we have a situation where if government does not have the money, it needs to facilitate and allow private funding and other sources of funding such as foreign direct investments (FDIs) and domestic investments by Nigerians in all areas," he said.

He said those were ways in which the private sector could contribute to President Tinubu's strategy of economic recovery. Mr Edun said that President Tinubu's agenda is increasing revenues so that there is enough funding from the government to carry out its expenditure.

"On the one hand, it is by increasing tax revenue, not by increasing taxes, but by bringing greater efficiency, and to maximise the revenue. "There will be an emphasis on efficiency in government expenditure and effective debt management so that borrowing has linked to it, the effective debt management.

Speaking further, Mr. Edun noted that the prevailing circumstances that necessitated the economic growth of the 2010s were not present today hence the government has to allow private funding for certain problems.

Mr. Wale Edun, Minister of Finance and Coordinating Minister of the Economy, and **Senator Solomon Adeola Olamilekan**, Chairman Senate Commitee on Appropriations, at the IMF/World Bank Spring Meetings in Washington DC recently

He said the President's antecedents of deploying private investment in areas such as infrastructure, power, waste management etc. during his time as Governor of Lagos serves as a pointer towards the plan of the current administration.

On the way forward, the Honourable Minister pointed out at the President's eight priority areas as his key priorities to improve the lives of Nigerians by providing food security and by ending poverty.

Also speaking at the briefing, Mr. Taiwo Oyedele, Chairman, Presidential Fiscal Policy and Tax Reforms Committee, hinted plans to review the nation's tax regime, and close N20 trillion which the country loses to tax avoidance, evasion and incentives annually.

He said that Nigeria loses up to N6trillion annually to tax incentives adopted by past governments, which did not yield the desired benefits for the country.

"When you do not look at your incentive regime, it can get to a point where it becomes a distortion for economic growth. "If you look at our tax expenditure reports, over the past three or four years on the average, we were giving away around N6 trillion per annum. That is significant, and what we have not been measuring enough is the benefit we are getting from that.

"So, I can confirm to you that part of the mandate given to us by the President is to look at incentive regime in Nigeria. So, we can, based on data and evidence, design what is appropriate for us as a country in terms of what we want to drive, so those incentives will be targeted," he said.

Mr. Oyedele said that this administration was focusing on driving an effective fiscal governance, revenue transformation beyond taxes, while optimising the non-tax revenues.

He also said that the target was to achieve 18 percent tax-to-GDP ratio over the next three years, while ensuring reduction in the number of taxes payable by Nigerians.

"So that appears like a contradiction, how do you remove taxes and collect more, but it is easy to explain, because we know where the gaps are. The estimated tax gap which is what you should collect today, if people should pay the right amount of taxes, is in the region of N20 trillion.

"So, to close that gap, we will rely on automation and the efficiency of collection, including harmonisation of how those taxes are collected.

"The other thing is, if you also consider the incentive rationalisation, maybe it is not N6 trillion we should be giving away, maybe it is N2trillion which must be targeted at people that need them the most.

"And the one that is even more interesting is the plan to increase tax revenue by growing the economy. So, if you allow people to be prosperous and businesses to thrive, then you make money from revenue naturally," Mr. Oyedele said. He also said that efforts were ongoing to facilitate economic growth and inclusive development by addressing notable impediments to doing business.

...President Tinubu's agenda is increasing revenues so that there is enough funding from the government to carry out its expenditure

In his opening comments, Mr. Udo Okokon Ekanem, Permanent Secretary for Special Duties in the ministry, recounted the Minister's impressive track record as the Commissioner of Finance in Lagos State. He expressed confidence that the Minister would replicate such a positive influence at the federal level.

"Congratulations on your appointment and transfer to the Ministry of Finance. Within these walls, we have a team of committed and devoted staff members who are eager and prepared to put in the work. Your reputation precedes you, with accounts of your outstanding contributions in Lagos. The staff here are open and responsive. We are enthusiastic about collaborating with you."

Mallam Aliyu Ahmed, Permanent Secretary for Finance, highlighted that the Minister was stepping into familiar territory, given his previous roles both in Lagos and internationally, which have provided him with extensive experience.

Preceding the Minister's address, Mr. Ekanem assured the Minister of the unwavering dedication and allegiance of the entire ministry's staff. He conveyed the staff's readiness to fully support the Minister's agenda.

He affirmed that the ministry's staff "are adaptable to change and enthusiastic about innovation, and they commit to working harmoniously with the Minister."

In the same light, Senator Abubakar Bagudu, the newly appointed Minister of Budget and Economic Planning, expressed his strong commitment to diligently harness the human resources within the Ministry. His primary goal is to unlock Nigeria's economic capacities and possibilities.

Senator Bagudu highlighted the substantial economic advantages that the 'Renewed Hope Agenda' initiated during the Tinubu administration holds for the Nigerian populace.

He delivered this affirmation as he commenced his responsibilities. He received a warm welcome from the Ministry's officials, led by Permanent Secretary Engr. Nebeolisa Anako, and other key directors.

In outlining his strategic vision for the Ministry, Senator Bagudu pledged to grant the various agencies under its purview the autonomy to execute their designated tasks in alignment with relevant legislative frameworks that define their mandates.

One particular focus area for the Minister is the National Bureau of Statistics (NBS). During his tenure, he intends for the NBS to create a well-defined and quantifiable roadmap for the restructuring of the National Statistical System (NSS). This reformation aims to attain sector-specific objectives and achieve milestones outlined in the Sustainable Development Goals (SDGs).

Furthermore, Senator Bagudu emphasised his dedication to prioritising the recently endorsed Social Protection Policy within the ministry. He recognises the imperative of addressing the escalating challenges of poverty and enhancing access to improved living conditions through the effective implementation of this policy.

"We are committed to prioritising social inclusion, welfare, and the essential responsibilities of states and local governments as means of reaching out to our citizens," he stated.

However, Senator Bagudu acknowledged the ongoing challenging economic transition, using the example of the removal of fuel subsidies and its resulting impacts. He emphasised that this situation demands careful consideration of policy adjustments and strategic interventions.

He further highlighted the importance of involving the Ministry of Budget and Economic Planning in guiding the government through the challenging times and providing immediate sustainable relief measures. This, he asserted, is a primary concern for him.

He appealed for wholehearted cooperation and contributions from all ministry staff. He urged all stakeholders to collectively contribute their knowledge, experience, and insights to overcome the current economic challenges facing the country.

Senator Bagudu emphasised that the current national difficulties that all Nigerians are facing present an opportunity to plan and implement well-thought-out interventions. He pledged to encourage input, contributions, and constructive criticism during his tenure as the Minister of Budget and Economic Planning. He expressed his dedication to thinking creatively and implementing policies that would foster economic recovery.

NBS Pegs Unemployment Rate At 4.1% In Q1 Of 2023

● As Kale Faults New Methodology For Unemployment Data, Says Economy 62% Dependent On Oil Sector

By Edmond Martins

Mr. Semiu Adeyemi Adeniran, Statistician-General of the Federation and Chief Executive Officer of the National Bureau of Statistics (NBS)

Recently, the Nigerian Bureau of Statistics (NBS) released a new report that pegged the unemployment rate at 4.1 percent in the first quarter (Q1) of 2023 and 5.3 percent in the previous quarter.

The new figure showed a difference of about 29.2 percent from the unemployment rate of 33.3 percent announced in 2020.

The Statistician-General of the Federation and Chief Executive Officer of the National Bureau of Statistics (NBS), Mr. Semiu Adeyemi Adeniran, announced that the bureau is now following new guidelines established by the International Labour Organisation (ILO) to determine the current employment rate.

The NBS said that the new methodology — introduced by the International Labour Organisation (ILO) — aligns with global best practices.

The employment rate has significantly decreased from the previous 33.3 percent (Q4,2020) to a new low of 4.1 percent. Mr. Adeniran emphasised that this figure accurately represents the current state of employment in our country.

Reacting to the ILO's mythology, the former statistician-general of the federation, Dr. Yemi Kale, said that he had refused to change the country's unemployment data-gathering methodology at his time because it contradicted the system Nigeria operates.

Dr. Kale said that during his time at the NBS, the committee in charge of reviewing the minimum number of work hours to count as employed, felt one hour did not make sense because the income generated within that time frame was not necessarily livable.

He, who is currently Chief Economist at KPMG, also stressed that the most important point of data is to "give policymakers the tools they need to understand the problems, proffer solutions, and monitor the impact of those problems".

"If the policy and data are to match, policymakers need to come out to say that all they are promising Nigerians is one hour of employment, then the methodology works. But if the methodology is focused on one hour and policymakers are trying to look for full-time employment, the data would not help them," he said.

"It is only there for textbooks, researchers, and international comparison, and there is nothing wrong with that.

"The most important use of data is to provide information for policymakers, not for international comparisons. You have to ensure that your policymakers can use your data.

"This is why I resisted for 10 years because it did not make any sense in terms of providing the information that our policymakers need.

"So, the 20 hours was set because the committee that was set up, which included the ILO, university professors, United Nations Development Programme (UNDP), population commission, and the Central Bank of Nigeria (CBN), presented their findings and they decided that one hour did not make sense because the income you will generate on an average from one hour's work was not going to work.

"The 20 hours was decided on because it was agreed that if you work for that duration, you might be able to generate enough income that might sort of equate to what working one hour in the United States is, then you have a bit more comparison."

Dr. Kale, however, said that unemployment figures from the NBS have always been in line with the international benchmark.

He said that in many of the countries that pushed for the new standard, one hour of work made sense, adding that what the ILO had set was a base guideline and countries could tweak it to suit whatever their needs are.

The economist, therefore, said that the new unemployment rate could be misleading to policymakers.

In his response to Kale's views, Mr. Wakili Ibrahim, Head of communications and public relations department at NBS, said that times have changed and some Nigerians now earn from working for just one hour.

He insisted that the new methodology was in line with international standards.

"The new methodology is internationally accepted. All our neighbouring countries in Africa are using the new methodology of one hour," Mr. Ibrahim said.

"The world is changing. In high-tech countries, if you work for one hour, you can earn what somebody in a bank cannot earn in one year because of information technology (IT).

"Look at lecturers, a lecturer can go lecture for one or two hours, and they will pay him about N200,000 or N300,000 in one or two hours. So, what is the basis for ignoring those ones?

"It is the dynamic world that informed ILO and NBS to adopt this method to capture these people that spend one hour."

Mr. Ibrahim added that if the new methodology was not used, "people will be left out when you use 20 hours as the minimum hour. It is not the question of NBS but the question of the changing world."

In another development, Dr. Kale has noted that approximately 62 percent of Nigeria's economy is intricately linked to the oil sector. He shared this insight during an interview on 'AriseTv Business show'.

Reflecting on the recently published gross domestic product (GDP) and employment report by the NBS, he put forth a hypothesis that nearly two-thirds of the economy, both directly and indirectly, relies on the developments within the oil industry.

Dr. Kale's analysis underlines the importance of the oil sector in determining the country's economic trajectory. He emphasised that if the oil sector continues to experience contraction, the economy's growth will likely remain limited to the modest rates of around two percent to three percent.

Addressing the GDP figures, he attributed the sluggish economic growth in part to the reduction in oil production during the initial month of the third quarter. As long as this trend persists, he anticipates a continuation of slow economic expansion.

Expanding on his point, Dr. Kale pointed to the manufacturing sector as an example. He highlighted that this sector heavily relies on revenue generated from oil sales to secure foreign exchange for imports.

He contrasted this with non-oil-dependent industries such as telecommunications services, creative arts, and entertainment, which have shown growth despite fluctuations in the oil sector.

When asked about the possibility of declaring a state of emergency in the oil sector, Dr. Kale indicated that the challenges causing the sector's contraction and decreased investment are not novel.

He identified factors like the global shift towards greener energy sources, as well as oil theft and vandalism, as contributing to the sector's struggles. He suggested that enhancing security measures would significantly contribute to sectoral growth.

He advocated for the installation of sensors on pipelines to promptly detect breaches, facilitating swift security responses. He stressed that resolving security concerns should be the priority, rather than declaring a state of emergency, which might not be as effective.

In the most recent NBS report, Q2 GDP growth rate for Nigeria decelerated to 2.5 percent from the 3.54 percent recorded during the corresponding quarter in the previous year.

Notably, the oil sector's contribution to the GDP contracted to 5.34 percent, trailing behind activities such as crop production, trade, and telecoms/information services.

NSIA Engages In Collaborative Efforts To Advance Cancer Treatment In Nigeria

By Anita Dennis

The Nigerian Sovereign Investment Authority (NSIA) recently orchestrated a pivotal gathering of oncology stakeholders and strategic allies during the inaugural NSIA Oncology Summit held in Lagos.

The primary objective, as per an NSIA statement, was to foster partnerships among stakeholders and enhance overall patient outcomes in cancer care.

The summit saw the participation of over 200 oncology medical professionals, representing 11 prominent Nigerian tertiary hospitals, alongside international collaborators such as the University of Chicago, American Oncology Institute India, American Society of Clinical Oncology, BioVentures for Global Health, Memorial Sloan Kettering Cancer Centre, American Association of Physicists in Medicine, and the University of Pittsburgh Medical Centre.

Throughout the summit, medical experts congregated into specialised focus groups to address the impediments facing oncology care in Nigeria, explore potential solutions, and outline strategies for retaining homegrown talent.

Mr. Aminu Umar Sadiq, the Managing Director of NSIA, emphasised the significance of this gathering, stating, "This is a crucial initial step in uniting key oncology stakeholders to elevate the quality of cancer care in Nigeria."

Healthcare has been a focal point of investment for NSIA. The establishment of the NSIA Healthcare Development Investment Company underscores their commitment to bridging medical infrastructure gaps, fostering strategic alliances to enhance patient care, and bolstering the pool of medical professionals.

In 2019, NSIA unveiled the NSIA LUTH Cancer Centre, a world-class outpatient oncology facility that has since provided care to over 10,000 unique cancer patients. Additionally, NSIA invested in two diagnostic projects situated within the Aminu Kano Teaching Hospital and the Federal Medical Centre in Umuahia.

Presently, NSIA is in the process of expanding these initiatives, with plans for three more Oncology centres, 23 additional diagnostic centres, and seven catheterization laboratories distributed across Nigeria's six geopolitical zones. NSIA's wholly-owned medical services portfolio company, Medserve, has been established to execute these projects.

Furthermore, recognising the prevalence of outdated medical equipment and challenges in their operation and maintenance, NSIA has launched another wholly-owned subsidiary called Equilease Systems Limited. This subsidiary aims to provide alternative financial solutions to healthcare providers, alleviating the financial burden associated with acquiring and maintaining modern medical equipment through strategic collaborations with original equipment manufacturers.

EDITORIAL

Among Others, Expand Manufacturing Base, Make Infrastructure, Fiscal Policy Main Driver

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also restrictive and ties the economy to slow growth.

It is our position that just as the common man must mentally sever the cord to the subsidy, the elite must sever the cord to this artificial fiscal restraint.

We ask that the administration's budgeting should be based on the projected spending levels needed to push real annual growth rate above 10 percent, while reducing the unemployment rate, so that the economy would be doubled in a few years.

We have noted that to cater for the economic needs of the over 200 million Nigerians, this administration would have to expand the manufacturing base to provide jobs, and also to create affordable goods and products for the population.

Therefore, we ask this administration to understand that for our industries to thrive, they need inputs, many of which are agriculture based. We are urging the present administration to ensure heavily investment in agriculture, providing loans and expanding the country's total area of cultivated land for crops, livestock and fisheries. The President should promote vibrant commodity exchanges that will guarantee minimal pricing for produce.

The government should build on this, with a focus on using technology and expertise to accelerate growth in yields, delivering the critical infrastructure necessary to achieve the commodity transformations and agribusinesses to plug seamlessly into higher, more lucrative, entry points in regional and global value chains.

Building on this foundation, the government should accelerate the faithful implementation of the 'Infrastructure Master Plan' by adopting proven financing structures till it delivers an acceptable stock of hard infrastructure through seaports and airports; and road, rail and water transportation linkages that can support our desired economic growth.

This administration should also look to fixing the perennial problem of energy supply; take it as top priority as the President would note that there is no version of the world where Nigeria's ambitions for itself can be achieved without solving the problem of how to provide energy to homes and businesses across the country.

Putting it simply, going forward, the government should ensure improved enabling environment, further decentralise transmission, and deliver cost reflective tariffs to attract more private investments in the sector.

To solve the problems of restrictions that were placed on import and foreign exchange to promote industrialisation, this administration should improve transparency, moving toward a unified exchange rate. This is because by relaxing a stifled trade and capital control policies, domestic and foreign investors will be encouraged to invest more in the economy.

Thus, unification of the Naira exchange, and the transparency it creates, should be a top priority of this administration.

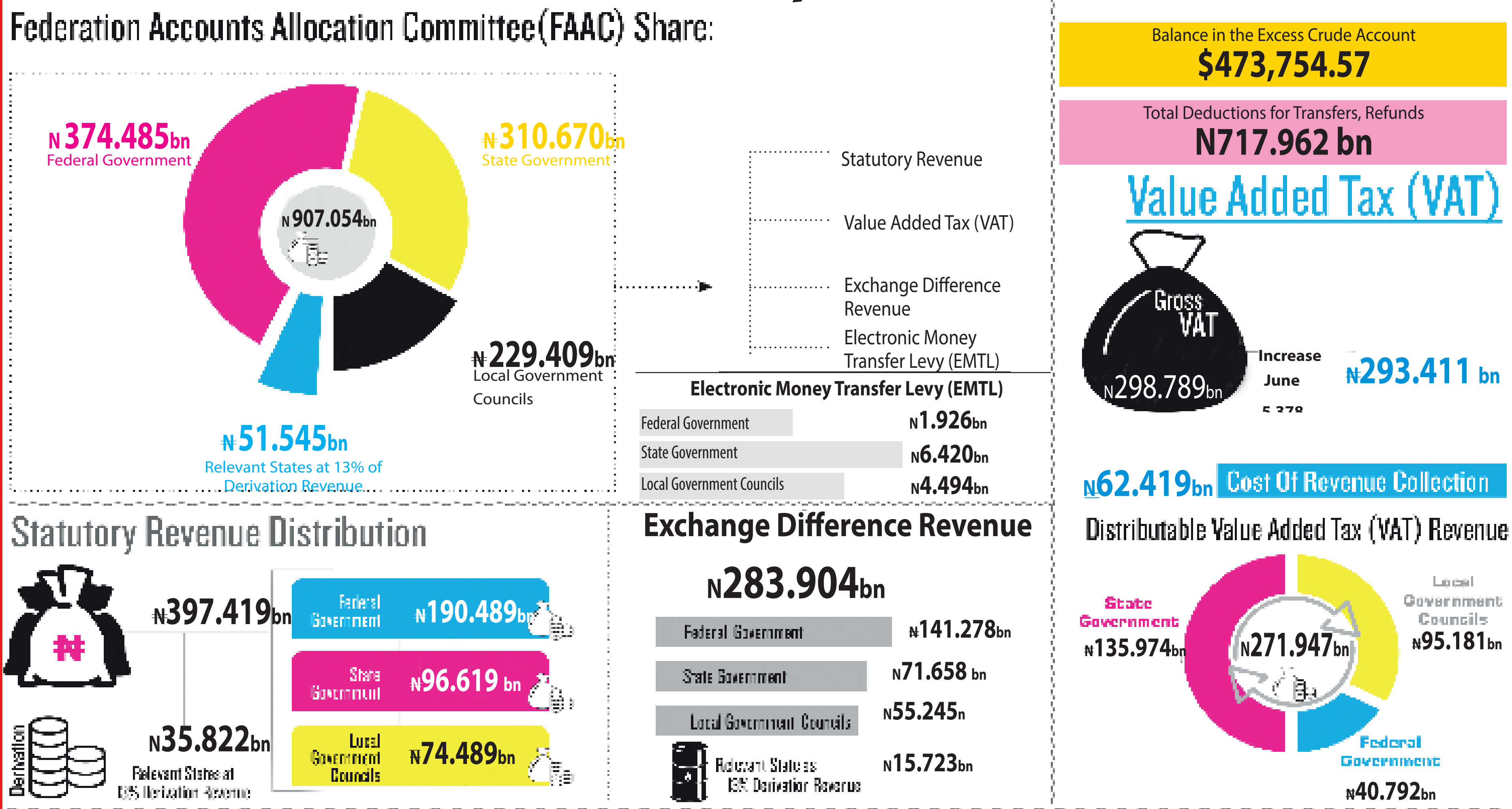
On the major issue of unemployment in the country, Mr. President should rather focus on the creative sector, which has an opportunity to provide millions of jobs annually.

He should note that taking the creative sector as an example of a sector that already engages millions of our youth, the sector has significant untapped potential for generating quality jobs and foreign exchange earnings for our country.

From music to movies, and to fashion, this administration has to create a legal environment that can attract much-needed private investment into the sector, eliminate widespread piracy and copyrights issues, as well as support the development of quality hard infrastructure needs.

We honestly call on the government to put in place public infrastructure, transportation, affordable housing, education and health, and strengthen the social safety net for the poorest of the poor and expand the manufacturing base, make fiscal policy the main driver, among others in the country.

FAAC Shares N966.110 Billion July 2023 Revenue To FG, States And LGCs



The communiqué indicated that in the month of July, Import and Excise Duties and Electronic Money Transfer Levy (EMTL) increased considerably while Value Added Tax (VAT) increased marginally. It added that Petroleum Profit Tax (PPT), Companies Income Tax (CIT) and Oil and Gas Royalties recorded significant decreases.

VIN Valuation: NCS Cracks Down on Revenue Loss from Imported Used Vehicles

• Rejects N50m Bribe From Suspected Smuggler • Initiates VAT On AGO

By Kingsley Benson

The Nigeria Customs Service (NCS) has once again sounded the alarm regarding revenue losses incurred through the importation of used vehicles via Nigerian ports.

In response, the NCS has implicated examination and valuation officers at various commands for their failure to adhere to proper procedures for the examination, valuation, and release of used vehicles.

To address this issue, the NCS has issued a directive mandating that all used vehicles undergo valuation at the valuation seat after examination. This step is intended to verify the specific 'trim' of the imported vehicle and determine the accurate value, rather than simply applying a generic 'base' value.

The Assistant Comptroller General, Tariff and Trade, Mr. C.K Niagwan, issued this directive in Circular NCS/T&T/2023/014.

In a follow-up statement, the National Public Relations Officer of Customs, Mr. Abdullahi Maiwada, clarified that the circular pertains specifically to imported used vehicles with 'trim' numbers. These numbers play a crucial role in identifying distinct versions or tiers within a given car model, delineating various configurations, features, and equipment levels associated with the model.

Mr. Maiwada further explained that different trim levels offer varying technological advancements, interior and exterior features, and occasionally, distinct engine options. As a result, vehicles with higher trim levels have an elevated value compared to the base model. To ensure fairness and accuracy, the NCS now mandates that imported used vehicles with trim numbers undergo valuation at the valuation seat after a thorough examination. This process aims to establish the precise customs value of the vehicle.

However, the Association of Nigerian Licensed Customs Agents (ANLCA) has expressed opposition to this directive. ANLCA's Sole Administrator, Alhaji Babatunde Mukaila, raised concerns that the service might compromise the Vehicle Identification Number (VIN) valuation compliance procedure by reverting to manual valuation methods.

This development comes after the NCS previously highlighted issues related to duty payment on imported used vehicles, commonly referred to as Tokunbo vehicles. A memorandum from the office of the former Assistant Comptroller General of Customs, Tariff and Trade, ACG Musa MBA, dated 17th July 2023, revealed that some clearing agents were allegedly defrauding the federal government. Specifically, the memorandum cited instances where the approved value on assessment slips for the extended procedure code 846 was not fully utilised.

In response to these infractions, the NCS called upon the Corporate Affairs Commission (CAC) to take immediate action to halt these activities and collaborate with relevant departments to recover lost revenue. The NCS emphasises its commitment to strict compliance with proper procedures to prevent further financial losses.

Mr. Bashir Adewale Adeniyi, Acting Comptroller- General of Customs

In a separate development, the customs department turned down a bribe of N50 million from a suspected smuggler. The Tincan Island Command of the customs agency has reported that it firmly rejected an offer of N50 million made by an alleged smuggler involved in the trafficking of tramadol and other illicit substances, in exchange for the release of his seized container.

Addressing the media, Mr. Adekunle Oloyede, the Customs Area Comptroller of Tincan, revealed that the suspect, identified as Mr. Boniface Ike, acknowledged ownership of two 40-foot containers which were apprehended carrying drugs with an assessed value of N550 million.

Mr. Oloyede recounted that the suspect's monetary offering would be utilised as evidence in the case. He stated, "One of the individuals in custody, Mr. Boniface Ike, admitted to being the proprietor (importer) of the two containers and requested a private discussion with the command. I instructed my officers to engage, and the request was granted with the anticipation of gaining crucial insights from the suspect. However, to our astonishment, the suspect pleaded for his release from custody and the return of the containers, all while proposing a bribe of N50 million, equivalent to $54,330 at the current exchange rate of N920/$. The money was collected and securely held within the enforcement unit, marked as an exhibit."

> This development comes after the NCS previously highlighted issues related to duty payment on imported used vehicles, commonly referred to as Tokunbo vehicles

Furthermore, Mr. Oloyede disclosed that a total of two suspects are presently apprehended and detained by the command's enforcement unit. The seized containers containing pharmaceutical products were imported from India.

Elaborating on the seizure, he provided details: "The command received prompt intelligence from its internal intelligence unit concerning the suspected smuggling of illicit and unregistered regulated pharmaceutical goods concealed within two 40ft containers. The containers were identified by bill of lading numbers 227578945 and 227898171."

Mr. Oloyede highlighted that upon the vessel's arrival at the Tincan Island Container Terminal, the containers with serials MRSU 592397/0 and MRKU 553432/1 were promptly transferred to the enforcement station for thorough physical inspection and further investigation.

Regarding the container labeled MRSU 592397/0 and linked to bill of lading 227578945, it was initially declared to carry 1016 packages of electrical items. However, the examination yielded different results.

Mr. Oloyede stated, "The inspection unveiled five cartons of Timaking 120 Tapentadol (Tramadol) Hydrochloride Carisoprodol capsules. Each carton comprised 50 rolls, with each roll containing 5 packets, and each packet housing 200 tablets.

Also uncovered were 84 cartons of Gastro Resistant Omeprazole capsule BP 200mg, featuring 50 packets in each carton, with each packet enclosing 10 capsules. Furthermore, 876 cartons of CSMIX cough syrup containing codeine were found, each bottle measuring 100ml, and each carton containing 200 bottles. Concealed amidst these were 50 cartons of manual grater machines, with 70 pieces per carton, as well as one carton masking a ceiling fan."

Turning attention to the second container, identified as MRKU 553432/1, and linked to bill of lading 227898171, it was declared to contain 1,021 packages of electrical materials. Yet, a comprehensive physical inspection disproved this claim. Oloyede specified, "The inspection revealed 10 cartons of Super Royal 225 Tramadol, each carton comprising 50 rolls, with each roll containing 10 packets, and each packet containing 10 tablets. Furthermore, 105 cartons of Omeprazole Capsule BP 200mg were found in each carton, containing 50 packets, and each packet enclosing 10 capsules. Additionally, 754 cartons of barcadin with codeine (100 ml per bottle) were seized, with each carton housing 200 bottles. Among the concealments were 50 cartons of manual grater machines, with 70 pieces per carton, along with one carton camouflaging a Compo Ceiling Fan."

Mr. Oloyede emphasised that the unregistered pharmaceutical products seized are subject to regulation by the National Agency for Food and Drug Administration and Control (NAFDAC). He reiterated that these products lacked the necessary permits and certificates for importation, documents that verify the safety of the products for Nigerian consumers.

In concluding, Mr. Oloyede affirmed that the suspects, containers, and evidence will be transferred to the appropriate agencies responsible for regulating such importations. He also noted that the customs agency reserves the right to pursue legal action in accordance with the Nigeria Customs Service Act.

Additionally, Mr. Oloyede highlighted the interception of another container, bearing registration number TTNU 804678/9, containing frozen poultry products. The container was found to have fraudulent documents and was seized. He underscored the customs department's commitment to employing innovative methods and measures to combat smuggling activities due to the persistent fraudulent practices of importers and agents.

In another development, the service has initiated the enforcement of VAT on imported automobile gas oil (AGO), commonly known as diesel, within the country.

This initiation was confirmed through a memo dated July 28, 2023, dispatched to all diesel importers and agents by the NCS.

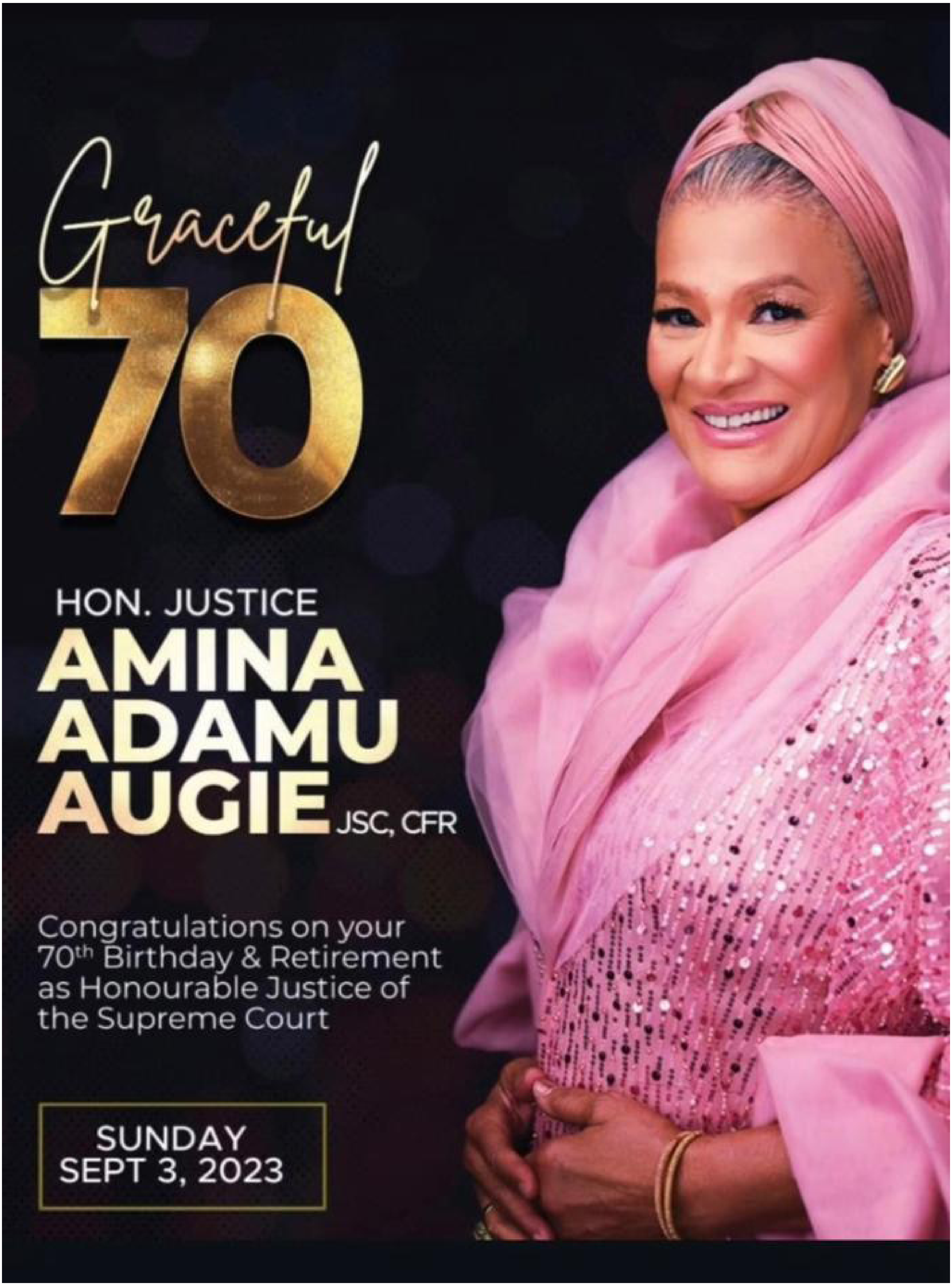
The memo, titled 'Request for VAT Levy on Imported Automobile Gas Oil (AGO) or Diesel,' and endorsed by PC Chibuoke (DC admin) on behalf of the area controller, Area I, Port Harcourt, referred to a headquarters circular (No. NCS/T&T/T/899/217/VOL.I) issued on July 27, 2023, on the aforementioned subject.

The memo articulated, "It is instructed that going forward, VAT shall be applicable to AGO, and the Procedure Code 4900 000 must be employed for all AGO imports." The NCS further emphasised that the use of "additional Code 409 in declaration" by diesel importers was disallowed.

The federal government had previously initiated the implementation of the Finance Act in 2020, which stipulated a 7.5 percent VAT to be imposed on diesel expenses.

This development signals the potential for a surge in the price of diesel, a commodity that has already experienced significant price hikes. Such an increase could lead to unprecedented cost levels, exacerbating the challenges faced by Nigerian citizens and industries alike.

In July 2023, the National Bureau of Statistics (NBS) disclosed that the price of a liter of diesel had risen to N794.48, marking a contrast from the N774.38 per liter recorded during the corresponding period in the previous year.


Graceful
70
HON. JUSTICE
AMINA
ADAMU
AUGIE JSC, CFR
Congratulations on your
70th Birthday & Retirement
as Honourable Justice of
the Supreme Court
SUNDAY
SEPT 3, 2023

Effective September 1st, Businesses Involved In Trading Of TV Masts, Cell Towers To Charge VAT

By Majeed Salaam

The Federal Inland Revenue Service (FIRS) has announced that a value-added tax (VAT) of 7.5 percent will be imposed on select items that were previously excluded from taxation under the category of building-related items.

This announcement was made through a public notice released on Friday by Mr. Muhammad Nami, the executive chairman of FIRS.

According to the notice, various items that were previously exempt from VAT, such as radio and television masts, transmission lines, cell towers, mobile homes, caravans, and trailers, will now be subject to the 7.5 percent VAT.

This change is attributed to an amendment in Section 46 of the VAT Act that revises the definition of 'building' to exclude fixtures or structures that can be easily detached from the land. As a result, all items falling within this redefined scope are now eligible for VAT.

Mr. Muhammad Nami, Executive Chairman of FIRS

Companies engaged in renting, trading, or providing services involving such items are required to apply the prevailing VAT rate starting from September 1, 2023.

Furthermore, the FIRS stated that Section 14(3) of the VAT Act was amended, stipulating that entities responsible for withholding or collecting VAT must remit the corresponding VAT amounts on or before the 14th day of the month following the month of withholding or collection.

For instance, VAT withheld or collected in August 2023 must be remitted to FIRS by September 14, 2023. This remittance schedule applies to subsequent months as well.

The update also entails a change in the rate of the tertiary education tax (TET). The TET rate has been changed to three percent of assessable profits. This revised TET rate will be effective for TET obligations arising from accounting periods ending on or after September 1, 2023.

Regarding investment allowances and convertible currencies, FIRS said that Sections 32, 34, and 37 of the Companies Income Tax Act (CITA) has been repealed. These sections provided allowances for specific capital expenditures under certain circumstances and tax exemptions on income earned in convertible currencies from hotel tourists. Consequently, these allowances and tax exemptions will no longer be applicable for tax returns pertaining to accounting periods ending on or after September 1, 2023.

NAICOM To Expose Defaulting Firms For Unsettled Insurance Claims

• Says 97% Of Nigerians Are Not Insured

By Tony Tagbo

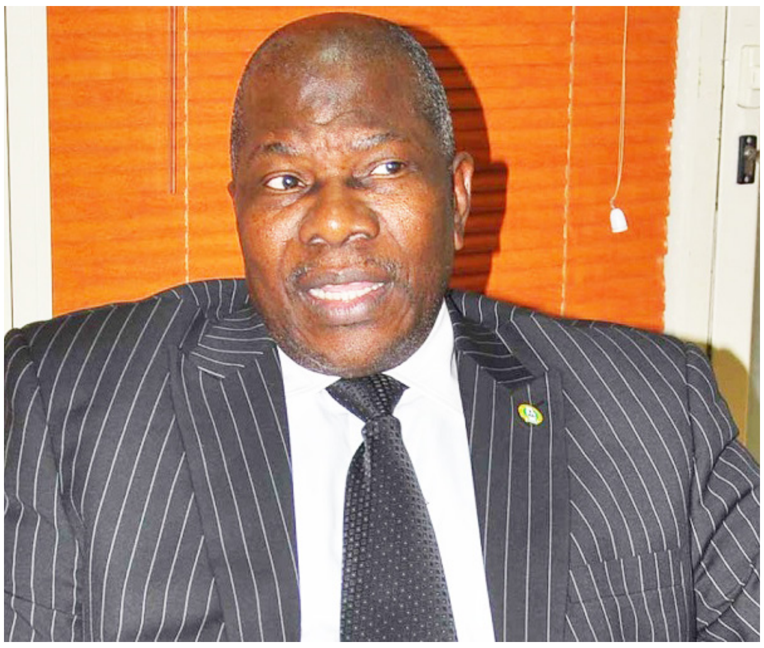
The National Insurance Commission (NAICOM) has issued a directive to all insurance companies, urging them to publicly disclose the names of companies that still have outstanding claims in their records.

During a recent seminar organised for insurance journalists in Uyo, Akwa Ibom State, Mr. Sunday Thomas, Commissioner for Insurance, revealed that non-compliance with this mandate would result in consequences.

Mr. Thomas also highlighted that ample time had been given to insurance operators to address their pending claims and initiate the publication of the names in national media.

He emphasised NAICOM's extensive efforts to ensure that insurance companies uphold their responsibilities concerning claim payments. He encouraged the public to reassess their assets due to inflation, ensuring that claims align with current asset values. Additionally, he stressed the importance of managing risks through insurance, especially given the escalating costs of replacing lost or damaged assets.

Furthermore, Mr. Thomas disclosed a collaborative effort between NAICOM and the Office of the Secretary to the Government of the Federation (OSGF) to establish new guidelines for insuring federal government's assets.


Mr. Sunday Thomas, Commissioner for Insurance

This initiative, driven by Sen. George Akume, aims to replicate successful insurance practices at the federal level as was established by President Bola Ahmed Tinubu in Lagos State when he was the governor.

The guidelines are expected to be launched in October 2023.

Mr. Thomas also assured the public of prompt insurance claim payments. The commitment was reiterated during an awareness workshop on compulsory insurance for drivers and road users in Itam Central Park, Uyo. He emphasised the benefits of insurance, particularly the third-party motor policy required by law for all vehicles on Nigerian roads.

After successful question and answer session, NAICOM provided branded souvenirs to attendees, and insurance companies present engaged with participants on an individual basis.

In a separate context, NAICOM revealed that a mere three percent of Nigerians currently possess insurance coverage, leaving the remaining 97 percent of the estimated 200 million population without adequate coverage due to lack of awareness or indecision.

Dr. Usman Jankara, NAICOM's Assistant Director of Corporate Strategy and Special Duties, shared this insight during a seminar titled 'Insurance Sector and the Nigerian Economy: Impact, Challenges and the New Frontiers'. He pointed out that the industry's gross premium income has grown by an average of 15 percent since 2015. While acknowledging the potential for improvement, Dr. Jankara noted that the situation has notably improved.

Assets in the insurance sector also experienced significant growth, from N917 billion in 2015 to N2.32 trillion in 2022, reflecting a remarkable 60 percent increase, according to NAICOM. Despite these gains, the insurance penetration rate stands at 0.4 percent of gross domestic product (GDP), with a 1.5 percent insurance density among Nigerians.

In light of these statistics, Mr. Thomas emphasised ongoing efforts to enhance insurance awareness and achieve broader penetration.

PenCom Set To Impose Heavy Sanctions On Employers For Incomplete Pension Contributions

By Chiamaka G. Okpala

Employers who have failed to properly remit their employees' pension contributions may face severe sanctions if they do not rectify the situation through their Pension Fund Administrators (PFAs) by December 31, 2023, warns the National Pension Commission (PenCom).

In a recent communication addressed to concerned employers and employees, PenCom highlighted how incomplete documentation of employee remittances has hindered the crediting of pension accounts.

The commission strongly urges employers with incomplete documentation to promptly provide the necessary information to facilitate the crediting of pension contributions into employees' Retirement Savings Accounts (RSAs). Failure to comply may result in regulatory actions.

PenCom disclosed that this issue affects a significant number of employers and employees, impacting thousands of employers and over 100,000 employees.

In its document titled "Outstanding Pension Contributions in the Account of Pension Fund Administrators (PFAs)," PenCom expressed concern about employers who have been remitting pension contributions with incomplete documentation, causing PFAs to be unable to credit affected employees' RSAs.

PenCom has made the list of affected employers and employees accessible on its website and has directed all parties listed to furnish PFAs with the necessary information to facilitate the pension contribution crediting process.

The document issued by PenCom also emphasises that the commission will take appropriate regulatory actions against non-compliant employers by December 31, 2023, in accordance with the provisions of the Pension Reform Act (PRA) 2014.

Under the PRA 2014, employers with three or more employees are mandated to remit pension contributions into their employees' RSAs through PFAs. The Act also requires employers to remit pension contributions for employees who have not yet opened RSAs into nominal RSAs with any PFA chosen at the employer's discretion.

AfDB's FIMEs Project Demonstrates Success In Boosting Transitional Economies of Africa

By Jennete Ugo Anya

The African Development Bank's (AfDB) initiative, the Financial Modelling for the Extractives (FIMEs) project, has achieved significant accomplishments in fostering stability and growth within transitional economies across Africa.

Recent outcomes from this project have been highly commendable, as delegates representing eight African nations benefiting from FIMEs convened in Abidjan for a concluding knowledge-sharing workshop.

Hailing from countries including Guinea, Liberia, Madagascar, Niger, Sierra Leone, South Sudan, and Zimbabwe, the participants engaged in a two-day session to exchange insights on the program launched in 2020.

FIMEs, a cross-border undertaking supported by the AfDB Group's Transition Support Facility and executed by the African Natural Resources Management and Investment Centre (ANRC), stands as a beacon of success. This initiative focuses on bolstering proficiency in financial modelling and enhancing domestic tax revenue mobilisation.

Additionally, it fortifies the institutional capabilities and resilience of seven beneficiary transitional nations—namely, Guinea, Liberia, Madagascar, Niger, Sierra Leone, South Sudan, and Zimbabwe.

Vanessa Ushie, Acting Director of the African Centre for Natural Resource Management and Investment, noted the groundbreaking nature of FIMEs as a large-scale endeavour by AfDB to cultivate financial modelling skills across Africa.

She emphasised that the workshop's shared experiences demonstrated FIMEs' instrumental role in driving legislative reforms within the petroleum and mining sectors.

Furthermore, FIMEs has facilitated comprehensive understanding and data acquisition regarding vital natural resources, leading to enhanced investment agreements, strategic policy choices, and augmented revenue streams.

Against the backdrop of an uncertain future for fossil fuels due to climate change and the transition toward cleaner energy sources, Ushie underscored the importance of expanding upon the foundations laid by FIMEs.

This expansion aims to deepen financial modelling proficiencies to support investments geared toward an equitable transition in Africa.

Mr. Rakotosalama Tojo Hasina Fanomezana, Treasury Inspector at Madagascar's Ministry of Economy and Finance, projected a substantial increase in mining's contribution to the national gross domestic product (GDP), estimating a rise from 4 percent to a potential 15 percent within three years. He attributed this projection to the capacity-building endeavours in financial modelling for the extractive sector facilitated by FIMEs.

The program has successfully trained 23 government officials from diverse sectors, including mining, customs, and finance. The training has been essential in refining fiscal and parafiscal policies within the extractive industry.

Mr. Fanomezana recommended further capitalising on the achieved milestones by fostering the exchange of best practices and collaborative discussions with other nations.

Notably, FIMEs has enabled treasury departments in various countries to enhance tax revenue within the mining sector. Officials such as Mr. Aboubacar Sidiki Diakité from the Guinean Ministry of Budget, Prince Nelson from the Liberian Ministry of Finance and Development Planning, and John David Cooper from the Sierra Leonean Ministry of Mines and Mineral Resources attested to the tangible impact of FIMEs' knowledge application in generating increased tax revenue and deriving value from foreign investments.

The FIMEs project has also played an important role in supporting economic diversification through non-oil investments in South Sudan. Participants in the project collectively acknowledged its contributions in strengthening tax revenues, fostering economic diversification, and cultivating long-term stability across participating nations.

In the face of global climate challenges, FIMEs has emerged as a cornerstone for nurturing resilience and sustainable development within Africa's extractive industries.

Mr. Yero Baldeh, Director of the Coordinating Office for Transition States, expressed his profound appreciation for the central role of the extractive sector in shaping the growth trajectory of transitional states.

He highlighted the crucial role of the FIMEs program, with dedicated funding from the transition support facility, in addressing issues of revenue leakage, governance gaps, and institutional shortcomings.

Mr. Baldeh underlined that enhancing financial modelling capabilities extends beyond transparency and accountability—it catalyses private investments and paves the way for wealth creation. As the program concludes by the end of 2023, its positive influence in building resilience, establishing institutional legitimacy, and fostering enduring stability is celebrated.

Mr. Akinwumi Adesina, President of the African Development Bank (AfDB)

Reps Call On AGF To Clarify Non-Remittance Of Funds To NHF

By Ahmed Ahmed

The House of Representatives Committee, tasked with investigating the non-remittance of funds to the National Housing Fund (NHF) and the subsequent lack of fund utilisation, has issued a summons for the appearance of Mrs. Oluwatoyin Sakirat, the Accountant-General of the Federation (AGF).

The committee is seeking explanations for the failure to transfer deductions from workers' salaries to the fund.

Chairing the committee meeting in Abuja, Hon. Dachung Bago conveyed the summons as the AGF is expected to elucidate the discrepancies in salary deductions across various government agencies and provide clarity on the mere remittance of N20 billion to the Federal Mortgage Bank of Nigerian (FMBN) since 2011.

During the meeting, Mr. Ekwem Dem, representing the Director of the Integrated Personnel Payroll and Information System (IPPIS), conveyed that while deductions from workers' salaries are automatic, remittances are not. Mr. Dem acknowledged the need to 'query the system' before providing specific information regarding housing fund deductions from 2011 onwards.

After examining documents presented by the IPPIS, committee members observed that the University of Calabar had N23,000 deducted for NHF for a single month, whereas the Federal Polytechnic, Birnin Kebbi, contributed N9,000. In light of the findings, the committee requested the AGF to furnish them with details about the deductions made, the timing of such deductions, and the reasons behind the lack of remittance.

Hon. Timehin Adelegbe, a committee member, emphasised that if deductions are automated, remittances should also be automated.

In addition to seeking clarifications on the deductions, the committee directed the AGF to promptly remit all Housing Fund deductions to the FMBN, while providing documentation to substantiate the remittances.

Mr. Madu Hamman, Managing Director of the FMBN, appealed to the committee to revise the legislation governing the bank and the NHF. Mr. Hamman highlighted the need for enhanced operational effectiveness of the NHF. He disclosed that the bank had amassed N591.523 billion in remittances from both formal and informal sectors since 2011, with N238.557 billion originating from government ministries, departments, and agencies (MDAs).

Mr. Hamman detailed an outstanding payment of approximately N26.573 billion owed by the office of the Accountant General of the Federation (OAGF). He attributed N11.6 billion of this amount to an erroneous deduction in 2022, when the AGF mistakenly treated worker remittances as government revenue. He explained that the issue was resolved through the Treasury Single Account (TSA).

Mr. Hamman revealed further discrepancies in remittances, indicating that IPPIS failed to transfer N11.587 billion deducted from workers' salaries between January and December 2022, along with an additional N3.356 billion from April to July 2021.

He noted that contributors to the NHF are entitled to a full refund of their contributions, along with a 2-percent interest upon retirement at the age of 60 or in case of incapacitation or death. Mr. Hamman disclosed that the bank had refunded N66.678 billion to 444,637 contributors thus far.

Of the N591.523 billion collected for the NHF, N347.570 billion was invested in various projects. The projects comprise cooperative housing development loans, NHF mortgage loans, ministerial pilot housing schemes, TUC/NLC/NECA housing schemes, individual construction loans, home renovation loans, and rent-to-own initiatives.

Mr. Hamman highlighted challenges such as a concentration of Primary Mortgage Banks (PMBs) in Lagos and Abuja, with minimal presence in most states. Additionally, contradictions between the FMBN Act and CBN prudent guidelines posed hurdles for loan disbursement. Lack of loan affordability due to low-income levels also hindered many contributors.

NDIC Bags Award From African Fintech Stakeholders

African Fintech stakeholders under the auspices of the African Financial Technology Congress (AFTC) has conferred an award of the Best Deposit Insurance Services Corporation 2023 on the Nigeria Deposit Insurance Corporation (NDIC). The award was presented to the Corporation in Lagos at the 4th Africa Fintech Brands Innovation Awards 2023 with the theme: "Unlocking the Potentials of Digital Finance in Emerging Economies"

The NDIC MD/CE, Mr. Bello Hassan, while receiving the Award noted that the Corporation has elevated fintech to the front burner of implementation of the deposit insurance system in Nigeria. He said as Fintech continued to shape the outlook of the financial services industry, the Corporation in 2019, established an Innovation and Fintech Unit in 2019 to identify, on continuous basis, disruptions and associated impact of Fintech on the deposit insurance system as well as articulate the use of Fintech for Early Warning Signals (EWS) and Prompt Corrective Action in the Corporation's supervision of banks; identify other current deposits for the purpose of Insurance Coverage; and Identify supervisory measures for digital banks.

Mr. Hassan further stated that the Corporation has adopted technology to enhance consumer protection, especially for digital related deposits to ease investigation and fast-tracks assistance given to depositors in recovering their funds trapped within the various digital payment platforms.

He further disclosed that the Corporation successfully resolved 248 complaints and helped depositors recover N8.3billion from their respective banks in 2022. The complaints bothered on unauthorized withdrawals, POS issues, transfers and dispense errors and others, stating that this role and much more were critical in order to strengthen public confidence in the evolving digital payment space.

While appreciating the organizers of the 4th Africa Financial Technology Congress 2023 (AFTC) for finding the Corporation worthy of the award, Hassan reiterated the commitment of the NDIC to promoting efficient payment system and fostering financial system stability in Nigeria. He disclosed that the Corporation as a foremost deposit insurance institution in Africa with wealth of experience has been supporting sister agencies in the region in capacity building in the novel field as a way of strengthening financial system stability on the continent.

The NDIC MD/CE assured the AFTC that the Corporation would not rest on its oars in in advancing the Fintech services towards a safe and sound payment system.

L-R: Executive Director (Operations), Mr. Mustapha M. Ibrahim, receiving the Leadership Excellence Award from the Executive Director (Corporate Services), Mrs. Emily Osuji, at the ceremony

SEC Takes Action Against Stockmatch: **Offices Closed For Unlawful Investment Practices**

By Ahmed Ahmed

In response to allegations of illegal investment activities, Securities and Exchange Commission (SEC) has taken decisive action by sealing the premises of Stockmatch Investments Ltd in Maiduguri, Borno State.

The SEC, committed to preventing unregistered entities from participating in capital market activities, confirmed the closure in an official statement.

Stockmatch Investments Ltd, located in Wulari Plaza on Lagos Street Maiduguri, had its operations suspended due to engaging in investment activities falling under fund management without proper registration by the commission.

The SEC, utilising its authority as outlined in Section 13 (w) of the Investments and Securities Act of 2007, emphasised that the company lacked SEC registration for conducting fund management operations.

The commission stressed that this move was necessary due to the company's practice of promising unreasonably high returns to attract investors.

The SEC issued a public advisory, underscoring that neither Stockmatch Investments Ltd nor its associated investment platforms hold registration with the commission. It reasserted the illegality of private enterprises, whether incorporated or not, soliciting funds from the public for private ventures, which contravenes the Investments and Securities Act of 2007.

The public was advised to always verify an entity's registration status with the SEC before engaging in investment services and to ensure the commission's authorisation of investment schemes.

The SEC cautioned that individuals dealing with unregistered entities were assuming personal financial risks.

Additionally, the commission urged the public to exercise prudence and care when making investment choices, offering access to a list of authorised operators on its official website.


Mr. Lamido Yuguda, Director-General of SEC

During the SEC's second Capital Market Committee (CMC) briefing, Mr. Lamido Yuguda, the Director-General of SEC, reminded market participants of circulars issued to safeguard investors from unregistered scheme activities.

He specifically noted concerns about platforms such as Binance, Luno, PaxFul, and Coinbase, cautioning against investing in crypto assets due to their inherent high risk and potential for total investment loss.

Mr. Yuguda emphasised the capital market's efforts to enhance regulatory measures, including the amendment of the Anti-Money Laundering and Countering the Financing of Terrorism Financing (AML/CFT/CPF) Regulation 2022, in alignment with findings from the National Residual Risk Assessment (NRRA) exercise.

The market has also introduced new frameworks for Targeted Financial Sanctions (TFS), Risk-based Supervision, and guidance on Politically Exposed Persons (PEPs).

In another development, at a press conference the commission expressed the concern about the unsettling issue of unclaimed dividends in Nigeria, surging to a staggering N190 billion.

Mr. Yuguda emphasised that identity management challenges have played a significant role in exacerbating this problem and announced that the SEC is taking proactive steps to address it by introducing an e-dividend portal aimed at enhancing the overall investor experience.

According to SEC's latest data, unclaimed dividends within the Nigerian capital market have witnessed an alarming escalation, reaching an estimated N190 billion.

Mr. Yuguda revealed these disconcerting figures during the second-post capital committee media briefing. He pinpointed identity management as a critical factor behind the mounting unclaimed dividends, citing the complications arising from multiple subscriptions and identity verification processes as major contributors.

Mr. Yuguda expressed deep concern over the severity of the unclaimed dividends issue, particularly highlighting the hurdles associated with identity management in the capital market, notably the prevalence of multiple subscriptions. He disclosed that investors often employ various names when subscribing to share offerings, resulting in incomplete or inaccurate subscriber information. Additionally, he noted that changes in company names have further compounded the problem, attributing it to legacy issues.

Seeking to remedy this critical concern, Mr. Yuguda affirmed that the SEC is actively working on resolving these challenges by introducing an electronic dividend portal.

Collaboratively, the Committee on the Capital Market E-Dividend Mandate, the Institute of Capital Market Registrars (ICMR), and the Nigeria Inter-Bank Settlement System (NIBBS) are diligently developing a user-friendly e-dividend portal.

This endeavour aims to bolster the SEC's capabilities, streamline the process of uploading necessary documents and information, and ultimately tackle the issue of unclaimed dividends in the capital market.

Furthermore, Mr. Yuguda commended the Nigerian Exchange Limited for its decision to permit companies to list dollar-denominated bonds on the NGX floor. He stressed the significance of issuers' ability to fulfill their obligations in terms of principal and interest on these bonds.

In line with the current administration's objectives, he highlighted that the SEC is actively pursuing reforms to align the Nigerian capital market with global standards, aiming to promote transparency, efficiency, and investor confidence.

PHOTO NEWS

Highlights of 10th Anniversary Celebration of NDIC Academy

Executive Management, past and current Heads of the Academy, cutting the anniversary cake

R-L: Immediate past Director/Chief Learning Officer, Mr. Francis Agboola, making presentation of books for use in the Academy to Deputy Director, Muhammad G. Kollere.

R –L: Executive Director (Corporate Services), Mrs. Emily Osuji, presenting a Departmental Leadership and Innovation Award to former Deputy Director, Mr Ali Adamu Fika.

PHOTO NEWS

Highlights of 10th Anniversary Celebration of NDIC Academy

L-R: Deputy Director NDIC Academy, Muhammed G. Kollere, welcoming a former Director/Chief Learning Officer (CLO) of the Academy, Dr. Mr.Azubuike Okoro to the occasion.

L-R: MD/CE Nigeria Deposit Insurance Corporation (NDIC), Mr. Bello Hassan, receiving the Leadership Excellence Award from the Executive Director (Operations), Mr. Mustapha M. Ibrahim, at the 10th Anniversary Celebration of the NDIC Academy in Abuja.

PTAD Concludes Implementation Of Back-end Computation Of Parastatals' Pensioners Of Power, Transport Agencies

The Pension Transitional Arrangement Directorate (PTAD) has concluded the implementation of the back-end computation project of parastatals' pensioners of the power and transport sector agencies.

This was further to the focus group stakeholders meeting held on June 22nd, 2023 with pensioners' representatives and other critical stakeholders of power and transport sectors.

Recall that in June 2023, the directorate held a focus stakeholders meeting with pension union executives and pension desk officers of the power and transport sector. Then in attendance were representatives from the National Pension Commission (PenCom), National Human Rights Commission (NHRC) and SERVICOM.

At the said meeting, the director of the Parastatals Pension Department (PaPD), Mr. Kabiru Yusuf, explained that the PTAD had initiated a back – end computation project to validate the detailed records of pensioners captured during the 2019 nationwide field verification exercise and re-compute the monthly pension of the pensioners based on their career records, relevant salary structures and applicable pension increments.

He further clarified that it was the computed monthly pension derived from the project that would be implemented in the pension payroll, to replace the inherited monthly pension that was received at the time the PTAD took over pension payments. This was mainly to address instances of overpayment and complaints of underpayment.

Recall that the PTAD was established to consolidate and manage pensions under the DBS for pensioners who would not transit into the Contributory Pension Scheme (CPS) introduced in 2004 during the pension reform.

The Directorate categorises pensioners in the old scheme under Parastatals Pension Department (PaPD), Police Pension Department (PPD), Civil Service Pension Department (CSPD) and Customs Immigration and Prisons Pension Department (CIPPD).

At the 2023 stakeholders engagement, South East Zone, the directorate disclosed that over 50,000 complaints were inherited by PTAD from the Office of the Head of the Civil Service while over 30,000 qualified pensioners were not on the payroll.

It stated that before they took over the administration of the old pension scheme, there was no clear way for pensioners to get their complaints, issues, and concerns addressed which made so many pensioners give up on the federal government.

"PTAD also inherited unfunded liabilities, 33 percent pension arrears; gratuity and death benefits; disorganised, error-prone manual computation/calculation of pension benefits; lack of adequate/appropriate office space to accommodate walk-in pensioners; inadequate staffing of offices and provision of appropriate technology work tools; poor pension file management leading to damaged records and lost hope; and rude and unruly behaved pensioners".

The Executive Secretary of the agency noted that PTAD has sanitised the DBS with major achievements over the last nine years with consolidation of old pension offices, payroll due diligence, onboarding process to PTAD pension payroll, and determination of inherited liabilities.

She further stated that the overall success is not just the result of deploying information technology, more critically; it has been a result of political will and strong support from the last administration and key stakeholders, including strategic and strong leadership at PTAD.

"The narrative has changed due to efficient and effective deployment of available resources and human capital, and the investment in human capital development; creativity, initiative, passion, commitment and empathy of PTAD management and staff; and collaboration and support from pensioners and their union representatives.

"We have worked hard to address challenges and transform the management of the DBS in several significant ways that include management of pensioners' files and records, validation of pensioner's computation and calculation of pension benefits; management of the monthly pension payroll; resolution of pensioners' complaints; and settlement and payment of 33 percent pension arrears, death benefits, among others.

In the last close to 10 years, PTAD created a field verification process that respects the dignity of senior citizens, multiple verification centres were used so that crowds would not be too large. A simple four-step process from arrival to completion of verification, to minimise stress was created. All of these were done in a conducive environment inside event centres or halls fully air-conditioned with chairs and tables for pensioners to sit. They were served lunch and water. There were also provisions of wheelchairs and stand-by ambulances or first aid, at centres.

"We deployed mobile verification to ensure no qualified pensioners are left uncaptured. Pensioners that were aged, infirm, sick, or physically challenged were also captured by sending mobile teams to pensioners' homes, in hospitals among others. Based on this, PTAD Mobile Teams have visited over 80 different cities, towns and villages, and countless hospitals across the entire nation, including every state capital", the agency stated.

"It is pertinent to note that PTAD has intentionally and consistently been working on achieving positive and sustainable change in the DBS pension management for the almost 10 years of its operation.

Mr. Yusuf noted that ghost pensioners have been eliminated from the system. He said that they carried out two major removals of ineligible people from the payroll of parastatal pensioners.

"The first one was done in 2019 when we did an assignment with the Nigerian Interbank Settlement System to ascertain people who have valid bank verification number (BVN) and those who do not. When we did the exercise, we removed 5,834 people from the payroll. The monthly pension implication of the people removed is N287.8 million. When we did the removal, we created a complaint resolution channel for those who have genuine BVN to send their complaints to us. After the complaints came in, those that we have restored back on payroll from 2019 to date are 2,902 and we paid them N175.8 million and this is the savings we have made from paying pensions to those who do not have valid documentation but continue to be on the payroll.

"The second removal that we did was done in October 2020. We started our verification for parastatal in April 2019 and finished in November 2019. The Executive Secretary later gave six to 10 months moratorium for people who do not have the opportunity to come for the verification so that they can come to our offices to get it done. When the moratorium lapsed in October 2020, we compared the payroll to the database of verified pensioners. We were able to remove people who are on payroll but not verified numbering 20,191 from the payroll. The monthly pension implication of this is N741 million.

Speaking on how the 'I am Alive' confirmation solution, which has been described as one of the greatest innovations in the history of PTAD, eases pensioners' stress, the Executive Secretary said that the platform was created to ease the plight of pensioners who stood in long queues to be verified.

The agency said this during a training programme for the union executives and pension desk officers (PDOs) of ministries, department and agencies (MDAs) of pensioners who retired under the Defined Benefit Scheme (DBS).

The Executive Secretary said further that it was critical step towards preparing pensioners to be fully conversant with the use of the application, stating that the purpose for the training was to ensure that the union executives and PDOs could use the 'I Am Alive' confirmation solution without difficulty.

According to her, the executives can assist pensioners to understand how to use the application, respond to basic enquirers and questions about the process.

"We believe that once union executives and PDOs can confidently use the application, they can support our efforts to educate our pensioners and provide guidance and hand holding where necessary for them to easily carry out their 'I Am Alive' confirmation."

"The training was also organised to explain why we deployed the 'I Am Alive', what we expect as the impact, benefits to be derived and what we see as likely challenges.

"We will demonstrate the entire 'I Am Alive' confirmation process again and show a live demonstration, we will also address the Frequently Asked Questions (FAQs)," PTAD boss said.

The Executive Secretary also said that the project was to make all the pensioners who had served this country to enjoy their hard-earned pension without any hardship.

The agency then said that the tedious challenges, expensive field verification exercises of the past must end.

"Pensioners must be able to confirm their aliveness from the comfort of their homes, within the proximity of their residence.

"They should also be able to resolve their complaints without unnecessary stress; we want them to be able to contact PTAD with ease and be treated with respect and dignity," the agency said further.

We have worked hard to address challenges and transform the management of the DBS in several significant ways...

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FG Paying Attention To Avoid Deterioration In Major Socio-Economic Indices

POLICY BRIEF
with
ENAM **OBIOSIO**

Over the past few years, the economy has been the subject of intense debates with suggestions from many experts and analysts on what the government should or should not do to remedy the situation.

In her goodwill message, this was the opening statement a few weeks ago by Ms. Patience Oniha, Director-General (DG) of Debt Management Office (DMO), at the one-day technical roundtable on economic blueprint for President Bola Ahmed Tinubu's administration organised by Actionaid Nigeria.

However, it is essential to recognise that the situation of the economy needed critical and urgent attention, as the federal government has done, to avoid a deterioration in major economic and social indices. Thus, some of the measures that have been taken so far were not only needed but essential to propel Nigeria towards sustainable development.

In this pursuit, we must aim for a development model that leads to increased employment opportunities and higher income levels. Low growth with high unemployment levels is insufficient to achieve sustainable growth that aligns with our collective aspirations.

While the pains from the recent government actions have led to criticism about their necessity and timing, it is still necessary to delve into the impact of subsidies and exchange rates on the budget. Perhaps, this may bring about better appreciation of the long-term benefits of the policy actions.

As we may be aware, the debt stock has grown, but it is important to understand the reasons behind the growth. Subsidies on the one hand are an expenditure item in the budget, thus invariably, they contribute to the budget deficits. On the other hand, the naira exchange rates used for the budgets are the official rates, which we all know are much lower than the open market rates, the effect of which is lower revenue.

Overall, the two-policy stance that were maintained over many years, contributed to consecutive budget deficits which were financed by an average of 90 percent through borrowings. For instance, the size of the 2023 Appropriation Act (budget), is about N21trillion with a deficit of N11trillion to be financed by new borrowing of over N9trillion.

The reversal of the policies by the President has resulted in much higher revenues for all tiers of government. In June and July 2023, the funds distributed by the Federal Accounts Allocation Committee (FAAC) were over N907billion and N1.959trillion respectively, compared

to between N500billion and N750billion previously.

As the debt stock continued to grow due primarily to consecutive budget deficits, it unavoidably resulted in an increase in debt service obligations. Currently, debt service consumes a significant portion of our revenues, not necessarily because debt stock is high but because revenue is low and worse still, underperforms the targets in the budgets.

It is pertinent to state that Nigeria's debt stock to gross domestic product (GDP) ratio at below 25 percent is among the lowest globally, while debt service to revenue ratio, which in 2022 reached 100 percent, is relatively high and reduces the fiscal space available to the government.

This indicates that the issue lies with our revenue. Unfortunately, the focus on revenue improvement previously did not change the outcomes significantly.

The recent quick actions to bring revenue to the fore by the President Tinubu-led administration are steps in the right direction. Therefore, the main message here should be that we cannot discuss growth, development, or debt without giving due consideration to revenue.

It is now imperative to confront revenues and take decisive actions to further strengthen the revenue streams from all sources while expecting to see improvements in revenues from the work of the Committee on Revenues set up by President Tinubu.

Recall that the President had itemised his administration's path to economic recovery even before resumption. He did note that before economic recovery could be achieved the nation must be secured, stating that, "To achieve the economy we seek, we must resolve the pressing security issues. No nation can flourish with terrorists and kidnappers in the midst."

He has always been emphasising the importance of the private sector and his administration's readiness to partner them.

He would say, "My core belief is that the private sector must be the prime driver of economic progress. However, the government establishes the framework within which the private sector must operate. If that framework is sound, the private sector will flourish. If the framework is frail or incomplete, then the private sector will struggle."

His administration eagerly looks to address monetary and trade reforms to effectively increase domestic production, thus serving to curb imported inflation, and to ensure better macro-economic stability by accelerating inclusive growth and job creation across Nigeria.

To achieve this, the President had listed principles that would guide the plans and policies of his administration; saying that the principles include how to tackle inflation and monetary policy.

According to him, there is no point holding to the mainstream view that all forms of inflation are best tackled by interest rate hikes and shrinking the economy. Supply induced inflation does not lend itself to this harsh medicine, just as one does not cure a headache by plucking out one's eye.

His stance? He does not embrace the conventional wisdom that fiscal deficits by the national government are inherently bad. He does understand that all governments, especially in this era of fiat currency, run secular budget deficits as this is an inherent part of modern governance. The most powerful and wealthiest governments run deficits, as do the poorest nations. A budget deficit, he would say, is not necessarily bad, looking at the Japanese as example with high government borrowing and low inflation. The real issue is whether deficit spending is productive or not.

It is important to understand that unproductive deficit spending is a compound negative, especially if backed by excessive borrowing of foreign currency, as this is not classroom economics but the lesson of the real economic history of nations.

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Published by **The 1065 Publishing**
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E-mail: info@fmfinsights.com; **Website:** www.fmfinsights.com