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FG Must Take Urgent Actions To Tackle Nigeria's Rising Debt Servicing Crisis

EDITORIAL

The surge in Nigeria's foreign debt servicing by a staggering 107.7 percent, reaching N3.8 trillion within just eight months, paints a troubling picture of the country's economic trajectory. This alarming rise, which far exceeds the original N1.83 trillion projected for foreign debt servicing in the 2024 budget, is a manifestation of the severe fiscal pressure the country faces. It is a symptom of deeper systemic issues within Nigeria's public finances, exacerbated by the depreciation of the naira and the growing burden of foreign debt, which is paid in foreign currencies.

We strongly believe that the situation calls for urgent action and a reimagining of fiscal strategy to safeguard the nation's economic future.

At the heart of this crisis is the substantial strain placed on the government's finances. With the

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Unlocking Nigeria's Potential:

The Power Of PPPs In Bridging Infrastructure Gap

***Dr. Armstrong Takang,** Chief Executive Officer (CEO), **Ministry of Finance Incorporated (MoFI),** recently speaking on a publication titled: 'MoFI Knowledge Series: Public Wealth Management', revealed the essence of Public-Private Partnerships (PPPs) in enabling the federal government address the infrastructural challenges in Nigeria. **Enam Obiosio** here offers the key points of the MoFI's analysis.*

Nigeria's infrastructure gap poses a significant challenge to the country's aspirations for sustained economic growth and improved quality of life. Despite being one of Africa's largest economies, Nigeria continues to deal with severe inadequacies in essential infrastructure, including unreliable power supply, insufficient transportation networks, and inadequate water and sanitation facilities. These deficiencies not only constrain business operations and limit access to basic services but also reduce the quality of life for millions of Nigerians.

The rapid population growth in Nigeria, which has increased by approximately 88 percent over the last two decades, has exacerbated the strain on existing infrastructure. A lack of investment and maintenance has left critical systems unable to meet the demands

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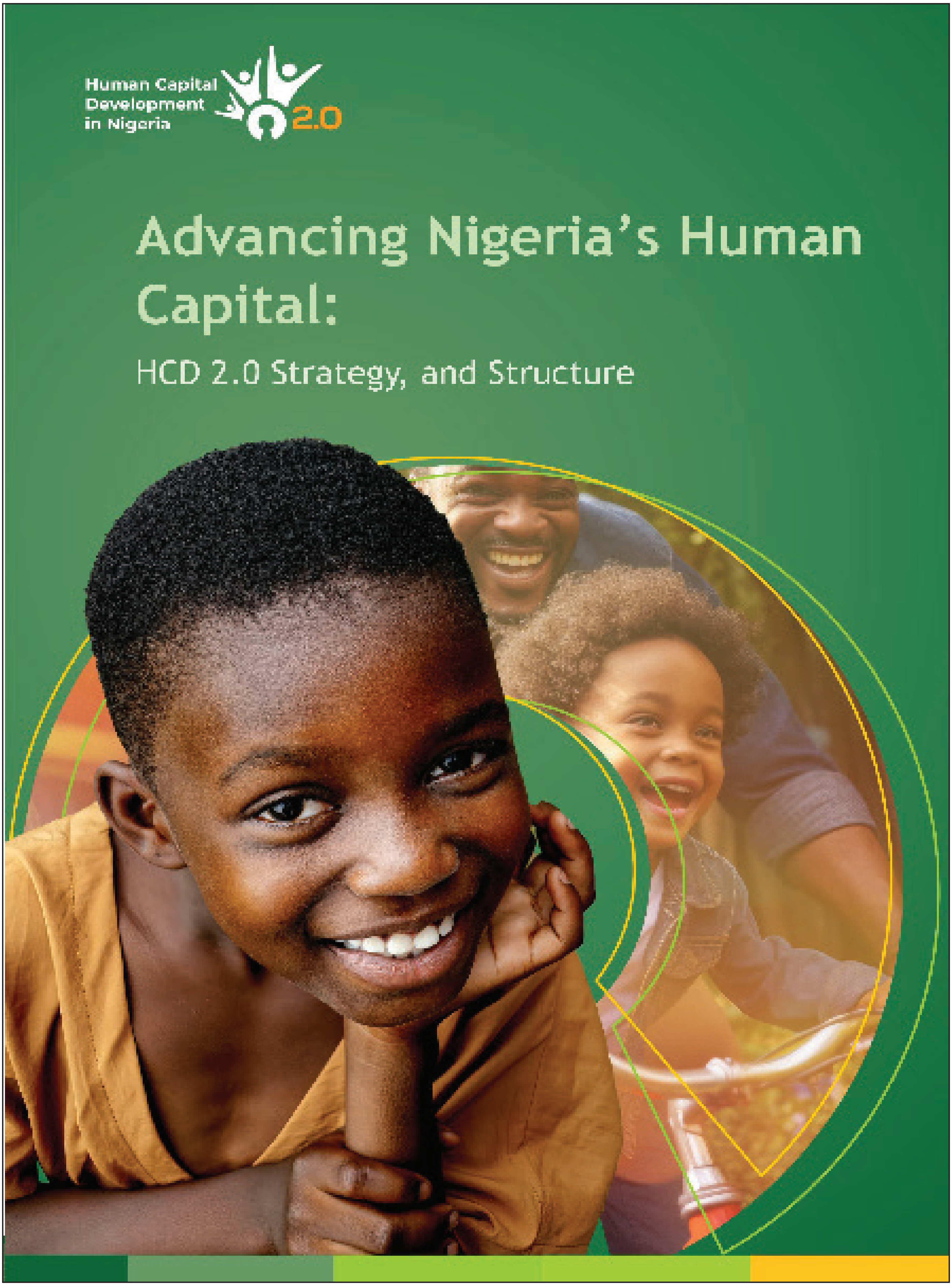
Human Capital
Development
in Nigeria
2.0
Advancing Nigeria's Human Capital:
HCD 2.0 Strategy, and Structure

BoI Raises $5bn, Plans N120bn Support For MSMEs

By Edmond Martins

The Bank of Industry (BoI) has raised over $5 billion from international capital markets since 2017, bolstering its financial capacity to support Nigeria's real sector and micro, small, and medium-sized enterprises (MSMEs).

The BoI Managing Director, Mr. Olasupo Olusi, disclosed this at the bank's 65th-anniversary in Lagos recently, highlighting the role these funds play in driving the country's industrial growth.

The funds were raised through various instruments, including eurobonds, loan syndications, and green finance. Mr. Olusi also noted that in November 2023, BoI concluded its largest-ever global loan syndication, raising over two billion euros. This milestone marked the largest fundraising in the bank's history and the biggest syndication in the African Development Finance Institutions (DFIs) sector.

Since its establishment as the Investment Company of Nigeria (ICON) in 1959 and its transformation into the BoI in 2001, BoI has forged partnerships with key stakeholders like state governments, foundations, and trade associations such as the Nigeria Association of Small and Medium Enterprises (NASME), Nigerian Association of Small Scale Industrialists (NASSI), and Manufacturers Association of Nigeria (MAN), to enhance financing for the real sector. The bank also signed a partnership agreement with SMEDAN to provide a one billion-dollar fund to support nano and micro-enterprises at a single-digit interest rate.

Dr. Olasupo Olusi, Managing Director/CEO of BOI

In addition, BoI has been appointed as the executing agency for the federal government's $200 billion MSME Intervention Fund, which includes the N50 billion Presidential Conditional Grant Scheme (PCGS), the N75 billion Manufacturing Sector Fund, and the N75 billion MSME Intervention Fund. Mr. Olusi further emphasised that the bank's strategic partnerships extend to organisations such as the African Development Bank (AfDB), African Finance Corporation (AFC), and the International Finance Corporation (IFC), among others.

BoI's Executive Director for MSMEs, Mr. Shekarau Omar, revealed that the bank plans to disburse N120 billion to two million MSMEs by the end of 2024. Despite initially targeting N103 billion for 1.5 million MSMEs, the bank has already exceeded its goal, having disbursed N107 billion to date. Mr. Omar highlighted the significance of Nigeria's MSME sector, estimating the number of MSMEs in the country to be between 39 and 40 million.

The bank has been a major player in the government's effort to boost MSMEs, including through the Presidential Conditional Grant Scheme (Trade Grant Scheme), which targets nano-businesses with grants of N50, 000. The scheme has already reached over 700,000 beneficiaries, with a focus on women, youth, individuals with disabilities, and senior citizens.

CBN Cautions Public Against Fraudulent Contract, Project Funding Claims

• Warns Against Fake SWIFT Messages In Foreign Currency Transfer Claims

By Musa Ibrahim

The Central Bank of Nigeria (CBN) has issued a warning to the public about fraudulent activities involving individuals claiming to possess contract award letters and special financial intervention approvals allegedly linked to the bank.

These claims, often associated with construction projects or financial support programs, have been dismissed by the CBN as baseless and solely intended to deceive unsuspecting Nigerians.

In a statement signed by the Acting Director of Corporate Communications, Mrs. Hakama Sidi Ali, the CBN emphasised that it has not authorised or engaged in any such activities. The bank clarified that, in line with the priorities of its current management, all direct development interventions and funding for special projects have been discontinued.

The CBN further noted that it has not issued public notices about financial interventions or contract awards through social media or other news platforms. Any claims suggesting otherwise are fraudulent and should be disregarded.

The apex bank reaffirmed its commitment to its core mandates of ensuring monetary and price stability, as well as maintaining a sound and efficient financial system. These priorities, according to the CBN, do not include the authorisation or facilitation of special financial interventions or construction-related projects.

Mr. Olayemi Cardoso, CBN Governor

The CBN urged Nigerians to remain vigilant and to promptly report any suspicious activities, publications, or claims of association with the bank to the appropriate law enforcement agencies. The bank reiterated its resolve to safeguard the credibility and integrity of Nigeria's financial system against the actions of fraudsters seeking to exploit the public.

Additionally, the CBN raised concerns over a rising number of claims by individuals, private entities, law firms, and government agencies alleging the non-receipt of foreign currency transfers purportedly sent to their accounts in Nigerian banks.

In many cases, these claims are supported by fraudulent documents, such as falsified SWIFT MT103 messages and SWIFT acknowledgment copies, the CBN revealed in a recent statement.

According to the statement signed by Mrs. Sidi Ali, the claims typically accuse either the beneficiary bank in Nigeria or the CBN of withholding the funds and often seek the bank's intervention in facilitating their release. However, upon investigation, the SWIFT messages provided as evidence have consistently proven to be unverifiable on the SWIFT platform, and the alleged funds are never found to have reached the Nigerian banking system.

The CBN emphasised the proper protocol for addressing cases of non-receipt of funds. In such instances, the foreign sender or their bank should initiate a tracer to locate and recall the funds, instead of escalating the matter to the CBN or law enforcement agencies. This approach is the globally recognised standard for resolving issues in cross-border fund transfers.

Furthermore, the CBN reiterated that it does not provide correspondent banking services for Nigerian banks or maintain accounts for private businesses. Claims suggesting that funds are trapped within the CBN are therefore categorically false and misleading.

The bank urged the public to exercise caution when dealing with unauthentic SWIFT messages and documents. Individuals or entities making baseless claims or attempting to manipulate the system with fake evidence risk being reported to law enforcement agencies for investigation and prosecution.

"Petitioners' claims that expected inflows for credit into private business accounts are trapped within the CBN are not only spurious but deceitful," the statement declared, advising the public to remain vigilant and refrain from spreading such misinformation.

The CBN reaffirmed its commitment to maintaining the integrity of Nigeria's banking system and ensuring transparency in its operations. It warned that it would not hesitate to take legal action against anyone involved in propagating unsubstantiated claims or using illegitimate documentation to support such allegations.

Unlocking Nigeria's Potential: The Power Of PPPs In Bridging Infrastructure Gap

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Mr. Wale Edun, Honourable Minister of Finance and Coordinating Minister of the Economy during a speech at a Public Wealth Management Conference held recently.

of a burgeoning population and a dynamic economy. For instance, as of 2018, 60 million Nigerians lacked access to basic drinking water, and 80 million lived without improved sanitation facilities.

The need for robust and innovative solutions to close the infrastructure gap is urgent. The concept of sustainable infrastructure, emphasised by institutions like the World Bank and the World Economic Forum, provides a viable pathway. Sustainable infrastructure focuses on creating resilient systems that not only meet immediate needs but also account for long-term growth and environmental considerations.

Investments in sustainable energy, transportation, and water systems are not just about improving services; they are also about unlocking opportunities for economic growth, enhancing productivity, and reducing transportation costs. Furthermore, addressing the infrastructure gap in Nigeria is not merely a national imperative but a global one, given the interconnected nature of modern economies.

Inadequate infrastructure in Nigeria hinders its ability to fully integrate domestically and leverage its large market size for competitive advantage. Public-private partnerships (PPPs) emerge as a critical mechanism for addressing these challenges. They combine the efficiency, innovation, and capital of the private sector with the public sector's mandate and oversight capabilities.

Partnerships for Progress: How PPPs Can Transform Nigeria's Infrastructure Landscape

PPPs have emerged as a vital solution in bridging Nigeria's significant infrastructure gap. In combining the resources and expertise of both the public and private sectors, PPPs have the potential to transform the infrastructure landscape across critical sectors such as transportation, energy, water, sanitation, and telecommunications.

The PPP model is structured around several approaches that enable tailored solutions to specific infrastructure challenges. Among the most notable are the build-operate-transfer (BOT), design-build-finance-operate (DBFO), and concession agreements, each offering unique benefits.

The BOT model, for instance, allows private entities to finance, construct, and operate infrastructure for an agreed-upon period, after which control is transferred back to the public sector. This structure ensures that investments are recouped while maintaining public ownership in the long term.

The DBFO approach, on the other hand, integrates the design, financing, construction, and operation phases into a single contract, streamlining project management. This model often results in significant cost savings and improved operational efficiency, making it an attractive choice for governments looking to maximise infrastructure investments.

Concession agreements, meanwhile, grant private operators full responsibility for the lifecycle of infrastructure projects, from financing and construction to operation and maintenance. Unlike BOT arrangements, concessionaires often retain ownership of the assets during the concession period, creating incentives for sustained investment in quality and efficiency.

However, PPPs are not without challenges. Development and bidding costs associated with PPP projects can surpass traditional government procurement processes. Additionally, political interference, legal disputes, and the potential for private companies to prioritise profit over public interest can undermine project outcomes.

The success of PPPs in closing Nigeria's infrastructure gap ultimately hinges on effective implementation, governance, and stakeholder collaboration. As PPPs are increasingly adopted, the emphasis must remain on creating sustainable, inclusive, and resilient infrastructure systems. This ensures not only the realisation of immediate economic benefits but also the long-term enhancement of the quality of life for Nigeria's growing population.

Benefits of Private Sector participation in Infrastructure Development

The involvement of the private sector in infrastructure development has proven to be a game-changer for governments worldwide. In nations grappling with fiscal constraints, private sector participation offers a viable solution to alleviate fiscal pressures and inject efficiency, innovation, and accountability into project delivery.

One of the most significant benefits of private sector involvement is its ability to mobilise capital for large-scale infrastructure projects. Governments often lack the financial capacity to fund these projects independently, but the private sector's resources help fill this gap. Moreover, private investment diversifies funding sources and fosters broader participation in economic development, ensuring a more inclusive growth model.

Private sector participation also brings efficiency to infrastructure development. Private entities bring their expertise and experience to the table, enabling faster and more cost-effective project delivery. Moreover, their involvement extends beyond construction to operations and maintenance, ensuring enhanced service delivery and long-term sustainability.

Innovation is another hallmark of private sector participation. Private entities introduce fresh ideas, advanced technologies, and cost-saving measures, often finding creative solutions to infrastructure challenges. This spirit of innovation enhances the quality and resilience of infrastructure projects, ensuring that they remain relevant and effective in the face of changing demands.

Risk management is another critical advantage of private sector participation. PPPs emphasise risk-sharing between public and private entities, incentivising both sides to manage risks effectively. This arrangement results in more robust project execution and minimises the likelihood of costly delays or failures.

Proper project preparation is another benefit of private sector involvement. Detailed planning, feasibility studies, and rigorous analysis are prerequisites for attracting private investment. These steps promote accountability and ensure that projects are well-vetted before implementation, reducing the risks of inefficiency or mismanagement.

To fully harness the potential of private sector involvement in infrastructure development, governments must take deliberate steps to create an enabling environment. Strengthening legal frameworks is a foundational requirement. A robust and transparent legal system provides clarity and protection for all parties involved, reducing uncertainties and fostering trust.

Streamlining approval processes is equally important. Complex bureaucratic hurdles can deter private investment, while a clear and efficient framework accelerates project timelines and ensures smoother execution. Additionally, building institutional capacity within government ministries and agencies is crucial. Educating stakeholders about the importance of private sector participation and aligning expectations fosters collaboration and enhances the overall success of projects.

Leadership support plays an essential role in the success of PPPs. When senior decision-makers champion these initiatives, they inspire confidence among stakeholders and mobilize the necessary resources. This leadership must extend to ensuring that projects are aligned with national goals and undergo rigorous screening to confirm their relevance and feasibility.

Transparency and stakeholder management are indispensable for the long-term success of private sector-driven infrastructure projects. Open communication and clear reporting practices build trust among investors, government authorities, and the general public. Accountability mechanisms ensure that all parties remain committed to delivering on project goals.

Finally, addressing economic factors such as foreign exchange volatility and inflation is essential. These variables can significantly impact project costs, making financial stability a key concern for both public and private stakeholders. By implementing strategies to mitigate these risks, governments can create a more predictable environment for private investment.

The benefits of private sector participation in infrastructure development are profound, offering a pathway to address the significant infrastructure gaps faced by many governments. By combining the strengths of public policies with private sector efficiency and innovation, these partnerships deliver infrastructure that not only meets immediate needs but also lays the foundation for sustainable economic growth.

PPP Regulation in Nigeria: The Role of the Infrastructure Concession Regulatory Commission (ICRC)

To address Nigeria's significant infrastructure deficit and create an enabling environment for PPPs, the Federal Government of Nigeria (FGN) established the ICRC in 2008 under the guidance of the ICRC Act of 2005. The ICRC serves as the

Unlocking Nigeria's Potential: **The Power Of PPPs In Bridging Infrastructure Gap**

R-L: **Dr. Armstrong Takang,** CEO of Mofi; **Mallam Shamsudeen Usman,** Chairman of the Board of Mofi; **Vice President Kashim Shettima; Mr. Wale Edun,** Honourable Minister of Finance and Coordinating Minister of the Economy and others at a Public Wealth Management Conference held recently.

regulatory body overseeing PPPs, ensuring their effective execution, compliance with best practices, and alignment with national development goals.

ICRC is a crucial institution in Nigeria's quest for infrastructure development. With a primary mandate to oversee and manage all concession agreements or contracts entered into by or on behalf of the federal government, the ICRC plays a vital role in ensuring that PPPs are effectively managed and delivered.

One of the key responsibilities of the ICRC is to ensure that all PPP agreements are effectively documented, monitored, and implemented according to their terms. This involves maintaining custody of agreements, monitoring contract compliance, and ensuring that PPP projects deliver value for money.

In addition to its oversight role, the ICRC is also responsible for building the capacity of ministries, departments, and agencies (MDAs) to manage PPP arrangements. This involves providing training and technical assistance to MDAs, as well as developing guidelines to support them in monitoring contract compliance and ensuring that PPP projects align with the highest service delivery standards.

The ICRC's regulatory scope is broad, encompassing a range of infrastructure projects including power generation and distribution, roads and bridges, ports and railways, housing and urban development, healthcare facilities, and water and sanitation projects. By focusing on these critical sectors, the ICRC is supporting the development and refurbishment of infrastructure assets that are essential for Nigeria's economic growth and social development.

The success of the ICRC is also dependent on the support of top decision-makers in the government. Strong leadership backing helps to build investor confidence and mobilise the resources needed for large-scale infrastructure projects. The ICRC's regulatory role ensures that private sector partners operate within a framework that is transparent, predictable, and equitable.

Benefits of the ICRC to the PPP Process in Nigeria

The ICRC is a vital institution in Nigeria's quest for infrastructure development. In establishing a robust legal, institutional, and regulatory framework, the ICRC has created an environment conducive to the growth of PPPs.

One of the primary benefits of the ICRC's role is the introduction of transparency and accountability into the PPP process. By ensuring that projects are selected, developed, procured, implemented, and monitored in a fair and equitable manner, the ICRC has instilled confidence in investors and stakeholders alike.

The ICRC's guidelines and procedures also guarantee efficient project execution. By streamlining the PPP process and minimising delays, the commission has enabled projects to be completed on time and within budget. This, in turn, has facilitated the rapid development of critical infrastructure across the country.

Furthermore, the ICRC's established frameworks and transparent procedures have created an environment that is attractive to investors. By providing a predictable and equitable environment, the commission has encouraged local and foreign investors to participate in Nigeria's infrastructure development.

The ICRC also plays a crucial role in ensuring fairness and equity in the PPP process. By acting as a mediator between public and private sector stakeholders, the commission ensures that the interests of all parties are safeguarded. This has enabled the private sector to recover its investments and make a profit, while also ensuring that public interests, such as affordability and service delivery, are protected.

Finally, the ICRC's oversight of PPP projects ensures that they adhere to contract terms and deliver expected outcomes. By monitoring contract compliance throughout the project lifecycle, the commission guarantees value for money and ensures that service delivery standards are met.

The ICRC's role in the PPP process is instrumental in driving Nigeria's infrastructure development. By providing a transparent, efficient, and equitable framework, the ICRC has created an environment that is conducive to the growth of PPPs. As Nigeria continues to navigate the complexities of infrastructure development, the ICRC's role will remain critical in ensuring that the country's infrastructure needs are met in a sustainable and equitable manner.

Case Studies of Successful Public-Private Partnerships in Nigeria

The success of Public-Private Partnerships (PPPs) in Nigeria can be attributed to the robust regulatory framework set by the Infrastructure Concession Regulatory Commission (ICRC). Several infrastructure projects in Nigeria have benefited from PPPs, contributing to improved transportation, energy, and social infrastructure.

One notable example of a successful PPP in Nigeria is the Lekki Toll Road Concession. The construction and maintenance of the Lekki-Epe Expressway was undertaken by a private sector operator, who was granted a concession to build and maintain the road and recoup its investment through toll fees. The project has greatly improved road infrastructure, reduced travel times, and boosted economic activity in the Lekki region.

Another successful PPP project in Nigeria is the Abuja-Kaduna Railway. The standard gauge railway connecting Nigeria's capital, Abuja, to Kaduna has improved transportation between the two cities, offering a safer, more efficient travel option for passengers and reducing traffic congestion on the Abuja-Kaduna highway.

International Case Studies of Successful PPPs

The ICRC also draws inspiration from successful international PPP examples that offer valuable lessons for Nigeria's infrastructure development. One such example is the Gautrain Rapid Rail Link in South Africa. This 80km rail project was developed to reduce traffic congestion in the Johannesburg-Pretoria corridor. The project improved connectivity and transport efficiency between the two cities, demonstrating the effectiveness of PPPs in enhancing urban mobility.

Another international example is the Brabo 1 Light Rail project in Belgium. This pioneering PPP in public transport involved the expansion of the existing light rail network and the renewal of associated road infrastructure. The project's success is attributed to the collaboration of two procuring authorities and the strategic involvement of the private sector.

The Miami Tunnel Project in the USA is another notable example of a successful PPP. This project involved the construction of a tunnel designed to divert traffic from the city centre of Miami. The project was completed ahead of schedule and under budget, showcasing the efficiency and cost-effectiveness of PPPs in solving urban infrastructure challenges.

Recommendations for the Enhancement of PPPs for Infrastructure Development in Nigeria

PPPs have the potential to revolutionise Nigeria's infrastructure landscape. To harness their benefits, the ICRC has established a comprehensive framework guiding the establishment, operation, and maintenance of PPP projects. Adhering to this robust framework is crucial, as it addresses existing challenges and fosters a conducive environment for PPPs. In following this framework, Nigeria can augment resources to oversee PPP projects, standardise contracts and bidding processes, and ensure transparent public disclosures.

However, it is essential that the framework also addresses social and environmental concerns related to infrastructure projects.

A Call to Action

Private sector participation through PPPs and other structures is vital to drive the investments and development activities needed to build Nigeria's infrastructure. With prevailing high debt levels and macro challenges, government funding for infrastructure investments is limited.

Therefore, finding innovative, efficient, and effective ways to partner with the private sector is critical for Nigeria to meet its infrastructure development targets. Private sector participants are encouraged to engage in partnerships with the government to drive national development.

These collaborations provide private entities with access to large-scale infrastructure and service projects, while also offering a structured framework for risk-sharing. By partnering with the public sector, private organizations can benefit from government support, including potential subsidies, tax incentives, or guarantees.

Engaging in PPPs not only contributes to national development but also creates substantial growth opportunities for the private sector. By adopting these recommendations, Nigeria can create a more conducive environment to attract private investment and expertise to drive infrastructure development.

Ultimately, by leveraging the strengths of both the public and private sectors, PPPs can deliver high-quality, efficient, and sustainable infrastructure solutions that transform Nigeria's infrastructure landscape and drive national growth.

> As Nigeria continues to navigate the complexities of infrastructure development, the ICRC's role will remain critical in ensuring that the country's infrastructure needs are met in a sustainable and equitable manner

EDITORIAL

FG Must Take Urgent Actions To Tackle Nigeria's Rising Debt Servicing Crisis

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total amount for debt servicing—encompassing both domestic and foreign debt—approaching a significant portion of the federal budget, the government is increasingly channelling a disproportionate share of its resources into servicing debt rather than investing in the critical infrastructure, education, healthcare, and social welfare programs that could drive long-term growth and prosperity. This is a deeply concerning trend, as it threatens to undermine the government's ability to meet the basic needs of its citizens while simultaneously increasing the risk of economic stagnation.

The socio-economic implications of such a surge in debt servicing are far-reaching. The diversion of funds to service debt, instead of funding developmental projects, erodes the country's capacity to build sustainable economic growth. Public investment in key sectors that could stimulate job creation, poverty reduction, and infrastructure development is severely compromised. Moreover, the heavier reliance on foreign borrowing puts the country at the mercy of fluctuating global market conditions, including the volatility of the naira and the ever-changing interest rates that accompany foreign debt.

However, while the situation is dire, there is room for hope through concerted efforts by the government. To mitigate the adverse effects of this escalating foreign debt servicing, the government must first prioritise structural reforms aimed at enhancing domestic revenue generation. The strong performance in non-oil revenue generation—especially in corporate income tax (CIT) and value added tax (VAT)—suggests that with the right policies, Nigeria can reduce its reliance on oil revenues and build a more resilient economic model. Strengthening revenue collection systems, expanding the tax base, and ensuring the timely implementation of measures such as the windfall tax will be crucial in addressing the fiscal shortfall.

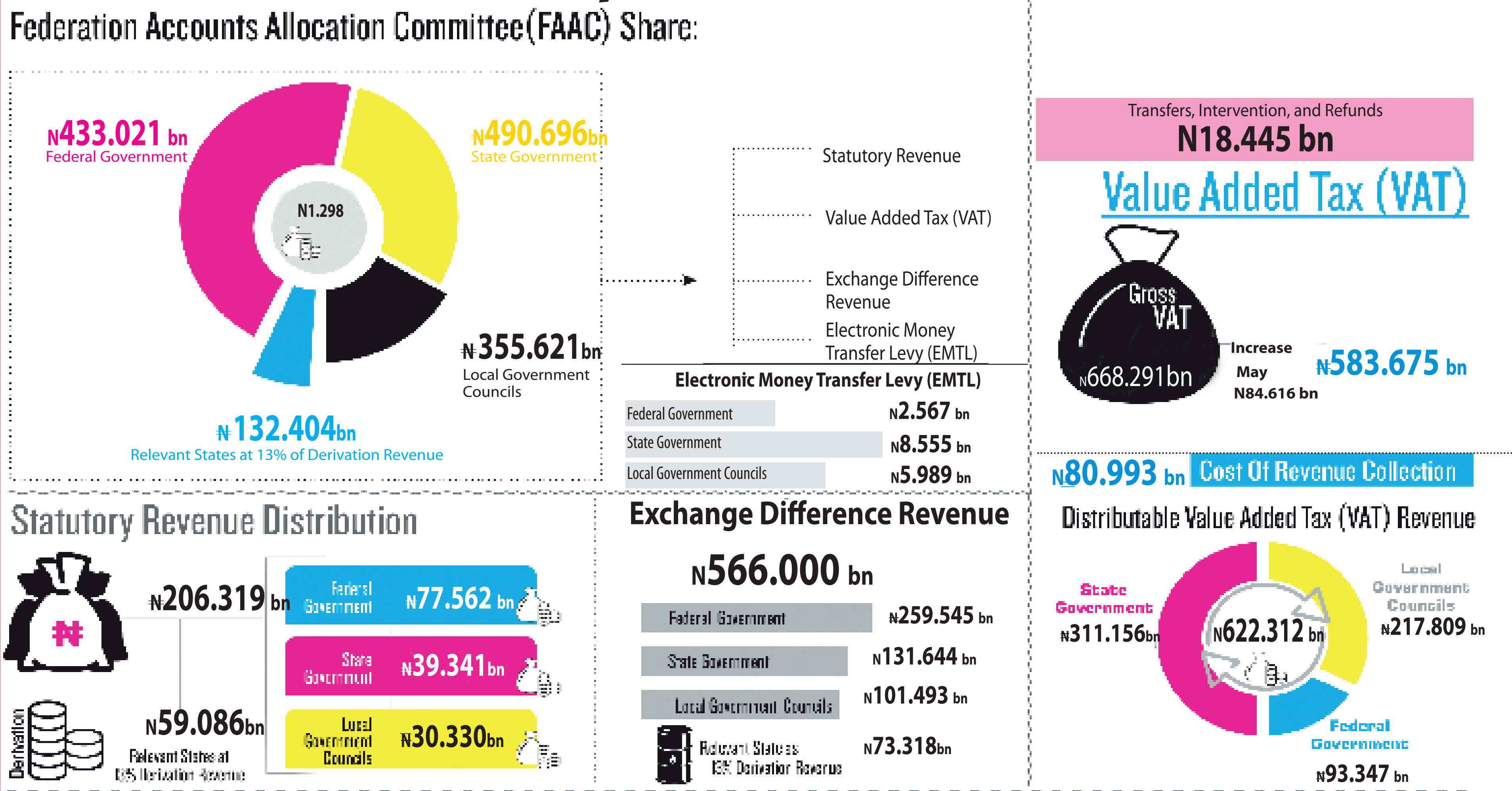
Furthermore, the government must address the underperformance in the oil sector, which has continued to drag the economy down. The challenges of price volatility and production constraints must be met with a renewed focus on reforming the oil and gas sector, enhancing transparency, and investing in alternative energy sources. The oil sector's underperformance not only exacerbates fiscal pressures but also limits the country's capacity to generate foreign exchange, which is essential for managing external debt obligations.

In addition to improving domestic revenue and addressing the oil sector's challenges, there is a pressing need for the government to revisit its foreign debt strategy. While external borrowing is sometimes necessary for funding large-scale infrastructure projects, a more cautious approach to foreign borrowing is required. The government must explore avenues to renegotiate terms with international creditors, seek concessional loans with lower interest rates, and, where possible, explore debt relief options. Importantly, foreign borrowing should be strategically aligned with projects that have a direct impact on economic productivity and growth, ensuring that each naira spent on foreign debt servicing contributes to tangible national development.

The government must also focus on fostering a conducive environment for private sector investment, particularly in sectors such as agriculture, manufacturing, and technology, which could help diversify Nigeria's economy away from oil dependency. This will not only enhance foreign exchange earnings but also create jobs, stimulate innovation, and improve overall productivity, thereby easing the burden on public finances in the long term.

While Nigeria's foreign debt servicing crisis presents a formidable challenge, it is not insurmountable. Through strategic reforms, an unwavering focus on boosting domestic revenues, and a comprehensive rethinking of its foreign debt strategy, the government can alleviate the pressure on its finances and pave the way for a more sustainable economic future. The road ahead is undoubtedly challenging, but with decisive action, Nigeria can turn this crisis into an opportunity for transformation.

FAAC Shares N1.411trn October 2024 Revenue To FG, States And LGCs



Revenue sources such as oil and gas royalty, excise duty, EMTL, and CET Levies saw significant increases in September, while VAT and import duty recorded marginal gains. In contrast, petroleum profit tax (PPT) and companies income tax (CIT) saw substantial declines.

FIRS Criticises VAT Distribution Inequity, Advocates Reform

By Jennete Ugo Anya

The Chairman of the Federal Inland Revenue Service (FIRS), Dr. Zacch Adedeji, has called for a comprehensive overhaul of Nigeria's value-added tax (VAT) distribution system, describing the allocation of 70 percent of VAT proceeds to Lagos, Rivers, and the Federal Capital Territory (FCT) as inequitable to the remaining 34 states.

Dr. Adedeji made these remarks during an interactive session with the House of Representatives recently, where the proposed tax reform bills were deliberated. He highlighted the disparities in VAT distribution, citing that Lagos state alone received 42 percent of VAT proceeds for October, with Rivers state, Oyo state and the FCT accounting for 16 percent, 5.2 percent and 10 percent, respectively.

The current framework allocates VAT proceeds based on the location of company headquarters rather than where goods and services are consumed. This system significantly benefits Lagos, Rivers, and the FCT, where many corporate head offices are based.

Dr. Adedeji argued that this approach does not reflect the consumption patterns across Nigeria, where 70 percent of goods and services are utilised outside these regions. He noted that states such Borno state and Bauchi state receive a mere 0.32 percent and 0.4 percent of VAT proceeds, respectively, despite their residents contributing to national consumption.

Mr. Zacch Adedeji, Executive Chairman of FIRS

Citing the example of MTN, Dr. Adedeji pointed out that the telecommunications giant's VAT contributions are credited solely to Lagos, where its head office is located, even though its services are consumed nationwide.

Meanwhile, the proposed tax reforms aim to ensure a more equitable distribution of VAT proceeds based on actual consumption patterns, benefiting all states irrespective of their economic standing. Dr. Adedeji emphasised that the reforms align with President Bola Tinubu's vision for a fair and inclusive economic structure.

"The current structure does not represent the interest of the President or the nation," he said. "With the new bill, every state, particularly those in the North, stands to gain significantly."

While many lawmakers applauded the proposed reforms, some expressed reservations. Mr. Babajimi Benson (APC, Lagos) voiced concerns about the potential impact on Lagos, a state that generates a significant portion of Nigeria's revenue. Similarly, Adamu Yusuf Gagdi (APC, Plateau) questioned how states grappling with conflict and displacement, like those in the North, would benefit from VAT tied to consumption.

Dr. Adedeji acknowledged these concerns but reiterated the need for fairness, stating: "This is not about taking from one region to give to another but about ensuring resources reflect the realities of our consumption patterns."

If implemented, the proposed tax reforms could significantly alter Nigeria's fiscal landscape, promoting fairness and inclusivity in revenue allocation. The outcome of these reforms will depend on robust legislative support and the government's ability to navigate competing regional interests.

NASS Approves President Tinubu's $2.2bn Loan Request

As FEC Approves N47.9trn Budget Proposal For 2025

By Jennete Ugo Anya

The National Assembly has granted President Bola Ahmed Tinubu's request to secure a $2.209 billion external loan, paving the way for its inclusion in the financing of the N28.7 trillion 2024 budget.

The approval came after a recent report from the Senate Committee on local and foreign debts, presented by its chairman, Sen. Aliyu Wamakko, was deliberated upon during plenary.

During his presentation, Sen. Wamakko explained that the loan would be sourced through eurobonds in the international capital market, the issuance of debut sovereign sukuk in the international capital market, with a guarantee from the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC), and bridge finance/ syndicated loans.

The senator said that the loan would be at the official exchange rate of $1.00/N1, 640 for implementing capital projects as contained in the 2024 budget.

Sen. Wamakko further explained that the loan is critical for executing capital projects within the 2024 budget, including the completion of ongoing implementation programs. It would also support Nigeria's debt management strategy, aimed at reducing borrowing costs, extending the maturity profile of the country's debt, and enhancing external reserves.

The loan, according to the senator, would also allow the federal government to address outstanding claims and liabilities. Sen. Wamakko also noted that the issuance of the bonds will free up domestic market liquidity for other borrowers, ultimately contributing to the country's fiscal stability.

In that regard, Deputy Senate President, Sen. Barau Jibrin, who presided over the session, approved the motion without debate, emphasising the straightforward nature of the President's request and its alignment with Nigeria's best interests.

"The external borrowing request is clear and does not require extensive deliberation," Sen. Jibrin stated, while commending the committee for its recommendations.

To ensure accountability, members of the National Assembly will collaborate with the Federal Ministry of Finance to monitor the effective utilisation of the loan for its intended purposes.

Recall, President Tinubu requested the National Assembly's approval for a $2.2 billion loan to help bridge the nation's budget deficit.

The request, delivered in letters to the Senate and House of Representatives recently, also included the 2025-2027 Medium-Term Expenditure Framework (MTEF) and the Fiscal Strategy Paper (FSP) for legislative approval.

"In accordance with the provisions of Sections 21(1) and 27(1) of the Debt Management Office (DMO) (Establishment, Etc.) Act, 2003, and the approval of the federal executive council (FEC), I write to request for a resolution of the National Assembly (NASS) to raise the sum of N1, 767,610,321,779.00 (equivalent of USD2, 209,512,902.22 at the budget exchange rate of USD1.00/N800) provided as new external borrowing in the 2024 Appropriation Act to part finance the budget deficit of N9.179 trillion," President Tinubu stated.

This comes after the FEC recently approved a N47.9 trillion budget proposal for the 2025 fiscal year. The approval, granted during a meeting at the State House, Abuja, highlights the government's commitment to addressing fiscal challenges and fostering economic growth amid global and domestic uncertainties.

Honourable Minister of Budget and Economic Planning, Mr. Atiku Bagudu, described the budget proposal as a cornerstone of the government's MTEF for 2025-2027. Speaking to the media after the FEC meeting, Mr. Bagudu emphasised the administration's determination to secure National Assembly approval and ensure the budget becomes law by December, aligning with the January-to-December fiscal cycle.

He outlined critical assumptions driving the 2025 budget framework, including a crude oil benchmark price of $75 per barrel, an exchange rate of N1,400 to the dollar, and an oil production target of 2.06 million barrels per day. The government projects a gross domestic product (GDP) growth rate of 4.6 percent for 2025, with plans to intensify efforts to curb inflation, enhance economic resilience, and provide robust support for growth.

"The parameters for the 2025-2027 fiscal strategy reflect our commitment to fiscal prudence and sustainable growth," Mr. Bagudu noted. "We aim to build on the positive trajectory achieved in revenue collection and expenditure management in 2024, despite certain lags in projected targets."

Under revenue, the federal government is targeting N34.8 trillion, with N19.6 trillion and N5.7 trillion from oil and non-oil taxes respectively; N2.87 trillion from government-owned enterprises (GOEs); N3.6 trillion from independent revenue sources and N4.8 trillion from other sources.

Next year's expenditure goal of the government is N47.9 trillion, comprising N14.2 trillion for non-debt recurrent expenditure; N16.4 trillion for aggregate capital expenditure; N15.38 trillion for debt service and N2 trillion for other expenditures.

The federal government also outlined in the MTEF/FSP its central plan of achieving a 3.68 percent economic growth rate, compared to 2.74 percent in 2023 and 3.55 percent in the outgoing year, amid a shrinking dollar-denominated GDP and ongoing fiscal challenges. Nominal GDP is projected to grow from N293.74 trillion in 2024 to N352.36 trillion next year. It is to be primarily driven by inflation-related consumption.

In dollar terms, the GDP is expected to contract significantly, falling by nearly 40 percent from $348.4 billion in 2023 to $218.3 billion in the outgoing year.

President Tinubu Assures IMF Of Positive Reforms, Pledges Social Safety Nets For Nigerians

● IMF Urges Nigeria To Rethink Reform Strategies Amid Public Discontent

By Majeed Saleem

President Bola Tinubu has reiterated his administration's commitment to prioritising the welfare of Nigeria's poor and vulnerable citizens, assuring that ongoing economic reforms are beginning to yield positive results.

He made the remarks during a recent meeting with Mrs. Kristalina Georgieva, Managing Director of the International Monetary Fund (IMF).

Acknowledging the impact of the reforms on Nigerians' purchasing power, the President emphasised his administration's efforts to provide social safety nets to mitigate these challenges.

"We have started seeing positive results from our reforms, and the Nigerian people now understand the need for them, but we have to reduce the hardship that has resulted from the implementation," he said.

The President also highlighted the importance of educational access as a long-term solution to poverty and hunger, noting the high number of out-of-school children in Nigeria. "Education is a way out of hunger and poverty. That is why we are designing ways and incentives to keep these children in school, and we need your support for these kids who want to stay in school," President Tinubu stated.

He stressed the necessity of significant investments in infrastructure to drive Nigeria's development. He also outlined ongoing tax reforms aimed at expanding the economy's tax base without imposing additional burdens on citizens already facing economic pressure.

"We are engaging stakeholders and sensitising Nigerians to expand the economy's tax base for inclusive developmental growth. We are doing this without necessarily increasing the taxes on our people who have already given a lot. We will require your support on this," he told the IMF chief.

In her response, Mrs. Georgieva commended the administration's reforms, describing them as a step in the right direction for Nigeria's economic stability and growth. She particularly lauded the government's social investment programs as effective tools for cushioning the impact of reforms on vulnerable populations.

"We are focused on developing vulnerable societies and devoting substantial resources to emerging economies," she said, pledging the IMF's continued support in diversifying Nigeria's economy.

Mrs. Georgieva also offered technical assistance to improve

President Bola Ahmed Tinubu

> Communications should address misinformation, articulate the costs and benefits of reforms, and provide updates on progress...

Nigeria's budgeting process and maximise the benefits of external loans.

Mrs. Georgieva highlighted the global economic challenges caused by the COVID-19 pandemic, noting that the IMF had injected about $1 trillion into the global economy over the last two years. She acknowledged that while developed countries managed the economic shocks more effectively, emerging economies like Nigeria still require significant support to stabilize and grow.

Recall, the IMF called on Nigeria and other Sub-Saharan African nations undertaking deep economic reforms to adopt strategies that ensure public acceptance and support.

In its latest Regional Economic Outlook for Sub-Saharan Africa, the IMF identified growing public frustration and resistance to reforms in countries like Nigeria, Ghana, Ethiopia, and Kenya. This discontent, referred to as "adjustment fatigue," has led to civil unrest, strikes, and social opposition, particularly in Nigeria, where fuel and foreign exchange deregulations have sparked widespread dissatisfaction.

Highlighting the urgency of addressing public grievances, the IMF suggested that governments rethink their reform approaches to foster trust, encourage collaboration, and ensure inclusive growth. The fund noted that by addressing these concerns, countries could turn their economic challenges into opportunities for progress.

The IMF emphasised the importance of robust communication strategies that clearly articulate the benefits of reforms and the risks of inaction. Policymakers were encouraged to adopt a participatory approach, engaging in two-way dialogues with citizens and stakeholders to build a sense of ownership and trust. "Communications should address misinformation, articulate the costs and benefits of reforms, and provide updates on progress," the report stated.

The fund also highlighted the need to partner with key figures, including parliamentarians, community leaders, and researchers, to build coalitions that support reform efforts. In listening to concerns and designing appropriate responses, policymakers can foster a collaborative environment conducive to sustainable economic transformation.

The IMF recommended careful sequencing of reforms to avoid overburdening populations. Initiating reforms with immediate, visible benefits that do not threaten core social protections was cited as a strategy to build initial support. Complementary and compensatory measures, such as strengthened social safety nets, job search assistance, and retraining programs, were also suggested to mitigate the social costs of reforms.

"Demonstrable, upfront gains will boost support," the report noted, urging policymakers to implement policies that target the most vulnerable populations to overcome resistance.

Strengthening governance and ensuring the fair management of public resources were identified as prerequisites for the success of any reform strategy. The IMF called for increased transparency, accountability, and efforts to combat corruption to rebuild trust in public institutions. It acknowledged that trust in governments across Sub-Saharan Africa remains low, with many citizens doubting the ability of authorities to use resources effectively for public welfare.

"Fair and transparent management of public resources fosters trust in government's ability to implement policies and promotes accountability," the report stated.

The IMF stated that inclusive growth is essential to ensure that reforms yield benefits rather than just inflict pain. Addressing issues such as low economic growth, unemployment, and social exclusion is critical for reducing macroeconomic vulnerabilities and social frustration. Policies that unlock durable growth and ensure equitable distribution of resources were described as central to easing the reform process and achieving long-term stability.

NAICOM Advocates Islamic Finance As Resilient Solution To Modern Challenges

By Anita Dennis

The National Insurance Commission (NAICOM) has highlighted the potential of Islamic finance in addressing multifaceted risks that conventional financial systems often struggle to manage effectively.

This was the focal point of discussions at the second African Takaful and Non-Interest (Islamic) Finance Conference, recently held in Lagos under the theme: 'Islamic Finance and Takaful: Building Resilience in a Volatile World.'

Speaking at the event, the NAICOM's Commissioner for Insurance, Mr. Olusegun Omosehin, represented by the Deputy Commissioner (Technical), Dr. Usman Jankara, emphasised the unique strengths of Islamic finance.

According to Mr. Omosehin, it is not just a collection of financial products but a comprehensive system built on fairness, transparency, and risk-sharing principles. This ethical framework promotes financial decisions that consider their social, environmental, and ethical implications.

Mr. Olusegun Omosehin, NAICOM's Commissioner for Insurance

He highlighted the importance of this holistic approach, particularly in today's volatile global climate, where financial practices increasingly affect broader societal outcomes. He noted that Islamic finance offers solutions that transcend profit-focused models, encouraging sustainable and inclusive growth.

The Islamic finance sector in Nigeria has been growing rapidly, now representing two – three percent of the nation's financial market, valued at $3.8 billion. Sukuk, non-interest banking, and Takaful lead the market. Takaful, which is a Shariah-compliant alternative to conventional insurance, operates on mutual cooperation and shared responsibility, distinguishing it from traditional models that involve risk transfer and interest-based mechanisms.

NAICOM reiterated the need for innovative strategies to further expand the Islamic finance market in Nigeria and across Africa. In integrating ethical practices and risk-sharing frameworks, Islamic finance can build resilience in economies, offering sustainable alternatives to conventional systems. This expansion, the commission stressed, is essential for fostering long-term financial stability and addressing the complex challenges faced by modern economies.

NEC Approves New Leadership For NSIA To Drive Economic Growth

By Edmond Martins

The National Economic Council (NEC) has approved the Board of Directors for the Nigeria Sovereign Investment Authority (NSIA), marking a significant step in the nation's economic transformation.

The approval, announced by Honourable Minister of Budget and Economic Planning, Senator Abubakar Bagudu, was during a NEC meeting chaired by Vice-President Kashim Shettima at the Presidential Villa in Abuja recently.

Senator Bagudu highlighted the NSIA's crucial role as an independent institution responsible for managing Nigeria's Sovereign Wealth Fund, derived from surplus hydrocarbon revenues. The NSIA's mandate includes creating a savings base for Nigerians and fostering long-term economic growth.

The council also approved the financial statement of the institution, commending its management for their dedication to strengthening the nation's financial foundation.

During the meeting, NEC also reviewed a submission from the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) regarding alternative funding. The commission, which plays a critical role in ensuring equitable resource distribution, has faced challenges stemming from inadequate funding. NEC resolved to assess the legality and financial implications of the request to address these constraints.

Senator Abubakar Bagudu, Honourable Minister of Budget and Economic Planning

The newly constituted board of the NSIA comprises accomplished professionals from diverse sectors, selected through a rigorous nomination process. President Bola Ahmed Tinubu granted final approval for the appointments after endorsements by the Vice President and the Executive Nominations Committee.

The board includes Mr. Segun Ogunsanya as Chairman; Mr. Aminu Umar-Sadiq as Managing Director/Chief Executive Officer; Prof. Fabian Ajogwu, and Mr. Abdullahi Gaya.

Other notable members include Mr. Ahmed Goniri, Ms. Ada Osakwe, Dr. Suleyman Ndanusa, Ms. Ijeoma Taylaur, and Mr. Kola Owodunni.

NCS Airport Command Makes N144.2bn In 10 Months

By Anita Dennis

The Murtala Muhammed Airport Command of the Nigeria Customs Service (NCS) has reported revenue of N144.2 billion from import duties and other charges collected between January and October 2024.

The Customs Area Controller, Mr. Michael Awe, announced this at a news conference in Lagos recently.

The 10-month revenue represents a significant 94 percent increase compared to the N74.28 billion generated during the same period in 2023, marking a N69.9 billion difference. Compt. Awe attributed the rise in revenue to several factors, including improved trade facilitation, heightened compliance among stakeholders, strategic resource deployment, and efficient law enforcement. Enhanced interagency collaboration, streamlined cargo clearance processes, and intelligent risk management strategies also contributed to the impressive figures.

In addition to revenue generation, the command intercepted contraband valued at N3.32 billion between July and October 2024. The seized items, which contravened the NCS Act 2023, included 23 walkie-talkies, 175 military helmets, 50 drones, 10 packs of canadian cannabis sativa, and 250 live turtles. Other prohibited goods comprised seven packages of tramadol hydrochloride (200mg and 225mg), 1.5kg of pangolin scales, and 0.2kg of porcupine quills.

Mr. Bashir Adewale Adeniyi, Comptroller-General of Customs

"These efforts to combat illicit trade have yielded impressive results," Compt. Awe remarked, stating that the total duty paid value (DPV) of the confiscated items highlights the command's commitment to enforcing the law and protecting Nigeria's economy.

To achieve these milestones, the command implemented several measures, including streamlined clearance procedures, enhanced cargo inspection, and collaboration with other security agencies. These initiatives not only boosted revenue collection but also facilitated legitimate trade and curbed smuggling activities. Awe also highlighted the importance of improved intelligence gathering, stakeholder engagement, and the adoption of technology in driving operational efficiency.

The comptroller expressed his gratitude to Comptroller-General of NCS, Mr. Bashir Adeniyi, and his management team for their support and commended the officers and staff of the command for their hard work and dedication. He also acknowledged the cooperation and compliance of stakeholders, including importers, exporters, and clearing agents, which he described as crucial to the command's success.

Looking ahead, Compt. Awe affirmed the command's commitment to enhancing trade facilitation, strengthening anti-smuggling efforts, and leveraging technology to sustain efficient operations.

NDIC Reassures Nigerians On Financial Stability At Editors Forum

By Jennete Ugo Anya

The Nigeria Deposit Insurance Corporation (NDIC) has reaffirmed its unwavering commitment to protecting depositors and ensuring stability in the nation's banking system.

This pledge was made by the Managing Director (MD)\Chief Executive Officer (CEO) of the NDIC, Mr. Bello Hassan, during the recent 2024 NDIC Editors Forum held at the Providence Hotel in Lagos.

In his keynote address, Mr. Hassan, represented by Executive Director Operations, Mr. Mustapha Ibrahim, highlighted the NDIC's crucial role in safeguarding the financial sector, emphasising its mandate to provide deposit insurance, supervise insured institutions, and facilitate orderly resolutions in cases of bank failure. He stressed that these efforts are central to maintaining trust in the banking system and preventing financial crises.

This year's forum, themed: 'Strengthening Nigeria's Financial Safety-Net: The Role of Deposit Insurance,' provided a platform for the corporation to deepen engagement with the media, particularly on the dynamics of deposit insurance and its contributions to financial system stability. Mr. Hassan commended the media's consistent support in educating the public about financial matters and fostering a robust understanding of the NDIC's role.

Citing the recent closure of Heritage Bank following the Central Bank of Nigeria's (CBN) revocation of its license, Mr. Hassan outlined the NDIC's efficient response in protecting depositors. The corporation began reimbursing depositors within just four days, leveraging the bank verification number (BVN) system to expedite payments. According to him, this innovative approach, enabled many depositors to access their funds seamlessly without additional paperwork or in-person visits.

Mr. Hassan also revealed that the NDIC had recently increased deposit insurance coverage from N500,000 to N5 million for Deposit Money Banks (DMBs), significantly reducing the negative impact of bank failures. He stated that efforts are ongoing to reimburse depositors with balances exceeding N5 million through liquidation dividends derived from the recovery of Heritage Bank's assets and debts.

Despite significant progress, Mr. Hassan acknowledged the challenges faced by some depositors in accessing their funds. He cited issues such as database inconsistencies, the absence of BVNs, account restrictions, and name mismatches as reasons for delays. He noted that the corporation is actively working to resolve these obstacles while emphasising the importance of strict compliance with know your customer (KYC) regulations to ensure smoother processes in the future.

Mr. Bello Hassan, MD/CEO of NDIC

Mr. Hassan also acknowledged that the NDIC's responsibilities extend beyond depositors to include creditors of defunct banks, who will receive payments after depositors are fully reimbursed. This orderly process, according to him, reflects the corporation's dedication to maintaining public trust and bolstering financial system stability.

Mr. Hassan lauded the media for its steadfast support since the NDIC's inception, highlighting the role of informed reporting in ensuring the successful implementation of deposit insurance systems. He encouraged continued collaboration and open dialogue to enhance public awareness and the NDIC's operations.

Nigerian Households Struggle To Afford Healthy Diets In Past 30 Days – NBS

By Jennete Ugo Anya

Nearly two-thirds of Nigerian households have struggled to afford healthy, nutritious, or preferred meals in the past 30 days, according to the National Bureau of Statistics (NBS).

This statistic was revealed in the latest General Household Survey-Panel (GHS-Panel) Wave 5 report for 2023/2024 by the NBS, which provides a comprehensive analysis of household welfare and resilience across the country.

The report highlights that 65.8 percent of households faced financial constraints that prevented them from eating healthy diets. While this challenge is prevalent nationwide, it is more acute in the southern zones and among female-headed households. Moreover, only one in four individuals consumed all five recommended food groups—fruits, vegetables, pulses, animal-source foods, and starchy staples—with fruits being the least consumed at just 38 percent.

According to the report, food insecurity has become a pressing issue, exacerbated by rising food prices, which were identified as the most common shock, affecting 71 percent of households. Seasonal shortages also played a role, with food availability at its lowest during the months of June, July, and August. Many households resorted to reducing their food consumption as the primary coping mechanism, highlighting the severity of the crisis.

The survey also look into Nigeria's educational landscape, presenting a mixed picture. While average years of schooling have increased from 5.5 in 2018/19 to 5.8 in 2023/24, significant challenges persist. Rural areas continue to lag in literacy rates, with only 54 percent of rural residents considered literate compared to higher rates in urban areas.

Additionally, tracking a cohort of individuals aged 10–19 during the 2018/19 survey revealed that 45.9 percent had dropped out of school by 2023/24. Despite this, early childhood development metrics showed that urban children outperformed their rural counterparts in literacy, numeracy, and social-emotional skills, emphasising the need for targeted rural education interventions.

Also, the report shows that the health sector faces equally dire challenges. Two in 10 individuals reported experiencing health problems in the four weeks preceding the survey, with malaria remaining the most reported illness. Child nutrition indicators reveal a troubling rise in stunting and wasting rates, with urban areas surprisingly recording higher levels of stunting than rural regions.

Meanwhile, dietary diversity among women of reproductive age remains inadequate, with only 43.5 percent achieving minimum dietary standards. These health and nutrition gaps underline the urgent need for more robust public health initiatives.

In terms of economic resilience, the report shows that farming remains the dominant livelihood for many households, with 71.6 percent engaged in crop farming. Nonfarm enterprises also play a crucial role, with 59.2 percent of households operating such businesses, primarily in retail. However, only 13.1 percent of these businesses are formally registered, and access to credit remains limited.

The survey highlights significant wealth mobility trends, with 29.4 percent of households experiencing upward movement in wealth quintiles over the past five years, while 28.9 percent faced declines. Floods, post-harvest losses, and economic shocks were common factors among those experiencing downward mobility, whereas savings and domestic remittances supported upward mobility.

The GHS-Panel report sheds light on significant disparities in housing and infrastructure. While 80.1 percent of rural households own their homes, only 49.1 percent of urban households do. Encouragingly, the use of liquefied petroleum gas for cooking has increased by 13.1 percentage points since 2018/19, reflecting a gradual shift towards cleaner energy sources.

The report equally reveals that access to electricity remains uneven, with 82.2 percent of urban households connected to power compared to just 40.4 percent in rural areas. Nationwide, households experience an average of 6.7 electricity outages weekly, further highlighting infrastructure challenges.

The GHS-Panel Wave 5 report provides a detailed snapshot of the challenges and opportunities facing Nigerian households. From addressing food insecurity and education gaps to improving health outcomes and economic resilience, the findings serve as a critical resource for policymakers. Targeted interventions, such as stabilising food prices, expanding access to education, and formalising nonfarm enterprises, are vital for fostering household resilience and national development.

Economic Highlights

Tanzania Accomplished 128% Food Security

- In 2023, Tanzania exported agricultural products worth USD2.3billion which was 10% higher than the estimate for 2021.
- The country currently ranks eighth largest exporter of agricultural products by value in Africa.
- Tanzania also has the third largest positive balance of trade in Africa (that is, the difference between exports and imports) in agricultural trade.
- With exports worth USD2.3billion, Tanzania's value of imports for agricultural products is estimated as USD1.1billion.
- That is a trade balance of USD1.2billion; and ranks third highest in Africa after Côte d'Ivoire and South Africa's estimates.
- Tanzania's largest agri-exports are cashew nuts and rice while wheat is the main agri-based import by value.

Zimbabwe Orders Admins To Be Paying $50 To $2500 For Managing WhatsApp Groups

- The Zimbabwean government has introduced new regulations requiring WhatsApp group administrators to pay fees ranging from $50 to $2,500.
- According to reports, the Minister of Information, Publicity, and Broadcasting Services, Monica Mutsvangwa, who disclosed this said the move is part of an effort to curb misinformation and enhance accountability on social media platforms.
- The minister said the WhatsApp group admins are to obtain licences from the Postal and Telecommunications Regulation Authority (POTRAZ).
- The policy mandates WhatsApp group administrators to pay a minimum fee of $50, with costs potentially rising up to US$2,500 depending on the type of group being administered.
- The new rules are designed to ensure compliance with Zimbabwe's Data Protection Act, which governs how personal information is handled.
- According to the law, any data that can be used to identify an individual, including phone numbers stored in WhatsApp groups, is subject to regulation.
- With administrators having access to such data, the government argues that WhatsApp groups should be treated like any other entity handling personal information.
- The country has seen a rise in WhatsApp groups used to organize political debates and activism, particularly amid rising tensions between President Emmerson Mnangagwa and his deputy, Constantino Chiwenga.
- This regulatory change aligns with WhatsApp's ongoing efforts to enhance user experience and security.
- In October 2024, WhatsApp introduced several new features, including a "Search on web" tool to help users verify the authenticity of shared images, an improved chat widget for iOS users, expanded chat themes, and a new call link feature for easier video and voice calls.

Appreciation

A POSTHUMOUS AWARD FOR

AVM

MOUKTAR MOHAMMED (Rtd.)

Still Soaring High

Baba, as he was fondly called, was a man of unparalleled brilliance, grace, and humility. With an unmatched ability to observe, understand, and offer wisdom, he was a guiding light to all who had the privilege of crossing his path. His noble demeanor and genuine compassion made him not just a leader but a cherished mentor, father figure, and friend.

Baba's smile, warm and contagious, could light up the darkest of rooms, while his hearty laugh resonated with sincerity and joy, leaving an indelible mark on all who encountered him. Those fortunate to know him can attest to his magnetic personality, an aura that commanded respect and admiration.

As the founding chairman of Zamani College, Kaduna, Baba's legacy as a beacon of education and enlightenment is profound. His unwavering commitment to quality education and his generosity in supporting countless students through scholarships and funding programs stand as a testament to his visionary ideals. He believed deeply in the transformative power of education, often saying, "Educate a girl, and you educate the world." Baba's passion for nurturing talent paved the way for numerous young minds to embark on prestigious careers, shaping the future of generations.

His illustrious contributions transcended education, leaving a lasting legacy in the military, governance, and international relations. As a distinguished Air Vice Marshall, his service to Nigeria was marked by valor, strategic acumen, and an unyielding commitment to national unity. In politics and administration, his exceptional stewardship of Kano, Kaduna, and Jigawa States remains an exemplary model of integrity, vision, and progress.

Today, as Baze University, Abuja, confers a posthumous Honorary Doctorate Degree upon Air Vice Marshall Mouktar Mohammed, we are reminded of the immeasurable impact of this extraordinary leader. It is yet another acknowledgment of his enduring legacy as a father, brother, uncle, and patriot whose contributions remain etched in the hearts of many.

To his family, we extend our heartfelt congratulations on this well-deserved honor. Baba's life was a symphony of service, love, and excellence, and his memory will forever inspire.

May his noble soul continue to rest in perfect peace.

The Nigerian Tax Reform Bills

What is the whole fiscal and tax reforms all about?

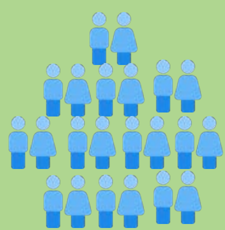
Supporting growth

Addressing multiplicity of taxes

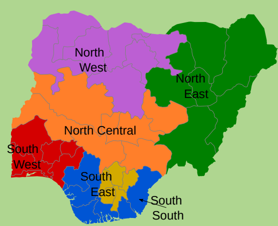
Shared prosperity for Nigerians

increase in tax to GDP ratio

How representative or inclusive was the process leading up to the various proposals?



committee comprised over 80 individuals



from 6 geopolitical zones of Nigeria

representing more than 20 government institutions

Why is the VAT proposal generating so much controversy?

VAT is not stated in the 1999 Constitution

FG	States	LG
15%	50%	35%

current sharing formula

FG	States	LG
10%	55%	35%

Proposed sharing formula

Are the bills also seeking to merge or scrap some agencies?

No. The bills are seeking to merge taxes and harmonise revenue administration.

One of the reform targets is to double Nigeria's tax to GDP ratio over the next few years. Are we to expect more taxes?

the reforms will boost economic activities and therefore enhance revenue generation for all tiers of government

How will the reforms benefit businesses, large and small?

facilitate economic growth and boost the country's GDP

reduction of corporate income tax rate from 30% to 25% over the next 2 years

Is it true that workers will pay more PAYE tax?

Individuals earning about N1.7m or less per month will pay lower PAYE tax while those earning the new minimum wage and slightly more will be fully exempted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In Managing Nigeria's Debt Crisis, There Should Be Economic Diversification, Good Governance

POLICY BRIEF with ENAM **OBIOSIO**

Nigeria's debt to the International Development Association (IDA) has risen by $600 million, reaching $17.1 billion as of September 2024, with President Bola Tinubu's request to the National Assembly for $2.209 billion in loans to fund the 2024 budget indicating a continued reliance on external borrowing.

This mounting debt is not just a number on paper—it carries profound socio-economic implications for Nigeria's future and its citizens. While the growing debt burden might seem daunting, it is important to recognise the complex landscape in which Nigeria finds itself and the steps the government must take to manage this situation effectively.

The rising debt load comes at a time when Nigeria is dealing with a range of challenges, including inflation, unemployment, and a strained fiscal space. A $600 million increase in just three months highlights the urgency with which the government has been forced to seek external financing. Nigeria's rising debt is no surprise, as the country's dependence on concessional loans from institutions like the IDA has been growing steadily. The IDA, which provides concessional loans to the world's poorest countries, is a critical lifeline, but as this debt climbs, so too does the pressure on Nigeria's economic stability. As the third-largest debtor to the IDA, Nigeria must tread carefully to avoid falling into a debt trap that could hinder future growth.

However, we must recognise that this borrowing is not without purpose. The funds are earmarked for the implementation of the 2024 national budget, which focuses on infrastructure development, poverty reduction, and economic diversification. If managed properly, these investments could generate returns that will help alleviate the burden of debt in the long term. Yet, the reality is that the government's ability to meet its debt obligations while investing in critical sectors is increasingly strained. This is where the true test lies—the ability to balance debt servicing with investments in human capital and national development.

The growing debt to IDA, particularly in the context of Nigeria's increasing reliance on foreign loans, highlights the need for urgent economic reform. For one, the government must expedite efforts to diversify the economy away from oil, which remains vulnerable to fluctuations in global markets. Developing non-oil sectors like agriculture, technology, and manufacturing will be key in generating sustainable revenue streams. Additionally, the government needs to intensify efforts to combat corruption and inefficiencies within its ranks. This will ensure that borrowed funds are put to their best use, avoiding misallocation that further deepens the debt crisis.

Further, Nigeria's debt exposure to the IDA must be part of a broader conversation on economic restructuring. We need to ensure that these loans are not used merely for consumption but rather for projects that have a tangible, long-term impact on the economy. The government should prioritise infrastructure projects that will improve Nigeria's competitiveness, such as in transportation, energy, and technology. In enhancing productivity and fostering an enabling environment for businesses to thrive, Nigeria can generate the revenue needed to service its debts and reduce future reliance on external borrowing.

> The funds are earmarked for the implementation of the 2024 national budget, which focuses on infrastructure development...

It is crucial that Nigeria takes full advantage of the concessional terms offered by the IDA, ensuring that every dollar borrowed is invested wisely. Additionally, the government should continue strengthening public-private partnerships to unlock more resources for development without placing undue strain on the national treasury. The emphasis must be on creating jobs, improving the business environment, and increasing tax revenues, particularly from sectors outside of oil.

Moreover, Nigeria must take proactive steps to protect vulnerable populations from the fallout of this growing debt. Social programs that focus on education, healthcare, and poverty alleviation must be shielded from budget cuts, ensuring that the country's most disadvantaged communities are not further marginalised as the government seeks to balance its books. This requires a robust and equitable fiscal policy that prioritises the well-being of Nigerians while also addressing the demands of international lenders.

Nigeria's rising debt to the IDA is a reflection of the challenges the country faces in financing its development agenda. While the situation is concerning, it is not insurmountable. In focusing on economic diversification, improving governance, and prioritising investments in key sectors, Nigeria can navigate this growing debt burden. The government must approach the situation with a strategic mindset, ensuring that external borrowing is used to fund projects that will stimulate growth and ultimately reduce Nigeria's dependence on foreign loans in the future.

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