

IMPACT OF INSECURITY ON THE  
ECONOMY AND WHAT GOVT  
NEEDS TO DO

ENTREPRENEURSHIP IS THE  
FASTEST WAY TO ACHIEVE  
ECONOMIC GROWTH -CHIDUME

MAN @50: THERE HAS BEEN  
STEADY GROWTH IN THE  
INDUSTRIAL SECTOR -MANSUR

RC: 1368510

# tbiAfrica

THE BUSINESS INTELLIGENCE

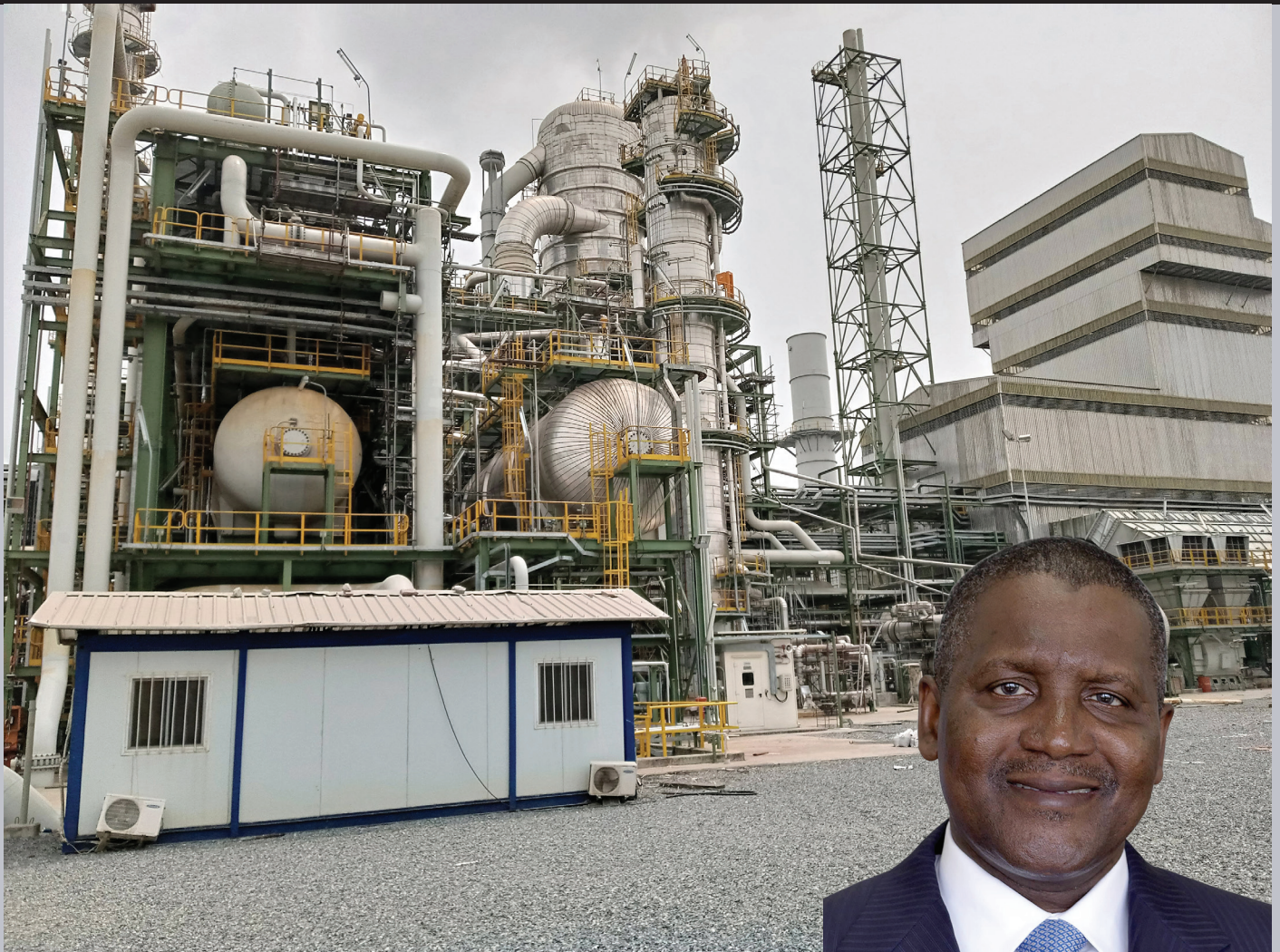
[www.tbiafrica.com](http://www.tbiafrica.com)

MAY 2021

VOL.4 NO.1

N500, \$20, £10

ISSN: 2736-0210



## HOW DANGOTE'S \$2.5BN FERTILIZER PLANT WILL BOOST FOOD PRODUCTION, EARN FOREX

# NNPC/SNEPCo... STORY OF CARE

Shell Nigeria Exploration and Production Company Limited (SNEPCo), pioneered Nigeria's deep-water oil and gas production at Bonga, a project that increased the country's oil capacity by 10% when it began producing in 2005. This could not have been possible without a strong tradition of care – for the people, the environment, contractors, assets and the host community which is Nigeria.

Working in close collaboration with the Nigerian National Petroleum Corporation (NNPC) as grantor under a Production Sharing Contract, SNEPCo, with the support of its co-venture partners has implemented a robust social investment portfolio that has made visible impact in the six geopolitical zones of Nigeria. In parallel, it has supported contractors to improve their capacity and take on complex work in the deep offshore oil and gas exploration and production.

The NNPC/SNEPCo partnership is committed to the health and well-being of stakeholders and Nigeria as the host community. With the donations of medical equipment, consumables, ambulances and personal protective equipment to various states and health facilities under the NNPC-led COVID-19 support initiative, it is expected that health workers on the frontline in the fight against the spread of the novel coronavirus pandemic can work professionally and safely.

From Anambra to Abuja and from Rivers to Nassarawa, the COVID-19 support to governments and the many other social investment programmes of SNEPCo in health, education and sports, the thousands of beneficiaries of the initiatives and supply chain are learning that the Bonga story extends far beyond oil.



Enhancing security of lives and property in Nigeria's commercial capital of Lagos where SNEPCo and its co-venture partners have their headquarters was a focus area of intervention by the NNPC/SNEPCo partnership. A major support to the state government was the donation of 16 units of security vehicles to the Lagos State Security Trust Fund (LSSTF) for effective patrol and improved response time to distress calls.



The NNPC/SNEPCo partnership supports those with special needs but who have little or no resources to meet such needs. Working with NGOs, the partnership provides prosthetic limbs to help amputees to walk.



A world-class ICT Centre was donated to the Enugu State University in an effort to boost ICT education and stimulate scholars' and research interest to meet with global standard and provide solution to world's contemporary digital challenges. The donation was in furtherance of the NNPC/SNEPCo ICT support programme started in 2007 and which has so far donated 29 ICT projects to secondary schools and universities around the country. Some of the beneficiary schools are: Baqa Grammar School, Lagos State; Ofo Grammar School, Kwara State; Ebute-Shafia Secondary School, Lagos State; Rumia College, Kano State; St Barnabas College, Kabbu, Kogi State; Girls' Secondary School, Imo State; Ushere Grammar School, Delta State; and Ede College, Benin, Edo State. Others are: Delta State University, Abraka; University of Jos, Plateau State; Imo State University, University of Ado Ekiti, Ekiti State; and Ambrose Alli University, Egomu, Edo State.



NNPC/SNEPCo National Credits to Career (NCC2C) scholarship programme has continued to offer opportunities to pupils from less-privileged background in public primary schools to have full scholarship including full board, tuition, education supplies, health insurance, and uniform for the six years of secondary school. Over 472 students have since benefited from the NCC2C programme. University scholarships are offered to the beneficiaries on the successful completion of their secondary education and in line with set criteria.



The NNPC/SNEPCo partnership enhanced access to quality healthcare in Ogun State with a focus on maternal and child health for the various communities served by Ogiiji Primary Healthcare Centre in Sagamu Local Government. A model comprehensive primary health centre including an ambulance, doctors' residential quarters, on-grid and solar-powered 20-bed wards, water treatment plant, was constructed and donated to the state government.



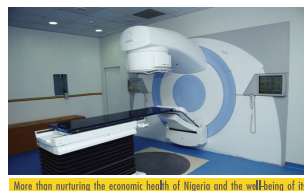
We are very responsive to humanitarian causes in Nigeria, because we care. In 2019, we contributed food, essential hygiene kits and other relief items to over 5,500 vulnerable households at internally displaced persons' (IDP) camps in the North-East while we also provided SIM/ton for education, water, sanitation and health-related projects in Yobe and Borno states. In 2020, we donated critical medical equipment to support federal and state governments in the fight against the spread of COVID-19.



State-of-the-art medical emergency equipment, including medical consumables and ambulances, was donated to the casualty and trauma sections of the General Hospital, Odean, Marina in Lagos State. The facility was also refurbished and upgraded.



Lagos State as the epicenter of COVID-19 was the first to benefit from the NNPC/SNEPCo partnership intervention in the fight against the pandemic. The state received donations of PCR testing machines and test kits; High-Grade Plasma Apheresis machine; intensive care unit ventilators; critical care hospital beds and mattresses; ICU ambulance; AED machine (defibrillators); a 150kva generator; 38-50kva alternative solar power system plus inverters installed at the Infectious Disease Hospital, Yaba; among others.



More than nurturing the economic health of Nigeria and the well-being of its people, SNEPCo is committed to improving access to medical services and strengthening healthcare systems in Nigeria. Working in collaboration with the Nigerian National Petroleum Corporation (NNPC) and our co-venture partners, our signature medical intervention for effective and efficient cancer treatment in Nigeria is the Elekta Synergy Linear Accelerator Radiotherapy machine donated recently to the National Hospital Abuja.



Completed 5000 gallons Solar Hybrid System Powered Water, Sanitation and Hygiene facility provided by NNPC/SNEPCo as part of its humanitarian intervention in Kwana Local Government Area of Borno State. Project was completed in 2020 serves over 11,450 people resident in Kwaykassar community.

Shell Nigeria Exploration and Production Company Limited



Co-venture partners





**DR. NJIDEKA KELLEY**

# Editor's Note

The world including Nigeria is smarting from the pains caused by COVID-19 pandemic following the discovery and administration of vaccine against the pandemic. Commercial activities are bouncing back and life is again taking its normal shape. Despite this, let's continue to be cautious, observe health safety tips by the Nigeria Centre for Disease Control (NCDC).

Our cover for this edition focuses on the economic transformational project of Africa's richest man, Dangote Refinery and Petrochemical Company. Specifically, we centred on the fertilizer plant, which has commenced production and will hit the Nigerian market in the month of June.

Testimonials gathered by TBI Africa reporter from, farmers, policy makers and industrialists showed fertilizer production will not only contribute immensely to Nigeria's food security but also save the country huge foreign exchange (forex) earnings.

All Farmers Association of Nigeria (AFAN) said the three million metric tons per annum (3MMTPA) Dangote urea Fertilizer Company will adequately meet national requirement as the country needs just above 1.8MMTPA of fertilizer. AFAN has been lamenting how importers and the middlemen have been ripping off farmers. These importers and middlemen create artificial scarcity,

hike the price of fertilizer beyond affordability by many farmers, a situation that leads to poor farm yield and inadequate food production. To them, the coming on stream of Dangote fertilizer is prayer expressly answered by God.

To the Manufacturers Association of Nigeria (MAN), Dangote Fertilizer Company is fundamentally an eloquent testimony of Dangote Group's commitment to Nigeria's industrial development. It is a success story in efforts at self-reliance, economic diversification and backward integration. It will make Nigeria the only urea exporting country in Sub-Saharan Africa. And in terms of its contribution to the financial health of our country, when you take the fertilizer and petrochemicals plants, they are capable of generating \$2.5 billion annually.

The Lagos Chamber of Commerce and Industry (LCCI) said one of the reasons the country experiences low yield of agricultural produce is because most farmers do not have access to fertilizer inputs. With the Dangote fertilizer, this problem is considered solved. Besides, it will substantially take off pressure mounting on forex arising from fertilizer import, as dealers will no longer source for forex to import fertilizer.

Governor of Lagos State, Babajide Sanwo-Olu, Minister of Agriculture and Rural Development, Alhaji Muhammad Sabo Nanono, Governor of Central Bank of Nigeria, Godwin Emefiele, among others, corroborated other speakers.

Contained in this edition are highlights on the need for full deregulation of the downstream arm of the oil and gas industry and the deepening of natural gas utilization for value and job creation.

On the financial sector, we looked at how the Central Bank of Nigeria can reverse Nigeria's underdevelopment through proper management of the nation's fiscal deficits, which is even one of the principal reasons

the Fiscal Responsibility Act and the annual Appropriation Act were put in place.

On security issues, we looked at the rising cases of insecurity across the country - banditry, Boko Haram, unknown gun men and kidnapping, their impact on the economy and freedom of movement.

In Kaduna, Katsina, Zamfara and Sokoto States, it has been a tale of horror. Poor and helpless people are being attacked in their farms, houses and market. In Zamfara and Katsina States, poor farmers are forced to cough levies imposed on them by bandits before they would be allowed to harvest their crops.

Few farmers were able to cultivate crops this year due to the series of coordinated attacks and kidnapping activities rocking those states. Food and Agricultural Organisation (FAO) predicted looming hunger, adding that the country is gradually at verge of sliding into food insecurity.

These, among other reports, are assembled in this edition and will certainly make delightful reading to you - our readers. Keep a date with us every month.

The TBI Africa team also welcomes all the delegates and participants to the 2021 Nigeria International Petroleum Summit (NIPS), which is in its fourth edition. We encourage you to network and make new friends and business partners and also explore and enjoy the beautiful city of Abuja.

We wish you all fruitful deliberations.

**Dr. Njideka Kelley is also the owner and Principal Consultant of New Generation Consulting LLC, 10101 Fondren Road Suite 353, Houston Texas 77076**

'DEREGULATION, DEEPENING GAS UTILIZATION WILL BOOST NIGERIA'S ENERGY SECTOR'

**11**

SEPLAT DRIVING SUSTAINABLE ENERGY GENERATION IN NIGERIA

**17**

HOW CBN CAN REVERSE NIGERIA'S UNDERDEVELOPMENT

**25**



SON WINING WAR AGAINST SUBSTANDARD GOODS

**29**



HOW AIR PEACE'S 13 BRAND NEW E195-E2S WILL CREATE 8,000 JOBS

**36**



ENTREPRENEURSHIP IS THE FASTEST WAY TO ACHIEVE ECONOMIC GROWTH -CHIDUME

**46**

EMBARK ON ECONOMIC REVOLUTION OR FACE WORST ECONOMIC CRISES

-ONYEBU

**48**

IMPACT OF INSECURITY ON THE ECONOMY AND WHAT GOVT NEEDS TO DO

**51**



IN PURSUIT OF AGRICULTURE DEVELOPMENT

**55**

IMPACT OF INSECURITY ON THE ECONOMY AND WHAT GOVT NEEDS TO DO

ENTREPRENEURSHIP IS THE FASTEST WAY TO ACHIEVE ECONOMIC GROWTH -CHIDUME

MAN@50: THERE HAS BEEN STEADY GROWTH IN THE INDUSTRIAL SECTOR -MANSUR

RC: 1368510

**tbiAfrica**  
THE BUSINESS INTELLIGENCE  
www.tbiafrica.com

MAY 2021 VOL.4 NO.1 N500, \$20, £10 ISSN: 2736-0210

**HOW DANGOTE'S \$2.5BN FERTILIZER PLANT WILL BOOST FOOD PRODUCTION, EARN FOREX**

**PRINTED AND PUBLISHED BY:** Syndicate Publications Limited (RC: 1368510)

#1, Alhaji Shomade Alley Street, Obanikoro, Lagos

**Website:** www.tbiafrica.com. **Email:** info@tbiafrica.com

**Office Tel:** 07089620095 **EDITOR:** Dr. Njideka Kelley, +17182194957, 07086167905.

**GRAPHIC ARTIST:** Imekan Augustus



## HOW DANGOTE'S \$2.5BN FERTILIZER PLANT WILL BOOST FOOD PRODUCTION, EARN FOREX

*In the wake of current food inflation ravaging the Nigerian economy, occasioned by multiplicity of factors, which also threatens the country's food security, fertilizer manufacturing company became inevitably necessary. As the largest fertilizer company in the world, Dangote Fertilizer has put all machineries in place to start rolling out the products which many believe would boost food production in the country. However, fertilizer insufficiency has been one of the underlining factors militating against food production in the country, but with the commencement of production at the three million metric tons per annum (3MMTPA) of Dangote urea fertilizer manufacturing company, cost of food production will certainly be lowered according to stakeholders, reports **CHARLES OKONJI**.*



According to the President of All Farmers Association of Nigeria (AFAN), Arc Kabir Ibrahim, Nigeria requires over 1.8MMTPA of fertilizer, but because of supply bottlenecks, could not reach this consumption level over the years, coupled with the attendant scarcity of foreign exchange (forex) for import.

Ibrahim stated that fertilizer dealers have issues which are created by importers and the middlemen. According to him, importers and the middlemen have over the years been hoarding fertilizer to create artificial scarcity, and with this system, determine the faith of farmers on accessing the commodity. "They (importers and the middlemen) engage in activities such as hoarding as well as creating artificial scarcity to force the price of the commodity up," Ibrahim said.

"AFAN had expressed worries that fertilizer will not be readily available and affordable for Nigerian farmers this season as against what was obtainable in the last four years due to delays in releasing the new price and the commodity itself.

"The Presidential Fertilizer Initiative (PFI) through the sale of fertilizer (20:10:10) at N5,500 per 50kg bag in the last four years and N5,000 last year, due to COVID-19, was able to bring some respite to the farmers and to the National Food System. The PFI assisted AFAN and, therefore, a large number of Nigerian farmers benefited immensely by making fertilizer available at the subsidized rate of N5,000 per bag last year to further cushion the effect of the COVID-19 pandemic.

"The minimum we buy fertilizer now is N7,000 per bag, the 15, 15, 15 grade fertilizer is about N9,000. In most states in the country, prices of the product is between N6,700 and N8,000 for NPK and N8,800 to N13,000 for Urea. Farmers in some states in the South-East have commenced production without any subsidy reaching them and the fear is that by the time the PFI fertilizer arrives, it might be too late for any application to their crops. Nigeria is already experiencing skyrocketing prices of food crops, serious food inflation and this coupled with the skyrocketing prices of fertilizers, the situation of food availability and affordability will exacerbate."

The AFAN President noted that with the commencement of production and distribution of Dangote fertilizer, the price would drastically drop, and I am convinced that we will have the product everywhere. I am aware that Dangote Group has already taken delivery of over 400 trucks for the distribution of its fertilizer across the country.

At the moment, Indorama seems to have the monopoly of Urea, that is why urea is always very expensive, but now that Dangote has come on board, I strongly believe the price will crash. So, once the Dangote fertilizer goes around, scarcity of fertilizer would be a thing of the past, and our fate would no longer be determined by these unscrupulous people that used to make money from us at all times.

These rich merchants used to buy fertilizer, store it to create artificial scarcity and only to push it to the market when the price of the products shoots up. But with the coming of Dangote fertilizer, I am sure we would be having a better situation and fewer issues to contend with.

Also lending their voice, AFAN, Ogun

State Branch expressed the same optimism, noting that they are eagerly awaiting the commencement of sale of the Dangote Fertilizer, which the plant has commenced to roll out.

The farmers disclosed this during an interaction with the Dangote Fertilizer team at the 10th Gateway International Trade Fair that held in Abeokuta, Ogun State capital.

According to the Secretary of AFAN, Ogun State Branch, Prince Abiodun Ogunjimi, "Farmers have heard a lot about Dangote Fertilizer, considering the uniqueness of Dangote products; we are waiting patiently to see the fertilizer in the market.

"We are excited about the impending arrival of the fertilizer. The arrival of Dangote fertilizer would ease the pressure on the farmers brought about by the price of the products from the existing manufacturers. The expectations of the farmers are high and we expect that Dangote Fertilizer would have special packages for the farmers to encourage us to patronize the products.

"We heard he already mapped out various strategies to roll out in grand style and that he would carry us the farmers along by giving us training as to how to apply the product appropriately to maximize yield and productivity and give farmers more profit for their produce."

Moreover, the head of the fertilizer team to the Trade Fair, Miss Mary Uche, assured the farmers that Dangote fertilizer has packaged a programme of activities for them that would be unveiled at the start of roll out of fertilizer from its plant at Lekki Free Zone in Lagos.

Uche noted that the farmers being critical stakeholders in the fertilizer value chain would form the bedrock of operation of the Dangote Fertilizer.

She commended farmers for enthusiasm shown towards imminent roll out of Dangote fertilizer and that they would not be disappointed but rather would be treated to a big deal that they have never witnessed before.

Uche said: "Farmers would be given training on the right uses of fertilizer and appropriate application of Dangote fertilizer for maximum yield and profitability. We have a lot of things in

*It is the largest fertilizer plant in the world with capacity to produce three million tons a year of urea and ammonia. This makes Nigeria the only urea exporting country in Sub-Saharan Africa*



stock for you, just the way we have been doing for our distributors in cement and other products, we will place you above every other consideration because your success is our success. We are mindful of the fact that government is shifting all focus to agriculture and this is the reason your role is very crucial in this direction.

#### **Dangote Fertilizer Plant Capacity**

Dangote fertilizer complex at the Lekki Free Zone (LFZ), in Lagos, Nigeria, with the first phase of the project is estimated to have cost \$2.5 billion, which will manufacture 3MMTPA of urea, amongst others.

The capacity will later be expanded to produce multiple grades of fertilizers to meet soil, crop and climate-specific requirement for the African continent, as fertilizer is essential for agribusiness in Africa.

There is an indication that the coming on stream of Dangote Fertilizer would surely make Africa self-sufficient in food production and a net exporter of food to the world.

According to Africa's richest man, Aliko Dangote, the \$2.5 billion granulated fertilizer plant will commence operation in April 2021. However, the plant started rolling out bags of fertilizer in March starting a month earlier than schedule.

Dangote noted that, "In a bid to scale up production, further plans have been made to expand the plant's three million metric tonnes per annum capacity to produce multiple grades of fertilizers to meet soil, crop and climate-specific requirement for the African continent."

#### **Why build fertilizer plant?**

The project was initiated for a number

of reasons that would not only benefit Nigeria, but the continent. The Urea Fertilizer plant was built to tap into Nigeria's demand for fertilizer, a critical component of achieving food sufficiency for Africa's most populous country.

Moreover, the Fertilizer plant is expected to manufacture three million metric tonnes of urea per annum, with a view to reducing the nation's fertilizer imports, and generating \$400million annual foreign exchange from export to Africa countries.

According to Dangote Group, "the coming on stream of the plant will not only boost food sufficiency in Nigeria, but also make Africa self-sufficient in food production and a net exporter of food to the world."

The fertilizer plant will also compete with Notore Petrochemicals, a 500,000 metric tonne Urea Plant in Onne, Rivers State, Nigeria.

#### **Impact**

Speaking with a cross-section of experts, they attempted a prognosis fertilizer benefits to the national economy, expressing that it will help in boosting food production as well as earning foreign exchange.

The Director-General, Manufacturers Association of Nigeria (MAN), Dr. Shegun Ajayi-Kadiri, noted that Dangote Fertilizer Company is fundamentally an eloquent testimony of Dangote Group's commitment to Nigeria's industrial development.

Ajayi-Kadiri noted that it is a success story in efforts at self-reliance, economic diversification and backward integration.

"In the first instance, it is the largest fertilizer plant in the world with capacity to produce three million tons a year of urea and ammonia. This makes Nigeria the only urea exporting country in Sub-Saharan Africa. And in terms of its contribution to the financial health of our country, when you take the fertilizer and petrochemicals plants, they are capable of generating \$2.5 billion annually.

"According to United Nations COMTRADE database on international trade, Nigeria spent US\$38.7 million in 2019 on importation of fertilizer. So, as a country with comparative advantage in

agriculture, the Dangote Refinery should help reposition the agricultural sector, enhance its productivity, reduce the cost of fertilizer, conserve the nation's foreign exchange and quite importantly, put more food on the table of the average Nigerian.

"In terms of job creation, the project is billed to create jobs in excess of 250,000, both direct and indirect, when fully operational. The local community would also benefit in terms of local infrastructure under the Executive Order, 'Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme Order 2019 No. 007 of 2019,'" the MAN chief said.

In his submission, the Director-General of the Lagos Chamber of Commerce and Industry (LCCI), Dr. Muda Yusuf, stated that one of the reasons the country experiences low yield of agricultural produce is because most farmers do not have access to fertilizer inputs.

Dr. Yusuf said: "Now that the production capacity of fertilizer has been enhanced with the Dangote fertilizer plant, definitely it will become almost impossible for people to be hoarding the product. This is because people hoard in a season of scarcity, or when they speculate that there is scarcity. But when the production capacity supersedes a particular threshold, it will no longer make any sense for anybody to be hoarding, because anybody that is hoarding will be hurting himself.

"The problem we have been having all along has been the challenge of inadequate supply and this Dangote Fertilizer will certainly boost the supply. So, when the supply increases, the incidence of hoarding will be reduced. Again, gas is one of the most critical inputs for domestic production of fertilizer, and the country is very rich in gas, which will take care of supply side. It will also address the hoarding problem, which is a major advantage to the country. This also means that we are not likely to have any major issues, since Dangote fertilizer plant would get most of its input from the Dangote refinery."

The LCCI chief pointed out that there is the foreign exchange effect, stressing that with the Dangote fertilizer, there will be less pressure mounting on forex arising from fertilizer import, as dealers will no



longer source for forex to import fertilizer.

He said with the fertilizer plant, Nigeria is likely to see lesser pressure on the forex market, which will likely have a positive effect on the country's reserves, because that pressure is reduced.

"Thirdly is that the fertilizer plant is likely to generate export, we are also likely to see an increase in export which will stimulate an increase in foreign exchange.

"There is also the employment effect. Now, the fertilizer is there, the plant of factory is there, which will create a lot of direct and indirect jobs. The value of these employments is even more profound because the special raw materials are already available in the country. So, the multiplier effect would be much more, both from the point of view of those who are directly employed, from the point of view of those who will supply the gas, those who will distribute, those who will

transport, and those who will be selling it amongst others. So, you can see that it is a long chain. You can see that all of these are domestic player," Dr. Yusuf stated.

The Minister of Agriculture and Rural Development, Alhaji Muhammad Sabo Nanano, corroborated other speakers. Nanano during a facility tour of the plant in Lagos called on the company to play active roles in the agricultural mechanisation scheme and extension services for small-scale farmers.

He said Dangote's support is needed for the success of the mechanisation scheme, which he said, is expected to cover 632 local government areas.

"It is very clear that Dangote, in one way or the other, will help in this programme by the Federal Government," he said.

The Minister said Aliko Dangote's investment in fertiliser production would contribute to improved farm yields and





to meet the requirements of the crop while taking advantage of the nutrients already present in the soil.

Edwin said that Dangote Fertiliser would make Nigeria become self-sufficient in fertiliser production, with the capacity to export the products to other African countries.

“Right now, farmers are forced to utilise whatever fertiliser that is available as they have no choice. But we need to know that the fertiliser that will work in one state may not be suitable in another state, as they may not have the same soil type and composition,” Edwin said.

Different crops in different zones or states also require land and zone-specific fertilizer blends, and blending fertilizer accordingly is the only way to guarantee maximum advantage of using soil replenishment in food cultivation, Edwin added.

The Lagos State Governor, Babajide Sanwo-Olu, during his working visit to the Lekki Free Trade Zone, Lagos Free Zone and Dangote Refinery and Petrochemical Zone, said he would officially open the fertilizer plant. The governor, who also toured other facilities in the zones, expressed delight at the level of investment.

He promised that his administration would continue to support such investment and ensure they enjoy the ease of doing business.

Sanwo-Olu said: “We came here to see things for ourselves, encourage the investors and assure them of government support. We are here to serve them and ensure they enjoy the ease of doing business, which is critical to us. We are also here to ensure that jobs are created, especially for our youths, the local economy and for Nigerians in general.

“And all the places we visited, it was evident that Lagosians are being employed, the local indigenes are being employed.”

However, TBI recalls that the Nigerian Content Development and Monitoring Board (NCDMB), the Nigerian National Petroleum Corporation (NNPC), Brass Fertilizer and Petrochemical Company Limited (BFPCL) and DSV Engineering recently signed two key agreements

agricultural productivity, which are critical to Nigeria’s long-term food security.

“Some of you will remember when the Federal Government initiated a policy to support local production of rice in Nigeria and discourage the importation of rice. Some vested interests kicked against it. The breakout of the COVID-19 pandemic and the closure of Nigerian borders show that the Federal Government took the right decision regarding rice policy. Now, we are eating our own rice. The small-scale farmers have also been contributing to Nigeria’s self-sufficiency in rice production in the country,” he said.

Giving update on the fertiliser project, Group Executive Director, Strategy, Capital Projects & Portfolio Development, Dangote Industries Limited, Chief Devakumar Edwin, said Dangote Fertiliser has a well-equipped fertiliser soil testing laboratory to ensure the efficiency of the product for farmers.

***The problem we have been having all along has been the challenge of inadequate supply and this Dangote Fertilizer will certainly boost the supply. So, when the supply increases, the incidence of hoarding will be reduced***



“The laboratory will enable us to analyse and identify a particular soil deficiency. Applying the right fertiliser to the soil will enable it to yield maximum results. The goal of our soil testing is to provide an accurate assessment of the soil’s fertility to make fertiliser recommendations,” he said.

A proper soil test, he added, would help ensure the application of enough fertiliser



for the construction of 10,000 tonnes per day methanol plant and the 500 million standard cubic feet per day gas processing plant in Odeama, Brass, Bayelsa State.

The Executive Secretary of NCDMB, Engr. Simbi Kesiye Wabote, signed for the Board, while the Chief Operating Officer, Gas & Power, NNPC, Mr. Usman Yusuf and the Managing Director of BFPCL, Chief Ben Okoye, signed for their companies respectively at the ceremony held at the Board's liaison office in Abuja recently.

The first agreement was the Accession Agreement between BFPCL, DSV Engineering, NNPC and the NCDMB Capacity Development Intervention Company Limited by Guarantee. It confirms that NCDMB has subscribed to the terms and conditions contained in the company's Share Subscription Agreement.

The second agreement was the Share Subscription Agreement between BFPCL, DSV Engineering and the NCDMB Capacity Development Intervention Company Limited by Guarantee. This agreement confirmed the allotment of 18 per cent of the authorized share capital of the Brass Fertilizer and Petrochemical Company Limited to NCDMB.

In his remarks, the Executive Secretary of NCDMB highlighted the need for indigenous institutions and companies to initiate projects that would create

in-country value and employment opportunities for young Nigerians.

He insisted that the Nigerian oil and gas industry cannot continue to wait for only international operating oil and gas companies to introduce projects.

He maintained that creating job opportunities for young Nigerians was the best strategy to curtail restiveness and insecurity in the polity.

He hinted that the methanol project provides opportunities to add value in-country and further diversify the utilization of the nation's gas resources.

He said the 10,000 tonnes/day methanol plant will upon completion bring Nigeria onto the world map as one of the top-10 producers of methanol.

"The opportunities provided by this project in jobs creation, gas utilization, and local availability of methanol for primary and secondary users, are massive and we are excited to serve as a catalyst for the realization of the project," he added.

Wabote also said the project would create 15,000 jobs during the construction stage and additional 5000 jobs during the operations phase.

He indicated that Methanol can be used for different purpose and can also serve as a key chemical agent in

pharmaceutical and agro-chemical industries.

The Executive Secretary commended the NNPC for its role in getting the project to the current stage, expressing hope that the partnership would help to drive the methanol plant to completion.

The Chief Operating Officer, Gas & Power, NNPC, Mr. Usman Yusuf expressed delight that the project was in sync with the President Muhammadu Buhari's recent declaration of a Decade of Gas and would help to correct the current anomaly whereby 100 percent of the nation's methanol needs are currently imported.

He maintained that that gas was becoming increasingly important to Nigeria's sustainability and would also play a key role in energy transition.

He added that gas is key to food processing and can lead the nation to food sufficiency, industrialization, increase in Gross Domestic Product and power sufficiency.

He said the two Methanol projects would help Nigeria save foreign exchange and significantly enhancing local production.

The NNPC chieftain congratulated the NCDMB for supporting the methanol projects, which would create a gas hub, petrochemical industry fertilizer plants and condensate refinery.



**tbi** Africa  
THE BUSINESS INTELLIGENCE

# ENERGY

MAY 2021



## 'DEREGULATION, DEEPENING GAS UTILIZATION WILL BOOST NIGERIA'S ENERGY SECTOR'

*Nigerians were highly excited and had great expectations, especially the oil and gas sector which serves as the mainstay of the country's economy, when the democratically elected government came to power 22 years ago, but excitement and expectations doused, **Abisola THOMPSON** writes.*

For 22 years the oil and gas sector has undergone and still passing through several challenges, even though there are some landmarks developments in the industry. However, key players in the oil and gas industry say energy transition, speedy passage of the Petroleum Industry

Bill (PIB), full deregulation of the downstream arm of the petroleum industry and deepening of gas utilization will help Nigeria actualize her full potentials.

Much has been expected from the oil and gas sector as the hen that lays the golden

egg. Oil and gas production in Nigeria dates back to 1958 when the first oil discovery well was drilled in Oloibiri in present Bayelsa State of the Niger Delta Region.

While a noticeable increase in gas production commenced in the early 1970s, ultimately rising above 2.7 billion standard cubic feet per (bscfd) by 1979. By this time, a domestic market had been created for the consumption of produced gas in the eastern part of the country, close to the gas source.

Nigeria has a total of 159 oil fields and



1481 wells in operation according to the Department of Petroleum Resources. The most productive region of the nation is the coastal Niger Delta Basin in the Niger Delta or "South-south" region which encompasses 78 of the 159 oil fields.

With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks as Africa's largest producer of oil and the sixth largest oil producing country in the world.

Let's first understand what crude oil has done and still does for the Nigerian economy. On the external side, crude oil has provided Nigeria with a sizeable amount of United States Dollar (USD) revenues which we have used to trade with the rest of the World.

According to the CBN, during the past 20 years, total USD inflows into Nigeria on the trade side was US\$1.5 trillion; US\$1.1 trillion or 79 per cent came from selling crude oil and natural gas to the rest of the World and US\$0.3 trillion came from remittances from Nigerians working abroad.

During the past 21 years, the federation account received over NGN 87 trillion in oil revenues and over NGN 29 trillion in non-oil taxes making total revenue of NGN 116 trillion.

As of 2019, oil and gas exports accounted for more than 90 per cent of export earnings and about 60% of federal government revenue, as well as generating more than 14 per cent of its GDP. It also provides 90 per cent of foreign exchange earnings, and about 65 per cent of government budgetary revenues. Fast forward to date, 22 years

after democracy, Nigeria economy is still dependent on oil which is so worrisome.

Since the inception of our nascent democracy, the upstream sector of the oil and gas has witnessed a lot of changes, challenges and developments. With Nigeria's proven oil reserves estimated by the Energy Information Administration (EIA) to be between 16 and 22 billion barrels, even though other sources claim there could be as much as 35.3 billion barrels. Its reserves make Nigeria the tenth most petroleum-rich nation, and by the far the most affluent in Africa.

Since the coming of the present administrations some success has been recorded. This year Buhari Administration declared this decade the "Decade of Gas." And the Ground-breaking on 614km Ajaokuta-Kaduna-Kano Gas Project.- Successful completion of Nigeria's first Marginal Field Bid Round in almost 20 years, expected to raise in excess of half a billion dollars, and open up a new vista of investment in oil and gas

The following has also taken place within the six years of this administration, which include Launch of National Liquefied Petroleum Gas (LPG) Expansion Programme (including Removal of VAT from the domestic pricing of LPG), Financial close and signing of contract for NLNG Train 7, which will grow Nigeria's production capacity by about 35 per cent - Nigeria and Morocco have in 2021 signed an agreement to develop a US\$1.4 billion multipurpose industrial platform (Ammonia and Di-Ammonium Phosphate production plants) that will utilize Nigerian gas and Moroccan phosphate to produce 750,000 tons of ammonia and one million tons of phos-

phate fertilizers annually by 2025. It will be located in Ikot-Abasi, Akwa-Ibom State.

Others include commissioning in December 2020 of the new Nigerian Petroleum Development Company (NPDC) Integrated Gas Handling Facility in Edo State, the largest onshore LPG plant in the country, with a processing capacity of 100 million standard cubic feet of gas daily, producing 330 tonnes of LPG, 345 tonnes of propane and 2,600 barrels of condensate, daily. - Establishment of a \$350m Nigerian Content Intervention Fund, to finance manufacturing, contracts and assets in the oil and gas industry - Financial Close on the following NNPC-involved projects: A 10,000 tonnes per day methanol plant and a 500 million standard cubic feet per day gas processing plant, in Odeama, Brass, Bayelsa State.

Also, the ANOH gas processing plant with a processing capacity of 300 million standard cubic feet of gas in Imo State was inaugurated. It is a Joint Venture between Sepilat Petroleum Development Company and the Nigerian Gas Company, a wholly owned subsidiary of Nigerian National Petroleum Corporation (NNPC). It also has the potential to deliver 1,200 megawatts (MW) of power when completed. Comprehensive Rehabilitation of the Port Harcourt Refinery (PHRC) was also initiated. Sign-off Ceremony of Engineering, Procurement & Construction (EPC) Contract held in April 2021, marking the commencement of site handover and full mobilization to site.

Policy, Regulatory and Funding Support for the establishment of Modular Refineries across the Niger Delta was introduced. When the Administration took office in

2015 Nigeria had only one functioning Modular Refinery. Today there are at least six ongoing brownfield and Greenfield Modular Refinery Projects across the Niger Delta. In 2020 President Buhari commissioned the first phase of the Waltersmith Modular Refinery in Imo State. Launch of the Nigerian Upstream Cost Optimization Programme (NUCOP), to reduce operating expenses through process enhancement and industry collaboration.

**Power sector**

Energizing Education Programme is as programme that focuses on taking clean and reliable energy (Solar and Gas) to Federal Universities and Teaching Hospitals across the country. Four Universities completed and commissioned already: BUK (Kano), FUNAI (Ebonyi), ATBU (Bauchi) and FUPRE (Delta); others ongoing.

Energizing Economies Programme is a programmethat focuses taking clean and reliable energy (Solar and Gas) to markets across the country. Completed projects include Sabon-Gari Market in Kano, Ariaria Market in Aba, and Sura Shopping Complex in Lagos.

National Mass Metering Programme: Nationwide rollout of electricity meters to all on-grid consumers, launched in August 2020. The Central Bank of Nigeria is providing 60 billion Naira for the first phase, with a target of 1 million meter installations. So far more than 500,000 meters have been delivered to the Discos, and more than 280,000 installed.

Solar Power Naija: Launched in April 2021 to deliver 5 million off-grid solar connections to Nigerian households. The program is expected to generate an additional N7 billion increase in tax revenues per annum and \$10 million in annual import substitution. In May 2021, the Rural Electrification Agency announced the planned deployment of solar-powered grids to 200 Primary Health Centres (PHC) and 104 Unity Schools nationwide.

Presidential Power Initiative (PPI), aka Siemens Power Program: A Government-to-Government initiative involving the Governments of Nigeria and Germany, and Siemens AG of Germany, to upgrade and modernize Nigeria's electricity grid. Contract for the pre-engineering phase of the Presidential Power Initiative (PPI) was signed in February 2021, following the 2020 approval for the payment of FGN's



counterpart funding for that phase.

Nigeria Electrification Project (NEP) has provided grants for the deployment of 200,000 Solar Home Systems, impacting one million Nigerians. The NEP is also delivering mini-grids across the country.

The Nigeria's downstream sector has continued to underperform due to the current regulated price regime. While government tries to incentivize investment in the sector by introducing fiscal policies and measures to attract investors, such as exemption of petroleum products from value added tax, gas utilisation (downstream operations) incentive and pioneer status incentive, the potentials of the sector to leapfrog economic growth remain stifled, due to the prevailing price fixing regime

It is estimated that demand and consumption of petroleum in Nigeria grows at a rate of 12.8 per cent annually. However, petroleum products are unavailable to most Nigerians and are quite costly, because almost all of the oil extracted by the multinational oil companies is refined overseas, while only a limited quantity is supplied to Nigerians themselves.

As a matter of urgency, stakeholders in many fora has noted that the nation's downstream oil industry is "in serious trouble.", stressing that majority of the oil marketing companies doing business in Nigeria are running at a loss and called on government and the appropriate authorities to look at reforms that will change the future of the oil industry in Nigeria.

Many stakeholders have, therefore, conversed for a total deregulation of the downstream sector of the petroleum industry as it would unlock the huge private investment potentials in the sector and also stimulates sustainable growth.

According to oil pundits, Market reflective

price will also ensure market stability and improves fuel supply situation through private sector participation, It will also reduce hoarding, smuggling and diversion substantially and stabilise the price at the actual product price.

The gas sector equally is experiencing a high demand underpinned by the growth of diverse demands (industrial, domestic, nuclear and power generation). The sector is re-positioning Nigeria from being among the top gas flaring countries in the world to being the most aggressive in gas utilization growth.

Interestingly, a robust growth in the last five years has delivered a rich gas sector portfolio that should generate significant income for the country in the future as well as fuel for the rapid industrialization of the economy.

**Way forward for the oil and gas industry**

Swatting the current state of energy, oil and gas sector in the country in its 22 years of democracy, stakeholders and energy experts have declared that the challenges confronting the sector would lead to its total collapse if left unattended to.

According to them, uncertainties over crude oil prices, recent global pandemic Covid19, pipeline vandalism, scarcity of foreign exchange, change in leadership, power sector reforms challenges, issues around the regulatory environment, security as well as the appraisal of capital investment and how it impacts revenues and operational effectiveness have remained a big nut to be crack in the sector.

The huge oil and gas resource base, which currently stands at about 38 billion barrels of proven oil reserves and 197 trillion cubic feet of gas, has positioned the country as one of the key players in the global energy supply. Yet Nigeria scores 42 of 100 points and ranks 55 among 89 assessments in the 2017 Resource Governance Index (RGI).

Worried about the current challenges in the economy occasioned by the global pandemic COVID19 and possible ways of navigating out from this major crisis , The Minister of State, Mines and Steel Development, Dr. Uchechukwu Sampson Ogah, disclosed that with the abundance of mineral resources, Nigeria has the capacity to generate revenue, grow the economy and develop infrastructure through mining.

# FIRST OIL FROM 2020 MARGINAL FIELDS EXPECTED NEXT YEAR, SAYS DPR

By Abisola THOMPSON

The Department of Petroleum Resources, DPR says it is expecting the first production of crude from some of the recently awarded 57 marginal oilfields in January 2022.

Director, DPR, Sarki Auwalu, said this during a strategic engagement session with the Nigeria Extractive Industry Transparency Initiative, NEITI in Lagos.

According to him, the 2020 marginal oilfield bid round was almost at completion stage with successful companies now paying their signature bonuses.

Meanwhile, the Nigerian Extractive Industries Transparency Initiative, NEITI has said it would lead talks on transition from fossil fuel to renewable energy with the federal government of Nigeria.

Orji Ogonnaya Orji, Executive Secretary of the Initiative at a media engagement with the Association of Energy Correspondence



Director, DPR, Sarki Auwalu

in Nigeria, NAEC in Lagos, said NEITI was ready to lead discussions on transitioning to meet international standard of its parent body, Extractive Industries Transparency Initiative, EITI.

According to him, Nigeria must begin to

shift focus from just fossil fuel to cleaner energy to save the environment. He added that NEITI is also gradually adding the extractive industry to its purview as against focusing on just the oil and gas sector.

“NEITI will now pay special attention to mining because statistics say the sector contributes less than one percent to the national GDP,” he said.

According to him, paying more attention to the mining sector will enable Nigeria to rake in additional revenue from its natural resources.

Orji said NEITI has now gone beyond who pays what in the oil and gas sector, and as expanded scope to include capital flights, terrorism financing, beneficial ownership of oil assets, illicit financial flows, and other issues.

He promised release of the 2019 NEITI report in June, and the 2020 report latest by November.

# HOW EFCC SEIZED N14.6B JEWELRY, \$80M MANSION FROM EX-OIL MINISTER DIEZANI

By Shile GIWA

Though ‘Diezani’s jewelry, mansion,’ have been finally forfeited to the Federal Government, here is why the EFCC couldn’t dare to auction them

The Nigeria’s anti-graft agency, Economic and Financial Crime Commission (EFCC), has given details on how it seized jewelry worth N14 billion from former Minister of Petroleum, Diezani Alison-Madueke.

The EFCC Chairman, Mr Abdulsheed Bawa, made this known at the House of Representatives ad hoc committee investigating the assessment and status of recovered loot in Abuja.

He also said the Houses seized from the former Minister is also valued at 80million dollars. The anti-graft chairman said that Diezani’s jewelry are still in the custody of the agency, adding that it had not been auction but had been finally forfeited to the Federal Government.

He said that court processes, procedures and administrative exigencies had stalled some of the seized assets to be auctioned by the anti-graft agency.

Bawa, however, said the agency would henceforth deal with the seized assets case by case at the courts in order to quickly dispose the assets.

“Already the Federal Government has set up a committee under the chairmanship of the Solicitor-General for the Federation and I think they are working tirelessly.

This according to him is to ensure that assets that are not only recovered by the EFCC but the entirety of the recovery agencies assets are disposed of.

“We have EFCC representatives from that committee and we believe at the end of the day Nigerians are going to appreciate what that committee will come out with in term of the mandate given to them,” he said.

Asked when the committee would wind up so the assets could be disposed, Bawa said he was not a member of the committee to know how soon the assets were going to be disposed.

Bawa said that in its quest to transform the agency, it would soon digitalise its processes, adding that it had also created and upgraded four additional departments to restore confidence.

He listed the departments to include: Intelligence, procurement, Internal Affairs and the Information Communication Technology Department.

He said there was no loot that had been re looted as being speculated , stressing that going forward, the EFCC would be different and Nigerians would be the better for it.

He said he would always honoured the National Assembly to account for what the agency had done, adding that public servants come and go but the institution would remain.



By Abisola THOMPSON

## NIPS 2021 TO HOLD AS SCHEDULED

The Federal Ministry of Petroleum Resources has reiterated that the Nigeria International Petroleum Summit (N.I.P.S) will hold as scheduled from June 6 to June 10, 2021 following approval granted by the Presidential Task Force on COVID-19.

“The committee saddled with the organization of the event under my leadership will ensure that there will be no attendee(s) from Turkey, Brazil, India or anyone transiting from those countries,” said Timipre Sylva, Minister of State for Petroleum Resources.

“In addition to all the structures we have put in place, we have trained Special Covid-19 Marshals to ensure that attendees adhere strictly to all COVID-19 protocols. We have also made provision for qualified doctors, supporting medics and ambulances at the event venue throughout the duration of the event”, said James Shindi, chief executive of Brevity Anderson, the producers of the event.

The opening ceremony of the event and the opening day dinner will take place as the State House Banquet Hall in the Presidential Villa with President Muhammadu Buhari, GCFR delivering the opening speech. Also in attendance will be industry chief executives and other key stakeholders.

The theme of the summit, “From crisis to opportunities: New approaches to the future of hydrocarbons” aims at charting the way forward for Africa’s oil and gas industry in the post-Covid-19 pandemic era.

The scope of NIPS 2021 has been expanded



*Timipre Sylva*

to incorporate the latest industry trends and topical issues that are at the forefront of every energy leader’s agenda. It has also become the platform for industry players for the public and private sectors to interact, transact and develop agenda for government and support Nigeria’s role in galvanising other global players in addressing challenges in the industry.

The Nigeria International Petroleum Summit (N.I.P.S) is a program of the Federal Government of Nigeria, under the supervi-

sion of the Ministry of Petroleum Resources and all its parastatals including the Nigerian National Petroleum Corporation (NNPC), Nigeria Content Development & Monitoring Board (NCDMB) and Department of Petroleum Resources (DPR) are joint hosts.

With the full backing of the Federal Government of Nigeria, NIPS has over the past three editions, witnessed the highest level of attendance by top decision makers, industry leaders and all stakeholders from both the public and private sectors.

## ENERGY TRANSITION: TOTAL CHANGES NAME TO TOTALENERGIES

By Meletus EZE

Total has changed its name to TotalEnergies as the company moves to become one of the world’s top five in renewables by 2030.

The company made the announcement in a statement posted on its website and obtained by newsmen in Lagos. The statement said the decision was approved at the Ordinary and Extraordinary Shareholders’ Meeting in Paris, France.

It said the shareholders approved, almost unanimously, the resolution to change the company’s name from Total to TotalEnergies, thereby anchoring its strategic transformation into a broad energy company in its identity.

Mr Patrick Pouyanné, Chairman and Chief Executive Officer of TotalEnergies said in tandem with this name change, TotalEnergies was adopting a new visual identity.

He said: “Energy is life. We all need it and it’s a source of progress. So today, to contribute to the sustainable development of the planet facing the climate challenge, we are moving forward, together, towards new energies. Energy is reinventing itself, and this energy journey is ours.

“Our ambition is to be a world-class player in the energy transition. That is why Total is transforming and becoming TotalEnergies.”

According to him, this new name and new visual identity embody the course TotalEnergies has resolutely charted for itself.

He said TotalEnergies would be a broad energy company committed to producing and providing energies that are ever more affordable, reliable and clean.

The chairman said the company produces and markets energies on a global scale: oil and biofuels, natural gas and green gases, renewables and electricity.

He said: “Our 105,000 employees are committed to energy that is ever more affordable, clean, reliable and accessible to as many people as possible.

“Active in more than 130 countries, TotalEnergies puts sustainable development in all its dimensions at the heart of its projects and operations to contribute to the well-being of people.



*Mr Patrick Pouyanné*

# SHELL, RIVERS GOVT INAUGURATE MULTI-BILLION NAIRA CASSAVA COMPANY



L-R, Chairman, Rivers Cassava Processing Company (RCPC), Mr. Glory Chuku; General Manager External Relations, Shell Companies in Nigeria, Mr. Igo Weli; Shell's former General Manager, Sustainable Development and Community Relations, Mr. Nedo Osayande; Project Manager, RCPC, Mr. Reuben Geisen; Shell Manager for Social Performance and Social Investment, Dr. Gloria Udoh; and Bishop of South Sudan, Precious Omuku, at the inauguration of the cassava plant in Oyigbo, Rivers State...

By Abisola THOMPSON

Leading energy company, Shell, has inaugurated a multi-billion-naira Rivers Cassava Processing Company Limited built in partnership with the Rivers State Government, Vieux Manioc BV of the Netherlands, and the embassy of The Netherlands in Nigeria.

Shell says the company will support the economy and earning power of the Rivers State and its people from the cassava value chain while utilising leading technology to process and create more added value from the household crop.

Country Chair, Shell Companies in Nigeria, and Managing Director, The Shell Petroleum Development Company of Nigeria Limited, Mr. Osagie Okunbor, said, "We're happy to deliver a project that is designed to provide the agricultural sector of Rivers State and the wider Niger Delta with a sustainable institutionalised off-take mechanism for regional cassava production."

Okunbor who was represented by the General Manager External Relations, Mr. Igo Weli, said, "It is our hope that a steady source of supply will promote more production of cassava by farmers with the accompanying increase in household incomes and livelihoods ultimately

unlocking revenue to government"

Okunbor commended the Rivers State Governor, Chief Nyesom Wike for his vision and commitment to productive partnership with the private sector to develop the economy of the state.

"Data show that Nigeria is the largest cassava producer globally, accounting for about 20 percent of total production worldwide. However, though domestic economy's demand for cassava and its constituents is high, the supply has shown a gap, unable to meet the huge demand," said Okunbor, adding that the cassava processing company was a critical intervention to bridge the supply gap by providing a reliable offtake for farmers.

Citing some expert reports, Okunbor noted that the local value-addition to cassava via local manufacturing and processing could potentially unlock about \$16m in taxes to the government.

The governor led the Minister for Agriculture, Alhaji Mohammed Sabo Nanono, to inaugurate the company, and praised Shell for its foresight and collaboration with the State on the project, noting that the factory would positively impact thousands of Rivers people and create tangible alternative livelihood opportunities.

Wike said, "I commend Shell for believing in us to partner with us. Gradually, Rivers State will reduce its holding in the company to about 10 per cent from the current near 80 per cent," adding that the initiative was a preferred method of improving lives, rather than giving handouts to individuals.

Speaking at the event, Governor of the Central Bank, Mr. Godwin Emefiele, applauded the governor and the project partners for seeing the project through. He advised governors of other states in the country to take up similar projects, highlighting the CBN's interest to support such tangible agricultural initiatives.

He challenged state governors to implement strategies that that would make them self-reliant and viable for economic development thereby reducing their dependence on allocation from the federal purse.

Explaining the capacity and operations of the processing plant, the Project Manager, Mr. Ruben Joseph Giesen, said, "The Rivers Cassava Processing Company Limited will process cassava into high quality cassava flour via a unique split processing technology based on the operating principle of taking the factory to the farm gates rather than having the farmer bring the cassava tubers to the factory gate."



# SEPLAT DRIVING SUSTAINABLE ENERGY GENERATION IN NIGERIA

By Abisola THOMPSON

Seplat Petroleum Development Company Plc, a leading Nigerian independent energy company listed on both the Nigerian Stock Exchange (NSE) and the London Stock Exchange (LSE), held its hybrid 8th Annual General Meeting (AGM) with shareholders, auditors, regulators, company directors, and the media, amongst other stakeholders joining physically and virtually.

In his address to shareholders and other stakeholders during the AGM, Dr. ABC Orjiako, the Chairman of Board, Seplat, said the company's cash position remained strong in the full-year of 2020 and the \$318 million of cash it generated from operations was significantly more than the \$150 million invested for future growth.

The company's capital expenditure in the 2020 business year was higher than the \$125 million spent in 2019, which demonstrates the company's commitment to growth; as it voluntarily repaid \$100 million of its Revolving Credit Facility and ended the year with \$225 million in cash and net debt of \$440 million.

The company's average working interest production was 51,183boepd, including 33,714bopd of liquids and 101MMscfd gas (17,469boepd).

He said: "Of this, our Eland assets contributed 8,855bopd, or 26% of total liquid volumes. Our financial performance enabled us to maintain our commitment to paying dividends. While other companies were cutting back or cancelling payments for the 2019 financial year, because of prevailing uncertainties, we honoured our commitment and paid a final dividend of US\$0.05, for a total dividend of US\$0.10 for 2019.

"In October 2020, we announced an interim dividend of US\$0.05 and the Board has since approved an additional top-up of US\$0.05, maintaining our US\$0.10 dividend for the 2020 financial year. Since we raised \$535 million at our initial public offering in May 2014, we have returned \$344 million to shareholders in the form of dividends.

"The strengthening of our Board is part of our ongoing desire to achieve world-class governance of our company. Six of our 13-member Board are independent and we continue to work towards increasing diversity. In addition, as we announced in



Dr. ABC Orjiako

March, we have taken the bold decision to eliminate all Related-Party Transactions – a move that exceeds the requirements of the UK Code of Corporate Governance."

According to Dr. Orjiako, it is the responsibility of the Board to plan for the long-term sustainability of the company, as scenario analyses on Seplat's assets have been conducted under different climate change and demand scenarios, whilst looking towards a future in which Seplat is much more involved in promoting low carbon environment in its operations and the company adopting Seplat Energy as its new name following the passage of the resolution at its AGM.

"Such a transition will involve significant new innovations, technology, skills and relationships, compared to our existing expertise of subsurface exploration, drilling and hydrocarbon processing, but we are determined to be a major part of Nigeria's future energy mix and help drive the country towards more sustainable energy generation," the Seplat Chairman emphasized.

He added: "Our ANOH Gas Processing Plant will be a major step forwards in Nigeria's drive to reduce carbon emissions, replacing potentially millions of small-scale, inefficient, and polluting generators with cleaner utility-scale power generation fired by Nigerian natural gas. In addition, we intend to increase our disclosure of environmental, social and governance (ESG) data, by adopting the recommendations of the Task Force on Climate-related Financial Disclosures and will commit to reporting CO2 emission

data to the Carbon Disclosure Project in the near future.

"Helping our communities Part of our ESG commitment is already apparent in the long-term projects we implement in our host communities. As the Covid-19 pandemic struck Nigeria, it was our duty to help our host communities and States in whatever ways we could."

Also at the AGM, Shareholders unanimously approved the change of name resolution from Seplat Petroleum Development Company Plc to Seplat Energy Plc in line with the company's transition into a full energy solutions company. The Chairman, said it was the responsibility of the board to plan for the long-term sustainability of the company, as scenario analysis on Seplat's assets have been conducted under different climate change and demand scenarios. According to him, Seplat looks forward to a future in which it is much more involved in promoting low carbon environment in its operations, hence the adoption of the new name, Seplat Energy, as its new name.

In the same vein, Mr. Roger Brown, Chief Executive Officer, Seplat, said there is pressure to reduce oil extraction and the carbon emissions it creates; but that, he noted, depended on the rest of the world adopting less oil-intensive ways to travel and generate power.

He explained: "Nigeria's per-capita energy consumption and carbon emissions are actually very low, and its national electricity grid is still very poorly developed. This is why the country is so reliant on small-scale diesel generation to satisfy its energy needs and this is the problem we need to address most urgently.

"It's important to recognise that Nigeria is a developing country with low access to energy and a rapidly growing young population. Hydrocarbons are the country's main resource and provide significant help for its economy. The proceeds from the oil industry fund a wide range of Sustainable Development Goals (SDGs) and are crucial to the country's societal development.

"Nigeria needs to achieve significant growth in its capacity to deliver education and health services, food production and energy security. Without the development of its indigenous oil and gas industry these goals will become very difficult to achieve and so in Nigeria, the industry remains not just relevant but essential."

# NIGERIA SEES \$6BN YEARLY IN-COUNTRY OIL INDUSTRY SPENDING

By Meletus EZE

**N**igeria's annual in-country retention from oil and gas spendings currently stands at \$6 billion.

The development has been described as a major achievement recorded by the country owing to the implementation of the Nigeria Oil and Gas Industry Content Development (NOGICD) Act of 2010.

The Executive Secretary of the Nigeria Content Development and Monitoring Board (NCDMB), Mr. Simbi Wabote, disclosed this in Lagos, in a keynote address at a colloquium organised by the Nigerian Bar Association (NBA) Section on Business Law in collaboration with the NCDMB.

The session focused on the "Strides in the Pursuit of True Nigerian Content".

Wabote, whose speech was read at the session by his representative and Director, Legal Department, NCDMB, Mr. Mohammed Umar, said since the inception of the NOGICD Act in 2010, its implementation has resulted in 35 per cent of in-country value retention compared to the less than five per cent value retention before the advent of the Act.

"Since inception in 2010, the implementation of the Act has resulted in 35 per cent of in-country value retention compared



**Mr. Simbi Wabote**

to the less than five value retention before the NOGICD Act.

"Before the Act, we had annual spend of \$20 billion with little or nothing retained in-country. Today, I can confidently say that we spend over \$6 billion in-country annually.

We have two world-class pipe mills and five impressive pipe coating yards," he said.

Wabote further noted that about 40 per cent of marine vessels used in the oil and gas industry are owned by Nigerians

and that Nigeria currently has four active dry-docking facilities in Port Harcourt, Onne, and Lagos.

He said the Act and its enforcement has also led to the manufacturing of all cables required in the oil and gas sector in-country. He added that over 50,000 direct jobs have been created on the back of implementation of the NOGICD Act, pointing out that Nigeria has 76 operating companies and over 8,000 oil and gas service companies pulling their weight in the industry.

"Our indigenous operators are responsible for 15 per cent of our oil production and 60 per cent of our domestic gas supply

In fabrication, today Nigeria can handle fabrication of more than 120,000 tonnes per year," he stated.

He said the enactment of the NOGICD Act in 2010, which led to the establishment of NCDMB restored hope to the Nigerian oil and gas industry as no nation can survive under the negative trend of capital flight, loss of jobs and community discontentment.

He said the local content drive unleashed an array of opportunities in the oil and gas industry, saying some of them relate to the legal profession including opportunity to invest in any area along the oil and gas value-chain and/or opportunity to enter into a partnership with the board in any critical, high-value area of the oil and gas industry.

## NNPC TO ACQUIRE EQUITY IN PRIVATE REFINERIES IN LINE WITH FG'S POLICY

By Abisola THOMPSON

**T**he Nigerian National Petroleum Corporation has revealed that it is currently considering equity participation in a number of private refineries in the country in line with a Federal Government policy directive which stipulates the mandatory participation of the Corporation in any privately-owned refinery that exceeds 50,000 barrels per day capacity in keeping with its statutory role of safeguarding national energy security.

In this regard, the Corporation has identified at least six refinery projects in which it intends to seek equity participation, five of them are at the development stage with the Dangote Refinery being the largest of them.

This was contained in a release by the Corporation's spokesperson, Dr. Kennie Obateru, explained that NNPC a the National Oil Company of Nigeria primarily has a

dual role of providing stewardship for the nation's hydrocarbon resources and adding value to the resources for the benefit of all Nigerians and other stakeholders. These roles enable it to achieve the twin objectives of providing energy security for the country and stimulating the nation's economic development and growth.

He said NNPC's strategic objective to ensure energy security and stimulate economic growth with limited resources requires it to consider strategic partnerships with competent investors in sectors of the oil and gas value chain especially where it currently operates on a sole risk basis. The oil refining sector is one of such segments where NNPC is revisiting its strategy in order to strengthen domestic refining capacity and guarantee National Energy Security. The new vision is to grow domestic refining capacity, improve petroleum products supply from our local refineries and become a net exporter of petroleum products.

The Corporation assures that the move to seek equity participation in the private refineries would not undercut its commitment to the rehabilitation of its own refineries and strengthen the domestic refining sector, stressing that the overall goal is to boost the nation's refining capacity with a view to becoming a net exporter of petroleum products in the soonest possible time and boosting the nation's economy.



**Mele Kyari**

# SHELL PAYS \$3.243B TO NIGERIA'S GOVT IN 2020

By Abisola THOMPSON

Shell, a global leading oil and gas producer has published its 2020 Sustainability Report, its Industry Association Climate Review and its annual Payments to Governments Report with a confirmation that it paid a total \$3,243,223,518 to government for its operations in Nigeria in 2020.

The payment in Nigeria was the 24.72 per cent of the total of \$13,118,706,948 paid for all operations globally and the highest single payment to any country in 2020, followed by \$2,273,148,167 to Malaysia, \$1,799,551,670 to Norway and \$1,556,839,485 to Brazil.

According to the report, the breakdown of payment to Nigeria showed that \$2,277,898,173 was paid as production entitlement to the Nigerian National Petroleum Corporation (NNPC), \$440,398,429 as taxes to Federal Inland Revenue Service (FIRS) and \$446,926,575 as royalties to Department Of Petroleum Resources (DPR).

Shell also paid \$78,000,342 as fees with Niger Delta Development Commission



Ben van Beurden

\$73,419,624 and DPR collecting \$4,580,718.

Shell did not make any payment as bonuses and for infrastructure improvements in Nigeria during the year.

According to a statement on the reports, it further demonstrates Shell's efforts to remain at the forefront of the drive for greater corporate transparency around activities

that are important to investors, governments and civil society.

The 24th edition of the Shell Sustainability Report outlines Shell's strategy to become a net-zero emissions energy business by 2050, in step with society. The report describes Shell's social, safety and environmental performance in 2020.

In his introduction to the report, Shell Chief Executive Officer Ben van Beurden writes: "In 2020, the COVID-19 pandemic changed the world and people's lives in ways we could never have imagined. It was a tough year for everyone. It was a tough year for Shell, but also a year when we set a clear path for our future.

"We refreshed our business strategy and, when we announced it in February 2021, we called it Powering Progress. Powering Progress sets out our goals for powering lives and livelihoods, and respecting nature by protecting the environment. It lays out how we believe Shell can and must play a role as the world accelerates towards a future of zero- and lower-carbon energy."

## FEC APPROVES N6.2BN FOR POWER PROJECTS



By Shile GIWA

Power sector was the main focus at the Federal Executive Council (FEC) presided over by the President, Muhammadu Buhari as it approved N6.2 billion for execution of various projects across the country.

Minister of Power, Sale Mamman, disclosed this when he briefed State House correspondents on the outcome of the meeting at the Presidential Villa, Abuja.

According to Mamman, contracts approved include those for procurement of transformers and vital spare parts for maintenance of power transmission equipment.

He said: "The Federal Executive Council approved six memos for the Ministry of Power. The first one is for award of contract for

design, manufacturing and supply of critical spare parts for transformers, in the sum of N298,339,887.04.

"The second one is for award of contract for procurement of 50 sets of 400 Ah battery banks, and 30 110-volt battery chargers for sub-station use by the Transmission Company of Nigeria, in the sum of N644,805,953.10.

"The third contract awarded was for procurement of another 50 sets of 132KV Isolators for the Transmission Company, in the sum of \$840,650 plus N53,900,000.

"The fourth one is award of contract for design, manufacturing and supply of 360/66 132 power transformers and accessories as well as 15 number of 500KV transformers for the Transmission Company of Nigeria, in

the sum of N1,296,953,044.55.

"The fifth one is for award of contract for design, supply and installation of Optical Ground Wire and Universal Optical Transportation Network System for some critical transmission lines, in the sum of 6,800,743.51 dollars plus N668,843,634.74.

He added that the council approved upward review of the contract sum for design, manufacturing, installation and commissioning of 1x100 MVA 132/33KV power transformers at Ogba transmission sub-station, Lagos, at the cost of 648,038.31 dollars plus N48,342,524.18.

Mamman said the materials were for upgrade of the nation's transmission system in order to have sufficient power supply to all parts of the country

# NIGERIANS PAY BILLIONS OF NAIRA TO DISCOS DESPITE FREQUENT OUTAGES

*Nigerians have continued to pay for power supply but have not seen enough of that in the past five years, with electricity tariff rising as economic indices worsen, **Abisola THOMPSON** examines the implications.*

Although the power sector was privatised on November 1, 2013, to turn the situation around, there have been arguments that power supply had worsened when compared to the time of the National Electric Power Authority (NEPA)/Power Holding Company of Nigeria (PHCN).

The 11 distribution companies (DisCos) got the target to invest in power assets by reforming them and improving supply for their about six million customers then.

While the customer base has improved to over 10 million, according to enumeration records submitted to the Nigerian Electricity Regulatory Commission (NERC), power outages, rationing and low voltage are still prevalent among consumers.

Analysis of revenue collection by the DisCos in 2019 showed that they improved the Nigerian Electricity Supply Industry (NESI) yearly collection by N39 billion, reaching a total of N485 billion, with a collection efficiency of 69 per cent.

According to revenue records released by the Association of Nigerian Electricity Distributors (ANED), by the first quarter of 2020, DisCos had realised N127bn, which was over 10 per cent improvement than their quarterly collection of 2019.

Although there were disruptions from the second quarter of 2020, some of the DisCos' financial dealings showed they had improved on their collections.

Recently, a core investor in the Abuja DisCo said its revenue collection from electricity consumers had increased to N9bn from N6bn in 2019. But despite these collection improvements, power consumers said they were yet to see significant improvement in supply.

## Rising tariffs, declining supply

Nigeria has had at least seven reviews of the Multi-Year Tariff Order (MYTO) between 2015 and 2020, according to records obtained from the NERC.

As of December 2015, residential consumers paid an average of N11.70



per kilowatt-hour (/kwh) before it was raised to about N24/kwh, with commercial residents paying from N27/kwh.

According to the MYTO rule, the NERC does a biannual review of the tariffs, with the possibility for an increase or decrease in the unit cost of electricity for mostly residential, commercial and industrial customers.

The NERC reviews the tariff based on changes in inflation, foreign exchange rate, gas price, available generation capacity, and the Capital Expenditure (CAPEX) required by the Transmission Company of Nigeria (TCN) and the 11 DisCos to evacuate and distribute the available generation capacity.

According to figures released by the National Bureau of Statistic (NBS), since 2015, the economic indices have been rising, with inflation reaching 18 per cent in March, and for the forex, a dollar has exchanged for over N400 since 2015 in the parallel market.

Gas price has been static at \$3.80 but power generation and distribution capacity, which ought to have gone past 10,000 megawatts (MW) as at 2020, according to the MYTO, has not moved beyond being 5,801.60MW attained in February 2021.

The MYTO stated that the higher the power generation and distribution, the lower the tariff could be.

Similarly, the lower the economic indices of inflation and forex the lower the tariff, however, the records show that these

indices were higher since 2015 while power grid capacity only slightly moved from 4,500MW all-time peak to 5,801MW this year.

Due to the effects of the high tariff, the NERC had suspended the increase in tariff since July 2016 when another increment was due. The DisCos had accused the NERC of being political by not allowing a cost-reflective tariff.

The spokesman of ANED, Sunday Oduntan, said the freezing of tariff hike caused the electricity market a shortfall of over N2 trillion.

However, in 2020, the NERC began implementing the electricity tariff, with one implemented in September 2020, drawing public outcry after tariffs rose by about 50 per cent.

By January 1, 2021, another tariff hike was made, but it was greeted, with critics with the organised labour protesting it.

In late April, the NERC announced the review of another electricity tariff, which could be implemented by July 2021, barring any directive from the Presidency.

If there is no further subsidy, with about N50bn being spent monthly currently, there could be a significant rise in tariff.

## Payment for darkness

Just as the NERC had said after stakeholders' consultation on the tariff review in 2020, some consumers who spoke to our reporter said they were ready to pay the commensurate cost for the power they consumed but not be fleeced for the

energy they don't even see.

Mr Balogun Mauruf, a residential customer of Abuja DisCo in Nyanya, Abuja, said he would prefer that all Nigerians have a meter and could measure what they consume and pay for such.

"If not for the capping of the estimated bill around here since 2020, there were people who paid over N20,000. And the government has refused to liberalise the metering process so that anyone can buy and install meters," he said.

John Akonbo, who resides in Mararaba town of Nasarawa State, near Abuja, also complained about the ever-increasing bills without adequate power.

Akonbo said, "There are times we go two days to a week without power supply in my area, and you would not have anyone to explain.

"However, if the Abuja Electricity Distribution Company (AEDC) officials come and can't find your evidence of bill payment, they will yank of the light immediately. That is not fair to consumers because we are paying for darkness."

TBI Africa reports other comments from electricity users across the country. In Kano, Mr Peter Aboki, who operates a welding workshop at Tinsama quarters in Nasarawa Local Government, said electricity supply had dropped while tariff increased this year.

He said the Kano Electricity Distribution Company (KEDCO) issued a bill recently with some customers getting N280,000 monthly.

A cottage rice mill operator, Alhaji Ahmadu Makama, also said power supply had dropped for two months.

Mustapha Hassan, a lawyer in Kaduna State, said the current power supply had not improved. He is, however, better with meter as his bill dropped from N30,000 (estimated) to N15,000 with meter monthly. "I think I am better for it with the prepaid meter."

Gideon Godwin, who operates a restaurant around Mogadishu in Kaduna city centre, also complained of poor supply. "I use the prepaid meter, but by the time you recharge N1,000, it is gone in two days and you will have to recharge again because the meter runs very quickly," he said.

Also, Stanley Ebuka, an entrepreneur at the Alaba International Market, Lagos pays N1,000 a month on electricity for his shop with poor supply.

He, however, pays another N2,000 for fuelling generator, while also using solar.

Another entrepreneur, Michael Umeh, pays N1,400 monthly for his shop but hardly gets light. "And we still have to pay

anyway.

"I have been here for about eight years and the situation has been the same for a very long time," he said.

**Experts seek solutions**

The chairman of the Nigeria Electricity Consumers Advocacy Network (NE-CAN), Tomi Akingbogun, said electricity consumers were simply ignorant of what is going on, saying the government was increasing electricity tariff just to meet World Bank requirements at the expense of its citizens.

"Because of World Bank's \$760million loan, we are ignoring the chances to develop our economy through small scale businesses," he said.

He called on fellow customers to ask their DisCos the rationale for a tariff increase.

"In an enlightened environment, every citizen will be in the streets for a peaceful demonstration against it," he also said.

The president of the Nigeria Consumer Protection Network (NCPN), Kunle Kola Olubiyo, in an open letter to the NERC, stated, "We are constrained to write to you and crave your indulgence to calm down, slow down and halt the drift.

"The timing of another increase in electricity tariff in Nigeria is ill-advised and unacceptable to consumers/all classes of electricity end-users in Nigeria.

"We had expected that the regulator would have allowed the impact of the January 2021 major tariff increase to settle down."

Reacting, the director-general of the Lagos Chamber of Commerce and Industry (LCCI), Dr Muda Yusuf, lamented that the reviews were coming in quick succession.

He said the NERC needed to observe a balance between commercial logic and the prevailing economic situation while

urging the DisCos to accelerate metering.

On his part, a professor of the capital market, Uche Uwaleke said, "Without prejudice to the merits of having a cost-reflective tariff, the time is not just right to increase electricity tariffs. The conditions on precedent have also not been met.

"It is clear, even to the blind, that further hike in electricity tariffs will aggravate the cost of production, and by extension, the cost of living for the ordinary Nigerian and increase poverty levels."

A public sector economist at Pan Atlantic University, Dr Olalekan Aworinde said, "To be completely honest, the tariff increase is not a bad idea, but the timing is wrong.

"Our current tariff is one of the lowest in Africa and our distribution companies are running at a loss."

He said Nigerians were ready to pay when they get value for the money. "An increase in energy price will have a multiplier effect on several other things, and the bug will be passed to the common man," he added.

When contacted earlier, the senior special adviser to the president on infrastructure, Ahmad Rufai Zakari, who spoke on these issues, said the federal government was mindful of the situation and still subsidising electricity for the poorer masses.

He also said the NERC was empowered by the Electric Power Sector Reform Act 2005 (ESPRA) to do the periodic electricity tariff review.

Zakari noted that it was left to the federal government to decide on what to do, especially at a time the country is facing harsh economic condition.

"Don't forget that the tariff rates for Band D and E customers have not changed and the government has continued to pay subsidy on that," he added.



# NIGERIANS TO PAY N234 BILLION TAXES MONTHLY WITH PETROL AT N385 PER LITRE

By Abisola THOMPSON

**T**ougher times are here and any pretension to the contrary has been ripped to shreds with Wednesday's resolution of the governors giving full backing to complete deregulation of the downstream sector of the petroleum industry, which in effect may jerk the pump price of petrol to N385 per litre.

The masses will face more challenging times in the coming months as government closes in on resolving the lingering downstream market deregulation crisis.

Attempts to remove subsidy on the Premium Motor Spirit (PMS) had severally been stalled with the government and organised labour locked in endless negotiation.

But the cash-starved governors recommended the immediate removal of petrol subsidy and proposed an over 130 per cent pump price increase, from N162 per litre to between N380 and N408.5.

Stakeholders have raised questions on how the governors arrived at their decisions, adding that the move implies price-fixing,

which is against the principle of deregulation. They are also worried about the impact of such development on the country's inflation and the purchasing power of Nigerians already affected by the growing devaluation of the naira.

They insisted that the recommended pump price was coming at a time the masses needed more support. They also described the price range as outrageous and lacking in justification.

Others, however, stressed that the move could bring some level of uniform pricing in the West African bloc and stop the smuggling of fuel to neighbouring countries. It was reported that over 33 million litres, translating to over N70 billion monthly are being smuggled out of the country.

In March 2020, the Minister of State for Petroleum Resources, Timipre Sylva, announced the deregulation of the downstream sector to commence removal of subsidy but the labour unions locked horns with the government using the argument of rising inflation and impact on electricity tariff and pump price of petrol.

In March, Petroleum Products Pricing Regulatory Agency (PPPRA) had released a pricing template showing that the retail pump price should range from N209.61 to N212.61 per litre. The template was pegged on an average oil price of \$62.22 per barrel for February and an exchange rate of N403.80 to a dollar.

Also in March, the Group Managing Director, Nigerian National Petroleum Corporation (NNPC), Mele Kyari, said the actual price of petrol should be between N211 and N234 per litre, given the exchange rate and crude oil price.

At the time of this report, crude oil hovered around \$66.38 per barrel and the exchange rate on the Central Bank of Nigeria's (CBN) special window stood at N408 to a dollar. The indexes, therefore, brought retail pump price in the country to a higher band of about N250 per litre, which is inclusive of extant charges, like bridging fund, wholesalers' margin, marine transport average, administration charge, transport allowance and retailers' margin.

Should the price move to N380 per litre, the





governors would have succeeded in adding N130 on every litre of petrol. Given that the country's average actual consumption stands at about 60 million litre daily, the governors would have taxed consumers to the tune of N234 billion monthly.

Recall that the NNPC had last month announced that it had no funds to contribute to the Federation Accounts Allocation Committee (FAAC) in May, given a huge subsidy (about N120 billion), which is being paid monthly to keep petrol price at N162 per litre.

In the absence of Internally Generated Revenue (IGR) and wrong formalities for resource control, almost all the states in the country rely on the 'national cake' from the Federal Government. Should the states succeed in passing their inability to generate revenue to the masses, the additional petrol tax would have almost doubled the FAAC monthly contribution to the states and local government.

Of the N601.110 billion FAAC that was shared in November 2020, the 36 state governments and the Federal Capital Territory (FCT) received N171.167 billion while the local councils received N126.789 billion.

Raising a red flag, the Head of Retail Investments, Chapel Hill Denham, Ebo Ayodeji, warned that the unavoidable increase in the prices of PMS and electricity would ultimately worsen the inflation rate and the level of poverty.

Prof. Akpan Ekpo, an economist, also expressed worry that a higher pump price would worsen the already high Nigeria's misery index, which would escalate social upheavals. He suggested that the declining revenues leave the government with no

options than to pull the fuel subsidy plug.

TBI Africa had reported that the federal and state governments are currently battling a serious liquidity crisis with some finding it difficult to pay existing debts just as fresh borrowing sources are becoming scantier. The country's total public debts as of last December stood at N32.9 trillion.

Speaking with The Guardian, Godwin Owoh, another professor of economics, pointed out the governors' recommended price was as faulty as the NNPC-estimated landing cost, as the process of computation was not transparent.

While many have suggested that the governors' recommendation was motivated by the urgent need to increase public revenues, he said it was faulty to leave the price of essential and extremely inelastic commodities completely to the dictate of market forces.

Even though he admitted that the government's lean revenue cannot continue to accommodate fuel subsidy, he said the solution to the country's challenge was "not in getting more revenues" but blocking the historical leakages.

"What is the point in getting more revenue when it will end up in the pockets of politicians? We must block the corruption avenues and make governance more transparent," he said.

The Chairman of the International Energy Services Limited (IESL), Dr. Diran Fawibe, also noted that the price suggested by the governors is unrealistic, adding, "the governors can't be dictating a particular price, what they should do is to give sup-

port to the NNPC to achieve a deregulated sector."

According to him, if the price is increased it will not amount to deregulation but price fixing to end subsidy, suggesting further that the governors may be doing that because of the effects of subsidy on government revenue.

While calling for the need to locally refine crude oil, Fawibe said deregulation of the downstream sector requires other features than the pump price of petrol.

"What the government is currently paying as subsidy is not sustainable in the long term. This fact is staring the governors in the face that is why they are now talking about the price of petroleum products. But they should have come out much earlier to give support to the federal government in removing subsidies," Fawibe said.

He noted that the governors would have engaged labour unions and civil society organisations to be reasonable on the matter, adding that people must not use a particular product to hold the economy by the horn by paying the outrageous amount.

A former lead at the Facility for Oil Sector Transparency and Reform (FOSTER), Henry Adigun, did not see sense in the governors' plan, adding that the development will lead to inflation.

He noted that while the governors were thinking of introducing taxes on the product, the variance remained very elusive. President of the Nigerian Association for Energy Economists (NAEE), Prof. Yinka Omorogbe, said the governors have no business in fixing the pump price of the product. She equally questioned the rationale for the suggested price if the landing cost hovers around N250 per litre.

Omorogbe said: "I think we need more information and that the government needs to be fully transparent in this matter. The present opaque situation should not be replaced by another type of opacity. What will be the composition of the new price?"

An energy expert, Michael Faniran, said: "The Governors' Forum can only support deregulation and removal of subsidy, they should not be suggesting any price to be paid by consumers."

# NNPC URGES INDIGENOUS OIL FIRMS TO TAKE ADVANTAGE OF UPSTREAM INVESTMENT OPPORTUNITIES

By Abisola THOMPSON

The Nigerian National Petroleum Corporation (NNPC) has urged indigenous companies to take advantage of opportunities in the upstream sector to become key players in the industry.

Mr Adokiyevl Tombomিয়ে, Chief Operating Officer, Upstream, NNPC, gave the advice at the virtual 2021 Nigerian Oil and Gas Opportunity Fair (NOGOF).

Tombomিয়ে said the oil and gas sector was critical to the nation's economy, contributing 70 per cent of its revenue and 90 per cent of the country's foreign exchange earnings.

He said there was a paradigm shift between 2010 and 2018 when some International Oil Companies (IOCs) divested some acreages to indigenous companies.

"The indigenous have since continued to operate these assets, which clearly demonstrates technology transfer and capacity building over time.

"Similar opportunities abound in the Upstream space, noting the recent divestment of OML 17 to Heirs Oil and Gas Limited", Tombomিয়ে said.

According to him, the industry also witnessed the growth of qualified Engineering, Procurement and Construction (EPC) contractors who have gained cognate experience.

He said: "The established footprint is an indication of resource availability to execute diverse scope in the oil and gas space. Investment opportunities exist within the upstream sector for these players to further create value for the entire

industry."

Tombomিয়ে said the available opportunities include EPC, oil block divestment, service contracts, pipe mills, fabrication yards, floating storages and offshore going vessels. He said they also include crude transportation services, hydrographic surveys, third party financing, forward sale agreement, among others.

The COO said NNPC was working toward cost optimisation in order to achieve its \$10PB unit operating cost which would improve profitability in the industry.

He said that the national oil company was also working toward achieving the 3MBPD crude oil production capacity despite the Organisation of Petroleum Exporting Countries (OPEC) cut which puts Nigeria at 1.535MBPD.

## PETROL PRICE: EXPERT ADVISES FG ON GRADUAL DEREGULATION

By Meletus EZE

Prof. Wumi Iledare, Former President of the Nigeria Association of Energy Economies (NAEE), has advised the federal government to engage in gradual deregulation of the downstream oil sector until the passage of the Petroleum Industry bill (PIB).

Iledare made this known in Abuja while reacting to the recommendation of the Nigerian Governors Forum for N385 pump price of petrol.

"Only the Minister of Petroleum has the power to fix Petroleum Product Price as it stands now. Others are only advisory.

"I don't see deregulation taking place without the PIB becoming an Act. Fixing the price at N385, does not make economic sense for now."

It will be recalled that the Nigeria Governors' Forum (NGF) on May 20 at its virtual meeting considered the report of a committee headed by Kaduna State Governor, Malam Nasir el-Rufai.

The Forum accepted the committee's recommendation that backs full deregulation of petrol and suggested that the pump price of the product should hover around N385 per litre.

Iledare said the only way to ensure the full deregulation of the downstream oil



Prof. Wumi Iledare

sector was by speedy passage of the PIB. "One would suggest a gradual and partial deregulation over a specified period backed by legislation for perpetual decontrol.

"In the process there can be parallel market with instruments in place to avoid round tripping.

"NNPC as part of fulfilling social responsibility goal can institute price modulation with a sunset date in mind for public transporters. And the downstream sector can then be open to private willing sellers

and willing buyers," he advised.

According to him, an instant deregulation by fiasco for the enhancement of federation account as proposed by the governors is as bad as subsidy payments for the economy.

"The unintended consequences of fixing the price by fiasco will create an unprecedented and dangerous shock to the Nigerian economy. Deregulation must be gradual and not shocking. Don't fix any price, let it find its level with time," he added.



# FINANCE

MAY 2021

## HOW CBN CAN REVERSE NIGERIA'S UNDERDEVELOPMENT

The features that are associated with excessive fiscal deficits are conditions the Fiscal Responsibility Act and the annual Appropriation Act seek to avoid.

The volume of fiscal deficits being fed into the system may be measured by the fact that beginning in 1974, crude oil proceeds have consistently accounted for over 50 per cent of the annual budgets of the three tiers of government on paper including the 2021 budget. Hence, the oxymoron of Nigeria's oil curse popularized by some analysts is in reality forced reliance by the tiers of government on improper CBN-foisted fiscal deficits that persistently exceed 50 per cent of their annual budgets.

Consequently, the country's incurred total annual fiscal deficit persistently tops the safe ceiling of three per cent of GDP thereby

unleashing unproductive production environment. That situation can only result in economic failure.

Note that Nigeria's oil boom decade (1970-79) was permanently extinguished after the CBN-created fiscal deficits reached the tipping point. Little wonder since then every form of national economic planning- Fifth National Plan, NEEDS I&II, Vision 2020, three-year rolling plans (MTEF), Agriculture Transformation Agenda, National Industrial Revolution Plan, Agriculture Promotion Policy, Foreign Exchange (Forex) Restriction Policy - ended as exercise in futility.

Without doubt, if the Nigerian-style macroeconomic instability and ultimate economic failure were truly the outcomes of the monetization of export earnings, the world would not witness export-oriented developed economies.

Indeed, during the same five decades which witnessed Nigeria's transformation from oil boom economy to the poverty capital of the world, countries which relied and still rely far more heavily on exports such as China, U.S., Germany and Japan (to name only the TOP 4 export earners in 2020) were not thrown into volatile macroeconomic environment. Instead, they became increasingly industrialised and prosperous.

Therefore, policy makers should stop unnecessary pretences and face the facts. National Bureau of Statistics (NBS) data show that contributions to the 2020 GDP by the 45 non-oil economic activity sectors combined and the Oil sector alone stood at 92.0 per cent and 8.0 per cent respectively. That again clearly belies official claims that the economy is petroleum oil-reliant. The tragedy, however, is that the faulty handling of oil proceeds by the apex bank has severely weakened the naira thereby stunting the 45 non-oil GDP

economic activity sectors in varying degrees and so under-developing the economy over the years.

Pertinently, within a fortnight of assumption of office in March, the WTO Director-General visited the country: she raised several economic issues including concerns about forex restriction for importation of 43 items and the extant multiple exchange rates. The problem lies in the operation of Central Bank against the Naira. Ordinarily, the Appropriation Act exchange rate (AAR) should serve as the anchor in a single forex market (SFM) in line with Section 16 of the CBN Act. The operation and benefits of the SFM have been outlined in some earlier editorials.

However, the CBN leadership in military style of yore overrides the budget document and the existing fiscal and monetary laws with impunity and proceeds to arbitrarily and ultra vires set devalued naira exchange rates that vary by over 18 per cent relative to the AAR for some segments, namely, Interbank, Investors' and Exporters, (I&E), Bureau de change, Forwards, Diaspora remittance, etc. Mockingly, Forbes awarded the incumbent CBN governor a prize for introducing the injurious I&E window in 2017.

The multi-segment exchange rates have several disadvantages. (i) The predictable depreciation/devaluation of the naira across the segments has made currency trading and speculation a far more rewarding engagement than productive activity; (ii) the operation of multiple currency system via domiciliary dollar accounts has led to permanent artificial scarcity of forex for productive use whereas under the SFM, forex supply would exceed demand and the naira, being currently grossly undervalued, would appreciate; (iii) the multi-segment exchange rate system exacerbates inflation because importers use the most depreciated exchange rate available in the market for costing and pricing; and (iv) the multi-segment exchange rate system facilitates dumping of foreign products on the country to the detriment of government revenue and domestic production.

It is over two months since the WTO director-general raised the above concerns, but the operation of Central Bank against the Naira has not relented while reports indicate that wheat and sugar would be added to the list of items placed under forex restriction. Note that the forex restriction policy was adopted six years ago, but none of its stated objectives has been realised.

And so, the operation of heterodox fiscal and monetary measures should stop. Only global best practices and conventional procedures contained in the existing fiscal and monetary laws will develop the economy at a fast pace.

## CBN AND THE REGULATORY ROLE OF 'PRINTING MONEY'

By Abisola THOMPSON

**"G**overnment's printing of Naira simply means loans advanced to states to pay salaries and survive; and not the literal interpretation of printing money from the factory and sharing to the public," according to Godwin Emeifele, Governor of the Central Bank of Nigeria (CBN).

It was Emeifele's initial reaction to a recent comment by Gov. Godwin Obaseki of Edo State that the CBN printed about N60 billion to augment Federal Account Allocation Committee (FAAC) subvention to states in March.

Speaking at the Edo Transition Committee stakeholders engagement, Obaseki had raised concern that the step the apex bank took was an indication that the Nigerian economy was ailing.

The Edo governor said: "When we got FAAC for March, the Federal Government printed additional N50 billion to N60 billion to top-up for us to share. This April, we will go to Abuja and share. By the end of this year, our total borrowings are going to be within N15 trillion to N16 trillion."

This position by Obaseki elicited varied reactions from cross sections of Nigerians, most of it creating panic.

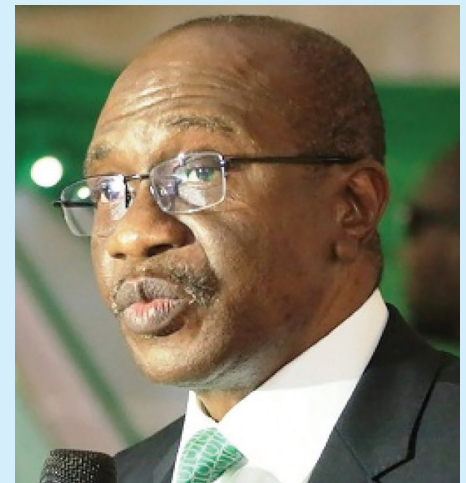
Economists and financial experts have warned that Nigeria faces the risk of "falling off the fiscal cliff" if the federal government was not tight on ways to fund deficits. The experts said Obaseki's claims may signal another dimension to the economy and increase fears.

However, the National Economic Council (NEC) has affirmed that there was no printing of N60 billion or any other amount to shore up allocation for the month of March.

The council, which is chaired by Vice President Yemi Osinbajo, took the position during its meeting in Abuja.

A statement by Laolu Akande, spokesperson for the Vice President, said: "Having received presentations from the Minister of Finance, the Central Bank Governor, and the NGF, the NEC has affirmed that there was no printing of N60 billion or any other amount whatsoever to shore up allocation for the month of March as wrongly insinuated recently in the press.

"Both the Minister and the CBN Governor stated to the Council that the allegation of



**Godwin Emeifele**

the printing of money to augment allocation was outrightly false. The NGF also supported the conclusion and NEC affirmed same as the highest constitutional body tasked with economic affairs in the country," Akande said.

Meanwhile, Emeifele had earlier explained that the apex bank does not just print money and distribute to people.

"Most countries in the world today are confronted not only by the challenges coming from the COVID-19 pandemic, but other issues causing economic crisis.

"What I keep saying is that it will be irresponsible for the CBN or any other federal reserve bank to stand idle and refuse to support its government at this time," he explained.

The Finance minister, Zainab Ahmed, had also countered Obaseki's position on the issue. Speaking to newsmen after a Federal Executive Council (FEC) meeting in Abuja, Ahmed said what was distributed at the monthly FAAC meetings were generated revenue from government institutions available to the public at the ministry's website.

"The issue that was raised by the Edo governor for me is very, very sad, because it is not a fact. "What we distribute at FAAC is revenue that is generated and in fact distribution of revenue is a public information," the minister said.

Some analysts believe that Obaseki was probably drawing attention to the undeniable revenue challenge the Nigerian government presently contends with, and the dire need to accelerate economic diversification to accommodate broader revenue options.

According to Mr Laoye Jaiyeola, Chief

Executive Officer of Nigeria Economic Summit Group (NESG), central banks of other countries facing similar economic challenges as Nigeria also print money.

Jaiyeola corroborated Emeifele explanation that “printing money” does not always have to do with physical cash. He said: “When they say printing money, it is not cash. You know how banks create money; it is not only cash.

“All the money we have in Nigeria is not in cash. So, the CBN can create N1 billion and only about N100 million out of it can be in cash.”

He urged stakeholders to understand the concept of “ways and means” to get the issue in proper perspective.

“The concept of ways and means is something most of us should understand. If government says this is our budget for the year, these are statements of where they expect income to come from and what expenses they are going to have.

“But this income does not come at the time they expect it. So, the central banks as governments’ bankers are allowed to give some amount of money to the governments pending when they then pay back.

“So, the CBN does that through the concept of ways and means. So, when government eventually gets this money, they pay back,” he explained.

Shedding more light on the contentious issue, a professor of Economics from the University of Ibadan, Lanre Olaniyan, also said the idea of printing money mainly relates to the CBN creating money for government.

Olaniyan said “creation of money” for government by central banks was normal, adding that cash will only be involved if the cash reserve was extremely low. “In elementary economics, we are told that the central bank is the lender of last resort to the government,” he said.

He described “Seigniorage”, the process where the apex bank prints money to fund activities of government is a welcome development in economics when necessary.

He added that a country freshly out of recession, like Nigeria, needed to put money in people’s pockets.

“The Federal Government will have to spend enough money that will go round a large percentage of the citizenry to sustain the post-recession economy; it is called “quantitative easing”, he said.

An economist, Mr Tope Fasua, believes that printing of money is an integral part of the functions of the CBN. Fasua said the apex bank performs that function through the Nigerian Security Printing and Minting Plc, where it is the largest shareholder.

He added that “the reason why the CBN will want to print money ranges from the routine to the emergency.

“Routine because the CBN has to ensure that banks are always liquid in terms of cash, and emergency for the purpose of economic intervention.”

The Chairman of the Progressives Governors Forum, Gov. Abubakar Bagudu of Kebbi State, also waded into the controversy. Bugudu explained that due to the shortfall in revenues by N43.34 billion compared to the previous month, an augmentation was made in the sum of N8.65 billion from the Forex Equalization Fund Account.

He said this brought the total distributable revenue to N605.59 billion. He added that revenues distributed monthly primarily consisted of mineral revenues from the sales of oil and gas, as well as non-mineral revenues from customs and excise duties, company income tax and value added tax.

## MPC RETAINS BENCHMARK LENDING RATE AT 11.5%

By Shile GIWA

The Monetary Policy Committee (MPC), has retained the Monetary Policy Rate at 11.5 per cent while the Cash Reserves Ratio and Liquidity Ratio were left unchanged at 37.5 per cent and 30 per cent respectively.

The MPC at its meeting has called on both the fiscal and monetary authorities to implement measures aimed at supporting the economic recovery.

Speaking shortly after, Governor of the Central Bank of Nigeria, CBN, Godwin Emeifele, said there is need to address the insecurity in the country to enable farmers boost agric production

The Governor said the measures to be taken by government should include attraction of investments, boosting manufacturing and agric productivity and supporting the local production of food as well as addressing infrastructural deficits.

He observed that despite the country’s exit from recession the economy is still in a fragile state.

Despite the second wave of the COVID-19 pandemic, Nigeria’s economy fully recovered from recession as Gross Domestic Product

rose by 0.51 per cent in the first quarter of 2021.

The National Bureau of Statistics had revealed the development on Sunday in its GDP report for the first quarter 2021. The NBS had said, “The Q1 2021 growth rate was slower than the 1.87 per cent growth rate recorded in Q1 2020 but higher than 0.11 per cent recorded in Q4 2020.”

The Nigerian economy had grown 0.11 per cent in the fourth quarter of 2020, from the

6.11 percent contraction in the third quarter.

Nigeria fell into a recession after the Covid-19 pandemic hit its major sources of revenues. The country’s major source of export revenue which is crude oil sales crashed during the period to a record low.

During the period, real GDP stood at N16.83 trillion, while nominal GDP was N40 trillion. However, Emeifele, while commenting on the GDP, said the growth posted by the economy was still fragile as it was far below Nigeria’s population growth rate.



# NIGERIA'S POPULATION GROWTH RATE IS ESTIMATED AT ABOUT 3.5 PER CENT



By Abisola THOMPSON

The National Bureau of Statistics (NBS) released its latest consumer price index (CPI), which shows that Nigeria's inflation decelerated to 18.12 per cent year-on-year in April 2021. This represents a 0.05 per cent (or 5 basis points) decrease compared to the 18.17 per cent inflation rate recorded in March. This was the first time the monthly inflation rate would show a decline in the average rate of price increases in 20 months.

According to the NBS data, increases were recorded in all the Classification of Individual Consumption by Purpose (COICOP) divisions that yielded the headline index in the reporting month of April 2021. On month-on-month basis, the headline index increased by 0.97 per cent, representing 0.59 percentage point decrease compared to the 1.56 per cent recorded the previous month.

The urban inflation index increased by

18.68 per cent year-on-year in April, from 18.76 per cent recorded a month earlier, while the rural inflation rate increased by 17.57 per cent compared to 17.60 per cent recorded in March.

On month-on-month basis, the urban index rose by 0.99 per cent in the reporting period, down by 0.61 percentage point compared to the rate recorded in March, while the rural index also rose by 0.95 per cent last month, down by 0.57 percentage point compared to the 1.52 per cent recorded the previous month.

The composite food index rose by 22.72 per cent in April, compared to 22.95 per cent in March. On month-on-month basis, the index increased by 0.99 per cent, a 0.91 percentage point decrease from 1.90 per cent recorded in March.

NBS said the rise in the food index was caused by increases in prices of coffee, tea and cocoa; bread and cereals; soft drinks, milks, cheese and egg; vegetable;

meat; oils and fats; fish and potatoes; yam and other tubers.

Core inflation, which measures all items less farm produce which usually have volatile prices, rose by 12.74 per cent, which represents 0.07 percentage point increase compared with 12.67 per cent recorded in March.

On month-on-month basis, the core sub-index increased by 0.99 per cent in April, down by 0.07 percentage point when compared with 1.06 per cent recorded in March.

According to the statistics agency, the highest increases were recorded in the prices of pharmaceutical products, vehicle spare parts, hairdressing salons and personal grooming establishment, garments, furniture and furnishing, medical services, shoes and other foot wears, motor cars, major household appliances (whether electric or not), dental services, hospital services, non-durable household goods, and fuel and lubricants for personal transport equipment.

In April 2021, food inflation on year-on-year basis was highest in Kogi at 30.52 per cent, 28.07 per cent in Ebonyi, 26.90 per cent in Sokoto, while Abuja at 18.63 per cent, Akwa Ibom at 18.51 per cent, and Bauchi at 17.64 per cent recorded the slowest increases.

On month-on-month basis, however, food inflation rate in April was highest in Kebbi at 2.46 per cent, 2.42 per cent in Ekiti, and 2.17 per cent in Kano, while Abuja recorded the slowest rate of 0.05 per cent. Rivers and Ogun recorded deflation in the average food price level.

## BLOCK LEAKAGES IN DIGITAL TAX TO GROW ECONOMY

By Abisola THOMPSON

Taxation experts have urged governments at all levels to block leakages in digital tax to grow the nation's economy.

According to the experts, digitalisation of economies has created new challenges as many African countries are not able to tax highly digitalised businesses based on the current international tax rule.

The Executive Secretary of the African

Tax Administration Forum (ATAF), Mr Logan Wort, spoke on the prospects and challenges of digital taxes in the 21st Century at the just concluded 23rd Annual Tax Conference organised by the Chartered Institute of Taxation of Nigeria (CITN) in Kaduna.

According to him, "The rapid digitalisation of the African economies often enable Multi-National Enterprises (MNEs) to carry out businesses in African countries with no or very limited physical presence in those countries.

Also, a Professor of Management and Accounting from Lead City University, Ibadan, Godwin Oyedokun, said Nigeria should introduce a digital fixed base to increase government revenue.

According to him, "Although some developed and developing nations have ensured an effective taxation of the digital services, countries like Nigeria will need to borrow a leaf from such nations to tackle leakages in the digital economy through innovative tax legislation.

# SON WINNING WAR AGAINST SUBSTANDARD GOODS

By Charles Okonji

Economic analysts have described trading on substandard goods as avoidable economic cankerworm which is not only destroying businesses in the country, but also militating against the economic growth of every economy, especially, the developing economies such as Nigeria.

Combating the influx of substandard goods and the harm they cause to the Nigerian economy is almost becoming an impossible task as the Standards Organisation of Nigeria has persistently been on war against the dealers of these goods, yet they are not relenting.

Dealing on substandard goods is also tagged Illicit Trade (IT) as the perpetrators import and distribute consumer goods that violate the rules and regulations governing the relevant industry and authority in Nigeria.

The trade covers a wide range of goods and brands ranging from electronics, apparel, alcoholic drinks to vehicles and auto parts, such as tyres and so forth.

The impact is on all sides of every product and industry, which gives a serious government and local industry operators a huge source of worry.

Though accurate statistics as to the monetary value or the effect on an economy, at the global level, Illicit trade is estimated to account for between 8 percent – 15 percent of global Gross Domestic Product (GDP), and reaching a whopping US\$12 trillion in 2014 as reported by the World Economic Forum of 2015.

Sequel to reckless inflow of substandard goods in the Nigerian market, the Standards Organisation of Nigeria (SON), has consistently embarked on a lot of measures to minimize the influx of these harmful and life threatening goods, which cuts across consumer durables and industrial goods.

As part of fulfilling its mandate, SON recently commissioned some accredited laboratories which meet international standards, which will help manufacturers within the country and those in Sub-Sahara Africa conserve their foreign exchange that was initially expended on carrying out laboratory tests abroad.

During the unveiling of the new laboratories, the Director General of SON, SON,



Apprehended substandard tyre leader.

Mallam Farouk Salim, stated that the accredited laboratories would encourage manufacturers to produce more, emphasizing that the products certified and tested in the laboratory would receive global acceptance anywhere in the world.

On the area of boosting export, Salim noted that the standards body is also targeting an increased level of export of locally made goods to the international market, which means there would be no more rejection of Nigerian goods due to this landmark achievement.

“What it means for our market is that, most of our manufacturers you heard them saying that their products were rejected even by our local companies because their products are not certified, because they do not have laboratory certificate to say that they are up to standard, but now that excuse is out of the way and also because of the export potentials of our industries, with the certification it is easy for them to export anywhere in the world because an accredited laboratory means that whatever we say is good is good. It gives the nation credibility, it gives our manufacturers credibility, and it saves our foreign currency because they do not have to go to neighboring countries to get their products certified anymore, so it is a win-win situation for everybody.

“With the accredited laboratories, Nigerian products would be accepted anywhere in the world, while also increasing the level of confidence of both local and foreign consumers of made-in-Nigeria goods. We are allowed to export to the

United States, now with the accreditation showing that our products are up to standard, it means it would be easier for exporters to export to America and every other country in the world, so it makes things easier because there is legitimacy and authentication. The consumers abroad will have the confidence to buy goods coming from Nigeria because the certification shows that the goods have been tested and verified okay for consumption,” The DG stressed.

TBI Africa recalls that during the unveiling of the new laboratories, the Head, Planning, Research and Statistics, Institute of Public Analysts of Nigeria (IPAN), Mr. Emmanuel Odega, said to have three laboratories accredited the same time is not an easy achievement, saying that SON and IPAN have come a very long way especially in preparation of standards.

According to the Executive Secretary, Paints Manufacturers Association of Nigeria (PMAN), Jude Maduka, said the accreditation would ensure that made-in-Nigeria goods compete favourably in the AfCFTA, stressing that the laboratories would strengthen SON's testing capabilities.

## Standards for Meter, Inverter

SON has again developed standards for electricity meter and also inverters for solar energy. This was born out of necessity as more households are moving into alternative source of energy, which is expected to boost the industrial sector of the Nigerian economy.

With this development, SON has unfolded new standards for the renewable energy

sector. The released standards, according to the agency, are actually meant to unlock investment opportunities in the sector.

“The action was meant to increase Nigeria’s share of renewable energy in the global energy mix under the United Nation’s Sustainable Development Goals (SDGs). The new standards are: energy meters, Solar Photovoltaic (PV) panels, inverters, batteries and charger controllers.

Our correspondent gathered that the standards and implementation strategy were currently being supported by the Nigerian Energy Support Programme (NESP), a technical assistance programme co-funded by the European Union and the German Government and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

“The standards were developed by SON, GIZ, Federal Ministry of Power and other technical experts. Besides, the standards body stated that the milestone would boost inflow of foreign direct investment and efficient power supply and consumption. The SON also said the initiative would help the nation to conserve energy, tackle ecologically problems associated with harmful diesel generators.

“The initiative would deploy a multi-stakeholder approach with consultations and inputs from relevant public-private entities to develop a more regulated and standardised market that encourages further investments into Renewable Energy (RE) and Efficient Energy (EE) sector.”

According to a statement issued by SON recently, developing these standards was due to the flexibility and affordability of solar power, which has fast become the most popular form of renewable power.

“Our aims are to improve the framework conditions for investments in the application of renewable energy and energy efficiency and rural electrification. “The main objective is to provide guidance towards the achievement of the objectives of the strategy set for the implementation of renewable energy policy, In addition, fostering investments in a domestic market for Renewable Energy (RE) and Energy Efficiency (EE) and improving access to electricity in Nigeria, SON stated.

“Following extensive consultations, 37 standards were selected and approved in November 2020, as renewable energy is increasing prominence, the solar power industry understandably relies heavily



Farouk Salim

on standardization. Standards play an essential part in testing, energy conversion, reflectance or materials properties, fabricating arrays, integrating into the smart grid and assuring workplace safety,” SON stressed.

### On Destroying Substandard Goods and Punishing Offenders

SON has vowed never to stop at something to see to the prosecution of offenders who engage in the illicit act. It important to note that SON has over the years engaged in prosecuting the importers and dealers of these substandard goods and sending most of the convicted culprits to jail.

One of such cases was when SON secured conviction of business men, Uche Johnson and Kingsley Meteke in 2019 from the Federal High Court sitting in Lagos, for producing and distributing substandard engine oil.

Justice Oluremi Oguntoyibo who convicted them after they pleaded guilty to the offence, sentenced them to two years imprisonment each.

According to the prosecution, the offence contravened the provisions of sections 1(8) and 1(8) (II) of the Miscellaneous Offences Act, 2004.

According to SON, “The defendants indulged in production of engine oil which did not meet mandatory industrial standards. The products failed to comply with the Conformity Assessment Programme (SONCAP).”

The second of such is the most recent evacuation of seized Substandard Tyres in Ogun State, as the Agency is determined to sustain the current tempo on unwholesome products across the country.

Recall that SON recently evacuated substandard tyres from a warehouse located in a remote area in Ogun State.

According to SON, the purveyors are devising new methods by taking advantage of the vast nature of the country to warehouse substandard goods in remote areas.

Mike Dakhing, Director, Inspectorate and Compliance, who represented the DG during the evacuation, noted that the evacuation exercise of the seized stuffed-in tyre of 200 containers in Obafemi Owode Local Government, Ogun State was to ensure that the tyres do not find their ways into the nation’s market, stressing that products have been tested and they all failed the critical parameters as a result of stuffing.

“You may recall that few weeks ago, the Director General, Mallam Farouk blew open to the whole world the nefarious activities going on in this community and as you know he opposes fake and substandard products and any unwholesome activity that will encourage it because that is the mandate he has been given. Today we are here to evacuate these tyres which is the first stage in their destruction. It will interest you that we obtained the laboratory results after testing these tyres which they all failed. In our warehouse, we will await the necessary legal procedures that will enable us to destroy them.”

### Burden of Substandard Products

The burden of substandard product on the country cannot be overemphasized. The burden on the pockets of Nigerians for not getting the exert value of what they paid for rages from loss of money to loss of life as the case may be. Mores, the country is losing a lot of foreign exchange since these goods would be damaged. We should not also forget that the final consumer loses a huge amount of money for not getting the desired value for the product.

According SON, “The evacuation and destruction would cost the agency much money. The agency has been perfecting an act that would ensure the substandard products importer bear the cost. These tyres are classified as substandard because the act of stuffing them into one another has rendered the tyres dead on arrival into the country.

"The act of stuffing them instead of separating them into different containers damages the tyres. For example, if they are to bring 300 tyres in one container, they will now have the opportunity to bring in 1500 tyres and in doing that, this compromises the quality of the tyres. As you know the tyres are made of wires and carbon and the test reviewed that the textile strength of the tyres have been compromised so they are no more fit for use and this is why we are going to destroy them. They may look nice in the eyes, but we rely on scientific investigation and analysis.

"The agency would prosecute the unscrupulous importers of these tyres, as SON has a law that specifies the right type of punishments to be meted on dealers of fake and substandard products in the country.

"I will like to appreciate the tip off to this place, because we got this through intelligence reports. We crave for the indulgence of Nigerians and implore them to help us identify not only tyres, but all products that are dangerous to human lives and the environment. We are calling on Nigerians to let us have any information because in line with our mantra which is "see something, say something", the truth is that we cannot be everywhere if Nigerians do not help us we will not be able to address this issue headon," he stated.

The DG pointed out the need to increase its sensitization activities across the country as Nigerians who still purchase substandard products because they are cheap, needs to be warned about the negative effects of these products, saying that as a standards body, it would invest more in sensitizing the populace to desist from the purchase of substandard goods.

"We are in a dilemma and just like any other regulatory agency, when a consumer in his own decision goes to buy something that is substandard and fails to report, this is why we organize sensitization programmes and stakeholder engagement to warn Nigerians about the effects of substandard products, because a lot of lives have been saved in the process of buying standard products particularly tyres, electric cables and cylinders. We are not at every point of entry so we can only rely on information that people give us and in doing that we also need to sensitize the public on the harmful effects of these substandard goods to their health and others. This is the only thing we can rely on for now," reiterated.

## X-RAYING CBN'S NAIRA4DOLLAR SCHEME



By Abisola THOMPSON

**T**he Naira4dollar policy introduced by the Central Bank of Nigerian on March 8 was initially scheduled to end on May 8 but was extended indefinitely based on popular demand.

But within such a short space of time, the policy's impact on Nigerians has made them to clamour for its extension.

For instance, Mr Ugochukwu Okoro, a FirstBank customer, said he was not aware of the Naira4dollar promo until he received money from his brother in the United States of America. Okoro said he was surprised when his account was credited and upon enquiry he was told it was the fallout of the Naira4dollar scheme introduced by the apex bank to boost Diaspora remittance.

While he applauded FirstBank's seamless service delivery and reward to its customers, Okoro urged the CBN to extend the policy to enhance awareness for the needed impact to be felt.

Similarly, Mrs Blessing Adebayo, another FirstBank customer, who lauded the initiative, said she was amazed when her brother sent money to her and she was rewarded.

Adebayo said she received N25, 000 in cash on 5,000 dollars sent by her brother in the Diaspora to meet family needs.

Just as the policy is gradually coming to an end, many Nigerians who have bene-

fited from it and those yet to, believe the apex bank should review its impact and consider an extension for more Nigerians in the Diaspora to take advantage of the initiative.

Financial experts have weighed in on the call for the apex bank to extend the timeline of the scheme.

Chief Operating Officer, InvestData Limited, Mr Ambrose Omordion, was emphatic that the CBN should review the policy and extend its timeline for better result or effect.

His reasons are not far-fetched. He said the introduction of Naira4dollar by CBN in seven weeks had not done much to support exchange rate stability as the rates continued to fluctuate within this period.

He noted that the devaluation of naira over time had continued to weaken the nation's currency and encouraged imported inflation, which invariably led to today's galloping inflation rate of 18.17 per cent.

He is, therefore, of the view that the scheme should be extended to encourage Nigerians in the Diaspora to remit more into the country and also improve foreign exchange inflows.

Indeed, when the CBN introduced the Naira4dollar policy to boost Diaspora remittance into the nation, the overriding objective was that it would stabilise the exchange rate.

The expectation of the CBN governor, Mr Godwin Emefiele, was that the policy would enlarge the scope of foreign exchange inflows into the country to support the external reserves.

Even before the introduction of the scheme, the apex bank had in December 2020 introduced a policy that allowed beneficiaries of remittances from abroad to receive cash payments in the foreign currency of their choice.

In a circular announcing the policy, the CBN said: "International Money Transfer Operators, IMTOs must ensure that all funds in favour of beneficiaries/recipients in Nigeria be deposited into the Agent Banks' correspondent account.

"Agent Banks (Deposit Money Banks) in Nigeria will be responsible for the payment to beneficiaries/recipients either in foreign currency cash (USD) or into the beneficiaries/recipients' domiciliary account in Nigeria.

"The mode (of payment either in cash or transfer) is at the sole discretion of the beneficiaries/recipients," said the circular.

The expectation of the apex bank is that the policy will deepen the foreign exchange market, provide more liquidity and create more transparency in the administration of Diaspora remittances into Nigeria.

Consequently, to complement this policy, especially in terms of encouraging Nigerians in the Diaspora to patronise official channels for remittance transfers, the Naira4dollar scheme was introduced.

According to Emefiele, the Naira4dollar policy gives N5 rebate for every 1 dollar sent by Nigerians in the Diaspora to the country, which is paid directly to the account of the beneficiaries, following the receipt of the remittance inflows.

The CBN had promised that the new policy would provide Nigerians in the Diaspora with cheaper and more convenient ways of making remittances to Nigeria.

Defending the dollar policy, Emefiele said the move was also to increase the transparency of remittance inflows and reduce rent-seeking activities.

He was optimistic that the new policy would encourage banks and financial institutions to develop products and investment vehicles, geared toward

attracting investments from Nigerians in the Diaspora.

Reiterating the provision in a new circular on remittances, the CBN boss said the bank introduced the rebate of N5 for every 1 dollar of fund remitted to Nigeria, through International Money Transfer Operators (IMTOs) licensed by the CBN in order to incentivise the process of remittance.

Emefiele explained that the new measure would help to make the process of sending remittance through commercial bank channels cheaper and more convenient for Nigerians in the Diaspora.

The policy was sweet music to some commercial banks; they soon latched onto it, ensuring seamless flow of Diaspora remittances.

First Bank of Nigeria Limited, Access Bank Plc, United Bank for Africa, Fidelity Bank Plc and Zenith Bank Plc, among others partnered IMTOs to ensure the success of the scheme.

In no time, FirstBank partnered many IMTOs such as Western Union, RIA, WorldRemit, MoneyGram, Transfast and AWS Malta to ensure increased participation.

The bank aligned its processes with over 12 new IMTOs to support the apex bank's initiative aimed at boosting foreign exchange and financial inclusion.

Speaking on the initiative, FirstBank's Chief Executive Officer, Dr Adesola Adeduntan, said: "At FirstBank, we are pleased to participate in the CBN's Naira4Dollar scheme as it will contribute to deepening financial inclusion in Nigeria.

"Indeed, it's an activity we are pleased to lead, whilst promoting access to funds across the nooks and crannies of the country in almost 127 years of our existence.

"We are delighted to be a gateway to promoting dollar remittances into the country and we encourage our customers, their loved ones and friends to use our international money transfer services.

"It will enable them to enjoy the rewards of this promo, sustaining the increase in inflows of Diaspora remittances into Nigeria, consequently help in poverty reduction, income redistribution and enhancement of economic growth."

He noted that the bank pioneered international funds transfer and remittances over 25 years ago and had been in the forefront of promoting cross border payments in the country, having started the journey with Western Union Money Transfer.

Adeduntan said the bank's wealth of experience and operation in over 750 locations nationwide gave it an edge in the market.

He said the bank recently launched the First Global Transfer product to promote international transfer of funds across its subsidiaries in sub-Saharan Africa.

The bank's subsidiaries in Africa include FBNBank DRC, FBNBank Ghana, FBNBank Gambia, FBNBank Guinea, FBNBank Sierra-Leone, FBNBank Senegal.

Adeduntan said all the bank's sell money transfer products, noting that N100 billion worth of transaction was carried out in 2020 involving over one million customers.

Also, Access Bank Plc in March unveiled a reward scheme for its customers to promote Diaspora remittances into country. Access Bank's Executive Director Retail Banking, Mr Victor Etuokwu, said the bank would be rewarding customers with five naira on every one dollar received from their loved ones or associates abroad through foreign remittances.

He said the five naira for every dollar cashback would be paid to Access Bank customers irrespective of their preference to receive funds as US dollars cash pick-up over the counter or direct transfer into their domiciliary accounts.

According to him, the reward scheme is in line with the CBN's "Naira4Dollar scheme" aimed at encouraging inflow of Diaspora remittances into the country.

"Remittance services are a key aspect of our economy and it is still vibrant and viable today because people still take care of family members, loved ones and friends and invest at home even as they live abroad," he said.

From all indications, the Naira4Dollar scheme has had a fair outing so far, hence when it comes up for review, the apex bank is expected to extend its timeline for the benefit of all the stakeholders, and in the overall interest of the economy.



# NIGERIA'S EXTERNAL DEBT TO REVENUE UP 400% IN 10 YEARS - SANUSI

By Meletus EZE

Nigeria's external debt to total revenue increased from eight per cent in 2011 to 400 per cent in 2020, a former governor of the Central Bank of Nigeria (CBN), Sanusi Lamido, has said.

Sanusi lamented the situation while participating in an online roundtable discussion tagged: "Debt Relief for a Green and Inclusive Recovery in Nigeria", organised by Heinrich Böll Foundation.

The former CBN governor said Nigeria has a debt services ratio of up to 90-96 per cent but there are certain other elements of debts that analysts have not paid attention to.

He said: "If you go through the CBN statistical bulletin, in 2011, the total federally collected revenue from all sectors was 18.9 trillion Naira at 165 Naira to the dollar. This will have placed federally collected revenue in 2011 at \$55.5 billion.

"Meanwhile, debt at that time was 5 billion so we had an external debt to external revenue of about 8 per cent in 2011. By 2020 we have an external debt of about \$33.4 billion but all revenues in 2020 were about \$8.3 billion. So it has moved from 8 per cent to 400 per cent between 2011 and 2020.

"And this is a serious red flag that I've not seen being pointed out in the conversation around debt sustainability especially given the facts that exports are yet to be diversified at the book of our revenues from oil sectors given what we've seen and what have been discussed today about the prospect of hydrocarbons as we move into a greener world."

Nigeria's debt position has been a source of concern for development experts in recent years, especially in the midst of dwindling oil revenue.

Mr Sanusi, who was recently deposed as Emir of Kano, noted that in measuring debt sustainability, the debt to Gross Domestic Product (GDP) ratio is a useless metric. "You do not service debt out of GDP, you service debt out of revenues," he said.

"If only 20 per cent of your GDP is paying taxes, if you have a debt GDP ratio of 20 per cent, you are likely to have a debt service to



revenue ratio of 100 per cent.

"So, for a long time, I have been concerned about this idea that if (having) 25, 30 or 35 per cent debt to GDP ratio is fine, because you've got countries that are activating 90 per cent."

He added that in the countries where debts to GDP numbers are high, tax is a major component of government revenues.

## Interest Rate

Meanwhile, Mr Sanusi explained that high interest rates with high debts could lead to difficult financial situations. He also explained further that another key part of the nation's debt profile is the components of bilateral loans, of which China is a major player, with \$3.2 billion of Nigeria's \$4.1 bilateral debt, that's about 78 per cent.

He explained that any talk about debt sustainability has to involve China as a very dominant player.

The former CBN governor agreed that the call for debt relief is in the right direction, but the nation needs to show serious commitment and review the structure of its government and economy.

He noted that as countries begin to lift COVID-19 restrictions on travels, there will be increased demand for forex on travel, further putting pressure on the country's exchange rate.

"When the world reopens and people start travelling, that is going to lead to an increase in demand on forex for travel and that is going to exert further pressure on

the balance of payments.

"Now, these are the kinds of considerations I think we need to bear in mind when we talk about the sustainability of a debt situation.

"Honestly, I think debt relief is very necessary if this country is going to have the fiscal space to pursue any kind of developmental objectives. We can't be spending 90 or 100 per cent of our revenue on debt service and don't have anything to invest in development."

According to Mr Sanusi, the country needs to invest in education and agriculture, stressing that these two sectors will help play a key role in lifting Nigerians out of poverty.

Part of the problem Nigeria faces, he said, is that there has been significant under-investment in education and health care, and the productivity of agriculture.

"And these are the kinds of things that we need to lift people out of poverty and bring sustainable growth," he argued.

## Population

The former chief executive of First Bank also explained that the rapid rate of growth in population is a source of concern, adding that the country needs to have social policies around demographic growth.

"There are parts of this country where the fertility rate is more than eight live births per woman, and again some societies are also polygamous," he said.

"Now there's no way that you are going to continue growing at 3.4 or 4 per cent when

your economy is growing at a slower rate and expect to deal with poverty. And that is an unsustainable model.”

He also noted that setting up factories could help lead to economic growth.

He said: “One of the issues I have with people when they talk about removing the subsidy on electricity tariffs and how the tariffs are going to go on to avert some problems is that we worry so much about tariffs because we use electricity for consumption and the buck of the population is yet to understand that electricity is an import into production. You can’t burn it.

“So, if you take away the subsidy by having a cost recovery tariff, you could put that money into small and medium enterprises that will turn that electricity into real production of goods and services and lift people out of poverty.

“Now, it doesn’t have to be fossil fuels electricity, you can in the same way, for example, use these bonds to encourage setting up factories to produce solar panels. People talk about renewable energy but if you are going to be importing solar panels from China or the UK, it is not as effective as if you set up factories to produce these panels in Nigeria. You’ve got all the raw materials you need to produce solar panels.

“So set up factories, produce these panels and then the subsidy comes in, in form of making these panels affordable and the kind of financing you give to the micro-enterprises to turn this renewable energy into goods and services.

“Not just about producing renewable energy that will continue to be fueling television sets, water kettles, video games, no; we want electricity so that micro, small and medium enterprises can begin to generate.”

Mr Sanusi argued further that a very smart way of dealing with debt relief is to effectively ensure that government puts in the right policies and that money goes into the right areas that will lead to sustainable development.

He noted that what happened when debt relief was granted to Nigeria in the past was that Nigeria went back on spending on overheads, unnecessary petroleum subsidies, and subsidies on fertilisers, which has not helped the country.

## TIGERWIT SHARES NUGGET ON FOREX TRADING FOR NIGERIANS

Foreign exchange (Forex) trading has become a top investment for many Nigerians and foreigners. That is why a foremost regulated financial technology company, TigerWit Africa, has shared insightful nuggets to get started into the world of forex trading and why platforms backed by blockchain technology are the difference makers in the forex market.

The Head of Marketing, Tigerwit Africa, Mr. Kennedy Adetayo, said this during a virtual briefing in Lagos State. He said: “When finding out about trading Forex, most of the information either makes it seem like a get rich-quick scheme or too complicated to understand.”

While acknowledging the issue of safety of forex platforms, Adetayo highlighted some things beginners should look out for in Forex trading.

“We understand how overwhelming forex for beginners can be, with all the technical analysis for trading needed, pip calculations and forex indicators.”

He, however, listed basic introduction to get beginners on the way to mastering trading. They include knowing your currency pairs: Forex trading, which is about the simultaneous purchase of one currency and sale of another and could be the difference between making a profit or a loss.

Others are: learning with demo accounts with about 10,000 dollars; find a reliable service provider; use free tools and guides; and do some independent analysis.

“Trading platforms that use secure technology like blockchain are best to secure your funds. Which is why we can say we are one

of the safest platforms to trade forex in Nigeria,” he emphasised.

According to the head of marketing, with the internet democratising information, you can learn so much with free resources, starting with TigerWit’s free trading guide.

Also important to note, the Forex expert hinted that knowing when to enter a trade is often based on how much information one has that others do not.

His words: “Research like the experts’ read what they are reading. The TigerWit blog has brilliant analysis that would nudge you in the right direction.”

Giving reasons TigerWit’s Blockchain Technology makes Forex trading better, Adetayo added outlined low platform risk. “Because blockchain transactions require the ownership of assets or funds by either party, there are hardly any credit or liquidity risks.”

Some of the features he said TigerWit boasted of include faster settlement times; improved transparency; and security. “One of Blockchain technology’s main strengths is cryptographic encryption. The technology offers encryptions that are almost impossible to crack with the existing technologies, making your trade safe every time,” he hinted.

The TigerWit Head of Marketing encouraged beginners to trust TigerWit because the platform creates a transparent, secure, decentralised forex market that is fairer and more efficient than anyone else.

Therefore, he urged prospects to log on to TigerWit website at <https://tigerwitafrica.onelink.me/NfSa/blogsPR>, to begin.



# HOW TO BORROW CRYPTOCURRENCY?



By Shile GIWA

According to The World Bank in 2019, loans to the private sector by banks around the world accounted for 90 per cent of global GDP, and interest rates on deposits in the world have not increased for almost 10 years. There is a huge need for money in the world, which banks, for various reasons, cannot satisfy and which is partially “pulled over” by the cryptocurrency.

According to the cryptocurrency bank PointPay, the market for crypto loans, where bitcoin and stablecoins are pledged as collateral, is estimated at approximately \$30-35 billion in 2021 – and it continues to grow.

The Cambridge Center for Alternative Finance in 2020 established there are at least 100 million cryptocurrency users in the world. But this is only the active part of users, the unsatisfied demand for cryptocurrencies, especially during the bull run, is much higher. Interest from both large institutional investors and private investors skyrocketed following the price. So, more than 50 per cent of recipients of incentive payments in the United States are ready to invest them in bitcoin. This suggests that the demand for cryptocurrencies as investments in the presence of free funds from citizens around the world is enormous. Blockchain projects have picked up this trend and are creating cryptocurrency banks that are ready to lend digital money before anyone else. Experts of the world's first blockchain bank and the PointPay ecosystem talk about where and how you can borrow cryptocurrency.

**Not everyone can use the card**

The easiest way to borrow digital money would be to buy cryptocurrency directly by paying with a regular credit bank card. But this is not always possible. The classical banking system in many countries is wary of cryptocurrencies. And there are banks that are unfriendly with cryptocurrencies that prohibit buying crypto with a credit card. This is one of the reasons why cryptocurrency loans are so in demand – it's not always possible to spend money from a credit card on bitcoin just like that. About three dozen banks around the world are unfriendly with cryptocurrencies and prohibit buying them with credit cards, among such banks are institutions in the USA, Canada, Europe, China, India, Australia, and the Middle East: Citygroup, Capital One, Discover, Bank of America, TD Bank, Bank of Montreal, Royal Bank of Canada, Nordea Bank, Danske Bank, Lloyds Bank, and others. The official position is that cryptocurrencies are too volatile and that the collateral cannot be sold, simply taken away from the owner.

In fact, there are fears that cryptocurrencies can shake the traditional banking system: the bank does not have the ability to control the borrower's cryptocurrency accounts, in the event of a default of cryptocurrencies, clients will go to real banks to revise the loan conditions, and, finally, the third reason is that blockchain technology is much more transparent than banking as we know it.

One way or another, according to Point Pay, about 15-20 per cent of cryptocurrency buyers from more than 200 countries on the platform use credit cards. A 2018 study by Lend Edu announced roughly the same numbers. In 2020, according to The Student Loan Report, 1 out of 5 students in

the United States buys cryptocurrency on credit in the hope of getting rich.

## Demand is higher than supply

The potential demand for cryptocurrency and for banking services in cryptocurrency is much higher than the existing one. According to PointPay, the interest of the Internet users in buying cryptocurrency, bitcoin, and ether is even higher in some cases than in 2017. This is also confirmed by the data from Google Trends for the requests “buy cryptocurrency”, “bitcoin”, “ethereum”, “binance”.

“The most active recipients of loans secured by cryptocurrency at PointPay are cryptocurrency traders, as well as small blockchain startups. Although there are projects in the world that lend to agribusiness in cryptocurrency, creative and social projects – they all have their own target audience, – says Andrey Svyatov, CEO of Point Pay. “The maximum loan amount on our site is 0.1 BTC, so most consumers are traders and private borrowers who have savings in cryptocurrency, but there is a current need for cash”

Today, the lending market in which bitcoin is the collateral is valued at \$25 billion. Bitcoin is a convenient subject of collateral, as it can be easily confirmed that it is owned, and no additional assessments of such collateral are needed, as is the case with real estate or other property.

“But if we add the collateralized stablecoins, we believe the market is even bigger at the moment – about \$30-\$35 billion, and it has every chance to double in 2021-2022,” says Andrey Svyatov, CEO of PointPay.

Several dozen projects have already been providing loans secured by cryptocurrencies: they can be conditionally divided into centralized and DeFi projects. Centralized is similar to classic lending institutions, where the collateral is placed in cold wallets. Decentralized ones function as a blockchain with a smart contract with certain conditions. Also, the sites where the parties to the transaction agree among themselves, and the conditions depend on the reputation of the site, stand apart. Among the pioneers of cryptocurrency, lending is such companies as PointPay, Binance, Criprium, Nexo, Kiva, BTCpop, SALT.



# HOW AIR PEACE'S 13 BRAND NEW E195-E2S WILL CREATE 8,000 JOBS

By Stanley Olisa

If you have been keeping tabs on the foray of Air Peace and the rise to prominence by the Chairman of the airline, Allen Onyema, you would agree that the airline was never established primarily for profiteering purposes.

Air Peace is one of Onyema's economic interventions which are predominantly poised to solve the unemployment challenge in Nigeria. At several public events, Onyema has emphasised that his motivation for venturing into aviation was to create employment opportunities for Nigerians, and this singular desire also underpins some of the extraordinary footprints being gratiated by Air Peace. From set sailing with a record fleet of seven aircraft to becoming West and Central Africa's

largest carrier, Air Peace has been on a steady growth path, which has had a positive impact on Nigeria's economy.

Recently, the airline took delivery of the second 124-seat capacity brand new E195-E2 in continental Africa. This latest delivery is the second out of 13 brand new E195-E2s ordered by the airline from the Brazilian aerospace company, Embraer, with purchase rights for 17 of the same aircraft model. With these ambitious orders, Air Peace comes second to Lufthansa globally, which ordered 35. The implication of these orders by Air Peace is that the Nigerian and West African skies will soon be inundated with brand new aircraft, which is incontrovertibly a big plus for the country's economy in all ramifications, especially factoring the impact of the

acquisition of these new jets on employment creation.

Currently, Air Peace has in its employ over 3,000 direct and indirect staff, who are mostly Nigerians. You can imagine the multiplier effect of providing means of livelihood for this large number of people. During the reception ceremony for the first E195-E2 delivered on January 28, 2021, Onyema disclosed that the 13 Embraer 195-E2s will create 8,000 jobs. This means that 8,000 Nigerians will become gainfully employed and life will become better for their dependents. Their standards of living will improve, and they will be better positioned to contribute meaningfully to the economic growth of Nigeria.

These ripple economic effects are nothing compared to the impact that will be produced when Air Peace activates the remaining 17 purchase rights from Embraer. If 13 jets can create 8,000 jobs, think about the tremendous economic impact of having 30 brand new E195-E2 jets. This implies massive employment for teeming Nigerians. And this is what Onyema desires - it is what

propels his many entrepreneurial initiatives and corporate philanthropy.

Similarly, the aviation cognoscente, in keeping with his commitment to solving some of the unemployment challenges in Nigeria, has also appealed to Embraer to establish a Maintenance, Repair and Overhaul (MRO) facility in the country for servicing Embraer planes, a feat that will make Nigeria the hub of Embraer in Africa.

If this is accomplished, the economic benefits will be numerous. Firstly, so many Nigerians will be employed and trained as technicians and engineers at the MRO while becoming financially empowered to impact the economy. Secondly, revenue will be generated as Embraer will be paying taxes to the Nigerian government and a lot of tax income will be made annually. Thirdly, it will help indigenous airlines who operate Embraer jets, as they will not need to fly overseas for maintenance checks, and huge millions of dollars will be saved. One is not oblivious of the corresponding technology transfer that will result from having an Embraer maintenance facility in Nigeria, as other African airlines will fly in their Embraer planes for maintenance. The cumulative effect of these will be plethoric for both Nigeria's aviation and its economy at large.

When we view the acquisition of these new aircraft by Air Peace from the



perspective of job creation and the concomitant effects, it is evident that the achievement is not just for the airline but for Nigerians who are the ultimate beneficiaries.

Air Peace is reputed for making beehemoth strides, recording firsts, combining its commitment to providing best-in-class flight services with the patriotic fervour of the Chief Executive Officer of the airline, to put Nigeria's aviation sector on the map. Before any initiative is hatched and even implemented by Air Peace, the airline factors the impact of such business decisions on employment creation. The airline's route and fleet expansion, amidst

other tenable reasons, is geared towards lifting Nigerians out of poverty and taking the country's aviation industry several notches higher.

An airline that has relentlessly exuded growth, even in the midst of inclement economic conditions imposed by COVID-19, is deserving of all the support from the government and the flying public to sustain the tempo and continue to provide jobs for Nigerians. Air Peace is not a national carrier but definitely deserves the support of one, as it is unarguably the only indigenous airline that currently has an international recognition, a premier stature and undisputed footprints.

## AVIATION STAKEHOLDERS EXPRESS CONCERN ABOUT RECENT AIR MISHAPS

By Shile GIWA

Stakeholders in the aviation sector have expressed grave concern over the recent spate of air mishaps involving military aircraft.

Speaking in separate interviews with TBI Africa correspondent in Lagos on the aviation industry, players expressed the belief that the Air Force should properly investigate the Beechcraft King Air planes on its fleet in order to prevent further crashes.

Former Chief Executive Officer of Aero Contractors, Capt. Ado Sanusi, advised the government to call for foreign experts to look into the safety, maintenance and other areas of the Airforce plane with a view to find out the root course.

Sanusi, who is also the former managing director of the Nigerian Airspace Management Agency (NAMA), spoke on the need to take a holistic review of the entire operation of the Air Force, with a view to ascertaining if there are specific problems that need to be addressed.

He said that all over the world, aviation has relied on Military Airforce for direct safety standard to adopt. According to him, Airforce aircraft is reliable and efficient.

"I think we need to look at the operations of the Nigerian Air Force to see whether there are specific problems that need to be looked into. We have to look at the machines, maintenance and technical capability," he said.

Asked whether the Nigerian Civil Aviation Authority should be involved in the investigation, Sanusi said that there was nothing wrong as far as it would help in boosting the safety of military operations.

Speaking on the grounding of aircraft, he said that both the operators and the regulator can ground airlines. He said operators have the responsibility to ensure they operate in a very safe environment, adding that the regulator also has the responsibility of ensuring the operators operate in a safe manner and also following laid down operating procedures.

Still, on grounding commercial aircraft,

stakeholders identified airworthiness and overdue routine maintenance A, B, C, D checks as part of key factors that could lead to the grounding of aircraft.

The A, B, C and D checks are the aircraft maintenance schedule and programmes that help to coordinate various inspections and overhaul activities of aircraft. 'A' and 'B' checks are lighter checks, while 'C' and 'D' are considered heavier checks.

Aircraft operators may perform some work at their own facilities, but often checks, and especially the heavier checks, take place at the Maintenance, Repair and Overhaul (MRO) company sites.

After a designated number of flight hours and pressurisation cycles, each aircraft must undergo a comprehensive check at a maintenance and engineering base.

TBI Africa reports that some commercial airlines operating in the country recently had their planes grounded. The affected airlines are the First Nation, Chanchagi, Sosoliso, ADC, IRS, Cargo Air and Bellview airlines.

President, Aviation Safety Round Table Initiative (ASRTI), Dr Gbenga Olowu, said that non-compliance with details of those maintenance checks carried out and documented could lead to the grounding of the airlines.

Olowu, however, said that many other factors could be responsible for the grounding of an airline. He added that grounding a plane could also be due to human errors, technical fault or inadequate maintenance. According to him, there are authorised MROs and licensed parts suppliers who supply tagged parts. "Caution must be taken, however, not to patronise sellers of bogus parts untagged," he said.

He said that security issues were delicate to handle but frequent that Air force crash in one single year could be due to poor oversight functions by its supervising authority.

The ARSTI president said that paucity of funds for routine maintenance, training and retraining of personnel or outright sabotage could also be responsible.

Capt. Dele Ore, an aviation expert, said that operators are by themselves supposed to ground their commercial aircraft if they failed to meet all aviation standards.

Ore, who is also a past president of ASRTI, said there were standard operating procedures that guide the aviation industry.

He added that anytime these procedures are being deviated from, the regulator set on to enforce sanctions. According to him, operators must ensure that the airworthiness standard status remains valid. "They must also ensure that the personnel are well taken care of," Ore said.

Weather, he said, is also another factor for grounding aircraft and when any airline is liable for some deficiencies, it has to be reported to the regulator.

"Operators can also ground airlines if they lack sufficient bond to pay for salaries, maintenance and other services."

Another member of ASRTI, Mr Olumide Ohunayo said that grounding of aircraft could be voluntary when the airline technical team pronounced lack of certification, lack of crew or expiration of duration.

Ohunayo also said that non-availability of spare parts could also lead to the grounding of aircraft and other electrical issues.

Although, most of the aviation experts who spoke to TBI Africa declined to comment on the crashed Airforce plane, saying that the crash is under investigation.

## MARITIME INDUSTRY RATTLED AS BALA USMAN FACES PROBE

By Abisola THOMPSON

The suspension of Hadiza Bala Usman as the managing director of Nigeria Ports Authority (NPA) has caused a crack on the wall of the authority, leaving the maritime sector with substantial afflictions.

Few days after the suspension of Bala Usman who is currently facing a probe, the development has unsettled the NPA and the entire maritime sector.

TBI Africa gathered that the removal of Bala Usman has caused a row among various powerful blocks in the transport sector and loyalists of the Transport Minister, Rotimi Amaechi; the President's Chief of Staff, Prof. Ibrahim Gambari, among others.

While many believe that the suspension was hastily taken due to personal grudges and to pave way for Mohammed Koko to head the agency. Koko, according to sources, was the former account manager of Amaechi when he was at Zenith Bank PLC, and his role in the scheme of things raises questions.

Top officials of NPA who spoke on condition of anonymity described the suspension of Bala Usman as shocking. "NPA officials are currently in a state of confusion because we don't know our fate," one of the sources told The Guardian.

Although no reason was stated in the letter announcing the suspension of Bala Usman, it was observed that Amaechi had petitioned President Muhammadu Buhari, alleging that the remittance of NPA between 2016 and 2020 was short of the actual amount due for remittance.

The letter, dated 4th March 2021, and signed by Amaechi stated: "I wish to suggest that the financial account of the activities of Nigerian Ports Authority be investigated for the period 2016 to 2020 to ascertain the true financial position and the outstanding unremitted balance of N165.3 billion,"

On May 5, 2021, NPA in a letter signed by Bala Usman and addressed to the Chief of Staff to the President, said the Authority made all the due remittances for the full amount required for the period as stipulated by the template



Hadiza Bala Usman

issued by the Fiscal Responsibility Commission (FRC).

She stated: "The authority has remitted the full amount due to it to CFR for the periods of 2017 and 2018 arising from the operating surplus derived from the Audited Financial Statement for the period totalling N76.384 billion as evidenced in attached treasury receipts.

"The Authority has remitted a total of N82.687 billion for the period 2019 and 2020 pending the audit of the financial statement at which point the amount so computed arising from the value of the operating surplus in the audited financial statement will be remitted to the CFR."

Meanwhile, a renowned maritime lawyer, Osuala Nwagbara, in an interview with The Guardian, said the removal was invalid in the eye of law, as she was not given a fair hearing.

Nwagbara, who is a maritime lawyer and Managing Partner, Maritime and Commercial Law Partners, said: "If anybody is accused of wrongdoing in the course of discharge of their employment, such persons are supposed to be allowed to refute or to deny the allegations against them. That is to meet the principle of fair hearing before deciding on an allegation against someone.

For instance, you have removed the person without giving the person a fair hearing; it is for the court to determine incest of that removal on the person. Various judicial opinions have been given in this regard.

# HOW NIGERIA CAN TAP INTO \$12TR GLOBAL SUSTAINABLE BUSINESS



Dr. Amy Jadesimi

By Abisola THOMPSON

For Nigeria to tap into \$12 trillion global sustainable business there is a need for the nation to key into building a strong supply chain for sustainable local industrialisation.

Managing Director, LADOL Free Zone, Dr. Amy Jadesimi, in a presentation at the 2021 SPE Nigeria Council Annual Technical Symposium, stated that the best way of achieving that is to support and enable thousands of new sustainable Nigerian businesses across a wide range of industry.

According to her, these businesses may well currently be businesses that primarily support the petroleum sector but which in future could transit to primarily support other industries from agriculture to urban building and green energy.

She said: "The key to having strong supply chains in Nigeria is industrial development and diversification. The data shows that the most profitable businesses and those that will have increased access to finance are sustainable businesses.

"Nigeria has an unmatched opportunity to grow and industrialise sustainably. Sustainable business models work across all industries. In fact, in just four sectors – healthcare, agriculture, energy, and urbanisation – there are \$12 trillion of sustainable business opportunities. As one of the

fastest-growing countries in the world, our need is greater than most and our reward will be greater than most if we latch on to these opportunities now," she said.

Jadesimi explained that oil and gas are an integral part of Nigeria's economy not only because the country is an exporter but also because petroleum currently drives and is

## GOVERNMENT TO EARN \$201B FROM LEKKI DEEP SEA PORT

By Shile GIWA

The federal and state governments are expected to earn about \$201 billion as tax, royalty and duty from the Lekki deep sea port in Lagos when completed.

The project, which is expected to stimulate Nigeria's merchandise trade, is about 50 per cent completed, with expectations to commence commercial operations in the fourth quarter 2022.

The Managing Director, Lekki Port, Du Ruogang, who disclosed this during a media tour of the project, said the company is targeting an earlier date for commencement of operations at the port.

Already, the breakwater is 63.27 per cent completed while dredging is 55.75 per cent; quay wall is 43.14 per cent and landslide infrastructure is 27.83 per cent completed.

Ruogang said the partners have estimated

an integral part of every economy across the world. But the world economies have almost universally committed to shifting away from petroleum towards greener solutions.

"We are living in a world where the largest country in the world, led by President Joe Biden's administration, is making green commitments, not just in terms of transitioning but also in terms of investment today, far beyond the commitments made by previous leaders. UK, Europe, and countries in Asia are doing the same.

"Even if we don't transit our economy, we will end up being forced to. But that is the wrong way to look at this global shift. Rather this shift is a chance for us to build the right way and achieve sustainable industrialisation ahead of wealthier countries, which have to backward integrate. Especially since technologies are getting cheaper.

"In summary, we need to industrialise to protect and strengthen our supply chains today – doing so sustainably through the local private sector will yield greater profits now and, in the future, unable to get access to cheaper, longer-term funding and put us at the forefront of a worldwide transition. While this transition could take another 20 to 30 years, there is no doubt that it is needed, it has started, and it will happen.

"To secure our supply chains today, to secure our economy and industries tomorrow, we must develop more local eco-systems, just as we have done in LADOL, which support a wide range of industries," she said.

that about \$1.53 billion would be spent on fixed assets, while \$800 million would go into construction. He said the project would offer a multiplier effect of more than 230 times of total cost of \$1.57 billion when completed.

According to him, the port operation would create about 169,972 jobs, while revenue to state and federal agencies from taxes, royalties and duties would amount to about \$201 billion.

He stated that the company was able to satisfy all the conditions precedent for the disbursement of the loan facility from China Development Bank.

He said: "We have achieved many milestones on the project including the equity infusion of \$221m by China Harbour Engineering Company in its capacity as an investor. Based on this development, China Harbour is now the majority shareholder in Lekki Port."

# AVIATION WORKERS FLAY MINISTER FOR 'POOR HANDLING' OF SECTOR, FAILED PROMISES

By Meletus EZE

**A**viation workers have flayed the Minister, Hadi Sirika, for alleged poor handling of the sector and failure to deliver on the promises made since inception of office about six years ago.

The workers were miffed by the one-man show posture of the minister in running the sector, manifesting in absence of statutory governing boards of aviation agencies.

The workers, in commemoration of 2021 Workers' Day said the untidy arrangement robbed them of better welfare, conditions of service and general wellbeing of the industry as earlier pledged by the minister.

Sirika had on assumption of office rolled out an aviation development master plan, which has the launch of a new national carrier, concession of the airports, aircraft leasing company and maintenance repair and overhaul (MRO) organisation among others in focus.

President of the National Union of Air Transport Employees (NUATE), Ben Nnabue, expressed the union's frustration over the treatment meted to workers of aviation agencies by the Salaries and Wages Commission and the Head of Service.

Nnabue said: "We have persistently pointed out the folly of one-man-show in the governance of the sector. As we all know, there has been no governing boards for all the agencies in aviation, and the CEOs being direct employees of the Minister of Aviation, and the Minister being the Chairman of all the so-called Interim Boards, the affairs of the entire aviation industry has been contrived to be totally in the hands of one man.



**Hadi Sirika**

"This is extremely dangerous, preposterous and truly objectionable. All our protestations on the subject over the past years have fallen on deaf ears. That stakeholders in the industry have tolerated this circumstance for all of six years is incomprehensible."

Nnabue added that whereas a state government like Akwa Ibom has since successfully launched its airline without any fanfare, "our country has woefully failed in its attempt to birth a national carrier after over 10 years of labour and colossal financial waste.

"The proposed aircraft leasing company, national aircraft Maintenance, Repair and Overhaul (MRO) facility and aerropolis development, all flagship programmes of this federal administration, have all suffered paralysis, despite massive support from all stakeholders and informed Nigerians.

"They all followed the same path; bitten by the bug of hidden agenda, suffered the ailment of ill-motive to death, presently in the coffins of infidelity to the national cause,

and waiting to be buried in the grave of 'onemanism'. I enjoin all NUATE members to join hands in prayer for a better tomorrow for our dear nation's aviation industry."

The union leader also spoke on the concession being championed by the minister, describing it as a travesty aimed at draining the nation.

"The case of selective airports concession is already well told. Our irreversible opposition to the unjustifiable programme is based on unassailable evidence of unwholesomeness and is well documented. We call on the National Assembly, the Federal Executive Council and the Presidency to work together to put a halt to the travesty called airports concession and save our dear Nation from further draining of the national treasury."

On the welfare of workers, he said: "We have become tired of begging for our rights in respect of the stated issues of Conditions of Service and minimum wage, which has been denied aviation workers for two years running. And we have lost our patience on the matter.

"Accordingly, all our branches in the agencies concerned should follow the example of NCAA and convene their respective Joint Action Committee (JAC) meetings to mobilise for industrial action, as several ultimatums on the matter have gone by without any result whatsoever. Actions will be ordered from May 17, 2021," he said.

President of the Association of Nigeria Aviation Professionals (ANAP), Kabir Yahaya Gusau, urged members not to be tired of pressing for a better sector, saying the road to ideal labour relations and impeccable welfare were still far ahead.

## FAAN PENSIONERS TO PROTEST PAY DISPARITY, OTHERS

By Meletus EZE

**T**he Nigerian Union of Pensioners (NUP), Federal Airports Authority of Nigeria (FAAN) branch, has threatened to embark on a nationwide protest against alleged pay disparity and non-implementation of the Condition of Service (CoS) agreement.

The protest, held on May 4, 2021, aims to compel FAAN management to honour the existing agreement on pensioners' entitlements.

National Secretary of NUP FAAN, Emeka

Njoku, at a rally in Lagos, said the management of FAAN refused to implement recommended CoS as agreed by the committee set up by FAAN over the disparity in pay.

Njoku noted that the committee recommended that 18 per cent of entitlement should be paid to level one to 14 ex-workers to cushion the disparity in the system as observed during implementation.

He accused the management of FAAN of twisting the agreement and dragging the minister into a matter that was within the management of FAAN.

Njoku added that it was agreed by the aviation ministry that levels one to 14 should benefit from it since levels 15 and above were already operating it.

The NUP scribe noted that the committee ended its sitting and submitted its recommendations before the COVID-19 pandemic but FAAN has not implemented them.

Njoku said FAAN owed them in arrears since the CoS was implemented in 2019, warning that all members of NUP nationwide would as from May 4 be mobilised for protests at airports.



The ground-breaking of the Port Harcourt-Maiduguri narrow gauge line, otherwise known as the Eastern rail, would go down as the continuation of President Muhammadu Buhari's ambitious' mandate to link all parts of the country by rail, writes **Meletus EZE**

Finally, the Minister of Transportation Rotimi Amaechi, on behalf of his principal, President Muhammadu Buhari, has performed the ground breaking of the Port Harcourt-Maiduguri railway project.

The Eastern Narrow Gauge Railway project with a construction time of 36 months estimated at about 1,000 kilometres, is expected to cost \$3billion, with the Federal Government obligated to pay only 15 per cent counterpart funding.

Instructively, the project is coming with two new elements – the link to the Bonny Deep seaport and the Railway Industrial Park – to be located in Port Harcourt.

The project, which would be executed by the China Civil Engineering Construction Corporation, (CCECC), had been approved since September, to link Port Harcourt on the Atlantic Coast, south-south, to Maiduguri, on the border with Chad, on northeast Nigeria.

Amaechi, who broke the news to reporters during his routine inspection of the Lagos-Ibadan standard gauge rail project, expressed happiness that at last his people would be happy that the railway is, at least, coming closer home.

The minister added that two new spurs (branch lines) may be added to the project to link Abakaliki, Ebonyi State capital and Awka, the Anambra State capital, thereby achieving the dream of linking the South-east capitals by rail system.

He clarified that the ground breaking entailed only the take-off of front end engineering procedures including engineering designs and planning, after which the actual construction is expected to begin.

On the viability of the corridor, Amaechi said though the Lagos-Kano rail could move 30 million tons of cargo; when completed, the Port Harcourt-Maiduguri line would move 11 million tons of cargo.

He said: "When we complete the railways, there are certain cargoes that will no longer be allowed on the roads.

"This is to encourage the movement of cargo on the rail lines and to ensure that our roads are preserved. Moving cargo across the country through rail would be cheaper

## HIGH EXPECTATIONS AS EASTERN RAIL PROJECT TAKES OFF



and faster than the roads."

The Global Construction Review, a website of the Chartered Institute of Building, quoted the minister as saying last year, that the Federal Executive Council has approved the award of contracts for the rehabilitation and reconstruction of the Port Harcourt to Maiduguri narrow-gauge railway, with new branch lines and transshipment infrastructure. These are the construction of a deep-sea port in Bonny and a railway industrial park in Port Harcourt.

According to the website, the minister said the reconstruction of the railways would cost around \$3billion. The industrial park is expected to cost \$240million and the port \$480million.

These last two projects would be developed as public-private partnerships "at no cost to the federal government"

The port at Bonny will have a rail connection to the Port Harcourt line. Others will be built to Owerri, the Imo State capital, and Kafanchan in Kaduna State.

The Eastern rail line project was started by the British colonialists from Port Harcourt to Enugu, 243 km between 1914 and 1916, from Enugu it extended to Makurdi 223km from 1916-1924, and from Kaduna to Kafanchan 179 km 1924-1927, and Kafanchan to Jos, 101 km from 1924-1927.

For about 31 years, 1927-1957 there was a lull in railway development until 1958, when the rail line was extended from Kafanchan to Bauchi in 1961, 238 kms and, ultimately, to Maiduguri 302 kms from 1963 to 1964.

This development, in addition to the western narrow gauge rail line, brought the

nation's total narrow gauge assets to 2,505 and track kilometres to 4,332 managed by the Nigerian Railway Corporation.

From its peak of glory, regarded as the golden age of the early '60s, the railway fell into stormy waters, because there were no comprehensive maintenance provision for the narrow gauge, and the corporation went into bankruptcy.

The corporation existed in fits and starts until 2002, when the government birthed the 25-year strategic vision for the railway, which favoured the modernisation of the rail system with the construction of the standard gauge.

The vision has three phases: Phase One; system transition from 2002 to 2007, entails the transition of the narrow gauge rehabilitation which narrow gauge functions effectively and become attractive to concessionaires. Phase two includes system modernisation from 2007 to 2015, and both phases are being implemented concurrently and because of some delays in budgetary allocation and implementation, which involves the construction of new standard gauge infrastructure and the attraction of private investment and modernisation of operations and increasing local technological capacity.

Phase three system stabilization, 2015 to 2027: This will consolidate on the advancements of the two previous phases with the extension of new routes to reach all the state capitals and commercial centres and effective commercialisation of rail operations and development of high speed lines with optimal efficiency.

# DEEPENING COLLABORATION FOR AIRLINES' PROFITABILITY

*Global carriers are inching towards seamless passenger connection to many destinations, using one ticket booking. Such arrangement – interline/code sharing among domestic carriers – will berth this month in Nigeria as experts canvass regulatory guidance for the pilot scheme, writes **Abisola THOMPSON***

Inconveniences associated with delayed and cancelled flights due to operational reasons will soon be a thing of the past as industry regulator Nigeria Civil Aviation Authority (NCAA) is working out a framework to achieve interline and code share agreement among domestic carriers.

The framework, which has reached advanced stage, will see some carriers achieve technical and operational cooperation this month. According to experts familiar with the development, the cooperation will end incessant delays and flight cancellations by indigenous carriers wrapped under 'operational reasons'.

The cooperation, which will manifest in the form of code share and interline agreement among the carriers, is coming after two decades of preparation.

When the new regime takes effect, passengers with one ticket booking could travel on any of the partnering carriers to a single or multiple destinations.

To drive the initiative, Chief Operating Officer (COO), Ibom Air, Mr. George Uriesi, said the carrier had concluded plans to kick start its code share/interline agreement with another carrier this month.

He said he could not disclose the partnering carrier until regulatory approval and other matters were concluded.

Describing the industry as very competitive because of proliferation of airlines in a small pool of market, Uriesi said carriers were recording many empty seats when the aircraft doors are closed.

He said: "We are on the last phase of the interline project. This month, we shall launch the project. The challenge of it is to have partners who are organised and who meet the standards of your company.



**Capt Musa Nuhu, DG NCAA**

"Your work force has to work together, sit together to look at the schedule, and integrate it into your reservation system."

Investigations by The Nation revealed that the state-funded carrier would be working with Dana Air to see the pilot project to fruition.

In an interview, NCAA Director-General, Captain Musa Nuhu, said the idea of interline for indigenous carriers was long overdue as it would assist airlines to maximise profit and make air travel enjoyable for passengers by eliminating flight delays and cancellations.

He said: "We are happy about this as a regulatory body. Airlines are supposed to manage their schedules properly.

"These agreements are business decisions by airlines which have benefits for them and passengers. We must all pull our resources and energy together to bring this to fruition."

Also, President of industry think-tank group, Aviation Safety Round Table Initiative (ASRTI), Dr. Gbenga Olowo, said there could be no better time to achieve cooperation among indigenous carriers.

He said, over the years, poor schedule integrity has eroded the good performance of carriers following passengers complaints of poor services.

He said: "Poor on-time performance, depleting and inadequate fleet have added to the lingering challenges of airlines.

"If we had interline agreement, it would have helped to reduce the hardship faced by passengers who often times faced

long hours of delay and in some cases cancellation of flights."

Also, NCAA's former Director-General, Dr Harold Demuren, expressing excitement over the development, said the initiative was long overdue.

Demuren said the slow march to achieving interline/code share among carriers had undermined the growth of aviation in the country, noting that technology would play a major role in driving the process, Demuren said the sector should take the lead in the deployment of technology to make air travel seamless and enjoyable.

He, however, called for the creation of a domestic clearing house for airlines willing to go into partnership. He said airlines would need the protection of the regulator to give bite to the interline and code share agreement among them.

Demuren said: "Other countries in Africa and, in particular, West Africa have broken these barriers. The industry needs to support the proposed initiative pioneered by Ibom Air. It is the best way to go for airlines in Nigeria."

On his part, the representative of International Air Transport Association (IATA) sub-Saharan Africa, Dr. Samson Fatokun, said the time was ripe for Nigerian carriers to integrate into what other carriers had switched on to.

Describing Nigerian carriers as local champions, Fatokun said the proposed arrangement would enable them play in the big league. He said: "Nigerian carriers do not have attractive network because of their inability to either code share or interline with other carriers. They should see the proposed development as an opportunity to tap into seamless operations."

To achieve this, Fatokun said the carriers would need to train their personnel on how to generate revenue as well as negotiate commercial agreements.

Worried over the state of the sector, experts at a recent virtual conference, organised by the ASRTI, identified flight cancellation and the perishability of unused seats as important challenges to trigger interlining and code-share agreements as tools for minimising hardship experienced by passengers and the enhancement of airlines profitability, quality of service and revenue generation.

Spokesman of the think-tank group, Olumide Ohunayo, said experts at the meeting acknowledged that interline and code share were business decisions not to be initiated by regulatory fiat but noted the

need for the endorsement by the NCAA as a regulatory body through the use of regulatory inducements and other strategic policies without compromising the stipulated yearly audit on domestic airlines to determine their state of health.

The experts, he said, noted the expediency for Nigeria's aviation supervisory authorities to compliment the safety with economic will, while airlines develop the willingness to embrace technical cooperation arrangements to exploit the huge profitability opportunities in the regional air transport market under such agreements.

The experts, he said, canvassed the emplacement of a guaranteed payment process such as Bill Settlement Plan (BSP) to enhance airlines' cooperation while airlines embark on human capacity building for their staff members on commercial agreements, negotiation, code-share, revenue management and applicable work ethics.

"For Nigerian airlines to be attractive to foreign carriers for code-share and other partnerships, the webinar recommended that operators be international Operations Safety Audit (IOSA)-compliant, develop attractive route networks, ensure good product quality, develop the requisite commercial acumen and understand the contract terms of their engagement.

"Partnership and cooperation models work among airlines that consider themselves peers and whose operations are complimentary and that no cooperation model fits it all.

"Therefore, domestic airlines should advance cooperation models that work best for the operations such as the model being implemented by Ibom Air.

"Compared to the cost of going through the IATA Clearing House system for settlement of airline obligations, we advise that airlines should consider a local clearing system that addresses the challenges of industry credit and place sales in a float account using solutions as the proposed one-ticket solution where funds flow to the holder of the flown coupon.

"Nigerian banks have demonstrated the benefits of shared systems aimed at easing the convenience of their customers. This can be a model for the airline industry to facilitate the ease of the airline passengers in addressing options due to extended delays and cancellations. They are ready, able and willing to leverage financial technology services to facilitate airlines' interline arrangements to attain the ease of transactions for payment and settlement."

## SEVEN AFRICAN NATIONS NIGERIANS CAN TRAVEL TO BY ROAD



By Meletus EZE

**T**ravelling by road could be an amazing experience, depending solely on where you are heading, your purpose of visiting and the mode of transport.

Travelling by road is cheap and very exciting. It enables you to sight see, interact and take pictures along the way. It is a flexible mode of transport as it gives you the options of cancelling or setting out without much preparation.

To leave the shores of Nigeria legally by road, you are required to have a Nigerian passport, Valid Identification Card, Yellow card or certificate that shows you've been vaccinated from Yellow fever and of course Money.

Here are some African countries you can travel to as a Nigerian:

1. **GHANA:** The journey from Nigeria to Ghana by road is quite a long one but it's the scenic route. So brace yourself for the adventure. You can either choose to go directly with a transport company or hire out a taxi to take you. You can also get a bus from Jibowu or Maza maza heading to Accra or Weija.

Ghana has great street foods, tourist markets and amazing people. To avoid extortion on the road, arm yourself with your passport, yellow card and Ghana Cedis before travelling. It is also advisable to have other means of identification like a driver's license or a student/work ID Card.

2. **MALI:** Travelling by road to Mali, a sub-Saharan African country is more popular and cheaper through Northern Nigeria. The famous Katsina –Maradi route is still in operation regardless of the hiccups on the way. Another alternative is to board a vehicle from Togo heading to Mali or go to Northern Ghana and board a bus.

3. **CAMEROON:** To travel to Cameroon, first you need to head to Akwa Ibom in Southern Nigeria from where you'll travel to the city of Calabar. The second half of the journey is to the town of Ekom and to the Cameroonian border. Lastly, you can board a bus from Ekok to Douala.

4. **IVORY COAST:** Ivory Coast, also known as Côte d'Ivoire, is a country located on the south coast of West Africa. Travelling to Ivory Coast by road allows you to see some nice places in Cotonou, Togo and Ghana and take good pictures of them.

Basically, travelling to Ivory Coast by road is good for sightseeing. You can board a bus going to Côte d'Ivoire by road in Maza Maza, Lagos State.

5. **BENIN REPUBLIC:** There are a lot of amazing places for sight-seeing and fun activities in this country, places like Hotel Benin Marina Beach, The Pendjari National Park and Cotonou craft market.

If you won't be traveling with a transport company, you can board a bus at Mile 2 Motor Park in Lagos going to the borders of Seme. From there, you can board a taxi to Cotonou.

6. **TOGO:** Togo is a country in West Africa bordered by Ghana to the west, Benin to the east and Burkina Faso to the north. The country extends south to the Gulf of Guinea, where its capital Lomé is located.

You can travel to Togo with transport companies or board a bus at Mile 2 Motor Park in Lagos.

7. **SIERRA LEONE:** Sierra Leone is on the southwest coast of West Africa. It is bordered by Liberia to the southeast and Guinea to the northeast. The capital of Sierra Leone and its largest city is Freetown.

# CONTROVERSY TRAILS N27BN AVIATION BAILOUT FUND AS AIRLINES KICK

By Meletus EZE

The N27billion Aviation Intervention Fund, expected to rescue ailing airliners and reposition the aviation sector in the country is shrouded in controversy, a development that airline operators are embittered with, TBI Africa can reveal.

From the N27billion, findings show that the Central Bank of Nigeria (CBN) had disbursed N5billion as aviation palliative to airline operators in the country.

However, despite the disbursement, some operators alleged that they were side-lined as only few operators benefited from the recent disbursement.

TBI Africa gathered that domestic airlines such as; Aero Contractors, West Link, TAL Helicopters and a few others have yet to receive their own share of the initial N5billion disbursed by the aviation ministry through the apex bank, prompting operators to believe the fund disbursement was lopsided even as Ibom Air was equally excluded from the fund based on the reason that it is a state-owned airline.

Although only N5billion had been released out of the N27 billion, questions are being asked about the secrecy of the fund disbursement and the whereabouts of the remaining N22billion.

Speaking on this development, the President and Chief Executive, Tropical Arctic Logistics (TAL) Helicopter Company, Engr. Femi Adeniji, said his organisation had yet to get their share.

"I have tried, I have called the federal ministry of aviation; I have four helicopters that I am operating. They asked us to send account numbers, which we did. Even up to last Friday, I still called them to find out what was going on. Unfortunately, I was in the US when my company's name was published as among those who would receive the palliative, but we have not gotten anything up until now.

"They said they were going to give it to us, salaries are still being owed, staff are complaining. If they say they are going to give us, let them give us. They should not put it in the newspapers and nothing happens thereafter.

"I understand they got N25billion from the government and they are giving us N5bn. Even at that, why give some airlines and not give the others?" he pointed out.



Presidency Buhari

Believing that the process of accessing this fund is shrouded in secrecy, Capt. Ibrahim Mshelia of West Link said: "everything seems to be shrouded in secrecy. Nobody knows anything. I know government has given us money and I heard some people have not received. I know other colleagues who have not equally.

"It is obvious the ministry of aviation just handpicked those they wanted. They don't want to give. It is obvious a few of us were targeted. Whatever reason, I don't know. Nobody has called me why I have not received and when I will receive it"

Commenting on the remaining N22 billion fund, former secretary general of the National Union of Air Transport Employees (NUATE), Comrade Olayinka Abioye, said: "I am not sure if the money has been released to the ministry. The agencies are still struggling to get the money from the ministry of finance. All agencies have submitted their needs, which is mainly on staff salary and overhead

"The agencies are liaising with finance for the money, but I was made to understand that there were small challenges between the finance and aviation ministry."

In his reaction, aviation security consultant, Captain John Ojikutu, stated that there were more important projects in the sector, such as runway lighting at the Murtala Muhammed Airport, which were expected to have

been executed in the first quarter of 2021 as well as perimeter fencing and other sensitive areas.

Wondering what other purposes the balance of N22 billion will serve, Ojikutu said: "we have been talking of MMA Runway 18L lightings, so are the lightings of the runways of most airports, yet we are claiming satisfaction in the NCAA certification for them.

"There are security issues around most airports perimeter fences that we have not been able to enhance their security in the event of any incursions or invasion especially now that bandits are said to be everywhere.

"There is the ATCs communication to be addressed, so are the periodic maintenance of the navigation aids, radar and others. Quite a lot has to be done on the new airports terminal buildings, but the revenues are not coming because of the Covid-19 lockdown; the revenues are not coming because there are no flights and government aviation staff cannot earn salaries.

"If the airlines are getting palliatives to revamp their operations and pay salaries, we should expect same for the government agencies, too for their equipment and staff; how much for these? We need to know for the six aviation agencies; how much for the new 'national carrier'? We need to know. So, ask the National Assembly (NASS) Senate and House of Representatives that approved the money and the ministry that is disbursing it."

# UNDERSTANDING NIMASA'S MARINE LITTERS AND MICRO PLASTIC ACTION PLAN

By Dr. Bashir Jamoh

**O**n February 10, 2021, the Nigerian Maritime Administration and Safety Agency (NIMASA) launched the Marine Litters and Micro Plastic Action Plan (MLMPAP) to address the issue of plastic wastes that litter the country's waterways. An action plan of this nature has become necessary in view of the threat plastic wastes and litters pose to the nation's marine ecosystem, from the socio-economic and human points of view.

Nigeria is said to be among the 20 countries in the world which generate 80 per cent of land-based plastics that end up in the oceans. This information is quite difficult to challenge. You only need to look at gutters and canals, in some places even streets and sidewalks that are filled with empty plastic bottles in our towns and cities, all of which ultimately find their way into the Atlantic Ocean, to know that this categorisation may not be far from the truth. However, the country's case is not an isolated one, but just a part of an alarmingly growing global problem.

According to the Washington Post in a recent report, plastic use around the world has increased more than 20-fold in the last 50 years. This number is expected to double in the next 20 years, and if nothing is done to reverse the trend, plastics in oceans could outnumber fishes by 2050.

The socio-economic costs of these staggering figures are quite enormous. The world is said to lose an estimated conservative amount of between \$3,300 and \$33,000 per tonne per year, or a total of \$13 billion annually to marine wastes. These losses come from the entire marine ecosystem activities such as shipping, fishing, tourism, sports, passenger transportation, agriculture, etc.

From the human perspective, the estimated 70 per cent of plastics that are produced annually around the world, which find their way into oceans and rivers as wastes and litters, end up as food for sea animals. These animals, when consumed by humans, constitute health danger.

In Nigeria, about 80 per cent of marine litters originates from land-based sources.



*Dr. Bashir Jamoh*

NIMASA has the responsibility to keep the country's waterways not only safe and secure, but also clean and free of wastes that could impede maritime activities. The agency is committed to the reduction, if not total elimination, of all unnecessary dumping and improper management of wastes in order to ensure a cleaner and safer marine environment to support a healthier and sustainable human life, hence the need for the MLMPAP. The plan seeks to eliminate all land-based sources of marine litters within five years.

NIMASA has constituted a National Task Force (NTF) to work in collaboration with the management of MLMPAP to drive implementation of the action plan at the local, national and regional levels through prevention and reduction of marine litters in any form to the barest minimum. The effort is expected to reduce litters and wastes in the country's maritime domain to ensure it remains clean and conducive for socio-economic activities to thrive.

Among other responsibilities, the NTF would also carry out public education and creation of awareness to encourage behavioural change on the handling of plastic wastes that end up as marine litters, drawing attention to their harmful effects on the marine ecosystem that we all depend on for our daily living – individually and as a nation. The campaign will include how to achieve sustainable

waste management.

In order to give the action plan the required legal teeth, NIMASA is collaborating with the National Assembly and the Federal Ministry of Environment on the enactment of a law that would prohibit production of plastics that pollute the environment. This, I believe, will compel manufacturers to make recycling of plastics a part of the production plan.

The MLMPAP of NIMASA has already received the blessing of the International Maritime Organization (IMO), which sees it as not only a step in the right direction, but also as an initiative that would provide major support to ensure a clean and healthy ocean ecosystem in the Nigerian coastline and the entire region.

The IMO Secretary General, Kitack Lim, who represented the organization at the virtual launch of MLMPAP, said the world is dependent on the rich ocean environment and international trade provided by shipping clusters, and the protection of the ocean is vital to ensuring a healthy planet. In his words, "Shipping must be balanced with the safety of life at sea, the long term health and diversity of oceans and the conservation of the marine environment. Marine litters are a great concern and the discharge of garbage from ships has been prohibited since the 1980s by the MARPOL convention and additionally by the London convention, with each protocol regulating and also prohibiting the dumping of plastics at the sea."

Lim said that IMO, in cooperation with the United Nations Food and Agriculture Organization (FAO) and other relevant international organizations are striving to implement the IMO Action Plan on marine litters and also contribute to the global solution for preventing marine plastic litters from entering the ocean through ship-based activities.

The MLMPAP will advance NIMASA's operations and responsibility of not only keeping Nigeria's maritime environment safe and secure, but also ensuring it remains clean enough to stimulate economic activities in the vital sector of the nation's economy.

***Dr. Bashir Jamoh is the Director-General and Chief Executive Officer of Nigerian Maritime Administration and Safety Agency (NIMASA).***



## ENTREPRENEURSHIP IS THE FASTEST WAY TO ACHIEVE ECONOMIC GROWTH – CHIDUME

### • COVID-19 WAS AN OPPORTUNITY FOR DIGITAL ECONOMY

*His Royal Highness, Igwe Dr Oranu Chris Chidume, Eze Ana-Ukwu, Eze Igulube of Omor, is the Chairman/Chief Executive Officer of Krisoral Group of Companies in Onitsha, Anambra State. In this interview with **CHARLES OKONJI**, he explains how the needed economic growth could be achieved through entrepreneurship, stating that the Covid-19 pandemic was an opportunity for Nigeria to tap into digital economy and e-commerce.*

**Entrepreneurs are known to be essential growth drivers of any economy, what is your take on this?**

Without mincing words, entrepreneurs are the engine of growth of every economy in the world including Nigeria. That is why as a manufacturer, I will keep lending my voice with the Manufacturers Association of Nigeria (MAN), to advocate for better policies that will encourage investors, as well as enabling operating environment. Without enabling environment, entrepreneurs will not flourish.

Also, it is important to state that entrepreneurship begins and ends with recognition of need, recognition of value, creation of opportunity, providing solution to needs, and creating of value.

You should know that Small and Medium Enterprises (SMEs) account for between 60 and 70 per cent of job creation in Nigeria, and contributes over 40 per cent to the national Gross Domestic Product (GDP). So, with appropriate policy instruments and an enabling environment, small businesses will flourish and the economy will boom.

**Apart from enabling environment, what are some other factors needed for an entrepreneur to succeed?**

Financial literacy is very important for any entrepreneur to succeed. According to Investopedia, Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. Financial literacy is also the basic foundation of your relationship with money, and it is a life-long journey of learning.

The earlier you start, the better off you will be, because education is the key to success when it comes to financial literacy. Financial literacy will also help you know when value exchanges hands in the course of business transactions. Financial literacy is very important for entrepreneurs because of the exposure to knowledge of budget management, procedures, credit management, and even the financial risks of business operations.

*For you to understand risk you mitigate and you must have the skills to identify opportunities, if you don't learn to identify opportunities and learn only to identify risk, you will become paranoid in nature*



Moreover, financial discipline is required in order to have sustained income. One must have a certain amount of financial discipline. It makes a lot of commonsense, but most people don't do it. Having financial discipline means living below your means and not over-extending yourself like most people consistently do. I don't spend money that I did not earn. I categorize everything I do with money into three: The higher you go, the tougher it becomes.

**You mentioned the attitude of youths towards employment, can you explain more?**

One thing that is affecting Nigerian youths is not being focused, because everyone needs quick money, but my first advice to them is to be focused on whatever they are doing. I have a concept that says 99 per cent is not good enough while 100 per cent is required. So any young entrepreneur that wants to venture into any sector of our economy should focus on it and give in his best. Any entrepreneur that wants to survive must run a rat race. Rat race is when you see a cat and rat running, the rat is running for its life, while the cat is running for food, so anybody running an enterprise in Nigeria must do what we call rat race. You will do it as if your life depends on it and that is why every other thing would be considered a distraction and that is where focus comes in.

**What is your take on current employment challenge?**

On employment, you cannot give what you do not have and after being focused, another thing entrepreneurs need is knowledge. Many people in

the enterprise business do not have hands on labour. So, oftentimes you see them run foul of the law and this will be obvious that an employer and employee are competing for something. If you do not know what an employee expects from an employer within which our laws specify what should be and if you do not have this knowledge, it will come to a point when you will be competing with your employer.

When an employee is demanding for restitution where he seeks to get it and what is he competing with at the moment. Of course it is money and the same money is what you think you are having in driving an enterprise, so both of you are competing because of lack of knowledge.

So I will advise Nigerian entrepreneurs to build their businesses on knowledge based operation and not to run foul on the rules of engagement or the employment pact. They should focus on knowledge. Another area that is very important is being able to identify risks. When you talk of the skill of identifying risks without identifying opportunities, you lack knowledge but when you balance risks and opportunities, you are an entrepreneur.

C. If you explore an opportunity with risks with mitigation in mind, that is when value is created or when you are likely going to create value.

**You made mention of Covid-19 ushering new ways of doing things. What do you mean?**

Covid-19 Pandemic promoted massive drift towards digitized business process. Though Nigeria has an underdeveloped digital economy, I must say that there have been significant efforts in digitalization of our business processes. Amid slowing economic activity, COVID-19 Pandemic has led to up-surge in e-commerce and accelerated digital acceptance. There is need to take advantage of the digital space for marketing of goods/services, which our people have taken to. This can only be effectively done with the improvement of the current existing infrastructure.

Digitalization has been found useful in the following are as School, provides an online portal which affords the opportunity for advanced learning and resourcefulness of information as majority of knowledge and information are now on the internet. Digital marketing has created online vendors for goods and services, online meetings. For instance, business associates who frequently travel can now handle their tasks with just one click such as Zoom, Microsoft teams, Google meets, among others.

Again, religious bodies have taken to online services, online worship/live streaming of church programmes, which has been embraced massively.

**How did you survive the peak of Covid-19 Pandemic?**

Staying afloat during the Covid-19 era, simply implies, consume what we produce and produce what we consume. Conceptualization of products or idea will always suffer in a time like this which Covid-19 Pandemic has ravaged world economies. Nigeria runs an import dependent economy. Observably, everything we use in the country is imported. Name it, including nail-cutter or even the button you have on your clothes.

**What is the way out of the woods?**

So, the way out of the woods comes as a piece of advice to both the government and the schools. Let us consume what we produce and produce what we consume. This calls for Nigerians to develop a patriotic mindset towards Made-in-Nigeria products.

**What is your general advice to Nigerian entrepreneurs and the government?**

No country can survive without entrepreneurship and so therefore, I have three appeals to make to Nigerians, the tertiary institutions and the government. To Nigerians; be patriotic towards Made-In-Nigeria products so as to encourage consumption of what we produce locally. To the tertiary institutions; take entrepreneurship beyond the class room exercise, and to the government; infrastructural development is key to economic development.

# EMBARK ON ECONOMIC REVOLUTION OR FACE WORST ECONOMIC CRISES –ONYEBU

*Embarking on economic revolution is the only way to salvage Nigeria from its present economic quagmire. In this interview with CHARLES OKONJI, the Chairman of Manufacturers Association of Nigeria (MAN), Apapa Branch, Engr. Frank Onyebu outlined urgent measures to be taken to revolutionize the ailing economy.*



**What is your take on the proposed refinery maintenance?**

I think the Federal Government has mismanaged this economy. The government has failed in all the promises about the resuscitation of the refineries and if they have been fixed before now, nobody will be thinking of any increase in Premium Motor Spirit (PMS) pump price because any increase in petrol pump price will spell doom for the country.

**What are the promises you said the government made?**

The government promised us before coming into power that they would resuscitate all the existing refineries, but that promise has not been fulfilled up to this very moment, and they have been spending so much on the refineries without any benefit to the country. Now somebody has come up with a \$1.5 billion to turn around the Port Harcourt refinery and I think it sounds

very dubious. The government is not doing what they ought to do, otherwise, there should be no reason for them to be talking about pump price increase at this time, because the economy is down, the minimum wage is down and inflation has eaten up almost everything and you can imagine how the increase will affect other sectors of the economy.

However, transportation cost will go up and inflation that is already very high at double digit will even go higher. I insist that the government should not in any way be thinking of increasing the pump price. It is wrong and if they have managed the economy well, it would have been possible to deregulate, but it may not be possible with this kind of scenario where everything has turned upside down as it is right now.

**Most people say that government has no business in business. What is your take?**



The government should have hands off the management of refineries long time ago. They should privatize them, because as long as the government continues to manage these unproductive refineries, they will not stop duping and milking this country. I have to state at this juncture that the turn-around maintenance is a scam. We have people who have been employed in the three refineries; in Warri, Port Harcourt and Kaduna. They are earning salaries and people are making a lot of money from these refineries, but these refineries have not been working for a very long time and suddenly you come up with a turnaround maintenance that will gulp about \$1.5 billion, yet nothing will happen and within the next 6 months, the refineries will go down again and we have to wait for another five years before budgeting to repeat the process again.

There is no need for the government to be running these refineries. They should sell them to private investors who are able to manage them, and if they had done that some four years ago, we will not be talking about increasing the price of fuel. There was a time when some people came up with the idea of selling the refineries while some people were against it, but since then, the government has spent so much money enough to build new refineries. We have just been duped all these years and they will continue to if Nigerians do not stand against this ugly trend. There is no reason why the government to still own the refineries.

**Most often, local refiners' products are destroyed in the creeks of the Niger-Delta and termed bunkers. What is your take?**

For the modular refineries, what the government should have done is to look at those modular refineries and see how they can contribute to the refining capacity of the country and instead of destroying them; the government should engage the owners and operators of these refineries to make it legal. The government should set a standard for them, regulate them to avoid environmental degradation and once this is done, it will contribute to the country's GDP. We should give them the permission to build these refineries, let them refine and contribute to the economy, but what is happening now is that they are allowing these owners to build illegally, getting oil through the pipelines, but the government could actually bring up a process of

*There is no need for the government to be running these refineries. They should sell them to private investors who are able to manage them, and if they had done that some four years ago, we will not be talking about increasing the price of fuel*



getting these things done legally and by that means they contribute to the economy positively.

We just need people to do their work, because a lot of them are not doing what they ought to be doing. The government should get people to identify these modular refineries and all the opportunities given to people to steal our crude should be closed and we have the capacity to do this but because of corruption the opportunity is still open and as a matter of fact the people that are really stealing our crude are doing it in connivance with officials who are supposed to protect our property. The pipelines are being vandalized, people are doing all sorts of things and this is quite unfortunate.

**What do you think the government should do to get the country out of the woods?**

The government has a lot to do to get this country out of the woods, because there are too many problems that are left unattended to. The state of insecurity we are experiencing right now, the government has to rise to its responsibility to ensure that this country is secured. Again, security is very necessary in order to give room for people to invest. The high unemployment rate is something we never envisaged. Lots of people are unemployed or underemployed. People who should be working are just there moving around the streets and they are contributing to the insecurity.

The government still has a lot to do, they need to wake up to tackle the numerous problems we have in this country and if nothing drastic is being done, I am afraid that in the nearest future it will spell doom for Nigeria. So, the government needs to wake up and sometimes you wonder whether people who are supposed to be doing their jobs are not aware of these

problems. The government needs to wake up, the insecurity should be addressed. The government needs to ensure that the economy is revitalized.

**How do you think it could be achieved?**

It is to ensure that the manufacturing sector is revitalized, the government needs to work with the private sector to ensure that proper policies are put in place that will drive growth. Without revamping the manufacturing sector, which is the highest employer of labour, it is difficult to move the Nigerian economy out of the woods.

**You described Nigeria's unemployment as a keg of gunpowder, explain?**

One of the most critical challenges facing Nigeria today is the unacceptably high rate of unemployment. With the reported unemployment rate of over 33 per cent, Nigeria has the second highest unemployment rate in the world, which is a ticking time bomb... a disaster waiting to happen.

It's rather unfortunate that most Nigerians have not considered the implication of this sad reality. I think we should all be worried. Note that I'm not just referring to the government alone, I am also talking about every Nigerian. Yes, everybody in Nigeria needs to be worried about the ugly situation.

You mentioned that one-third of the country's employable population is unemployed. Please explain?

We are talking about tens of millions of able bodied men and women sitting around, doing nothing. You know what they say about idle minds being the devil's workshop. We are truly sitting on a keg of gunpowder. Of course we have always known that the unemployment situation in Nigeria is bad. All you need to do is move around the streets, whether in the day or at night, you would see people roaming aimlessly about. You would find hawkers all over the place. And if you look closely, you will realize that the total value of what these individuals are hawking is not enough to sustain any human being. The implication of this is that majority of these hawkers are just passing the time. Many transform into petty thieves and robbers at night. You can see why I stated earlier that we should all be concerned. I'm restating it. No society can survive for very long with this level of unemployment. There's bound to be an implosion. These jobless people are bound to fight back

because their government has failed them. The unfortunate thing is that, when the crisis starts, there's not going to be a distinction between people in government and ordinary hardworking individuals. Everybody becomes a target.

**What do you think should be done, and how do we avert this looming disaster?**

The government should embark on economic revolution. Yes, an economic revolution is the only way out. There has to be a total economic transformation plan which has to be drastically implemented.

**How can this be achieved?**

The government has to create an enabling environment for entrepreneurs to thrive. A number of deliberate policy measures are needed to be put in place. Firstly, drastic measures have to be taken to tackle our worsening security challenges. There is a symbiotic relationship between unemployment and insecurity just like there is a relationship between security and the

economy. Entrepreneurship cannot thrive under our current security situation. I do not want to dwell so much on what needs to be done because I'm sure the government has what it takes to reverse this ugly situation.

Consequently, we need to do something about our ease of doing business. A lot has been said about government's efforts to improve the ease of doing business in Nigeria, but I'm afraid the effects of these efforts are not being felt by businesses. What the government needs is to put in place deliberate policies and follow up with adequate machinery to ensure full implementation.

We also need to get serious about improving the content and quality of education. I can tell you that no economy can thrive without massive investment in education. The government needs to stop paying lip service to education. There's need to overhaul our education curriculum. We need to embrace technical education. We need to embrace technology. We need to embrace

quality education.

**Finally, special attention has to be given to mechanized agriculture, manufacturing and, of course, information technology. These are the drivers of most thriving economies. Look at China. How did they move from being an impoverished country to being the second biggest economy in the world within a space of thirty years?**

I believe that Nigeria can surpass China if we are determined to. It only takes the will to admit that we have been towing the wrong path and make that collective decision to change our path. We need the government to provide the leadership, but we must also be prepared to do our part as citizens. We must also be prepared to hold our government accountable without any consideration of tribe. This means we must ensure that we elect leaders who are willing to serve... leaders who are willing to be held accountable. We must all say no to corruption in all its ramifications!

# MAN @50: There has been steady growth in the industrial sector –Mansur

By Charles Okonji

Still in the mood of celebrating the Manufacturers Association of Nigeria (MAN) at 50, the President, Engr Ahmed Mansur, has noted that amidst the numerous challenges facing the industrial sector, it has consistently recorded tangible growth.

Mansur stated this in an exclusive interview with TBI Africa recently, noted that Man advocacy role has resulted in the government implementing some policies that favoured the sector in various areas.

The MAN President said, "The industrial sector might not have grown as much as we would have wanted, but over the years, there have been steady growth in the industrial capacity. MAN has been a critical partner in developing policies and regulations that affects industrialization positively.

"In recent times, MAN's complains and advocacy made a big difference in the response to Covid-19 Pandemic and I am sure that if it has not been the efforts that the association has put in and worked very closely with various agencies of government to ensure that the impact is minimized on the industry, through the various government's packages, we would have had much worse outcome.

"With regards to the African continental free



L-R: Minister of Industry, Trade and Investment, Otunba Adeniyi Adebayo; President, Manufacturers Association of Nigeria (MAN), Engr. Mansur Ahmed; FCT Minister, Malam Muhammad Musa Bello, Senator Saidu Ahmed Alkali, at the Symbolic Cake Cutting Ceremony to Mark the 50th Anniversary of Manufacturers Association of Nigeria held in Abuja recently.

trade agreement which was aimed at, I believe that what man has done has been extremely invaluable in ensuring that Nigeria is now taking a firm grip of the deal and I think with the negotiations that have been going on, is largely driven by the MAN position."

He stressed that at the continental level, the association has been recognized for

its commitment to the industrialization of the continent, saying that it actually came in terms of the support from the United Nation in supporting MAN for initiating the development of the Pan African Manufacturers Association (PAMA).

"We are spear-heading PAMA, and also you  
**Continued on page 58**

# Political Economy

## IMPACT OF INSECURITY ON THE ECONOMY AND WHAT GOVT NEEDS TO DO

*s not an understatement to say that Nigeria is at war with itself. The rising cases of insecurity across the country - banditry, Boko Haram and kidnapping, underscore this assertion, **OLAMILEKAN FAWAS** reports.*

Through the efforts of our gallant soldiers, Boko Haram suffered heavy defeat and, therefore, narrowed their attacks to soft targets. While the country heaved a temporary sigh of relief from the activities of murderous terrorists, bandits and kidnapers suddenly emerged.

In Kaduna, Katsina, Zamfara and Sokoto States, it has been a tale of horror. Poor and helpless people are being attacked in their farms, houses and market. It is no longer news that in Zamfara and Katsina States, poor farmers are forced to cough levies imposed on them by bandits before they would be allowed to harvest their crops.

The threat came at a time when few farmers were able to cultivate crops this year due to the series of coordinated attacks and kidnapping activities rocking those states. With the Food and Agricultural Organisation (FAO) predicting looming hunger, coupled with the threat by the bandits not to allow farmers to harvest their crops, the country is gradually at verge of sliding into food insecurity.

The audacity with which these lawless bandits, kidnapers and Boko Haram elements attack Nigerians raise several questions about the capability of country's security architecture to defend the country.

Can we say that the military chiefs have risen to the challenge of protecting Nigerians? Will it not be right to attribute their poor performance to corruption, incompetence or is it a case of the military chiefs overstaying in office?

Nigeria's President Muhammadu Buhari is in the eye of the storm as criticism swells around him over the level of insecurity under his

watch as Nigeria's leader. But should he bear the blame alone?

Africa's most populous country is plagued by multiple conflicts, from a jihadist insurgency in the northeast to attacks by criminal gangs carrying out mass kidnappings in the northwest and separatists targeting security forces in the southeast.

Of recent, not a day, sometimes even an hour, goes by without the press reporting a deadly attack or a kidnapping. Buhari is being criticized from all sides for his inability to curb insecurity.

The parliament asked the head of state to declare a state of emergency. At the same time, a flurry of statements from parliamentarians, governors and even Nobel laureate Wole Soyinka called on President Buhari to contain the violence.

"Our nation is at war. Those who have proven themselves weak and incapable must learn to swallow their pride and seek help," Soyinka urged. While some of these criticisms are seen as opportunistic in the run-up to the 2023 presidential election, the number of attacks is such that many Nigerians have voiced concerns and wonder if the government is still in control of the country.

### Political pressure

Criticism came from within his own camp, the All Progressive Congress (APC). "We are facing the worst instability in the history of our nation," said Smart Adeyemi, a senator from the presidential party, the All Progressive Congress (APC). "This is worse than a civil war," he said.

"Political pressure is mounting on President

Buhari as his government claims it is doing its best and succeeding - but the reality does not show it," said Bulama Bukarti, an analyst at the Tony Blair Institute for Global Change.

While some of these criticisms are seen as opportunistic in the run-up to the presidential election in 2023, the number of attacks is such that Nigerians are wondering if the government is still in control of the country.

"Words and statements are not enough. We need action. I appeal to Mr. President to take the bull by the horns," said opposition figure Bukola Saraki.

In an online meeting with U.S. Secretary of State Anthony Blinken, Buhari said the military was "resolutely committed" to fighting insecurity and called for greater cooperation with foreign partners.

"Insecurity has worsened and the President has been barely visible, this detachment has given the impression of a lack of leadership," notes security consultancy Songhai Advisory.

And yet, Buhari was elected in 2015 on a promise to crush the jihadist rebellion in the northeast, which has killed as many as 36,000 people and displaced two million. But six years later, the Boko Haram and Islamic State of West Africa (ISWAP) groups still control vast rural areas as well as strategic roads, where they are increasing attacks and kidnappings of soldiers, civilians and NGO workers.

### A nation in blood

After a series of particularly deadly attacks, the President finally decided in January to replace the main army chiefs, but other than that,

strong action has been lacking.

Worse, in recent months insecurity has deteriorated in the northwest, Buhari's home region. Criminal gangs that have terrorized the population for years have engaged in mass abductions of school children and students, provoking international outrage.

"The Nigerian government has shown gross incompetence and has failed in its duty to protect the lives of its citizens and to stop the increase in insecurity," the NGO Amnesty International said on Twitter.

While Defense Minister Bashir Magashi acknowledged that Nigeria is "a bleeding nation", he blamed an elite ready to stir up violence for its own interests.

Other analysts, however, are calling for a step back: "We keep hearing that violence is increasing in Nigeria," says Marc-Antoine Perouse de Montclos, a political scientist specializing in armed conflicts at the French Institute for Development Research (IRD).

But whether violence is increasing or decreasing, it has "been at an unacceptable level for years," he says.

The gruesome slaughter of 43 rice farmers in Zabarmani, Jere Local Government of Borno State, also proved that Boko Haram was still in control of many local governments in the state. The massacre sparked wide condemnation.

The Kaduna-Abuja road has been deserted by motorists because of the activities of dangerous kidnappers. These kidnappers along the country's busiest road storm at any time, kill and whisk away their victims with little resistance. In Birnin-Gwari, Giwa and other parts of Igabi Local Government, kidnappers walk freely. They visit choice houses, abduct victims and demand huge amounts of ransom. Sometimes, even when ransoms were paid, the victims were not sure of their freedom.

The government should strengthen its intelligence gathering. These criminals are human beings who strike at any time. With effective intelligence, their movement can be traced and attacks foiled.

There is the need for government to deploy modern technology devices such as drone and helicopters. With drones, the movement and attacks of kidnappers, bandits or Boko Haram can be easily monitored.

The National Communication Commission (NCC), should work in synergy with network providers to trace the kidnappers. Most of the negotiation between the kidnappers and relatives of victims are done using mobile phones.

President Buhari should re-jig his security architecture. He should immediately sack his underperforming military chiefs and inject new blood in the security system.

Government should address the issue of pov-

erty and unemployment in the country.

There is the need for community policing where natives who understand their geographical terrain better than our security should be engaged in the war against insecurity in the country.

Our defective federalism should be restructured to pave the way for the emergence of state police. Currently, the state governors are powerless whenever there are serious security issues.

### **How growing insecurity threatens the country's future**

From the north to the south, life has become nasty, brutish, and short while our leaders and other privileged people wave from the back of their vehicles. President Muhammadu Buhari leads a nation of 200 million people who are increasingly questioning the benefits of living together.

Attacks on police headquarters and stations and prisons in southeastern Nigeria is the latest example of the country's fast-deteriorating security situation, which is raising deeper questions about the unity of this fractious regional superpower, political and security analysts said.

"The state no longer has the monopoly of force, it has lost control," Idayat Hassan, director of the Abuja-based Centre for Democracy and Development, told The New Humanitarian. "From the north to the south, life has become nasty, brutish, and short."

Gunmen stormed the Imo State police command in Owerri using explosives to get in. They then looted the armoury, torched the building, and headed to the nearby Owerri Correctional Centre, where they freed over 1,800 prisoners.

Police officials said the attackers were members of the Eastern Security Network (ESN), the armed wing of the secessionist movement of the Indigenous People of Biafra (IPOB). That group is demanding independence for the region, although it has denied its involvement.

The Igbo-speaking southeast is Nigeria's new zone of instability. It adds to a long list of other security troubles, including jihadist violence in the northeast that has left 11 million people in need of aid; unchecked banditry in the northwest; piracy and organised crime in the Niger Delta; and pastoralist-farmer clashes in much of the rest of the country that have displaced hundreds of thousands of people.

### **Biafraexit**

A weak state is both a consequence and enabler of the growing chaos. Armed gangs, operating out of poorly administered rural areas – or the neglected shanty towns of cities – are part of a deeply entrenched criminal industry. The substantial profits earned allows the purchase of more and better weapons, and the intimidation or the pay-off of yet more local officials and

members of the security forces.

"The sheer amount of ungoverned spaces that exist in Nigeria is the problem," said Cheta Nwanze, an analyst at the Lagos-based risk advisory firm SBM Intelligence. With an unemployment rate of over 30 percent and anemic economic growth, "[you know] it can't get better. These are the things driving insecurity."

Separatist unrest in the southeast has particular resonance in Nigeria. The self-declared state of Biafra was a mainly Igbo secessionist enclave that existed from 1967 until its defeat by federal forces in 1970, in a war that may have claimed as many as one million lives.

The resurgence of the idea of self-determination stems from a perception of the region's deliberate marginalisation by the government of President Muhammadu Buhari, and the heavy-handed policing by security forces that has killed hundreds of people since he was elected in 2015, according to Amnesty International.

That local grievance has helped drive the rise of IPOB, whose goal is to create a "new Biafra", via a referendum. Despite IPOB's non-violent calls for a "Biafraexit", it was banned as a terrorist organisation in 2017.

The ESN, formed in December last year, has taken a far more radical position. It fought with security forces in the town of Orlu in late January, after which IPOB declared that the "second Nigeria/Biafra war" had begun.

### **Herders versus farmers**

ESN has latched onto a single issue to justify its emergence – driving out Fulani pastoralists from the southeast, whose presence it characterises as an "invasion" by northern "killer herdsmen" following repeated clashes with local farming communities.

Fulani pastoralists traditionally migrate south with their cattle each year during the north's dry season. But they now travel farther south and stay longer. It's the result of unpredictable rains, a surge in cattle rustling, and banditry in the northwest, plus conflicts with local cultivators there, as expanding farms encroach on traditional cattle routes.

But in much of the south, the presence of armed pastoralists is viewed as the vanguard of a "Fulanisation" plot aimed at grabbing land, Islamizing a largely Christian region, and politically and culturally altering its demographics.

Poor policing aggravates Nigeria's instability. It's an issue of absolute numbers – the police/civilian ratio is well below UN recommendations – but additionally the lack of equipment, poor training, and low morale of the average officer.

As insecurity has worsened, the federal government has called on the army for help. But the military is also undermanned – stretched by the conflict in the northeast – and its members are not trained for a policing role. That means they are all too frequently shooting to

kill, and with almost complete impunity.

"The military is now deployed in 35 out of Nigeria's 36 states" but the security situation "is still terrible and deteriorating", said Nwanze. A corrupt judicial establishment and clogged courts adds to the distrust many have for orthodox law and order systems.

**Rise of the vigilante**

As a result, some state governments have turned to community-based vigilante groups, a more traditional method of policing that draws on local knowledge and networks and that is in theory more accountable and effective.

Last year, the governors of six Yoruba-speaking southwestern states formed the crime-fighting Amotekun militia to tackle unprecedented levels of kidnapping, armed robbery, and clashes over grazing rights between farmers and pastoralists.

In the northeast, the Civilian Joint Task Force battles Boko Haram, while across the northwest there are a number of self-defence militia supported by state governments who are trying – and largely failing – to stem banditry.

"There would be no need for self-help if people believed the military and the police were doing the right thing," said Isotonu Achor, a political risk consultant based in the southern oil hub of Port Harcourt.

But when the community takes the law into its own hands, it's no guarantee of justice. In the southwestern state of Oyo, political firebrand Sunday "Igboho" Adeyemo incited attacks at the beginning of the year against the Fulani community he blamed for the death of a local politician.

In the northwest, when village-based Yan Sai Kai vigilante group was formed to combat bandits, they tended to target Fulani – whether involved in criminality or not. That set off a chain reaction of tit-for-tat violence that has forced more than 280,000 people from their homes and disrupted farming – raising concerns for this season's harvest.

"There would be no need for self-help if people believed the military and the police were doing the right thing."

"Everyone wants an Amotekun, but historically they have not worked," said Hassan – referring to vigilante groups that formed in the early 2000s but degenerated into criminal enterprises themselves.

"There is a lack of training, and there is always extra-judicial killing," she said. "Those [vigilante], initially welcomed as saviors, will eventually be condemned for their high-handedness and lack of accountability."

**Wanting to be heard**

Insecurity tends to have deeper political roots. Groups like IPOB and Amotekun represent

what Hassan sees as an urgent demand by communities to be heard by the government.

"The feeling of marginalisation is the key to all of this," she added. "The state is absent, there is no response to this crisis, so everyone is taking up arms to defend themselves – or to enrich themselves."

Nigeria's union comes under periodic strain, but the current federal government, led by an ageing and often unwell Buhari, is seen as particularly ineffective. That is increasingly undermining the rationale for 200 million Nigerians to stick together.

A meeting of pan-Yoruba leaders in the southwest city of Ibadan last month concluded that "in Buhari's Nigeria, the ship of state has veered dangerously off course, and heads almost irreversibly towards jagged rocks of destruction".

Describing the security situation as worse than the civil war period, the communique called for a renegotiation of the terms of the country's union. "Nigeria can only remain Nigeria if all parties agree to deal equitably with each other," it added.

In the southeast that call is louder still among Igbo people but support for IPOB is far from a given, and there is also the realisation that continued agitation will likely be met by ever-bloodier crackdowns by the security forces.

"I've spoken to people in the region who are terrified of what the (drive to secessionism) means, (some towns) have started trying to dissuade their boys from joining.

But his fear is that the security forces, who "behave like an occupying army, can be counted on to make things worse".

Escalating insecurity and communal violence in Nigeria appear to be strengthening separatist movements across the country. Among those movements is the Indigenous People of Biafra, a group that advocates an independent state in a part of Nigeria that tried to break away more than 50 years ago.

On a typical Sunday evening, 73-year-old former Biafran fighter Ideyi Obasi sits in front of his shanty home in a low-income housing area of Abuja and sniffs his snuff. He's grown popular in his area for often talking about his experience fighting the Biafran war in the late 1960s.

He said he has renewed hope for an independent Biafra. "We used to stay two weeks without food. The only thing they'll give you is ogogoro (dry gin). You'll carry your kits and come out with your water bottle. They'll fill it up with ogogoro, you go there to fight. If you die, it's nobody's business," said Obasi.

Obasi was only 20 years old in 1967 when the civil war started and he got recruited. The war lasted three years, and the Biafran movement was defeated. He says many of his friends were killed fighting the Nigerian state, but he

somehow survived.

Today, he still supports secession, but said fighting must be avoided. "Don't fight another war, because children will be finished. If they can do it amicably and peacefully," he said.

In January, the separatist group, Indigenous People of Biafra, or IPOB, launched an armed security unit. The aim was to push back on Fulani herders, who are often blamed for communal clashes in the region.

But Nigerian authorities consider the unit as subversive. Troops have cracked down on the armed group in states where it is active.

In 2017, the government banned IPOB's activities, which are led by British Nigerian activist Nnamdi Kanu. Some Nigerian political analysts such as Jibrin Ibrahim say IPOB's demands for independence are unlikely to succeed.

"It's legitimate for them to make demands for separation. But the reality on the ground is that it's difficult for Nigeria to separate. We've been together for over a century. We have intermarried significantly. We have migrated extensively," he said.

In recent months, a Yoruba separatist group has appeared, calling for the creation of an independent state known as the Oduduwa Republic. The republic would include the southwestern parts of the country, including Nigeria's economic capital, Lagos.

Ibrahim said besides the insecurity, political marginalization is to blame for the rise of these separatist movements.

"A lot of Nigerians are very dissatisfied with the political community we have. They feel it is not structured to serve their interests. They feel there's significant level of marginalization that makes their citizenship ineffective," he said.

Experts predict agitation by these movements will likely increase as the country heads toward elections in 2023. But they say the Nigerian government is unlikely to cede any power to the separatists — and a conflict will be too dangerous to pursue.

The Lagos State House of Assembly has passed a resolution to transmit a petition from coalition of civil society groups to the Federal Government. The petition, which was an aftermath of a recently organised National Day of Mourning, will also be transmitted to the National Assembly.

The House made the resolution through a voice vote conducted by the Speaker, Mr Mudashiru Obasa, during plenary in Lagos.

Addressing the house, Mr Sanni Okanlawon, (APC-Kosofe I), said during the public hearing, some protesters, who had declared a day of national mourning diverted the attention of the hearing.

The lawmaker said the rights activists, who

were not happy about the insecurity in the country, presented their grievances through a petition to the House.

Okanlawon said the Deputy Speaker, Mr Wasiu Eshilokun-Sanni, addressed them by telling them that the House shared their concerns, apparently to douse the tension.

“Among the coalition’s requests was that the government at the centre should double its efforts to bring peace to the country.

“Also, the protesters urged the House of Assembly to help them call the attention of President Muhammadu Buhari to the state of insecurity in the country,” he said.

Obasa noted that the House remained the mouthpiece of the people in the state and promised to transmit their petition to the president and the national Assembly for consideration.

The speaker also commended the CSOs for the peaceful way they conducted themselves during the protest that took place on Friday.

Obasa noted that the House had earlier joined its voice to the call on the government at the centre to urgently find solutions to the rising insecurity in some part of the country.

The speaker, therefore, directed the Clerk of the House, Mr Lekan Onafeko, to transmit the petition to government and the national Assembly.

There have been security meetings across the nation, which had in attendance, leaders and major stakeholders drawn from various spheres of life, especially the security sub-sector.

Top on the agenda of these meetings has been the worsening security situation in the country, and the need to stem the very dangerous tide. At one of such gatherings, at the behest of President Muhammadu Buhari, the National Security Council met at the Presidential Villa, Abuja.

Before the meeting, President Buhari, while expressing his frustration at increasing security threats across the country, had said that what is happening at the moment was far beyond just insurgency, but an evil plot against the peace of the country.

Penultimate week, the Senate and House of Representatives, disturbed by the growing insecurity, had also debated the issue with resolutions reached on the way forward. Both chambers had suggested to the President to consider changing the service chiefs, among other solutions canvassed.

What followed was a visit to the President, by leaders of the two chambers, Senate President Ahmad Lawan, and House Speaker, Femi Gbajabamila, in a bid to relay the National Assembly’s thoughts on how best to tackle the nation’s security challenges.

Fielding questions from journalists after their meeting, both leaders said: “We discussed

everything that matters as far as the issue of security of this country is concerned. . . In the intermediate and the long-term, we should be able to come up with some strategies, the road map, to ensure that we secure the lives and property of Nigerians.

“We believe that we must be able to provide that necessary equipment and welfare for the Armed Forces and the Police, to ensure that they can operate and perform efficiently and effectively. We are on the same page (with the President) that we should be able to do whatever it takes to ensure that security agencies can perform better than they are doing now.”

After that visit, precisely on Wednesday, February 5, Gbajabamila again played host to all the service chiefs, who had been summoned earlier in the week during the House’s deliberation.

This, seemingly, is the enormity of the security situation the nation is grappling with. With the level of insecurity at an unprecedented level, it would not be out of place to say the nation is ailing, if not at war.

Every other day, the nation grapples with the reoccurring problems of terrorism, banditry, kidnapping, inter-communal violence, extra-judicial killings, farmers/herdsmen clashes and many other kinds of violent crimes.

Boko Haram is reported to have killed over 30,000 people and displaced at least 2.6 million people in a wave of attacks spanning over a decade. Kidnapping for ransom is at a worrisome level within, and the nation’s security agencies are demonstrably bereft of clues on how to put a stop to the menace.

Speaking against the backdrop of the worsening security situation recently and the rift generated by the establishment of a regional security initiative, Operation Amotekun by governors of South West states to tackle crime in the region, Senate President, Lawan, admitted that the nation’s security system was inefficient and ineffective.

He highlighted the need for collaboration between the executive and the legislature to rejig the nation’s security architecture to make it more responsive to the needs of Nigerians, whose lives and property had become increasingly endangered.

By his admission, the Senate President said nothing new. This is an age-long truth that successive governments haven’t shown the will to accept and address headlong.

The key among solutions that have been proffered to tackle insecurity by stakeholders at many fora is the creation of state police. This is in addition to such solutions as increasing the number of personnel across military formations and the police, reviewing the criminal justice system in such manner that it punishes and deters criminality and indeed overhauling the system of governance such as that it reduces the preponderance of Nigerians living

below the poverty line.

It has been widely reported that the nation is grossly under-policed. With a Police Force that is less than 400,000-man strong, statistics show that Nigeria’s one police officer to 600 person ratio falls far below the United Nations prescribed policing ratio of one policeman to 400 persons.

A former Inspector-General of Police, Ibrahim Idris, while speaking at the graduation of constables at the Police College, Kaduna, sometime in 2018, had urged the Federal Government to recruit additional 31,000 police officers annually over the next five years, to ensure effective policing across the country.

At the time, Idris had said that by providing an additional 155,000 police officers over the next five years, Nigeria would meet the UN policing ratio of 1:400 persons. But nothing close to that suggestion has been set in motion.

The grim reality of the nation being under-policed is brought to fore in the North East region, which comprises six states and had been the epicentre of insurgency.

With a landmass of 262,578 km, the region is bigger than all the countries in West Africa except Ivory Coast. Members of the Armed Forces, most of whom had been frequenting the North East since the insurgency began, are not more than 250,000. The Nigeria Police, with less than 400,000 men, also has a sizeable number of its personnel on VIP Protection Duties.

A former governor of Anambra State, Chukwuemeka Ezeife, sharing his thoughts on curtailing the spate of insecurity in the country, noted that insecurity derives from the political system that Nigeria currently operates, suggesting that the country returns to the regional government with regional police and regional control of its affairs.

Ezeife said: “Insecurity is a creation of the unitary government, which we have now. The Nigeria that we have now is wrong. How can one group control all the security outfits in the country? And our constitution makes it clear that Federal Character should reflect in the appointment of positions in Nigeria.”

A human rights lawyer, Femi Falana (SAN), has been a proponent of the creation of state police as the solution to Nigeria’s insecurity challenges.

Speaking at a forum recently, Falana had restated his call for the formation of state police and countered one of the arguments against the initiative, which suggests that governors would use the state police to haunt political opponents.

He stressed that, on the contrary, state police would provide adequate security. “Many citizens are opposed to the creation of state police for the fear that it may be used to haunt political opponents of some state governors. But to avoid a situation whereby abuse of police powers is decentralised, any security service established by state governments should be democratically controlled.



PC: 1368510

**tbi** Africa  
THE BUSINESS INTELLIGENCE

# AGRICBIZ

MAY 2021

## IN PURSUIT OF AGRICULTURE DEVELOPMENT

*The greatest challenge of Lagos State Government is how to feed its large population expected to hit 22 million in few years. The most effective way to feed and improve the lives of millions in the state is to encourage them to support technology-led agriculture. To transform the sector, create jobs, raise income, reduce malnutrition, and kick-start the economy, the government has launched a five-year development road map amid high stakeholders' expectations, **Meletus EZE** reports.*

As Nigeria looks to curb its imports, in the face of declining state revenues, speeding up agricultural development has become imperative, given that the country seeks to diversify from oil.

In most parts of Nigeria, agricultural transformation has not advanced as planned because their plans lacked key elements to translate the goals into reality.

But that is not so in Lagos State which wants to capitalise on agricultural growth opportunities, hence, the launch of a Five-Year Agricultural and Food Systems Roadmap (2021-2025) to chart a path for growth and sustainability.

The launch was attended by Lagos State Governor Babajide Sanwo-Olu, commissioners, other officials and private sector

operators.

Sanwo-Olu said though agriculture represented one of the state's lowest Gross Domestic Products (GDP) contributors, however, it is responsible for thousands of jobs. The sector has long been a major driver for export revenues, job creation and rural development. It is now also increasingly serving as a platform for value creation, manufacturing and social development.

He projected that the total investments in the sector in the state would run to \$10 billion in the next five years with the launch of the roadmap. He noted that Lagos could no longer afford to rely exclusively on other states for its food, adding that it was time for the state to unlock its immeasurable agricultural potential through the implementation of the roadmap.

According to him, the roadmap focuses on three pillars which are the growth of the upstream sector, growth of the midstream and

downstream sectors as well as improvement of private sector participation.

“Our strategies for sustainable agricultural development shall focus on three pillars. Firstly, we will grow the upstream sector through interventions by leveraging technologies that are capable of lowering the cost of production of value chains such as fisheries, poultry, piggery, rice, vegetables and coconut with support from donor agencies.

“We will also focus on growing the mid-stream and downstream sectors that is value addition involving processing, handling, storage, cold chain, packaging, utilisation and commercialisation which are all important agricultural value chains by leveraging on the huge market with support from donor agencies.

“Lastly, we will improve on private sector participation by developing and initiating policies that will encourage more private investments in agriculture. This will include linking the private sector with business-friendly credits.

“The projection is that the total investment in the agricultural Sector from the government, private sector, donor agencies and development partners will run into over \$10billion in the next five years. While we expect most of the investment to be private sector-driven, government will continue to provide the needed infrastructure while the private sector will be encouraged to lead the key projects,” Sanwo-Olu said.

He assured that the state would formulate policies that would encourage private sector investment in agriculture while providing robust market information systems for agricultural value chain actors for adequate planning and the circumvention of risks and uncertainties.

The governor pointed out that the state had started the revamping of its Agricultural Land Holding Authority (ALHA) to support investments, adding that the coconut belt would also be strengthened with increased private sector involvement.

Sanwo-Olu listed some landmark investments that the state had begun, which he noted would help with the smooth delivery of the roadmap, to include the Lagos State Aquatic Centre of Excellence (LACE) that would boost fish production from 20 to 80 per cent; the Imota Rice Mill; the Lagos Food Production Centre Avia, Igborosu-Badagry as well as other state-wide agriculture focused initiatives.

“I am excited about the wealth we will generate from our fecund land and coastal resources. The next five years will be pro-



ductive, competitive, and transformational as Lagos State implements its agricultural roadmap. We are set to become the nation's agricultural powerhouse, and I invite you to join us to make history.

“I am greatly encouraged by the interest already generated in the 5-Year Agricultural Roadmap and I hope it will be sustained and backed with concrete action on the part of our development partners and the international community. I assure you that the Lagos State Government is putting in place deliberate incentives to make your investment safe, secure, and profitable,” he averred.

Sanwo-Olu, therefore, urged potential and established stakeholders to partner with the state to transform the sector for food security, wealth generation, poverty eradication, economic diversification, rapid industrialisation, and accelerated socio-economic growth.

The roadmap aims to boost productivity and sector profitability, while looking to improve smallholders' earnings.

Already, the government has launched a number of large-scale projects, with the objective of modernising production methods through efficient irrigation and enhanced mechanisation, as well as raising value addition, particularly through the development of high-potential crops and agribusinesses.

Lagos State Commissioner for Agriculture, Ms. Abisola Olusanya, said the state has set ambitious goals to enable it to be recognised for high-quality agri-food products and value-added products.

She noted that the roadmap focuses on the development of agricultural value chains where the state has competitive and comparative advantages to ensure that the state's self-sufficiency in food production moves from 18 to 40 per cent in the next

five years.

To increase farm-productivity and yield, she noted that there would be consistent adoption of better crops, seed quality, irrigation techniques, crop diversification and value chains.

In the future, hi-tech agriculture will gain more traction as one of the key drivers of economic growth. In an attempt to accomplish that goal, she said a series of incentive solutions and supportive policies had been released by the government to entice more domestic and foreign investment into hi-tech agriculture.

Generally, the roadmap is focused on enhancing institutional linkages at the implementation level.

Speaking on this, the Special Adviser for Works and Infrastructure, Aramide Adeyoye, an engineer, said it emphasises provision of infrastructure linkages as a basis for the development of agriculture across the state. She noted that the agriculture industry still has opportunities.

Chairman, Chapel Hill Denham Group, Mr. Wale Edun, said the plan was capable of helping agri-businesses innovate and expand, enhancing rural economic development and increasing food security.

He noted, however, that the sector needed investments to position it for accelerated business growth, stressing the need for the right mix of agri-finance services for the sector to be successful.

He said there should be financial programmes to help producers manage significant risks that threaten the viability of their farms and are beyond their capacity to manage.

Services, according to him, include credit lines, input financing, and other financing





services across the agribusiness value chain. The Chairman emphasised the need for the government to carry out the agricultural transformation plans to garner private investment.

According to Edun, transformation plans with an investor mind-set anticipate changes in the enabling environment that will be necessary as the transformation progresses to support increasing private-sector engagement. He reiterated that the success of the roadmap relied on the commitment of the government and the stakeholders to a long-term vision and an appreciation for the economic imperative for supporting and maintaining the primary and value-added agriculture sectors.

At the forum, experts and managers proposed mechanisms, policies and solutions to promote a sustainable agricultural system.

Group Chief Executive, Tropical General Investments Ltd (TGI Group)'s Agribusiness Investments, Ramesh M. D. urged the government to support the implementation of the road map in such a way that Lagos should serve as an example to the rest of the world for the ways in which private and public investment can transform a state into an agricultural powerhouse.

He said the average age of farmers is increasing – which represents a risk to food security, unless young people take action. He stressed that connecting youth with the farming and agri-food industry is more important than ever during these times as they continue to learn about the innovative agricultural sector.

With the road map, Ramesh noted that Lagos has a golden opportunity to lead the march and set benchmarks for how the nation should reshape the economy and prepare the agriculture industry to focus

on local production and serve to generate precious foreign exchange.

He said the State needs to participate in the supply of essential input products for processing to ensure a stable, adequate and quality supply.

Small in size like Netherland which has success story, the Chairman, Access Bank Plc, Dr Ajoritsedere Awosika, said Lagos has the potential to increase current level of food production efficiency, and become a global food hub. Though Netherlands might be a small country, she noted that it was today the second-largest exporter of agriculture in the world, after the United States.

Despite its limited land for farming, the Netherlands is now the world's second largest agricultural producer due to large investment poured into infrastructure and technology, which has considerably enhanced its productivity.

The Commissioner for Economic Planning & Budget, Mr. Sam Egube, said the agri/food industry in the Netherlands was one of the most booming in Europe. He said the Lagos Government was taking lessons to enable it revolutionise food production.

According to him, the vision is for a vibrant and progressive agriculture and agri-food sector that is sustainable and growing, reiterating that the government was ready to work closely with industry partners to ensure the food system remained strong, resilient, and productive.

To strengthen the economy, the Chairman, Lagos House Committee on Agriculture and Cooperatives, Hon. Kehinde Joseph, said the legislature was ready to make laws to remove impediments to investment in the state. He said the House would enact laws to introduce incentives to encourage

foreign investment, and boost growth.

While the nation's economy has been shaken in recent years by the fall in oil prices and their subsequent impact on government revenue, the agriculture sector has registered steady growth.

With a population of over 22 million, stakeholders believe expansion in domestic production and value addition is key to strengthening the economy and achieving food self-sufficiency.

With foreign investors eyeing the sector, the President, Lagos Chamber of Commerce and Industry, Mrs. Toki Mabogunje urged the government to create the environment to increase market competitiveness and agricultural productivity, and improve risk management practices.

This, according to her, will set the direction for the future of the sector to help it continue to innovate, grow and prosper, and position Lagos as a leader in the agrifood economy. The move towards large-scale farming in partnership with foreign investors, stakeholders were of the opinion will help to potentially drive up the quality and exports of locally produced goods.

With imports on the rise, she posited that the agriculture and agri-food sector must rise to the challenge.

In his contribution, the Director, Development Finance, Central Bank of Nigeria (CBN), Mr. Yusuf Yila, said the apex banking institution was ready to work with Lagos Government to support agriculture and agri-food projects to grow farm and food-processing businesses.

He identified Lagos' agri-food sector as having great potential to be a driver of economic growth for the nation.

## MAN @50

### Continued from page 50

may be aware that the African Business Council was recently constituted and all the various groups in the continent, the Regional Business Councils, the National Business Entities and MAN was recognized by this fact, the President of MAN is the Vice Chairman of that Council. Also, necessary efforts of MAN have been well acknowledged to making significant impact on both national industry as well as the continental level, in driving efforts to integrate the African market.

MAN President explained that there are many other areas that much progress as expected was not recorded, saying we have not made much progress as we wanted, such as the contribution of the industrial sector to the economy has not grown.

“But I think the various challenges that Nigeria faces especially, the industrial sector is facing in terms of infrastructure deficiency at all levels have impeded the progress of the Nigerian industrial sector. Nonetheless, I think the industry is a major employer of labour in the country. The industry employs

over 7 to 8 million people. We are not there yet but I believe we are making significant contribution to the growth of our economy and particularly, to the employment situation which remains a major challenge to the Nigerian economy,” Mansur stressed.

TBi Africa recalls that Otunba Niyi Adebayo, Minister of Industry, Trade and Investment, during the 50th Anniversary Celebration of MAN, stated that Nigeria’s manufacturing sector had actually come a long way, since the establishment of MAN.

Commending MAN for its contribution to the nation’s economic growth, especially the increase in manufacturing total outputs by over \$40 billion, for the last 20 years, he added that MAN has impacted labour by employing close to seven million Nigerians.

In his word, “We have seen amazing growth in the cement sector which has witnessed incredible growth in terms of producing enough capacity for local consumption and for exporting to neighboring countries. The outlook for the country’s manufacturing sector is extremely positive. For example,

the development of the private sector’s crude oil refineries and various other backward integration projects will ultimately yield significant benefits for the economy, and help to establish Nigeria as one of the top manufacturing economies in Africa.

“I am extremely proud of the role this association plays in ensuring that products manufactured by its members are of the highest standards. It’s my wish and expectations that the next 50 years will bring greater success and prosperity to Nigeria’s manufacturing sector.”

Echoing the same sentiment, the Minister of Finance, Hajia Zainab Shamsudeen Ahmed, acknowledged that the industrial sector plays a significant role in pulling the country out from trying times, such as the recessions and the COVID -19 pandemic.

“MAN, you have done well, and the ministry will continue to partner and encourage you in carrying out your duties. We will continue to work closely with MAN to see that manufacturers get all the support and assistance they need to carry out their duties,” she said.

## ...ideal PACKAGING SOLUTIONS? Think!



### KRISORAL & COMPANY LIMITED



Km 2, Onitsha-Atani Road,  
Harbour Industrial Layout,  
Onitsha, Anambra State, Nigeria.

[www.krisoral.com](http://www.krisoral.com)

+234 (0)8 033 636 363,  
+234 (0)8 090 497 698  
[info@krisoral.com](mailto:info@krisoral.com), [sales@krisoral.com](mailto:sales@krisoral.com),  
[krisoralsalesmanager@krisoralgroup.com](mailto:krisoralsalesmanager@krisoralgroup.com)

# ADVERT RATES

## HARD COPY

RATE	N=	K
Inside Front Cover	580,000	00
Back Cover	610,100	00
Inside Back Cover	551,850	70
Half Page Front Cover	320,175	50
Half Page Back Cover	300,750	00
Quarter Page Front Cover	175,950	85
Quarter Page Back Cover	160,800	65
Full Page	515,700	50
Half Page	265,000	90
Quarter Page	143,250	75
Centre Spread	1,450,270	00
WRAP AROUND		
Full Wrap	10,000,000	00
Full Front Page	6,000,000	00
Half Page Front	4,500,000	00

## ONLINE

ADVERT BANNER SIZE/LOCATION	1 Month	3 Months	6 Months
Leader board: Top.Header Banner - (728x90px)	N650,000	N950,000	N1,500,000
Bottom Banner - (728x90px) (Home page)	N600,000	N850,000	N1,000,000
Sidebar Ad - (500x250px)	N800,000	N900,000	N1,700,000
Article Top Ad - (468x60px) Ads on every article)	N150,000	N450,000	N500,000
Article Inline Ad - Banner - (468x60px)	N150,000	N350,000	N400,000
Article Bottom Banner - (468x60px) (Ads on every article)	N150,000	N350,000	N450,000

# OPENNESS REALLY OPENS DOORS

**THAT'S WHY WE PUBLISH OUR  
FINANCIAL AND OPERATIONS  
REPORT REGULARLY**



**Nigerian National Petroleum Corporation**