fmfinsights
Economy & Investment
Free
fmfinsights fmfinsights @fmfinsights www.fmfinsights.com | Monday 15th - Sunday 28th April, 2024 | 69TH EDITION

Nigeria's Reserve Decline: A Wake-Up Call For Economic Reform

EDITORIAL

In a worrisome revelation, Nigeria's foreign reserves have plummeted by a staggering $595 million in just one month, as the Central Bank of Nigeria (CBN) struggles to prop up the naira amidst a tight economic landscape.

This alarming development underscores the urgent need for decisive action and comprehensive economic reform.

The precipitous decline in reserves is not merely a statistic; it is a stark indicator of Nigeria's vulnerability to external shocks and its over reliance on volatile commodity prices.

Despite being blessed with abundant natural resources, Nigeria's economy remains shackled by inefficiency, corruption, and a lack of diversification.

The CBN's defense of the naira, while commendable in its intent, appears to be a short-term fix to a deeply entrenched problem. By burning through reserves to artificially support the currency, we hope Nigeria does not risk exacerbating inflationary pressures, stifling investment, and ultimately hampering long-term economic growth.

Furthermore, we want to note that this reliance on interventionist policies underscores a fundamental lack of confidence in the Nigerian economy's ability to stand on its own merits.

It is high time for policymakers to embrace bold, forward-thinking strategies that prioritise sustainable development and foster a conducive environment for private sector growth.

FG Initiates Repatriation Of Foreign Denominated Assets In Q2

Utilises Treasury Bills, Bonds To Settle CBN Advances, Boosts Foreign Exchange Supply

Unveils Emergency Economic Bill To Boost Non-oil Revenue

In Nigeria, a crucial endeavour has unfolded as the federal government sets its sights on reshaping the nation's financial future. With a strategic vision to fortify the country's intermediate and long-term foreign exchange reserves, a transformative initiative is underway— the repatriation of foreign-denominated assets. The Honourable Minister of Finance and Coordinating Minister of the Economy, ***Mr. Wale Edun,*** *addressing a gathering of stakeholders, illuminated the path forward. This signals a concerted effort to invigorate economic stability and foster sustainable growth on the horizon.* ***Enam Obiosio*** *gives some insight.*

The federal government has embarked on the process of repatriating foreign denominated assets into the formal financial sector of the economy, aiming to bolster intermediate and long-term foreign exchange (FX) supply.

Recently, while speaking at the Lagos Business School (LBS) breakfast club on the topic: 'Reconstructing the Economy for Growth, Investment, and Climate Resilience Development,' Honourable Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun , said that the commencement of the

CONTINUES ON PAGE 4

Mr. Wale Edun, Honourable Minister of Finance and Coordinating Minister of the Economy

CBN Slashes Interest Rates On 1-Year Treasury Bills

Forecasts Surge In FDI As Banks Undergo Recapitalisations

By Musa Ibrahim

In a bid to stimulate economic activity, the Central Bank of Nigeria (CBN) announced a significant cut in the interest rates on 1-year treasury bills by 42.4 basis points (bps) to 20.7 percent.

The decision came following the CBN's auction of Treasury bills (NT-bills) on April 12, 2024.

During the auction, the yield on the 364-day bills dropped to 20.7 percent from the previous 21.124 percent .

The CBN successfully sold N951.83 billion worth of bills, marking a 42 percent decline from the N1.64 trillion sold during the previous auction held on March 27.

The CBN offered N149.64 billion of NT-bills during the auction, including N2.78 billion of the 91-day bills, N3.02 billion of the 182-day bills, and N143.84 billion of the 364-day bills.

The auction garnered significant interest, with an oversubscription of 1119 percent, totalling about N1.824 trillion against the N149.64 billion offered.

Details of the auction revealed strong investor appetite across the board. For the 91-day bills, subscriptions reached N27.34 billion, representing an 883.45 percent oversubscription from the N2.78 billion offered. The CBN sold N27.11 billion at a stop rate of 16.24 percent, consistent with the previous auction.

Similarly, the 182-day bills recorded an 802.3 percent oversubscription, with subscriptions hitting N27.27 billion. The CBN sold N22.67 billion of the 182-day bills at a stop rate of 17.00 percent, maintaining consistency with the prior auction.

Mr. Olayemi Cardoso, CBN Governor

The 364-day bills witnessed an impressive oversubscription of 1130 percent, totalling N1.77 trillion in subscriptions. Successful bids amounted to N902.03 billion at a stop rate of 20.7 percent .

The success of the NT-bill auction reflects investors' confidence in Nigeria's financial instruments, despite the divergence from the raised monetary policy rate set during the last MPC meeting in March. At that meeting, the CBN increased the benchmark interest rate to 24.75% due to high inflation, which stood at 31.9% as of February 2024.

The CBN's decision to lower interest rates on treasury bills aims to spur economic growth by encouraging investment and lending activities in the country.

Meanwhile , the apex bank expressed optimism about a significant increase in Foreign Direct Investment (FDI) inflows into Nigerian banks as they undergo a comprehensive recapitalisation exercise.

In a recent interview, Mr. Haruna Mustafa, Director of the Financial Policy and Regulation Department at the CBN, highlighted the potential benefits of the recapitalisation initiative, particularly in bolstering the foreign exchange (forex) market and promoting economic stability.

He emphasised the importance of attracting patient capital to facilitate long-term sustainable growth, noting that the absence of such capital has been a challenge for Nigeria's development. He anticipates that the recapitalisation will attract foreign investors seeking to position themselves in the Nigerian banking sector.

Regarding concerns over the exclusion of retained earnings from the calculation of banks' minimum paid-up capital, Mr. Mustafa clarified that the decision aims to incentivise banks to inject fresh capital into their operations. He reiterated the dual objectives of the recapitalisation exercise: enhancing banks' solvency and resilience while positioning them to support the growth of the Nigerian economy.

Mr. Mustafa assured that the exclusion of retained earnings does not diminish the importance of other components of shareholders' funds in assessing banks' capital adequacy. He noted that these reserves would still be factored into the computation of banks' capital adequacy ratio, a crucial metric for evaluating their soundness.

Commenting on the broader economic impact of the policy, Mr. Mustafa highlighted its potential to strengthen banks' ability to support the economy. He underscored the critical role of well-capitalised banks in facilitating economic growth through increased lending activities and job creation across various sectors.

The CBN's recapitalisation initiative is viewed as a strategic move to fortify the resilience of Nigerian banks and enhance their capacity to drive sustainable economic development. With foreign investment expected to surge, stakeholders are hopeful that the initiative will yield positive outcomes for the banking sector and the broader economy.

DMO Aims To Raise N450bn In April Bond Auction

By Edmond Martins

The Debt Management Office (DMO) is gearing up to conduct its April bond auction, with plans to raise a total of N450 billion.

Scheduled for April 15, the auction aligns with the DMO's broader objective of mobilising up to N1.8 trillion through Federal Government of Nigeria (FGN) bonds in the second quarter of 2024.

Breaking down the offering, the DMO intends to allocate N150 billion each for three different bond categories. These include the new FGN APR 2029 five-year bond, the reopened FFBN FEB 2031 17-year bond, and the FGN FEB 2034 10-year bond.

Settlement for the auction is slated for April 17, 2024.

FGN bonds serve as essential investment instruments auctioned monthly by the DMO, with interest payments disbursed semi-annually. Investors can participate with a minimum subscription of N50,000,001 and in multiples of N1,000 thereafter. These bonds hold significance for trustees under the Trustee Investment Act and offer tax exemption benefits for pension funds, as they are classified as government securities under the Company Income Tax Act (CITA) and the Personal Income Tax Act (PITA).

The DMO's bond issuance activities have been robust in the first quarter of 2024. In January, approximately N418.2 billion worth of FGN bonds were issued, followed by a significant issuance of N1.49 trillion in February.

Notably, interest rates on the 10-year bonds reached 19 percent during this period. March witnessed another substantial issuance, with N475.7 billion worth of bonds issued at attractive

interest rates, peaking at 20.45 percent on the 10-year bond.

As the DMO prepares for the April bond auction, market participants will keenly observe the dynamics and outcomes, which play a crucial role in shaping investment sentiments and financial market activities.

FG Initiates Repatriation Of Foreign Denominated Assets In Q2

CONTINUED FROM PAGE ONE

repatriation of foreign denominated assets into the formal financial sector would commence in this second quarter of 2024.

He emphasised the government's commitment to stimulating economic growth and development through various interventions.

Additionally, the government plans to initiate local issuance of foreign denominated federal government bonds in early Q2 2024.

The objective of repatriating foreign denominated assets is to enhance the supply of 'sticky' foreign capital to vital sectors of the economy. Despite increased costs to the government, Mr. Edun highlighted that the upsurge in the pricing of government securities is bolstering US dollar inflow into the economy.

He further outlined the government's initiatives, including plans to generate and deliver up to 6GW of electricity in the second half of 2024 and upscale and out scale agricultural value chain projects.

In addition to sector-focused interventions in the oil and gas sector, such as tax incentives and remissions, the government is prioritising the reduction of petroleum sector contracting costs and timelines while ensuring local content compliance for value.

Mr. Edun stated: "Government is implementing a suite of key enablers to successfully attract and retain long-term domestic and foreign direct investments in our economy."

He also highlighted the government's engagement with manufacturers to develop programs and policies aimed at cushioning the impact of current challenges and stimulating mass-scale productive activity across multiple sectors.

Some experts believe that stable and predictable exchange rates, risk-reflective yields, and targeted policies would increase the ability to attract local and foreign capital, potentially addressing food inflation, which is the primary driver of inflationary pressure on the economy.

Overall, the federal ggovernment's initiatives signal a concerted effort to drive economic growth, attract investments, and address key challenges facing various sectors of the economy.

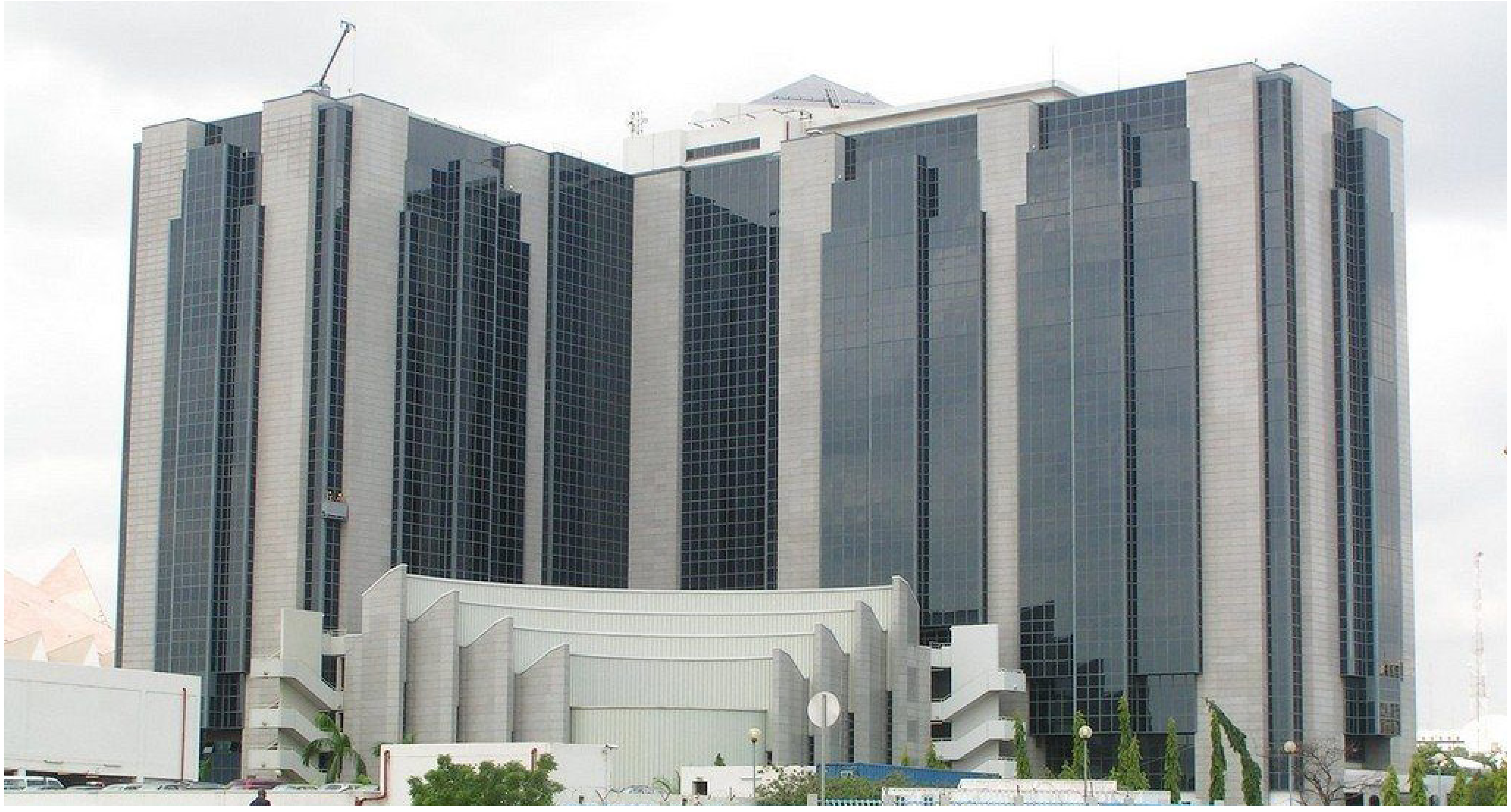
Meanwhile, the federal government utilised a portion of the Nigerian treasury bills (NTBs) and bonds issued in 2024 to settle Ways and Means advances from the Central Bank of Nigeria (CBN) amounting to N4.83 trillion.

Mr. Edun made this disclosure during his presentation at the LBS breakfast club.

The repayment of the outstanding debit balance of N7.3 trillion of the Ways and Means Advance in the Consolidated Revenue Fund (CRF) of the government was approved by the National Assembly last year.

This move came in response to the announcement by Mr. Olayemi Cardoso, Governor of CBN, that the apex bank would cease granting Ways and Means advances to the federal government until the outstanding balance is settled.

In addition to settling part of the Ways and Means Advances, Mr. Edun highlighted other initiatives aimed at boosting foreign exchange supply. He outlined three core areas the federal government would focus on to achieve economic growth of at least 3.5 percent in 2024. These



The federal government aims to reduce the budget deficit to 3.9 percent of gross domestic product (GDP) from 6.1 percent in 2023 through various fiscal measures...

areas encompass increasing oil production to 2 million barrels per day, boosting agricultural sector growth to three percent, and enhancing trade activities to support a positive current account.

He underscored the importance of implementing an enhanced government revenue assurance model to achieve a robust execution plan for a 78 percent year-on-year increase in budgeted revenue in 2024.

The federal government aims to reduce the budget deficit to 3.9 percent of gross domestic product (GDP) from 6.1 percent in 2023 through various fiscal measures, including safeguarding oil revenues, optimising government assets, and increasing non-oil revenue.

Moreover, Mr. Edun highlighted interventions undertaken by the government to address food production challenges, such as releasing food commodities and directly intervening in food production. He also mentioned the government's efforts to enhance regional trade through harmonised trade policies and improved financial systems and payment integration across other African countries.

Also, in a bid to reduce its reliance on oil revenue and bolster economic stability, the government announced plans to introduce an Emergency Economic Bill aimed at revamping non-oil revenue streams.

Mr. Edun disclosed this groundbreaking initiative during his address at the LBS breakfast club. The proposed bill was slated to be presented before the National Assembly in the near future.

The bill, as outlined by Mr. Edun, encompasses a comprehensive strategy to augment non-oil revenue generation. It includes expanding the tax base, enhancing compliance measures, automating excise tax collection, and reviewing tax exemptions and duty waivers.

These measures are designed to curb the country's over reliance on fluctuating global oil prices, which have historically wreaked havoc on the national budget.

Speaking on behalf of the Presidency, a tweet reiterated the government's commitment to diversifying revenue sources and strengthening the non-oil sector to ensure long-term economic resilience.

Mr. Taiwo Oyedele, Chairman of the Presidential Committee on Fiscal Policy and Tax Reforms, confirmed the imminent presentation of the bill. He emphasised the urgency of fostering non-oil revenue growth and estimated that Nigeria could potentially generate N10 trillion annually through efficient management of its non-oil assets, which are currently valued between N80 trillion and N100 trillion.

The proposed bill's multi-pronged approach includes identifying and registering new taxable entities within the economy, improving tax collection efficiency, scrutinising existing tax breaks and waivers, and recalibrating tax incentives. These measures are expected to streamline processes, reduce loopholes, and ensure that tax policies deliver intended benefits without undermining revenue goals.

Mr. Oyedele stressed the need to address mismanagement and unlock the full potential of government assets, underscoring the critical role of the Emergency Economic Bill in fostering economic diversification and resilience.

Upon passage by lawmakers and presidential assent, the implementation of the bill will mark a significant milestone in Nigeria's journey towards reducing its dependence on oil revenue and building a more diversified and robust economy. With careful implementation and oversight, the proposed measures hold the promise of ushering in a new era of economic prosperity and stability for Nigeria.

Finance Minister Reveals MDAs Remitted N835.7bn Revenue To FG In February

The Honourable Minister of Finance and Coordinating Minister of Economy, Mr. Wale Edun, has revealed that the federal government revenues from various entities surged to N835.70 billion in February.

This marked a staggering 441.78 percent increase from the N154.25 billion remitted by ministries, departments, and agencies (MDAs) during the same period last year.

Speaking at the Lagos Business School (LBS) breakfast club, Mr. Edun attributed this significant growth to the implementation of an automated system, initiated on January 2, 2024.

This system ensures a twice-daily transfer of 50 percent of MDAs and government-owned enterprises'(GOEs) internally generated revenue, leading to enhanced remittances.

The directive for MDAs to remit 100 percent of their internally generated revenue to the sub-recurrent account, a part of the consolidated revenue fund, was issued by the federal government via the Ministry of Finance in December 2023. This directive aims to bolster revenue generation, promote fiscal discipline, and enhance transparency in managing government finances, thereby curbing waste and inefficiencies.

The Honourable Minister stressed the imperative of boosting revenues as a pivotal component of a comprehensive strategy to achieve a remarkable 78 percent year-on-year increase in budgeted revenue for 2024. He highlighted the necessity of implementing an upgraded government revenue assurance model, aiming to slash the budget deficit from 6.1 percent of gross domestic product (GDP) in 2023 to 3.9 percent.

"We have outlined a robust execution plan to achieve a 78 percent year-on-year increase in budgeted revenue for 2024, but it is crucial to implement an enhanced government revenue assurance model to target a budget deficit of 3.9 percent of GDP, down from 6.1 percent in 2023," Mr. Edun emphasised.

In line with the government's strategy, Mr. Edun pointed out the elevation of government securities' pricing, which has effectively attracted dollar inflows albeit at a higher cost to the government.

Furthermore, he elaborated on the government's initiatives to streamline the commencement of 2024 capital expenditure payments by MDAs and GOEs, emphasising direct payments to contractors. This move is part of a broader effort to minimise redundancy and curb leakages through digitisation.

"We have implemented prudent expenditure measures, reducing unnecessary redundancy, curbing leakages through digitisation, and streamlining the process for 2024 capital expenditure payments by MDAs and GOEs, ensuring direct payments to contractors while fostering a government-wide culture of cost containment," he affirmed.

EDITORIAL

Nigeria's Reserve Decline: **A Wake-Up Call For Economic Reform**

CONTINUES FROM COVER

In practical terms, the Nigerian government, especially considering the relatively new administration, should take several strategic steps to address the decline in foreign reserves and set the economy on a path towards sustainable growth.

The government should ensure fiscal discipline. The policy makers should implement prudent fiscal policies to manage government spending and reduce budget deficits. This may involve cutting unnecessary expenses, improving revenue collection, and enhancing transparency in public financial management to curb corruption and leakage of funds.

The Central Bank of Nigeria (CBN) should adopt a more flexible exchange rate regime to allow the naira to reflect market fundamentals. While defending the currency can be necessary to maintain stability, over reliance on reserves depletion is unsustainable in the long run. A gradual transition towards a more market-driven exchange rate system can help preserve reserves while promoting export competitiveness.

The government should create an attractive investment climate by improving the ease of doing business, streamlining regulatory processes, and providing incentives for foreign investors. Additionally, the government should also prioritise infrastructure development to enhance productivity and attract private investment.

This administration has to invest in institutional capacity building and governance reforms to enhance transparency, accountability, and the rule of law. This includes strengthening regulatory bodies, improving the judiciary system, and combating corruption effectively.

There should be collaboration with international partners, multilateral organisations, and neighbouring countries to explore opportunities for trade, investment, and development assistance. Engaging in regional economic integration initiatives can also facilitate market access and promote economic growth.

The government should also invest in education, healthcare, and skills development to empower the workforce and enhance productivity. A well-educated and healthy population is essential for sustainable economic growth and poverty reduction.

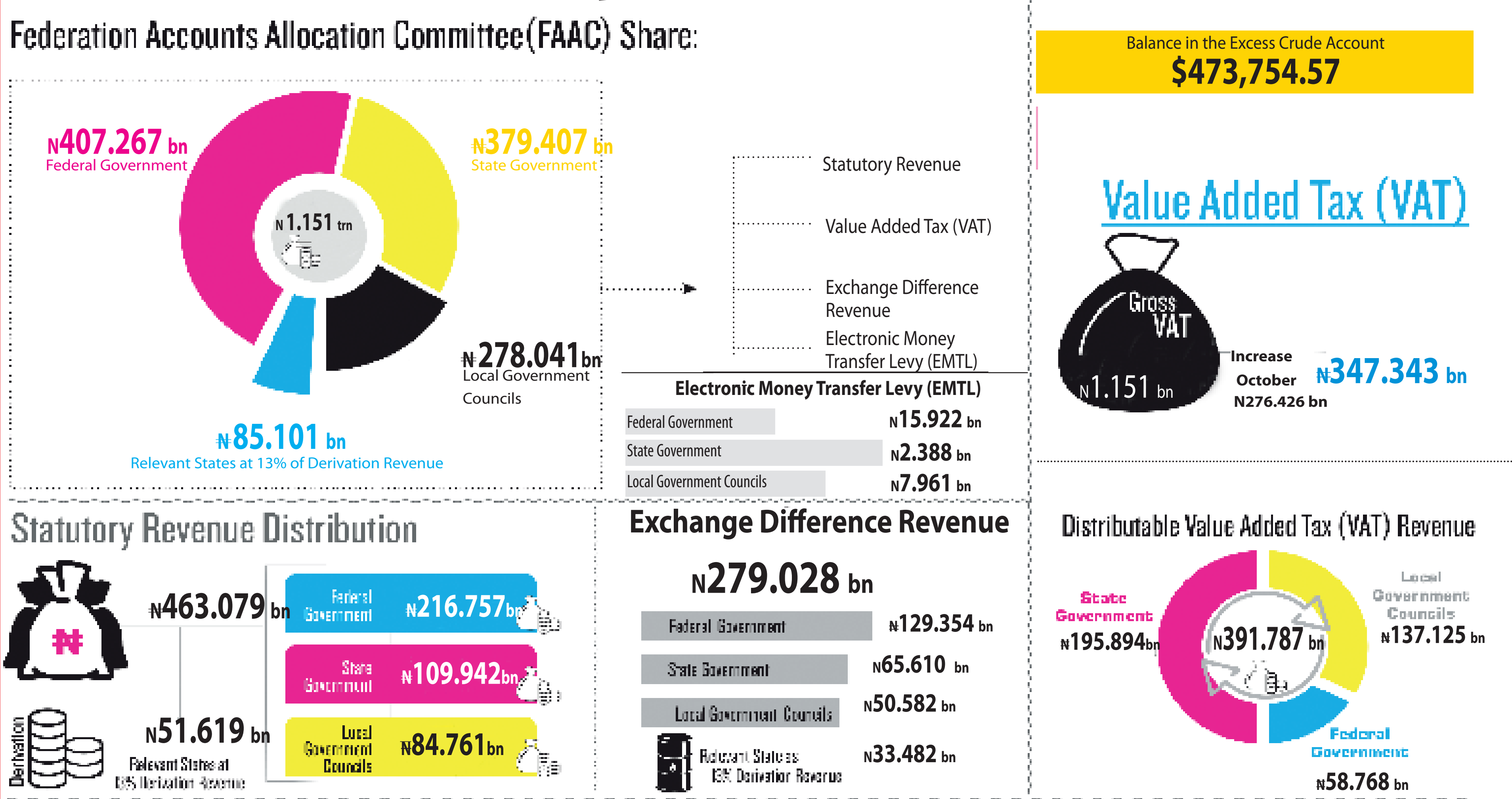
By implementing these practical measures, the Nigerian government can address the decline in foreign reserves, stimulate economic recovery, and lay the foundation for long-term prosperity. It will require commitment, perseverance, and cooperation from all stakeholders, but the potential benefits for Nigeria's economy and its people are significant.

Diversification must be at the forefront of Nigeria's economic agenda. Relying solely on oil exports leaves the country vulnerable to the whims of global markets. A concerted effort to develop other sectors such as agriculture, manufacturing, and technology is imperative to ensure resilience against external shocks.

Additionally, tackling corruption and improving governance is non-negotiable. The haemorrhage of reserves is symptomatic of deeper institutional failures that undermine investor confidence and deter much-needed foreign investment. Without meaningful strides towards transparency and accountability, Nigeria will continue to lag behind its peers in the global economy.

Therefore, the precipitous decline in Nigeria's reserves should serve as a wake-up call for policymakers and citizens alike. It is time to move beyond short-term fixes and embrace a holistic approach to economic reform. Only through concerted efforts to diversify the economy, improve governance, and foster an environment conducive to investment can Nigeria unlock its full potential and secure a prosperous future for all its citizens.

FAAC Shares N1.15 trn February 2024 Revenue To FG, States And LGCs



The tax landscape in January 2024 witnessed significant increases in CIT, import duty, petroleum profit tax (ppt), and oil and gas Royalties. However, VAT, export duty, EMTL, and CET Levies experienced considerable declines. This mixed performance reflects the evolving nature of Nigeria's revenue generation capabilities and the impact of global and local economic dynamics on tax collections.

Customs FX Rate For Import Duties Drops To N1238/$

Generates N45.23bn, Intercepts N5.79bn Contraband At Lagos Airport

By Jennete Ugo Anya

The Nigeria Customs Service (NCS) has announced a reduction in the foreign exchange (FX) rate for import duties to N1,238.17 per dollar.

This adjustment, observed on Wednesday,April 10, 2024 marks a significant 6.8 percent decrease from the previous rate of N1,246.66/$, which was recorded on April 8.

The new customs FX rate falls below the official foreign exchange rate, which closed at N1,248.5/$ on April 9 at the Nigerian Autonomous Foreign Exchange Market (NAFEM).

This development comes amidst ongoing efforts by the Central Bank of Nigeria (CBN) to stabilise the naira.

On April 8, the CBN announced the sale of forex to bureau de change (BDC) operators at the rate of N1,101/$, a move aimed at increasing liquidity in the foreign exchange market. Additionally, the apex bank reduced its rate for dollar allocation to BDCs from N1,251/$, which was announced on March 25.

In further efforts to strengthen the naira, the CBN directed all banks to cease the use of foreign currency-denominated collaterals for naira loans. These measures underscore the commitment of financial regulators to safeguard the stability of the Nigerian currency amidst prevailing economic challenges.

Commenting on the recent adjustment in customs FX rates, Mr. Dele Oye, President of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), emphasised the need for import duties to be charged in the national currency rather than in dollars. Mr. Oye stated: "The NCS must collect the national currency of Nigeria. NCS must stop collecting duties using the United States Dollar rate."

Mr. Bashir Adewale Adeniyi, Comptroller-General of Customs

He further appealed for all legitimate government transactions to be conducted in the sovereign currency of Nigeria.

The reduction in customs FX rates signals a proactive approach by authorities to facilitate trade and mitigate the impact of currency fluctuations on importers and businesses. As stakeholders navigate the evolving economic landscape, these measures aim to promote stability and resilience in Nigeria's trade ecosystem.

Also, the Murtala Muhammed Airport Command (MMA) of the NCS reported a significant increase in revenue generation and successful interceptions of contraband during the first quarter of 2024.

The Customs Area Controller, Compt. Mohammed Yusuf, disclosed the achievements during a press conference at the Murtala Muhammed Airport Command.

The command generated a total revenue of N45.23 billion from importers at the airports in the first quarter of 2024, marking a substantial increase from the N21.36 billion generated in the same period of 2023. This represents a remarkable 111.7 percent increase in revenue collection.

Compt. Yusuf attributed the increased revenue generation to the commitment of the command in ensuring the collection of revenue for the federal government, despite global challenges affecting various sectors of the economy.

Compt. Yusuf also revealed that the command intercepted contraband worth N5.79 billion during the same period. The contraband included 50 pieces of 9mm live ammunition, 1,164kg of sea cucumbers, 58kg of donkey genitals, and 17 packages of Tramadol.

Compt. Yusuf commended the support of the Controller General of Customs, Mr. Bashir Adewale Adeniyi, and urged officers of the command to remain focused and steadfast in discharging their responsibilities.

In terms of stakeholder engagement, the command has maintained an open-door policy and resolved various issues of common interest with concerned stakeholders. The command expressed gratitude to critical stakeholders, sister agencies, and the media for their collaborative efforts and synergy in carrying out their statutory mandate.

Compt. Adeniyi, and his management team were appreciated for their continued support, alongside the officers and men of the command. Officers were urged to remain focused and steadfast in their duties.

The successful revenue generation and interception of contraband demonstrate the commitment of the service in upholding its mandate of facilitating legitimate import and export trades while curbing smuggling activities.

FG, Immigration Service Collaborate To Address N10bn e-passport Debt

By Anita Dennis

The Federal Government of Nigeria and the Nigeria Immigration Service (NIS) are actively seeking solutions to tackle a significant debt exceeding N10 billion owed to providers/ vendors for the printing of passport booklets.

This financial burden has resulted in a shortage of both 32-page and 64-page passport booklets, impacting passport applications and acquisition processes.

Over the past year, it has been reported that at least 105,000 e-passport booklets have been printed, comprising 35,000 copies of the 32-page booklet and 70,000 copies of the 64-page booklet.

Sources familiar with the matter revealed that the Honourable Minister of Interior, Dr. Olubunmi Tunji-Ojo, is leading the government's efforts, while Comptroller-General of the NIS, Mrs. Kemi Nanna Nandap, is heading the NIS team to address the challenges.

Expressing concerns about the adverse effects of the significant debt on ongoing reforms in passport applications and acquisition, both parties are committed to finding viable solutions to the predicament. Dr. Tunji-Ojo initiated reforms upon assuming office, aimed at streamlining application and acquisition processes for Nigerians. These reforms included upgrading facilities and commissioning more e-Passport offices within and outside the country, leading to the clearance of over 200,000 backlogs of passports within three months.

However, recent developments indicate persistent challenges, with Nigerians continuing to experience delays in obtaining their passports. While NIS sources attribute these delays to a shortage of booklets resulting from the significant debts owed to printers and other service providers, some Nigerians allege sabotage from within the NIS, citing unfavorable treatment and communication hurdles.

Despite the hurdles, the government remains committed to resolving the situation and ensuring efficient passport issuance processes. Efforts are underway to engage stakeholders in dialogue and address bureaucratic bottlenecks hindering payments for services rendered. Additionally, collaboration between the Nigeria Customs Service (NCS) and the Immigration Service is being explored to expedite the resolution of the challenges.

For instance, a citizen, Mr. Seun Akioye recently encountered difficulties in obtaining his passport, despite fulfilling all necessary conditions and enduring weeks of communication hurdles with NIS personnel. Akioye's ordeal prompted Dr. Tunji-Ojo's intervention, resulting in the swift issuance of his passport.

The mounting debt hanging over the NIS poses a formidable obstacle to ongoing reforms in passport application and acquisition processes. However, the government has initiated dialogue with critical stakeholders to address these challenges, promising to tackle bureaucratic bottlenecks hindering payments for services rendered.

Additionally, collaboration between the Nigeria Customs Service (NCS) and the immigration service is underway to resolve the challenges, in alignment with President Bola Tinubu's Renewed Hope Agenda. Despite the hurdles, commendation was extended to Dr. Tunji-Ojo for his dedication and exemplary leadership in navigating these complexities and ensuring service providers in the passport value chain receive their dues.

As efforts continue to address the debt and streamline passport processes, stakeholders remain hopeful for positive outcomes that will enhance service delivery and meet the needs of Nigerian citizens.

FG Reopens Portal For Presidential Conditional Grant Scheme To Support Nano Businesses

By Kingsley Benson

The federal government has once again extended a helping hand to small businesses across the country by reopening the application portal for the Presidential Conditional Grant Scheme (PCGS).

This initiative is specifically designed to provide support to nano businesses, which are characterised by their small size and significant impact on local communities.

Nano businesses, despite their modest scale, play a crucial role in the Nigerian economy. Often family-run enterprises, they contribute significantly to the country's growth and development by providing essential goods and services at the grassroots level.

The PCGS offers grants ranging from N50,000 to one million nano businesses across all 774 local government areas. This financial assistance aims to empower businesses to expand their operations, hire new employees, and enhance their overall sustainability.

The program prioritises certain demographic groups, with 70 percent of the grants allocated to women and youth, 10 percent to people with disabilities, 5 percent to senior citizens, and 15 percent to other demographics. Eligible businesses span various sectors, including trading, food services, ICT, transportation, creatives, and artisans.

The application process is expected to be conducted online, although the specific website address has not been disclosed in the announcement. Interested applicants are advised to stay informed through official government channels for updates on the application process and website links.

For those seeking more information, updates from the government on the application process and website are forthcoming. Additionally, individuals could reach out to their local representatives or the Nigerian Association of Small and Medium Enterprises (NASME) for further assistance.

This grant program presents a valuable opportunity for small businesses in Nigeria to receive much-needed support during these challenging times. Business owners are encouraged to stay informed and seize the opportunity to apply when the application portal becomes available.

FG Plans N3,000 Toll Charges On Lagos-Calabar Coastal Highway

By Majeed Salam

The Federal Government of Nigeria has revealed its intention to impose toll charges averaging N3,000 per toll gate for vehicles utilising the Lagos-Calabar coastal road upon its completion.

This announcement was made by Honourable Minister of Works, Engr. Dave Umahi, during an appearance on an aired program on Thursday, April 11, 2024.

Engr. Umahi confirmed the proposed toll charges, emphasising that the revenue generated from tolls would enable the government to recoup its investment within a 15-year period.

He justified the cost, stating that an average of 50,000 vehicles are expected to pass through each toll gate daily, with toll fees ranging from N1,500 for cars to N5,000 for large trucks.

Furthermore, Engr. Umahi outlined plans to incorporate additional facilities at the toll stations, including filling stations, restaurants, and parking lots, to enhance the

Engr. Dave Umahi, Honourable Minister of Works

convenience and amenities available to motorists. Security measures such as closed circuit television (CCTV) surveillance would also be implemented to ensure safety along the route.

The minister disclosed that the construction of the Lagos-Calabar coastal road is projected to span eight years, with an estimated cost of N4 billion per kilometre. He attributed the prudence of the project's budget to government oversight and cost management practices, asserting that it represents a cost-effective investment in Nigeria's infrastructure development.

The Lagos-Calabar coastal highway project, which was unveiled by Engr.Umahi in September 2023, aims to connect Lagos to Cross River state, traversing several coastal states along its 700-kilometer route. Phase one of the project, covering 47.47 kilometers from Lagos, has been awarded to Hitech Construction Company Ltd.

The project's implementation has faced scrutiny, with questions raised about the contract award process and project costs. However, he assured the public that the full cost breakdown of the project would be disclosed, emphasising the ministry's commitment to transparency, efficiency, and quality in infrastructure development.

As the government moves forward with plans to toll the Lagos-Calabar coastal highway, stakeholders await further details on the project's timeline, toll charges, and associated amenities.

FG Asserts Electricity Tariff Can Decrease With Exchange Rate Improvement

Threatens Sanctions On Discos For Inadequate Power Supply To Band A Customers

Plans N1.5trn Savings, 2.5m Meter Installations Following Tariff Hike

By Edmond Martins

The Honourable Minister of Power, Mr. Adebayo Adelabu, has suggested that the recently increased electricity tariffs could potentially decrease if the exchange rate improves to below N1,000 to a dollar.

He made this assertion during an appearance on a Tlelevision program on Thursday, April 11 2024.

Following the Nigerian Electricity Regulatory Commission's NERC) announcement on April 3, the subsidy on electricity consumed by Band A customers was removed. As a result, Band A customers now pay N255 per kilowatt-hour (kWh), marking a significant increase from the previous rate of N68/kWh, while other customer bands maintain the previous tariff rates.

However, Mr. Adelabu outlined conditions under which a reduction in tariffs could be considered.

"The tariff is flexible. I can tell you if the naira gains strength and the exchange rate drops below N1,000 to a dollar, it could positively influence the tariff. Consequently, even for Band A customers, the tariff may reduce below the current N225/kWh," he explained.

Mr. Adebayo Adelabu, The Honourable Minister of Power

He emphasised that various factors contribute to determining the tariff structure, and the government is attentive to these dynamics.

"There are variable factors that go into the composition of the tariff, and we are not closing our eyes to it," Mr. Adelabu stated.

Also, the federal government issued a stern warning to electricity distribution companies (Discos), stating that the government will impose sanctions on those failing to provide 20 hours of electricity to customers in the Band A category.

Mr. Adelabu made this announcement on Tuesday, April 9, through a statement released on X, emphasising that the recent tariff hike exclusively targets customers classified under Band A, who are entitled to a minimum of 20 hours of power supply per day.

This came after the recent NERC's decision to increase the electricity tariffs for Band A customers, raising the rate to N225 per kilowatt-hour from the previous N66/kWh.

However, he did not specify the nature of the sanctions that would be imposed on Discos failing to meet the prescribed service level.

In response to the government's stance, the Nigerian Society of Engineers (NSE) has called on NERC to impose strict sanctions on Discos failing to provide Band A customers with 20 hours of power supply.

However, a document released by the Federal Ministry of Power on Wednesday, April 10, shared by Mr. Bolaji Tunji, the media aide to the honourable minister of Power revealed that the government anticipates saving N1.5 trillion with the recent tariff adjustment.

The adjustment, which affects Band A consumers, aims to enhance liquidity in the Nigeria Electricity Supply Industry (NESI).

To address the metering gap, the federal government established the Presidential Metering Initiative, aiming to install 2-2.5 million meters annually over the next five years. According to a September 2023 report by the Nigeria Electricity Regulatory Commission (NERC), out of 12,825,005 registered electricity customers, only 5,707,838 had meters, leaving over 7.1 million customers subject to estimated billing.

Mr Adelabu, emphasised the government's commitment to eliminating estimated billing by the end of 2024. He stressed the importance of transparency and objectivity in the billing system and highlighted the initiative's goal to close the metering gap within three to five years, aiming for stable power supply across the country.

Nigeria's Inflation Projected To Hit Multi-Decade High Of 32.4% In March

By Ahmed Ahmed

Nigeria's inflation rate is anticipated to reach a multi-decade high of 32.4 percent in March 2024, driven by disruptions in the food supply chain and the lingering effects of fuel subsidy reduction, according to a report by the Lagos-based Financial Derivative Company (FDC).

The report highlighted the phenomenon of 'greedification,' citing corporate greed and exploitation of consumers by unscrupulous marketers as contributing factors to the inflationary pressures.

During a presentation at the Lagos Business School (LBS), Mr. Bismarck Rewane, Chief Executive Officer of FDC, noted that while inflation has started to decelerate in other countries like South Africa, the United Kingdom, and India, Nigeria's inflation is expected to rise by 0.7 percentage points from its February level.

The Consumer Price Index (CPI), which surged to 31.7 percent in February, is projected to continue its upward trend until a descent is observed later in the year, with a peak expected in May or June before gradually declining post-wage review.

While the Central Bank of Nigeria (CBN) has implemented aggressive monetary policies to curb inflation, FDC cautioned that these measures may not be sufficient. It pointed to countries like Kenya, Turkey, and Egypt, which pursued structural reforms and sought external funding from institutions like the World Bank and the International Monetary Fund to address inflationary pressures.

Mr. Muhammad Sani Abdullahi, Deputy Governor of the CBN's Economic Policy Directorate, echoed concerns about inflation, projecting a rate of 32.63 percent in March 2024. He attributed the rise to high energy costs, exchange rate fluctuations, and persistent insecurity affecting food production and prices.

The CBN, under the leadership of Mr. Olayemi Cardoso, has intensified efforts to rein in inflation through tighter monetary conditions, including significant increases in lending rates.

These measures have also contributed to stabilising the naira, which has moderated around N1,200 per US dollar after a period of significant depreciation.

Analysts at Coronation, a leading African financial services company, anticipate that inflation will peak in the second quarter of the year before gradually receding, provided that external conditions remain stable.

IMF Warns Against Detrimental Effects Of Subsidies, Tax Breaks On Production

By Musa Ibrahim

The International Monetary Fund (IMF) has cautioned against the negative impact of subsidies and tax breaks on industrial productivity, stating that these measures could be detrimental if not effectively targeted.

This warning was contained in a new report titled: 'Industrial Policy Is Not a Magic Cure for Slow Growth', released by the IMF.

According to the IMF, many industrial policies heavily rely on costly subsidies or tax breaks, which, if misdirected, can undermine productivity and welfare. The report emphasised the importance of striking the right balance in industrial policy implementation, highlighting historical instances of policy mistakes and negative spillovers in other countries.

The IMF underscored the potential benefits of industrial policy in driving innovation when properly executed. However, it cautioned against the indiscriminate allocation of subsidies and tax incentives, particularly when directed towards politically connected sectors. The report also warned against discriminatory practices against foreign firms, which could lead to costly retaliatory measures.

Furthermore, the report noted a recent trend of countries ramping up industrial policy to spur innovation in specific sectors amid security concerns. While acknowledging the potential of such policies, the IMF stressed the need for well-designed fiscal measures that support innovation and technology diffusion more broadly.

In response to the challenges posed by cyber risk in the financial sector, the IMF disclosed that financial institutions worldwide have incurred significant losses totaling $12 billion over the past two decades.

The report, titled 'Global Financial Stability Report, April 2024', highlighted the vulnerability of the financial industry to cyber attacks, with banks being the most frequent targets.

According to the IMF, cyber incidents pose key operational risks that could threaten the operational resilience of financial institutions and overall macroeconomic stability. While direct losses from cyber incidents reported by firms have generally been modest, the IMF warned that ongoing digital transformation and technological innovation exacerbate the risk of systemic disruptions.

The IMF's caution against subsidies and tax breaks aligns with recent policy reforms in Nigeria, including the discontinuation of fuel subsidies announced by the Bola Tinubu-led administration. Despite criticism, these reforms have received recognition from international observers, including the IMF, for creating fiscal space for development spending.

As governments navigate the challenges of industrial policy and cyber risk, the IMF emphasised the importance of transparent and targeted fiscal measures to support innovation, mitigate operational risks, and ensure macroeconomic stability.

NDIC Reaffirms Commitment To Safeguard Depositors' Funds

By Kingsley Benson

The Nigeria Deposit Insurance Corporation (NDIC) has reaffirmed its commitment to safeguard depositors' funds and bolster the stability of the Nigerian financial landscape.

The Managing Director (MD)/ Chief Executive Officer (CEO) of the NDIC, Mr. Bello Hassan, stated this commitment in his address at the 35th Enugu International Trade Fair in Enugu State on Friday, April 12th, 2024.

He emphasised that the theme of the trade fair, 'Promoting Made in Nigeria Products for Global Competitiveness,' underscored the NDIC's commitment to enhancing financial literacy and public awareness while showcasing the corporation's significant contributions to financial system's stability over the years.

Reflecting on the NDIC's mandate, Mr. Hassan outlined the key role of the NDIC in protecting depositors' fund and ensuring the adoption of secure and prudent banking practices.

He elucidated on the Deposit Insurance Scheme (DIS), designed as a 'risk minimizer', with core mandates encompassing deposit guarantee, bank supervision, distress resolution, and bank liquidation.

Mr. Hassan stressed that the NDIC's assurances to depositors serve to instil public confidence and incentivise financial inclusion, particularly among the unbanked population.

In the light of global economic dynamics, Mr. Hassan acknowledged the Central Bank of Nigeria's (CBN) regulatory efforts to fortify the banking sector, including the revision of minimum capital requirements for banks. He reiterated the NDIC's commitment to collaborating with the CBN to ensure a seamless transition while safeguarding depositors' interests and enhancing the sector's resilience.

Highlighting the NDIC's proactive approach, Mr. Hassan underscored the corporation's swift disbursement of insured sums to depositors affected by bank closures.

He provided updates on the efficient reimbursement process for verified depositors, emphasising the importance of cooperation and providing necessary documentation for claims.

Mr. Bello Hassan, Managing Director (MD) and Chief Executive of NDIC

He expressed his delight at participating in the NDIC's Special Day at the trade fair. He commended the President of the Enugu Chamber of Commerce and the chamber's efforts in organising a successful event.

Mr. Hassan called on the attendees to visit the NDIC's pavilion, where experienced staff would be available to provide further insights into deposit insurance operations.

NNPCL Pledges To Boost Gas Production To Support Naira Stability

Emphasises Role Of Natural Gas In Nigeria's Development

By Jennete Ugo Anya

The Nigerian National Petroleum Company Limited (NNPCL) has committed to ramping up Nigeria's gas production for both local and international markets in a bid to bolster the nation's prosperity and stabilise the naira.

Mr. Mele Kyari, the Group Chief Executive Officer of the NNPCL, speaking after a meeting with President Bola Tinubu at his Lagos residence during the Eid-el-Fitr holidays, reiterated the NNPCL's dedication to contributing to the economic well-being of Nigeria.

He emphasised the pivotal role of increased gas production in supporting the stability of the naira amidst recent currency fluctuations.

Mr. Kyari acknowledged the efforts of the Central Bank of Nigeria (CBN) in implementing various measures to strengthen the local currency, resulting in a significant rebound from N1,900/dollar in late February to nearly N1,200/dollar as of Thursday, April 11 in the parallel market. At the official market, the naira also witnessed an improvement, rising to about N1,230/dollar from over N1,500/dollar previously.

Mr. Mele Kyari, Group Chief Executive Officer of the NNPCL

The NNPCL's strategy involves leveraging favourable international commodity prices to further enhance the value of the naira. Mr. Kyari expressed confidence in the company's ability to fulfill this commitment, citing improved market conditions and stability in ongoing projects as key enablers.

Furthermore, Mr. Kyari highlighted the substantial contribution of petroleum exports to Nigeria's foreign currency earnings. He noted the positive impact of recent market developments on generating additional resources for the country.

Mr. Kyari attributed these achievements to the effective monetary and fiscal policies implemented by President Buhari's administration, which have yielded tangible results in the currency market.

Looking ahead, he emphasised the NNPCL's determination to deliver on its objectives, promising tangible progress in the coming weeks. With a focus on enhancing gas production and leveraging market dynamics, the company aims to play a significant role in supporting Nigeria's economic growth and currency stability.

In another development, NNPCL graded the key role of natural gas in driving economic growth and industrial development in Nigeria.

Speaking at the public presentation of the book titled 'The Rise of Gas: From Gaslink to the Decade of Gas' by Charles A. Osezua in Abuja, Mr. Kyari emphasised the global acceptance of natural gas as a critical energy source that sustains economic growth and fuels industrial activities.

In a statement shared on NNPCL's official handle, Chief Corporate Communications, Mr. Olufemi Soneye quoted Mr. Kyari as highlighting the importance of prioritising natural gas production and supply, especially in light of geopolitical dynamics and global energy security concerns.

Represented by Mrs. Oluwakemi Olumuyiwa, Head of Relationship and Stakeholder Management at NNPCL, Mr. Kyari reiterated the significance of documenting Nigeria's gas sector, given the country's substantial gas reserves exceeding 200 trillion cubic feet (Tcf) and the potential to reach 600 Tcf.

He emphasised leveraging Nigeria's abundant gas resources for sustainable development, energy security, and job creation, aligning with the federal government's 'Decade of Gas' initiative aimed at optimising gas reserves for domestic consumption and international export.

Mr. Kyari pionted NNPC Ltd.'s leading role in advancing the 'Decade of Gas' agenda through strategic investments in critical gas infrastructure such as pipelines and processing facilities.

Mr. Osezua, expressed gratitude to NNPCL for its support towards the book launch, noting that the company's participation underscores its commitment to fostering knowledge sharing and innovation within the gas industry.

Mr. Afolabi Oladele, Chairman of the Impact Investors Foundation and former Group Executive Director of NNPCL, commended the book for providing comprehensive insights into the gas value chain. He emphasissed its relevance to policymakers amid the ongoing global energy transition.

Power Generation Plummets by 32.31% To 2,775MW

By Chiamaka G. Okpala

Amidst growing concerns over the recent electricity tariff hike and ongoing challenges with power supply, electricity generation in Nigeria plummeted to 2,775 megawatts (MW) recently, marking a significant 32.3 percent decline from the 4,099.87MW recorded some week ago.

This data was revealed by the Nigeria Electricity System Operator (NESO), a semi-autonomous unit of the Transmission Company of Nigeria (TCN).

Despite the recent adjustments to the billing of Band A power consumers, findings indicate that there has been no notable improvement in the power value chain.

Factors contributing to this decline include inadequate supply of gas to thermal stations and the poor state of transmission lines. Power generation has been averaging around 4,200 megawatts since the beginning of the year.

Information provided by the Independent System Operator (ISO) showed that load allocation to the eleven Distribution Companies (DisCos) totaled 2,775.00 Megawatts.

Among the DisCos, Abuja Disco received the highest allocation at 428MW, followed by Ikeja Electric at 422MW, Eko Disco at 359MW, Ibadan Disco at 335MW, Benin Disco at 227MW, and Enugu Disco at 200MW.

Conversely, the distribution companies with the lowest allocation were Yola Disco at 79MW, Jos Disco at 158MW, Kaduna Disco at 181MW, Kano Disco at 188MW, and Port Harcourt Disco at 198MW.

This inadequate generation capacity for transmission and distribution has led to electricity rationing, with some areas experiencing load shedding to manage the limited supply. In response to customer complaints, some Discos have taken to their social media platforms to issue apologies and explanations for the interruptions in service.

For instance, Ibadan Disco recently issued a public announcement titled 'List of Band A Feeders with Unmet Hours of Service (11th, April 2024),' apologising to customers for the inability to deliver the estimated hours of supply due to earth faults on the 33kv lines.

The Disco reiterated its commitment to providing the estimated hours of supply despite the challenges faced.

fmfinsights

Economy & Investment

ADVERT RATE

COLOUR

PRODUCT

Size	Rate	Vat (7.5%)
F/P	620,300.00	46,522.50
H/P	392,100.00	29,407.50
Q/P	245,100.00	18,386.25
14.5x5	400,000.00	30,000.00
14.5x3	320,000.00	24,000.00
10x6	560,000.00	42,000.00
10x5	540,500.00	40,537.50
10x4	360,100.00	27,007.50
9x6	505,000.00	37,875.00
9x5	482,350.00	36,176.25
9x4	360,000.00	27,000.00
9x3	260,000.00	19,500.00
8x6	406,000.00	30,450.00
8x5	390,600.00	29,295.00
8x4	310,300.00	23,272.50
7x6	355,000.00	26,625.00
7x5	345,100.00	25,882.50
7x4	270,800.00	20,310.00
7x2	250,000.00	18,750.00
6x4	240,000.00	18,000.00
6x3	180,000.00	13,500.00
6x2	102,100.00	7,657.50
5x6	261,000.00	19,575.00
5x5	240,000.00	18,000.00
5x4	191,300.00	14,347.50
5x3	150,600.00	11,295.00
5x2	90,000.00	6,750.0
4x4	158,500.00	11,887.50
4x3	120,00.00	9,000.00
4x2	70,000.00	5,250.00
3x2	55,000.00	4,125.00
2x2	37,000.00	2,775.00
2x1	25,000.00	1,875.00
1x1	8,500.00	637.00

PUBLIC NOTICE POLITICAL

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

BLACK AND WHITE

PRODUCT

Size	Rate	Vat (7.5%)
F/P	475,200.00	35,640
H/P	310,300.00	23,272.5
Q/P	152,500.00	11,437.5
14.5x5	312,150.00	23,411.25
14.5x3	286,500	286,500
9x6	252,400.00	18,930.00
9x5	301,000.00	22,575.00
9x4	240,600.00	18,045.00
9x3	225,500.00	16,912.50
8x6	330,000.00	24,750.00
8x5	265,650.00	19,923.75
8x4	235,550.00	17,666.25
7x6	215,000.00	16,125.00
7x5	155,000.00	11,625.00
7x4	150,300.00	11,272.50
7x2	135,000.00	10,125.50
6x4	148,100.00	11,107.50
6x3	120,800.00	9,060.00
6x2	80,000.00	6,000.00
5x6	155,000.00	240,000.00
5x5	180,000.00	180,000.00
5x4	102,100.00	
5x3	115,000.00	
5x2	120,000.00	
4x4	102,300.00	7,672.5
4x3	80,000.00	6,000.00
4x2	50,000.00	3,750.00
3x2	38,000.00	2,850.00
2x2	27,100.00	2,032.5
2x1	70,000.00	70,000.00
1x1	6,100	457.5

PUBLIC NOTICE POLITICAL

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

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

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

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

GENERAL INFORMATION

DEADLINE
WITHIN ABUJA
5 Days of Publication

SUR-CHARGE
SPECIAL POSITION
100% : Pages 2, 3 and 4
50% : Pages 5, 6 and 7

TECHNICAL DATA
Print Process = Web Offset Litho
Copy Required = Camera Ready Artwork with a good resolution (minimum 300dpi)

Printed by the 1065 Konsult

D2-32 Atiku Abubakar Crescent, Cityview Estate, Dakwo, Abuja +234 802 313 0653

All corresponce to info@ the1065Konsult.com www.the1065konsult.com

15 States Reduce Domestic Debt By N118bn - NBS

Transport Fare Increases By Over 20% Across Various Modes Of Travel

By Jennete Ugo Anya

In the final quarter of 2023, 15 states in Nigeria experienced a significant reduction in their combined domestic debt by N117.6 billion.

The reduction was attributed to a surge in revenues allocated by the Federation Account Allocation Committee (FAAC).

The data sourced from the National Bureau of Statistics (NBS) disclosed that the total domestic debt of states including Gombe, Akwa Ibom, Ebonyi, Taraba, Ondo, and 10 others declined to N1.47 trillion from N1.59 trillion in the corresponding period of 2022.

Experts point to the increased allocations from FAAC as a driving force behind the decline in states' debt accumulation. According to Mr. Adeola Adenikinju, president of the Nigerian Economic Society, the augmented revenue stream has reduced states' inclination towards borrowing, leading to a decreased debt-to-revenue ratio.

He emphasised that high debt ratios could deter credit lenders, making it challenging for states to access further loans.

The surge in FAAC disbursements to all tiers of government in 2023, totalling N16.04 trillion, marked a notable increase from N11.7 trillion in 2022. Mr. Ikemesit Effiong, partner and head of research at SBM Intelligence, hailed the rise in FAAC revenue as a positive development for states' fiscal sustainability.

A deeper analysis reveals that states such as Nasarawa, Anambra, Ebonyi, and Sokoto witnessed substantial increases in their average monthly FAAC allocations following the removal of petrol subsidies. For instance, Nasarawa recorded a remarkable 185.3 percent rise in its average FAAC allocation post-subsidy removal.

Mr. Temitope Omosuyi, investment strategy manager at Afrinvest Limited, cautioned that despite the current surge in FAAC allocations, states must consider their medium- to long-term fiscal health before resorting to further debt financing.

Mr. Ayo Teriba, Chief Executive officer (CEO) of Economist Associates, highlighted that increased internally generated revenue (IGR) and higher FAAC allocations have mitigated the need for borrowing in some states.

However, challenges persist, notably in the form of rising debt servicing costs for the federal government. Despite a decrease in the debt service-to-revenue ratio in the first nine months of 2023, the actual cost of servicing debt has remained a significant burden.

In light of these developments, stakeholders stress the importance of prudent financial management by states and the federal government to ensure sustained economic stability amid fluctuating revenue streams and global economic challenges.

Also, the NBS revealed a significant rise in transport fares across various modes of travel, with inter-city bus fares witnessing an increase of over 20 percent.

This data was disclosed in the NBS Transport Fare Watch report for January 2024.

According to the report, the average fare paid by air passengers for specified routes on a single journey surged by 20.53 percent year-on-year to N89, 975.68 in January 2024, compared to N74, 648.65 in the same period of 2023. Additionally, intercity bus journey costs per drop rose by 6.72 percent to N963.38 in January 2024 from N902.70 in December 2023.

Within city limits, commuters experienced a 0.94 percent month-on-month increase in bus journey fares per drop to N650.70 in January 2024, compared to N644.66 in December 2023. However, the year-on-year rise was more significant, standing at 48.03 percent from N650.80 in January 2023.

The average fare for intercity bus journeys per drop reached N7, 577.03 in January 2024, indicating a 2.36 percent month-on-month increase from N7, 402.16 in December 2023.

In other modes of transportation, the average fare for Okada (motorcycle) increased by 8.69 percent to N456.22 in January 2024 from N419.73 in the previous month. Waterway passenger transportation also saw an average fare increase to N1, 402.84 from N1, 386.76, marking a 1.16 percent monthly rise.

The removal of petrol subsidies by President Bola Ahmed Tinubu in May 2023 was cited as a significant factor contributing to the uptick in transport fares across the country.

In February 2024, the report continued to highlight the escalating costs of transportation. Bus journey fares within the city per drop experienced a decline of 1.21 percent to N951.76 from N963.38 in January 2024, but surged by 46.98 percent year-on-year from N647.54 in February 2023. Similarly, the average fare for intercity bus journeys per drop declined by 7.58 percent on a month-on-month basis to N7, 002.97 in February 2024.

Air travel fares decreased slightly by 2.20 percent to N88, 000.00 in February 2024 compared to January 2024. Conversely, Okada (motorcycle) transport fares increased by 2.55 percent to N467.84 in February 2024, while water transport fares declined marginally to N1, 395.81.

The report also provided state-wise fare analysis, revealing disparities in transportation costs across different regions. Akwa-Ibom and Anambra recorded the highest intercity bus travel charges per person, while Taraba and Ondo topped the list for bus journey fares within the city. Rivers had the highest air transport charges, whereas Lagos State recorded the highest motorcycle transport fares in February 2024.

As transportation costs continue to rise, commuters and stakeholders are bracing themselves for potential economic implications, necessitating further analysis and policy interventions to address affordability and accessibility concerns.

Africa's Exports Expected To Grow By 5.3% In 2024 - WTO

By Majeed Salem

The World Trade Organisation (WTO) has forecasted that Africa will experience the fastest growth in exports among all regions in 2024, with a projected increase of 5.3 percent. This surge in exports is expected to surpass pre-pandemic levels, marking a significant recovery for the continent's trade.

However, despite this positive outlook for exports, the report highlighted that imports in Africa are still struggling, largely due to higher energy and commodity prices. Between 2019 and 2023, the continent witnessed a 5 percent decline in imports, which was the steepest decline globally. This disparity between export growth and import decline indicates that the increase in exports did not necessarily translate into higher consumption and income across Africa.

The report stated: "If current projections hold, Africa's exports will grow faster than those of any other region in 2024, up 5.3 percent from a low base since the continent's exports remained depressed after the COVID-19 pandemic."

Dr. Ngozi Okonjo-Iweala, Director-General of World Trade Organization

In terms of digital goods trade, Africa saw some growth in its exports of digital goods, although it only accounted for 0.9 percent of exports in that category. Globally, exports of digital services grew by 9 percent in 2023, reaching $4.25 trillion, which represents approximately 13.8 percent of the global export of goods and services.

However, despite the positive outlook for global trade, the report also highlighted several risks that could impact trade growth. Geopolitical uncertainties, including policy changes and conflicts in regions such as Europe and the Middle East, could disrupt global supply chains. Additionally, climatic change effects, particularly in the Panama Canal, could pose challenges to trade routes.

The report specifically mentioned trade disruptions in the Suez Canal as a potential risk in 2024. The Suez Canal handles approximately 12 percent of global trade, connecting Europe to Asia. Any disruptions in this key trade route could lead to additional costs and delays in shipping, affecting global trade flows.

Furthermore, the report forecasted a potential spike in food and energy prices, along with elevated interest rates in advanced economies, as other risks that could dampen the recovery of global trade from its negative growth in 2023.

fmfinsights
Economy & Investment
Free

fmfinsights fmfinsights @fmfinsights www.fmfinsights.com Monday 15th - Sunday 28th April, 2024 69TH EDITION

In View Of World Bank Forecast Of 24.8% Drop In Nigeria's Inflation

POLICY BRIEF

with

ENAM **OBIOSIO**

Amidst projections of gradual economic growth and ongoing macroeconomic and fiscal reforms in Nigeria, the World Bank has forecasted drop in the country's inflation rate.

According to recent statements by the World Bank, Nigeria's inflation rate is expected to decline to 24.8 percent year-on-year in 2024. The anticipated growth trajectory for the Nigerian economy indicates a positive outlook, with a projected growth rate of 3.3 percent in 2024 and 3.6 percent in 2025–26.

This forecast signals a promising trend as the reforms implemented begin to yield tangible results. The World Bank emphasised the potential for a more stable macroeconomic environment, foreseeing sustained albeit gradual growth in the non-oil sector.

This development follows the National Bureau of Statistics' (NBS) report, which highlighted a recent uptick in the inflation rate to 31.7 percent in February from 29.9 percent recorded in January.

As Nigeria navigates through economic challenges, these projections offer insight into the trajectory of its economic recovery and potential areas of focus for policymakers.

"Although inflation is receding in most countries in 2024, it remains high compared to pre-pandemic levels: inflation is projected to decrease in about 80 percent of African countries compared with 2023, but it is still higher than pre-pandemic levels in 32 of 37 countries. Moreover, 14 countries in the region still exhibit persistently high levels of inflation (two or more digits) this year—with a median inflation rate that has dropped modestly from 25.9 percent in 2023 to 24.8 percent in 2024," the report said.

The report also reaffirmed its projection of 3.3 percent economic growth for the country in 2024, and reduced its projection for 2025 to 2026 by 0.1 percentage points to 3.6 percent from its January projection of 3.7 percent.

According to the World Bank, food inflation and the weakening of domestic currencies are still major drivers of inflation across countries in the Sub-Saharan Africa region.

It stated: "By February 2024, about one-third of the Sub-Saharan African countries with monthly available food price information (14 of 40 countries) had double-digit year-on-year rates of food inflation, with the fastest increases experienced in Ethiopia, Malawi, Nigeria, Sierra Leone, and Zimbabwe."

It also noted that the rate of poverty reduction in the region is slow and that Nigeria and the Democratic Republic of Congo account for one in three of those living in extreme poverty.

Again, it stated that the region can accelerate growth and poverty reduction substantially by tackling inequality, specifically structural inequality.

For Nigeria, looking at the whole of the current development, of course, there could be consequences of the fact that growth in Nigeria is projected at 3.3 percent in 2024 and 3.6 percent in 2025–26 as macroeconomic and fiscal reforms gradually start to yield results.

The growth indicates that macroeconomic and fiscal reforms are having a positive impact, contributing to overall economic stability in Nigeria.

This calls for the understanding that a growing economy tends to attract more foreign and domestic investment, as investors perceive Nigeria as a favourable market for business expansion.

This is because economic growth typically leads to the creation of new jobs, reducing unemployment rates and improving living standards for the population.

With a growing economy, the government can expect increased tax revenues, providing more resources for public services and infrastructure development.

However , the government has to watch it because economic growth does not always benefit everyone equally. There is a risk that wealth disparity could widen, exacerbating social inequalities within the country.

Rapid economic growth can put pressure on the environment, leading to issues such as pollution, deforestation, and habitat destruction if not managed sustainably.

As the economy expands, there may be upward pressure on prices, leading to inflation. This could erode the purchasing power of the population, especially those on fixed incomes.

Despite positive growth projections, the economic managers have to be conscious of the fact that Nigeria's economy still remains vulnerable to external factors such as fluctuations in global oil prices, which could impact its revenue and overall economic stability.

> The growth indicates that macroeconomic and fiscal reforms are having a positive impact, contributing to overall economic stability in Nigeria

Based on the recent report from the World Bank regarding Nigeria's economic outlook, policy-makers should exercise caution.

While the projected economic growth and anticipated drop in inflation are positive indicators, policymakers must ensure that reforms are implemented sustainably because rushed or poorly executed reforms could have adverse effects on the economy in the long term.

The World Bank's emphasis on sustained growth in the non-oil sector underscores the importance of diversifying Nigeria's economy. Policymakers should prioritise initiatives aimed at diversification to reduce the country's reliance on oil revenue, which is susceptible to global market fluctuations.

Economic growth should not only focus on macroeconomic indicators but also prioritise inclusive growth that benefits all segments of the society. Policymakers should implement policies that address income inequality, unemployment, and poverty, ensuring that the benefits of economic growth are distributed equitably.

As Nigeria pursues economic growth, policymakers must also prioritise environmental sustainability. Measures should be taken to mitigate the environmental impact of economic activities, promote renewable energy sources, and preserve natural resources for future generations.

I strongly emphasise that Nigeria's economy remains vulnerable to external shocks, particularly fluctuations in global oil prices. Therefore, policymakers should develop strategies to enhance the economy's resilience to external factors, such as diversifying revenue sources and building robust fiscal buffers.

Continuous monitoring and evaluation of economic policies and reforms are essential to ensure their effectiveness. Policymakers should establish mechanisms for regular assessment and adjustment of policies based on evolving economic conditions and feedback from stakeholders.

The present administration has to be true to the fact that transparency and accountability are crucial for building trust and confidence in Nigeria's economic management. Policymakers should prioritise transparency in decision-making processes, budget allocation, and resource utilisation, while also holding accountable those responsible for implementing economic policies.

By considering these cautionary points, Nigerian policymakers can navigate the challenges and opportunities presented by the World Bank's report, steering the country towards sustainable economic growth and development.

Published by **The 1065 Publishing**
All correspondence to Editor: **Enam Obiosio** (08058334933); D2-32 Atiku Abubakar Crescent, Cityview Estate, Dakwo, Abuja;
E-mail: info@fmfinsights.com; **Website:** www.fmfinsights.com