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# REMOVING BARRIERS TO INFLOW OF INVESTMENTS INTO NIGERIA'S OIL INDUSTRY


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# Editor's Note

**DR. NJIDEKA KELLEY**

Amidst various economic challenges facing the Nigerian country, ranging from double digit inflation to multiplicity of taxes (frequently lamented by manufacturers), massive infrastructural deficit and most recently one foreign exchange (FOREX) scarcity and ever rising exchange rate.

However, the fragile economy seems to have defiled every economic strategy that has been applied successfully in developed economies as recovery plan, especially in face of the 4th wave of Covid-19.

TBI Africa will continue to push the Nigerian government and her economic planners to adopt policies that are practicable in the country given its peculiar economic exigencies that are not necessarily in tandem with the western world.

This edition is packaged with the cover dwelling on the attraction of foreign direct investments (FDIs) into the oil and gas sector, as the industry operators agreed that the passage of the Petroleum Industry Bill (PIB) will boost the inflow of investments into the industry. To them, the PIB, which has been in the National assembly for the past decade and half, put investments on hold as investors were not certain about the safety of their funds and investments.

According to the Managing Director, Shell Petroleum Development Company of Nigeria and Country Chair, Shell Companies in Nigeria, Osagie Okunbor, the passage of the PIB will address the uncertainties that shroud investment decisions in the sector.

Okunbor said: "Just by removing this uncertainty that has been hanging over this industry for the past decade and half, it is a major milestone. I think all of us in this sector believe the government deserves commendations."

It is also heartening that Senator Albert Bassey, the Senate Committee Chairman on Petroleum Resources and also member of the PIB committee, said the host communities will take charge of the Host Community Fund, secure oil assets and operations in their areas. This is expected to end the hostilities in the host communities where offices, assets and operations of oil companies are often blocked for one demand or the other.

A detailed assessment of Mallam Mele Kyari second year scorecard as Group Managing Director, GMD of the Nigerian National Petroleum Corporation (NNPC) is loaded in this edition. He was officially inaugurated as the 19th Group Managing Director of the Nigerian National Petroleum Corporation (NNPC), on July 8, 2019, though, his appointment was announced much earlier in June.

When he took over, the astute geologist, transparency and accountability campaigner of the industry never left anyone in doubt as to the direction he has chosen in order to pilot the corporation and the industry to an enviable position, both locally and internationally.

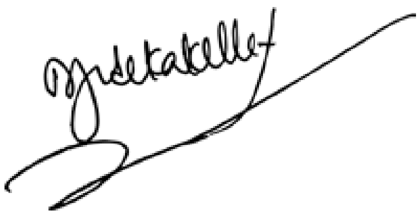
In the finance sector, the TBI Africa talks about the hope for the Nigerian economy in the second half of 2021, as it addressed issues such as CBN monetary policy amongst others.

Moreover, the real sector exposes the ill treatment of Republic of Benin to Nigerian manufacturers, who export and import goods through the land border, as over 4500 Nigerian owned trucks are trapped due to 100 percent duties charged. You will also see why the richest man in Africa, Alhaji Aliko Dangote deserves to be honored across the continent, how the Standards Organisation of Nigeria, SON has demystified it product registration processes.

The transport sector spoke in details the plans of the Federal Government to boost the economy via airport processing zones, while the important role of the Navy in deep blue project is also packaged in this edition.

The agri-biz speaks about various challenges causing food insecurity, as well as the story on herders lament, farmers excited as government completes irrigation project, amongst others.

These and many more are richly parked for your consumption in this edition and we are pleased you are glued to us.



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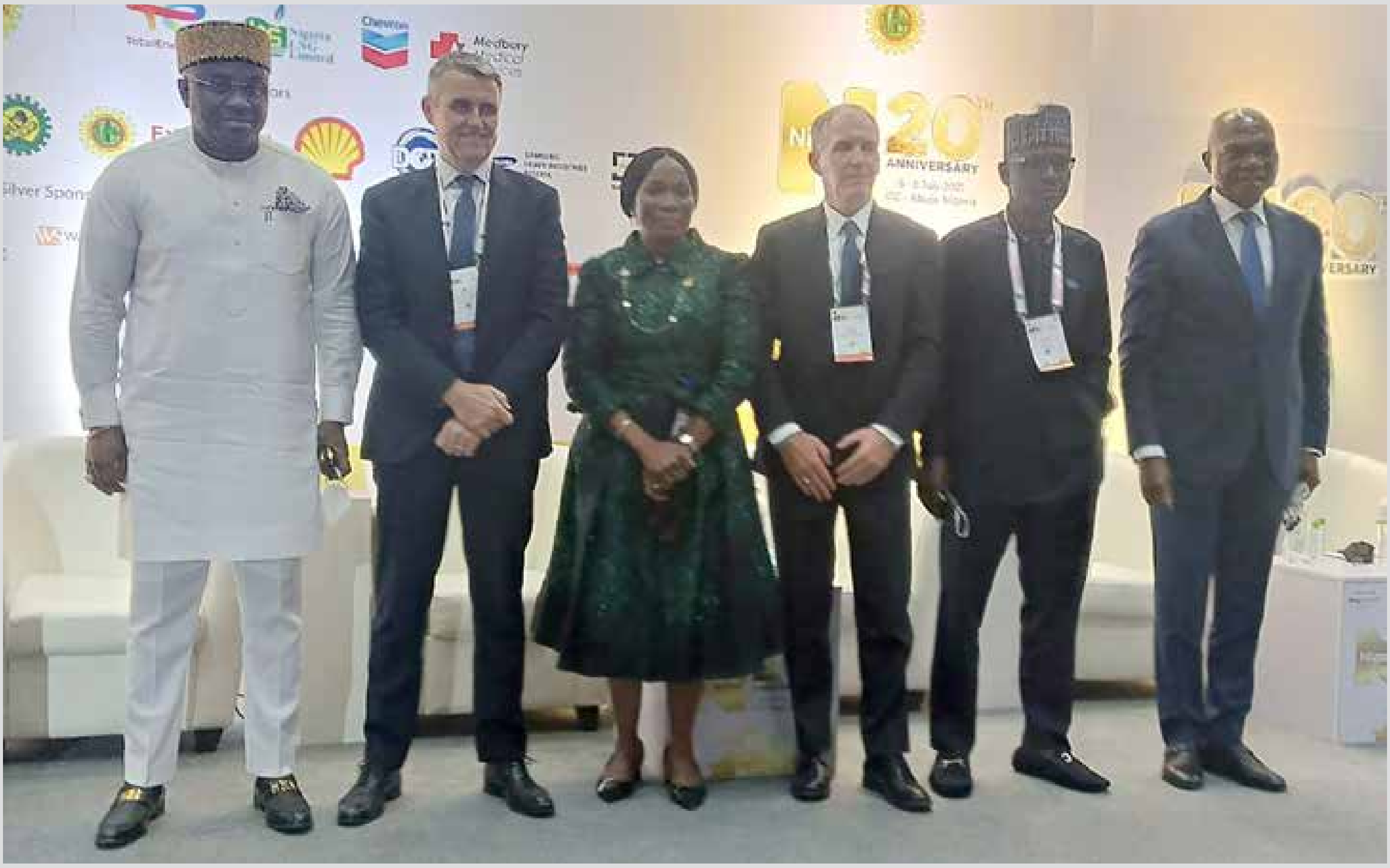


**From left: Chairman, Senate Committee on Petroleum Resources (Upstream) and member of the PIB committee, Senator Albert Bassey Akpan; Managing Director and Chief Executive of Total Upstream Companies in Nigeria, Mr. Mike Sangster; Principal Consultant, Reservoirs and Facilities, Solutions Limited, Mrs. Oluseyi Afolabi (the moderator); Chairman and Managing Director, Chevron Nigeria/Mid-Africa Business Unit, Richard Kennedy; Executive Director, Business Development, ExxonMobil Nigeria, Mr. Oladotun Isiaka; and Managing Director, The Shell Petroleum Development Company of Nigeria Limited and Country Chair, Shell Companies in Nigeria, Mr. Osagie Okunbor, at the Industry Leaders Panel at Nigeria Oil and Gas Conference in Abuja.**

# REMOVING BARRIERS TO INFLOW OF INVESTMENTS INTO NIGERIA'S OIL INDUSTRY

*For over a decade, the Nigerian oil and gas industry has suffered dearth of inflow of investment especially in the upstream arm of the industry. The amendment of the deepwater offshore and inland basin Act in 2019 further worsened a bad situation. But with the passage of the Petroleum Industry Bill (PIB) by both chambers of the National Assembly, which currently is awaiting harmonization, is there hope for inflow of the required investments in the industry?* ***EMEKA UGWUANYI*** *examines the issue and reports.*

For over a decade, no major investment has taken place in the upstream sector of the Nigerian oil and gas industry apart from Egina project. Investment in Egina was possible because it had been in the works for over two decades since the field was discovered in 2003 though the basic engineering studies began in 2008.

At the industry leaders panel during the Nigerian Oil and Gas conference and exhibition in Abuja in July, where the managing directors of oil majors in Nigeria and the National Assembly discussed the future outlook for investment in Nigeria's energy sector, it was revealed that the passage of the Petroleum Industry Bill (PIB) will not totally remove the barriers preventing the inflow of investments into the industry.

To the industry leaders, if the right PIB is passed, it will largely address the problems in the sector but noted that the issues of security especially at the host communities, infrastructure deficit, high cost of oil production, debilitating long contract cycle, among others, need to be addressed to ensure inflow of the desired investment into the sector. They also highlighted the need for regular collaboration, stakeholder engagement and involvement in industry matters between the government, National Assembly and the industry operators.

***If the right PIB is passed, it will largely address the problems in the sector but noted that the issues of security especially at the host communities, infrastructure deficit, high cost of oil production, debilitating long contract cycle, among others***

Speaking on the passage of the PIB was Senator Albert Bassey Akpan who is the Chairman, Senate Committee on Petroleum Resources (Upstream) and member of the PIB committee. To him, the feat attained by the National Assembly in the passage of the PIB is as a result of the collaboration and cooperation between the executive and the stakeholders in the oil and gas industry.

He said: "This is also the first time the executive, legislature as well as stakeholders have come to terms and reached consensus, I think that simple understanding and partnership has brought about the passage of the PIB by both chambers at the same time and the same day. It is was really heartening and now I start to wonder what the industry will say again for not attracting the required investments into the country's oil and gas industry.

"I believe that different versions of this Bill, like expected, is flying all over the place but we don't have to talk about that as members of the National Assembly until the harmonization of the two versions of the Bill that have been passed by the National Assembly. The two versions of the Bill, it would be recalled, were worked on by the Joint committee of the National Assembly, therefore, the harmonisation will not take long. To the investor, what he wants to see is how your law - the clarity and fiscal incentives will drive the investments. By investments, we

are looking at Nigeria in comparison with other climes where the investor can put his money. I can assure you that all the relevant stakeholders have seen the analysis of what we have passed and everyone is happy. One thing is to pass the law and another is for the law to achieve the desired objective. We carried along the operators of the industry, the international oil companies and Nigerian companies. We looked at all their sentiments and interests and come up with what we think will move the country forward."

He said the whole essence of the Bill is to deepen the industry, upstream and downstream, position and develop our gas as investment resource, and create value for the Nigerian people. The Bill is transparent, and for the host community, we want to ensure they take their destinies into their hands, as the host community funds will go straight to them.

"We are working with the operators to ensure that the host communities take charge of the funds and end hostilities in the Niger Delta region. With this, the host community will ensure the protection of the oil and gas assets in their areas and there will be no more blocking of offices and operations as the pace of development of their areas will be in their hands. We are so excited about the passage of the PIB especially as it happens in our own era."

***We are working with the operators to ensure that the host communities take charge of the funds and end hostilities in the Niger Delta region***

He assured that both chambers of the National Assembly will certainly address all the grey areas extant in both versions of the Bill, harmonise them to enable quick assent by the President, so the industry will move forward competitively.

For the Managing Director, The Shell Petroleum Development Company of Nigeria Limited and Country Chair, Shell Companies in Nigeria, Mr. Osagie Okunbor, he thanked the Executive – the Minister of State for Petroleum Resources, the Group Managing Director of the Nigerian National Petroleum Corporation (NNPC) for their efforts, and particularly the National Assembly for living up to their promise in passing the PIB imminently.

He said it has been 14 years and before I delve into the specifics of the Host Community Fund the Senator talked about, let me say that just by removing this uncertainty that has been hanging over this industry for the past decade and half, it is a major milestone. I think all of us in this sector believe the government deserves commendation especially as Senator Bassey assured the harmonization of the versions will be done shortly and the Bill sent for assent by the President and within the possible shortest time, we will have the law.

"For the players in the industry, you could almost not have a sensible discussion with your corporate organization on any investment decision without that uncertainty element coming in. Because, the will ask under which law are we taking this investment decision as you know the industry operates projects on multi-decades basis? There is almost no project you put forward that is less than 10 years in terms of life-cycle. So, having this law finally landed, is good for the industry and everyone that played a part in this, needs to be congratulated."

The other point is that I have been with this PIB for the better part of my career and severally when you mention it outside Nigeria, people laugh and say we have been through this before. One point I will make is that more than any time in the past, the industry has to be consulted. All of us on this side of the table have had cause to severally go the National Assembly around with the executive arm, in particular the Minister of State for Petroleum Resources and the Group Managing Director of the Nigerian National Petroleum Corporation (NNPC) to make our voices heard. We could never have agreed 100 per cent, otherwise it is no longer a discussion, but by and large, I will say certainly from my perspective, we are listening to where we still have one or two areas where we don't entirely agree in the course of looking at specific projects we did but this has been a Bill that has been well articulated, and we have been well consulted. I will say that certainly on my part. So, for us hopefully, when we see the final version of the Bill that has been harmonized, it should largely meet our expectations. That remains my personal expectation.

"On the specifics of the Host Community element of the Bill, I think Senator Albert Bassey made a very important point, which is, that our hosts play a central role particularly in our onshore of the Joint Venture (JV) operations. The host communities play a central role in the sustainability of our operations, not just in terms of protecting those assets that lie within their domains.

"This is because, once one of those assets is breached in any sense, it is not just the environmental consequences that you see, it is also the deferred production that result from this. I can tell you that our most important pipeline in the Delta – the Trans Niger Pipeline (TNP) and the reconciliation factor, which is the difference between what you put into the pipe and what arrives at the terminal, the reconciliation factor is around 56 per cent, which means 44 per cent of what goes into that pipeline disappears.

"This is material not just for Shell but it is even more material for the country. As you know, 90 per cent or more of oil that is produced in JV goes back to this country either via taxes or royalties, among others. I'm talking about the net after cost, so this country bleeds a bit.

"Therefore, if we get a bill right that incentivizes our host communities not just to stop blockages of our offices but very important to protect these critical oil and gas infrastructure within their domains when they can see that actually see they do benefit significantly from protecting and ensuring that oil that is produced safely gets to the terminal. I think we will all be better for it."

***Collaboration processes between the executive, National Assembly, industry and other stakeholders is important and will give many people the opportunity to contribute to the good of the industry***

The current Managing Director and Chief Executive of Total Upstream Companies in Nigeria, Mr. Mike Sangster, who was the Senior Vice President, Investor Relations of the company, also listed some of the issues that need to be addressed. To him, besides the passage of the PIB, there are some key issues that should be addressed for the industry to attract the requisite investments needed in the industry. These, he said, include security, infrastructure, cost, drastic reduction of contract cycle and some grey areas in the PIB, he believes, would be addressed at the harmonization of the final copy of the Bill.

Sangster said: "For the success in navigating this Bill through the National Assembly after many years, the National Assembly, the Minister of State for Petroleum Resources and the Group Managing Director of NNPC deserve credit for getting the Bill to this stage and we look forward to the harmonisation of the final version of the Bill.

"However, collaboration processes between the executive, National Assembly, industry and other stakeholders is important and will give many people the opportunity to contribute to the good of the industry.

"The desire of the industry is to have a Bill that will be a win-win for the industry and for the country. A Bill that will work for the industry and work for the country.

"Security is a major challenge and I hope the PIB will effectively address it as it contributes to the cost of doing business. Security is a huge challenge.

"Another is the issue of infrastructure. Government and industry regulators should deliberate around the development of infrastructure. This will encourage development of gas production and domestic gas demand.

"Cost is another factor to be addressed to attract investments. Nigeria has 37 billion barrels of oil reserves proven at the moment and optimistic two million barrels of oil production daily. At this level, it will take about 50 years to lift it. Energy transition is in the front burner to reduce carbon footprint, greenhouse gases and save the climate and environment globally. Nobody knows what demand for oil will look like in the future.

"Therefore, there is need for increase in investments in production of oil and gas to maximise value from the resources. Government and the regulator need to work together to draw down cost of production to attain industry optimization. We all need to look at how cost can be drawn down."

The Chairman and Managing Director, Chevron Nigeria/Mid-Africa Business Unit, Richard Kennedy, said apart from the key points touched by Osagie and Mike, which include security, infrastructure and cost, the industry needs to be applauded for managing and navigating through the Covid-19 pandemic and keeping production running.

He said: "I congratulate the National Assembly and the Executive for reaching this milestone in the passage of the PIB. They did a fantastic and tremendous job and it is exciting. We are looking forward to the final harmonized version of the Bill.

"Apart from the high degree of stakeholder engagement and involvement, we have a lot of work ahead of us. Attracting investment involves having a quality set of laws, policies and regulations.

***There is need for increase in investments in production of oil and gas to maximise value from the resources. Government and the regulator need to work together to draw down cost of production to attain industry optimization***

"How we managed the pandemic effectively, keeping the protocols and ensuring production runs smoothly is commendable. We need to give credit to our industry because it was extremely challenging for all of us globally.

"Coming out from the pandemic, we are facing headwinds, supply/demand, social and governance issues. Increasing gas production is important because it is a critical enabler. At Chevron Nigeria, we have been in the journey of gas utilization and monetization for over 10 years. We have reduced our gas flaring by over 95 per cent.

"The backdrop for attracting investment currently is complex, compelling and competitive. The increasing switch to energy transition, moving to lower carbon footprint, flare reduction and drawing down greenhouse formation, among others. We have a lot of work to do as an industry to optimise operation."

When asked about the impact on deepwater investment, the amendment to the Deepwater Offshore and Inland Basin Act in November 2019, which negatively affected the royalties and other benefits of the oil companies, and whether there is something the operator companies want the National Assembly to consider or harmonise, Kennedy said, he believes the PIB will address issues in the Act.

The Executive Director, Business Development, ExxonMobil Nigeria, Mr. Oladotun Isiaka, who represented his Chairman and Managing Director, ExxonMobil Nigeria, Richard Laing, disagreed that the amendment to the Deepwater Offshore and Inland Basin Act is reason for dearth of investment in the industry.

He said the much he can remember, investments into the industry had ceased in the last 10 years but expressed hope that with passage of the PIB, harmonization and assent by the President, most of the issues stalling inflow of investments into the oil and gas industry will be cleared.

The Group Managing Director, Nigerian National Petroleum Corporation, NNPC, Mallam Mele Kyari, also disclosed that investment in Nigeria's oil and gas industry has fallen by 30 per cent due to global challenges.

Kyari stated this at the official opening of the 2021 Nigeria Oil and Gas Conference. He pointed out that though the impact of the fall in investment is presently not seen, it would manifest in the next few years, noting that though finances for fossil fuel investments are dwindling due to energy transition, Nigeria and other developing economies would depend on hydrocarbon resources to power their economies in the coming decades.

He said: "Energy transition is not about movement from fossil fuel to renewable, its creating the right balance and there is this common mistake that in 2050, fossil fuel will go away and we will be dealing with renewables. That is not true, it is very far from the truth.

"For us as a developing country, energy resource-dependent country, we know for sure that beyond 2050 that oil will be relevant for us. Today we are in deficit of infrastructure, power and many other things but so much good works are going on but the fact remains that there is deficit here.

"All the engagements around electric vehicle even in terms of carbon zero objectives probably is very questionable if even it is the solution to carbon zero-emission, so many things are happening.

"Post realities will come up in the next five years and we will have to deal with it but for us we know for sure that things have changed; financial institutions have changed their priorities, some of them have stopped lending to energy borrowings, among other.

"Yes it may be for the moment, they may come back to the realities probably in another five years but the reality today is you can't find easy financing for fossil fuel related businesses".

However, despite the energy transition policy, the demand for crude oil is still there, he added. "For every forecast that we have including updates from many other institutions that are not in this business, everybody says even if by 2050 we still have oil demand of about 100 million barrels, you will see growth.

***All the engagements around electric vehicle even in terms of carbon zero objectives probably is very questionable if even it is the solution to carbon zero-emission, so many things are happening***

Meanwhile, the President of the Senate, Ahmad Lawan had since the beginning of July constituted a seven-member committee to harmonise the differences in the versions of the PIB, passed by both chambers of the National Assembly.

The Speaker of the House of Representatives, Femi Gbajabiamila, had also constituted a conference committee to harmonise the differences in the versions of the Petroleum Industry Bill passed by the Senate and the House of Representatives.

The Senate Leader, Yahaya Abdullahi (APC, Kebbi North), would lead the conference committee of the Senate. Other members of the panel include, senators Sabo Nakudu (Jigawa North East), Albert Bassey (Akwa Ibom), Danjuma Goje (Gombe), Opeyemi Bamidele (Ekiti Central), Stella Oduah (Anambra), and Gabriel Suswan (Benue).

Lawan assured the conference committee would commence sitting immediately so that the National Assembly could transmit the harmonized Bill to President Muhammadu Buhari for assent

The House of Representatives harmonization committee is led by the Majority Whip, Mohammed Monguno, as chairman. Other members include Victor Nwokolo, Ademorin Kuye, Kingley Uju, Tijjani Yusuf, Ibahim Hamza and Mansur Soro.

Most prominent among the clauses to be harmonised is the royalty to host communities in the petroleum sector. While the Senate approved three per cent, the House of Rep agreed on five per cent.


# DESPITE PASSAGE, CONTROVERSY TRAILS PIB

*After about two decades in the National Assembly, the Petroleum Industry Bill (PIB) was finally passed on July 1, 2021, amidst controversy, **Olamilekan FAWAS** reports.*

Some Nigerians are still kicking against some sections of the Petroleum Industry Bill as passed by the National Assembly.

For instance, the creation of two different regulators for the industry, namely, the Nigeria Midstream and Downstream Petroleum Regulation Authority and the Nigeria Upstream Regulatory Commission is seen as counterproductive.

The upstream sector is to be overseen by the Nigerian Upstream Regulatory Commission while the midstream and downstream sectors would be under the oversight of the Nigerian Midstream and Downstream Petroleum Regulatory Authority.

But according to a petroleum industry analyst, Sadiq Alabi, this will breed confusion and cause regulatory disunity, as well as waste the country's scarce resources.

He said the downstream, midstream and upstream sectors were part and parcel of one industry. He added that many players in the industry operated in more than one sector; hence having them constantly liaising with two different regulators is unnecessary.

It is believed that the bill, if signed into law, would be the solution to the myriad of problems facing the petroleum industry in the country.

The bill also gives the minister of petroleum the power of a general oversight over the petroleum industry, even as the two agencies are required to report to him.

Specifically, the minister is empowered to formulate, monitor and administer federal government's policy over the petroleum industry.

However, there are important deviations from the general powers of the minister as hitherto granted under the previous regime. For example, the minister's former unfettered, sole discretion and power to grant or revoke oil licences have been curtailed. But he will continue to exercise a significant influence in the industry.

Also worthy of note is the 1 per cent levy to be imposed on the wholesale prices of petroleum products in Nigeria. The intention of the PIB is to move away from regulated prices to those determined by market forces. However, a multiplicity of levies and charges may act to distort that reality.

Another salient point is the commercialisation of the Nigerian National Petroleum Commission (NNPC) as the Nigerian National Petroleum Company Limited (NNPC Limited).

Section 53 directs that the minister would, within six months of the commencement of the PIB, incorporate the NNPC Limited in the Corporate Affairs Commission (CAC). The shares are to be held by the Ministry of Finance, incorporated on behalf of the federal government.

The bill provides that the ministers of petroleum and finance are to determine which assets, interests and liabilities of the current statutory the NNPC are to be transferred to the NNPC Limited. Assets, interests and liabilities not transferred to the NNPC Limited would continue to be held by NNPC until they are extinguished or transferred to the government, upon which it would cease to exist.

Section 58 indicates that the Board of the NNPC Limited is to be constituted in accordance with the provisions of the Companies and Allied Matters Act (CAMA) and the company's articles of association.

**Buhari's assent will end subsidy – Sylva**

The Minister of State for Petroleum Resources, Chief Timipre Sylva, said President Muhammadu Buhari's assent to the PIB would automatically end fuel subsidy as

***Senate President, Ahmad Lawan***

market forces would determine the prices of fuel and allied products.

Speaking on subsidy payment, the minister said the federal government would have removed subsidy long ago if not for opposition.

He also said Nigeria would make a lot of revenue from crude oil, which, according to him, would not go away soon.

He said oil would continue to be needed to power global economic growth to eradicate poverty, which is still prevalent worldwide.

He added that the stabilising role of the Organisation of Petroleum Exporting Countries (OPEC) in oil market for the

# DIAGNOSING PIB AND ITS

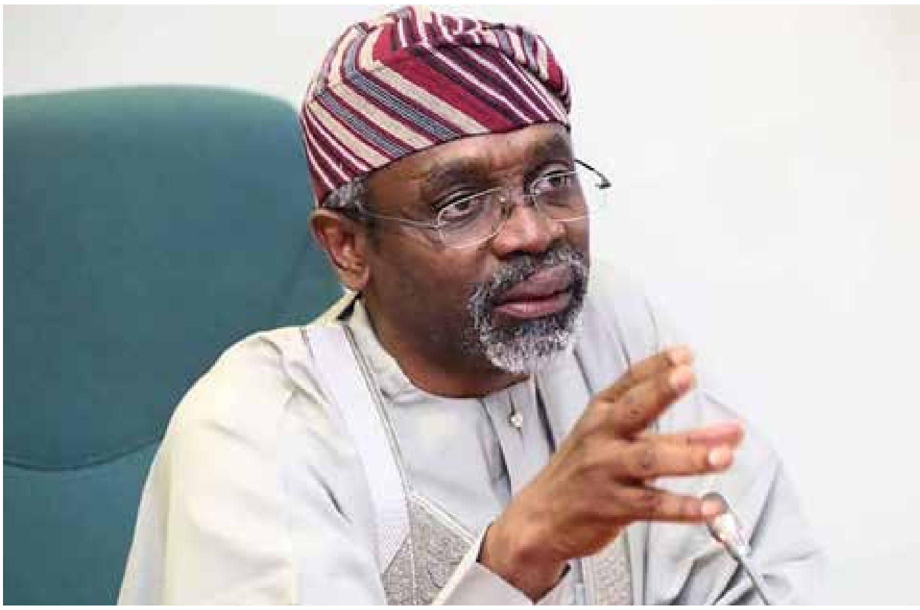
*Amid unending controversies that have continued to trail the Petroleum Industry Bill (PIB) passed earlier this month by the National Assembly, experts in leading consultancy firms have x-rayed the Bill, noting important changes and what it offers the country. The PIB awaits harmonisation by the legislature,* **Olamilekan FAWAS** *reports.*

The efforts at passing the Petroleum Industry Bill (PIB) cannot be forgotten. This is, because, on three occasions, at the National Assembly, under various leaderships, it failed to see the light of day. This is why stakeholders insist that efforts of the Upper House leadership in passing the Bill are commendable.

But, since its July 1, passage, discordant tunes have continued to trail the document, as various interests groups have either criticised or rejected certain provisions in the Bill.

Experts and other stakeholders that have taken a critical look at the document are convinced that while the PIB 2020 may appear set to address all industry issues to the extent possible, it is imperative to ensure that the country does not just pass any law but one that is competitive, balanced, fair, reasonable and realistic.

For instance, a Partner & Head, Tax-Energy & Natural Resources and Managed Services, KPMG, in Nigeria, Adewale Ajayi, writing in his firm's journal, noted that for the past 20 years, there have been various attempts at reforming the industry. However, none of the efforts, he contended, yielded result until the introduction of the



*Speaker, House of Representatives, Femi Gbajabiamila*

benefit of all stakeholders would continue to be required in the years ahead.

He said: "Nigeria as a key player in the industry will continue to lend full support to the efforts of the organisation to balance the oil market for the benefit of all. Nigeria's membership of the OPEC is very important as it helps in strengthening shared values and protecting the group interest in the light of the above narratives.

**Experts speak**

But an expert in the industry, Jerry Lazarus, said the passed PIB may spell doom. "I have some concerns about certain provisions of the bill as it affects the downstream. While the bill removed price control on petroleum products in section 205, Senate's version has a clause that constrains market competition by restricting importation of products to only players with local refining capacity. This clearly counters the provision of 205(1).

"I think the provisions would create a duopoly in a deregulated price environment, thereby destroying the Nigerian downstream industry as we know it today. It limits the importation of all petroleum products, including fuel, diesel, aviation fuel, lubricants, base oil (products which are already deregulated), to only players with local refining capacity.

"In the near term, only the NNPC and Dangote will have domestic refining capacity for fuel, for instance, so they will be the only importers. This takes the industry back, so it could not have been the intention of the bill.

"Moving from a state-owned monopoly in a price-regulated market to a duopoly in a deregulated one is taking the industry backward and exposing Nigerians to exploitation and further hardship. This, in my humble view, is not reformatory," Lazarus said.

He said that rather than seek to protect refiners, consumers should be protected by liberalising and expanding supply sources, adding that it is the only way prices would be "market determined" and consumers pay fair value for the products they buy.

According to him, the viability of local refining is not determined or enhanced by locking out competition; it is rather achieved by price deregulation, which has been done in section 205.

He further said: "This clause gives statutory unfair advantage to private players rather than through market competition. Indeed, the law and the authorities have an obligation to protect the market (other players, including Nigerian entrepreneurs) and the consumers rather than encourage monopoly/duopoly by locking out competition.

"This clause does not create a level-playing field for all players in the sector, and can indeed destroy existing Nigerian businesses that engage in importation of other petroleum products like diesel, aviation fuel and others, with the attendant loss of jobs and more economic misery for Nigeria and Nigerians.

"Governments all over the world do not create and encourage monopolies or duopolies; that is why anti-trust laws are

# IMPLICATIONS

PIB 2020.

"The PIB started as an omnibus bill and was later divided into four separate bills before emerging in 2020 as a consolidated bill. It is a fact that previous attempts at passing the PIB in 2009, 2012 and 2018 failed because of factors such as lack of ownership, misalignment of interests between the National Assembly and the Executive, perceived erosion of ministerial powers, stiff opposition by the petroleum host communities and push back by investors on the perceived uncompetitive provisions in those versions of the bill," Ajayi wrote in the publication.

**Can the PIB 2020 achieve these objectives?**

For Ajayi, one thing is clear – the government has tried to strike a balance between immediate revenue demands and the need to attract long-term investment for the industry. This, he noted, has become extremely crucial when it is considered that only four per cent of the $70 billion investments made in Africa's oil and gas industry between 2015 and 2019 was for Nigeria, though it is the biggest producer and has the largest reserves on the continent. Besides, the National Bureau of Statistics (NBS) reports that only $53.5 million or 0.55 per cent of total investment of $9.680 billion in the country last year was made in the industry.

Ajayi, therefore, maintains that if the country is to achieve her ambition of 40 billion barrels of oil in reserves and four million barrels of oil daily, there is the need to attract new investments into the sector.

"The oil in the ground is of no use to the country if it cannot monetise it. Therefore, the PIB must lead to a massive transformation of the industry and succeed in enacted and enforced to protect industries and consumers. Nigeria should not be doing the reverse. A case can always be made about protectionist policies for nascent or pioneer industries, but this is not the case with a long established, once-thriving Nigerian downstream.

"This clause needs to be expunged from the PIB."

Economic and petroleum industry experts have also said the 30 per cent share of profits for the oil and gas exploration is too high at a time Nigeria is complaining of shrinking revenue.

The experts said if 30 per cent was used solely for exploration at this time, other infrastructural development would suffer.

An Abuja-based economic expert, Simon Samson Galadima, said the 30 per cent of oil revenue for exploration seemed like a wild goose chase because that chunk shouldn't be used for that purpose at a time the world is moving towards renewable energy.

***Minister of State for Petroleum Resources, Timipre Sylva***

Suraj Oyewale also said exploration activities required a lot of money with varying degrees of success, but that is difficult to justify committing such amount of money from potential government revenue to such venture at a time the government is complaining of low revenues to finance its activities.

"It should also be noted that the base of this frontier exploration fund computation is not the full proceeds from sale of crude.

attracting the desired investment required to reposition the industry. Hopefully, the provisions of the PIB will be enough to stimulate the desired investment though it has not addressed the issue of energy transition from fossil fuel to clean energy," Ajayi submitted.

**What has changed?**

Dissecting the PIB 2020, Pricewaterhouse-Coopers (PwC), an accounting, tax and audit consultancy firm, broke it down to providing legal, governance, regulatory and fiscal framework for the Nigerian petroleum industry and development of host communities.

The PIB, it further noted, contains five chapters, 319 sections and eight schedules dealing with Rights of Preemption; Incorporated Joint Ventures; Domestic Base Price and Pricing Framework; Pricing Formula for Gas Price for the Gas Based Industries; Capital Allowances; Production Allowances and Cost Price Ratio Limit; Petroleum Fees, Rents and Royalty and Creation of the Ministry of Petroleum Incorporated.

In comparing notes from the previous efforts, PWC established 20 key changes to the PIB 2020, thus:

**Chapter 1 – Governance and Institutions**

The key objective is ensuring good governance and accountability, creation of a commercially oriented national petroleum company, and fostering a conducive business environment for petroleum operations.

Creation of the Nigerian Upstream Regulatory Commission responsible for the technical and commercial regulation of the upstream petroleum operations; and the Nigerian Midstream and Downstream Petroleum Regulatory Authority responsible for the technical and commercial regulation of the midstream and downstream operations in Nigeria. The Commission and Authority are exempted from the provisions of any enactment relating to the taxation of companies or Trust Funds

Imposition of up to one percent levy on the wholesale price of petroleum products sold in the country (0.5 percent each for the Authority Fund and Midstream Gas Infrastructure Fund)

Incorporation of a commercial and profit focused NNPC Limited under CAMA within six months from commencement of the new law with ownership vested in the Ministry of Finance Incorporated (and Ministry of Petroleum Incorporated) on behalf of the Federation to take over assets, interests and liabilities of NNPC. This structure is expected to pave the way for eventual sale of shares to Nigerians.

Any assets, interest and liabilities not transferred to NNPC Limited will remain with NNPC until extinguished or transferred to the government after which NNPC shall cease to exist. Transfer and sale of the shares are subject to approval by the government and endorsement by the National Economic Council.

NNPC Limited will earn 10 per cent of proceeds of the sale of profit oil and profit gas as management fee while 30 per cent will be remitted to Frontier Exploration Fund for the development of frontier acreages in addition to 10 per cent of rents on petroleum prospecting licences and mining leases.

**Chapter 2 – Administration**

The main objective is to promote the exploration and exploitation of petroleum resources in Nigeria for the benefit of the Nigerian people and promote sustainable development of the industry, ensure safe, efficient transportation and distribution infrastructure, and transparency and

The base is profit of oil or gas, which is determined after removing royalty, cost recovery and tax from the proceeds or value of oil or gas. So it does not mean that government is committing 30 cents from every one dollar realised from the sale of crude to this project. But 30 per cent of oil profit or gas is still a huge financial commitment to one activity. So the governors have a valid point on this," Oyewale said.

On the three per cent fund for host communities, he said he would recommend an even lower rate for them.

Another petroleum industry expert, Charles Osezua, also said the PIB may not make a big difference as was originally envisioned by its authors. He, however, said, "But I must say that its passage brings certainty to decision making, which is critical for any investor.

***Indeed, oil will not simply vanish but consolidate and cost-optimise as the world favours renewable energy mix. While we try to remain relevant in the resource market, it is time for Nigeria to grow beyond resources to the manufacturing and service market***

Osenzua said the major incentives of the bill would affect existing players and reduce taxes and royalties in a bid to spur investment.

He said: "One silver lining is the disincentive built in for gas flaring. Nonetheless, more has to be done to incentivise gas development as key to powering the next decade of Nigeria's fortunes.

"Indeed, oil will not simply vanish but consolidate and cost-optimise as the world favours renewable energy mix. While we try to remain relevant in the resource market, it is time for Nigeria to grow beyond resources to the manufacturing and service market. And natural gas is the link and engine for that growth."

accountability in the administration of petroleum resources in Nigeria.

Avoid economic distortions and ensure a competitive market for the sale and distribution of petroleum products and natural gas in Nigeria; and avoid cross-subsidies among different categories of consumers.

The Commission is required to develop a model licence and model lease to include a carried interest provision giving NNPC Limited the right to participate up to 60 per cent in a contract.

**Chapter 3 – Host communities development**

The main objective is to foster sustainable prosperity within host communities, provide direct social and economic benefits and enhance harmonious co-existence.

Any company granted an oil prospecting licence or mining lease or an operating company on behalf of joint venture partners (settlor) is required to contribute three – five per cent (upstream Companies) and two percent (other companies) of its actual operating expenditure in the immediately preceding calendar year to the host communities development trust fund. This is in addition to the existing contribution of three percent to the NDDC. The Fund is tax exempt and any contributions by a settlor is tax deductible.

Board of trustees and executive members of the management committee may include persons of high integrity and professional standing who may not necessarily come from any of the host communities.

Available funds are to be allocated 75 per cent for capital projects, 20 per cent as reserve and five per cent for administrative expenses. However, a community will forfeit the cost of repairs in the event of vandalism, sabotage and other civil unrest causing damage to petroleum facilities or disruption of production activities.

**Chapter 4 – Fiscal framework**

The key objective is to establish a progressive fiscal framework that encourages investment in the Nigerian petroleum industry, provides clarity, enhances revenue for the government while ensuring a fair return for investors.

FIRS to collect Hydrocarbon Tax of 15 per cent – 30 percent on profits from crude oil production, CIT at 30 per cent and Education Tax at two per cent, which will no longer be tax deductible. The Commission will collect rents, royalties, and production shares as applicable while the Authority will collect gas flare penalty from midstream operations. Late filing of tax returns will attract N10million on the first day and N2million for each subsequent day the failure continues. A N20 million fine is applicable to an offense where no penalty is prescribed.

Generally, expenses must be wholly, reasonably, exclusively and necessarily incurred to be tax deductible. However, a cost price ratio limit of 65% of gross revenue is imposed for hydrocarbon tax deduction purposes, any excess cost incurred may be carried forward.

No tax deduction for head office costs while tax deduction of interest on monies borrowed is subject to the satisfaction of the commission that the fund was employed for upstream operations and the interest rates reflect market conditions.

Royalties are payable at the rates of 15 percent for onshore areas, 12.5 percent for shallow water, and 7.5 percent for deep offshore and frontier basins, 2.5 percent – 5 percent for natural gas. In addition, a price-based royalty ranging from zero to 10 percent is payable to be credited to the Nigerian Sovereign Investment Authority.

Gas utilisation incentive will apply to midstream petroleum operations and large-scale gas utilisation industries. An additional five-year tax holiday will be granted to investors in gas pipelines.

**Chapter 5 – Miscellaneous provisions**

The PIB repeals about 10 laws including the Associated Gas Reinjection Act; Hydrocarbon Oil Refineries Act; Motor Spirit Act; NNPC (Projects) Act; NNPC Act (when NNPC ceases to exist); PPPRA Act; Petroleum Equalisation Fund Act; PPTA; and Deep Offshore and Inland Basin PSC Act. It amends the Pre-Shipment Inspection of Oil Exports Act while the provisions of certain laws are saved until termination or expiration of the relevant oil prospecting licenses and mining leases including the Petroleum Act, PPTA, Oil Pipelines Act, Deep Offshore and Inland Basin PSC Act.

# ASSESSING KYARI'S SECOND YEAR SCORECARD AS GMD OF NNPC

By Abisola THOMPSON

Group managing director of the Nigerian National Petroleum Corporation (NNPC), Mallam Mele Kyari, had just marked his second year as the chief driver of the oil and gas industry in the country.

He was officially inaugurated as the 19th Group Managing Director of the Nigerian National Petroleum Corporation (NNPC), on July 8, 2019, even though, his appointment was announced much earlier in June.

When he took over, the astute geologist, transparency and accountability campaigner of the industry never left anyone in doubt as to the direction he has chosen in order to pilot the corporation and the industry to an enviable position, both locally and internationally.

So looking at his activities two years down the road, his actions and strides vis-à-vis the key objectives he set out for himself at his inauguration would give a clear picture of his achievements in the last two years.

**Upstream**

Starting with the Upstream, one of the goals he set at his inauguration was to increase the national crude oil reserves to 40billion barrels. To achieve that goal, the he galvanized NNPC to rev up exploration work in the inland basins with the drilling of the Kolmani River II Well culminating in oil find in commercial quantity in the Upper Benue Trough. The drilling of Kolmani River III Well is ongoing with very high prospect of oil find. Seismic data collection is ongoing in the Bida and Sokoto Basins. Plans are also afoot to re-launch the exploration work in the Chad Basin. All these are geared towards boosting the nation's crude oil reserves to meet the 40billion barrels target.

Another goal set by Mele Kyari is to boost the nation's oil production to three million barrels per day. To achieve that target, he immediately set about resolving disputes around a number of oil blocks that had led to production shut-in. A case in point is the resolution of the dispute involving Shell and Belema Oil that shut in over 30,000 barrels per day production in oil mining lease (OML) 25. That dispute was effectively resolved to restore production in the oil block.

He also led the Corporation to execute the Abo OML 125 Heads of Terms leading to the resolution of the issues around most of the deep offshore Production Sharing Contracts (PSCs). This paved the way for the renewal of OML 125 and further investment in the exploration of the lucrative field to boost the nation's crude oil production.

Recently, in May 2021, Mallam Kyari repeated a similar feat when he led the Corporation to sign a series of agreements with SNEPCo and other PSC partners to resolve the disputes around another deep offshore block, OML 118, leading to the renewal of that acreage with the prospect of a new $10billion investment in the development of the Bonga South-East Field. This will further boost the nation's oil production.

In furtherance of the goal of boosting the nation's crude oil production, the Mele Kyari-led management has secured a number of alternative funding facilities for the NPDC and some of the Joint Ventures to facilitate further development of assets. These include: the N875.75million NPDC OML 65 Alternative Funding and Technical Services package with CMES-OMS Petroleum Development Company, the $3.15billion Alternative Financing Package with Sterling Exploration and Energy Production Company Limited (SEEPCO) and other partners for the development of NPDC's OML 13.

First oil of about 7,900bpd was achieved from the project on 1st April, 2020, while production is expected to peak at 94,000bpd of oil and 542 million standard cubic feet per day (mmscfd) of gas within four years.

**Gas development**

On gas development, the NNPC has focused heavily on the gas sector in keeping with the aspiration of the administration to diversify the economy by transforming the nation into a gas driven economy.

In this regard, NNPC drove and achieved the Final Investment Decision on the NLNG Train 7 Project in December 2019. The project was on the drawing board for over 10 years. The project is expected to generate over $20billion of revenue to the Government over the project's lifecycle, 10,000 direct and 40,000 indirect jobs.

The Corporation followed that feat up in May 2020, at the heat of the Covid-19 pandemic, with the signing of the Engineering, Procurement and Construction (EPC) contract of the NLNG Train-7 project. The contract was signed with the SCD JV Consortium comprising affiliates of Saipem, Chiyoda and Daewoo.

The execution of the EPC contract signals the effective commencement of the detailed design and construction phase of the multi-billion dollar project which, on completion, is expected to raise the NLNG production capacity by 35 per cent from the current 22 million tonnes per annum (MTPA) to 30 MTPA.

Following the successful tiding up of preliminary works, the stakeholder of the company decided to carry out the ground breaking of NLNG train 7 project on 15th June, 2021, thus signaling the commencement of construction work on the project.

Under the watchful eyes of Mele Kyari, NNPC also successfully flagged-off the construction of the Ajaokuta-Kaduna-Kano (AKK) gas pipeline project on 30th June, 2020. The project which has been described by the President as a game-changer is an integral part of the Trans-Nigeria Gas Pipeline (TNGP) with a capacity to transport about 2.2billion cubic feet of gas per day.

The infrastructure designed to feed gas into the AKK – the Escravos Lagos Pipeline System II (ELPS II) and Oben-Obiafu-Obrikom (OB3) gas pipeline are also being aggressively executed and expanded to increase delivery capacity from 1.5BCF/D to over 3.5BCF/D. The ELPS II has reached 96.34 per cent completion.

Through his doggedness and the share desire to ensure Nigeria gets the highest value, he ensure that the Corporation to achieve a $300million reduction in the cost of the AKK Gas Pipeline contract via contract renegotiation from the initial $2.8billion.

In additional to the major strides in the gas sector, the sector also witnessed in late 2020 the commissioning of the Oredo Integrated Gas Handling Facility (IGHF) and the Liquefied Petroleum Gas Storage and Dispensing Unit. The facilities are wholly owned and constructed by the Nigerian Petroleum Development Company (NPDC) to address domestic gas supply challenges. The facilities currently deliver over 200 million standard cubic feet of dry gas per day and 330 metric tonnes of Liquefied Petroleum Gas (cooking gas) which is equivalent of 16 units of 20tonnes LPG trucks per day into the domestic market.

In order to provide an alternative to Premium Motor Spirit (petrol) as the sole automotive fuel and reduce the huge importation bill of the product, he led NNPC to key into the Year /Decade of Gas initiative spearheaded by the Honorable Minister of State for Petroleum Resources to launch the Autogas initiative. It executed a JV agreement with NIPCO to help in the marketing and distribution of the product to get as many Nigerians as possible to migrate to the use of gas as automotive fuel.

The NNPC boss heralded 2021 with a significant step in the direction of bringing the proposed Brass Gas Hub into reality. He led NNPC to take the Final Investment Decision (FID) with the Brass Fertilizer and Petrochemical Company for the $3.6bn Brass Methanol Plant in Odioma, Bayelsa State.

He followed that feat up a few weeks later with the signing of a $260m financing agreement for the Assa-North Ohaji South (ANOH) Gas Project with Seplat. The project will deliver 300 million standard cubic feet of gas per day and 1,200 megawatts of electricity to the domestic market.

On 22 April, 2021, NNPC executed a Gas Development Agreement (GDA) for the Oil Mining Lease (OML) 143 with its partner, Sterling Oil Exploration and Production Company (SEEPCO). The project will boost the nation's gas production by 1.2trillion cubic feet (tcf).

The Corporation also secured the United State Trade and Development Agency (USTDA) Grant and commenced the upgrade of 1350MW Abuja IPP project development to World Bank Standard for bankability.

**Downstream**

NNPC's downstream operation is also experiencing the Kyari's Midas touch with the introduction of Operation White which has helped in streamlining petroleum products importation, supply and distribution across the country.

As the sole importer of petroleum products in the country, NNPC has succeeded in keeping the nation well supplied. NNPC has emplaced a stable fuel supply system to guarantee zero fuel queues throughout the country in the last two years of Kyari.

The Corporation is in the process of strengthening the products distribution system by revamping the pipeline network through a Build, Operate and Transfer (BOT) model whose process is already at an advanced stage.

The vision of revamping the pipelines is in tandem with the Refineries Rehabilitation Project to ensure that products evacuation facilities are in top shape to support the operations of the refineries post-rehabilitation in 2023.

Keen on boosting petroleum products supply and distribution in riverine areas of the Niger Delta, Mele Kyari led NNPC to sign an agreement with the Nigerian Content Development and Monitoring Board (NCDMB) and Zed Energy for the construction of the N10.5bn Brass Petroleum Products Terminal. The facility will serve as a strategic reserve for the country as it is expected to provide a depot for 50 million litres of petroleum products, two way product jetty, automated storage and automated bay for AGO, PMS, DPK and ATK. It will close the infrastructure gap in the distribution of petroleum products and also help to stop illegal refining activities.

**Refineries rehabilitation**

Another goal that the GMD set for his management at inauguration in 2019 was the rehabilitation of the refineries. He has made good on that promise by driving the rehabilitation project to an advanced level. On 6th April, 2021, he led NNPC to sign the $1.5billion Engineering, Procurement & Construction (EPC) Contract Agreement with Tecnimont SpA, for the complete rehabilitation of Port Harcourt Refinery.

He led NNPC and the contractor, Tecnimont SpA, to flag off construction work on the Port Harcourt Refinery rehabilitation project.

He is in the process of making good his promise to introduce a new operational model for the refineries post-rehabilitation with the call for bids for the Operations & Maintenance (O&M) contract for the refineries advertised recently in the media. The O&M model would ensure that the refineries are managed by contractors with requisite experience who would ensure that they are regularly maintained as and when due.

WRPC and KRPC EPC contracting has progressed to advanced stage with a certificate of no objection secured from BPP on the award of the contract. Currently awaiting FEC approval of award to the most technically and commercially qualified globally reputable EPC Company.

**Transparency**

One of the issues the NNPC boss spoke passionately about during his inauguration was Transparency and Accountability. He emphasized that transparency and accountability would be the cardinal pillars of his management. He promptly followed up his inaugural pronouncement with the launch of his management's strategic objectives two weeks later. He christened it as Transparency, Accountability and Performance Excellence (TAPE). Since then, he has walked the transparency and accountability talk by opening up

the books of the Corporation the way no other management before his has done. The key accomplishments in this regard include:

The publication of the 2018 and 2019 Audited Financial Statements of the Corporation and its 19 subsidiaries registered under the Companies and Allied Matters Act (CAMA) 1990 as amended alongside that of the National Petroleum Investment and Management Services (NAPIMS) to provide clarity on Joint Venture finances. The AFS were published in the Corporation's website for all interested parties to access and scrutinize. This is the first time the Corporation's AFS were made public in such a manner.

A major revelation in the Audited Financial Statements of the two years so far published is the 99.7% reduction of the Corporation's loss profile from ₦803billion in 2018 to ₦1.7billion in 2019. Following this trajectory, the Corporation is likely to declare profit in the 2020 AFS which is billed to be released soon.

The Kyari-led management also sustained the Publication of the Corporation's Monthly Financial & Operations Reports (MFOR) in line with the TAPE vision. NNPC remains the only national oil company that publishes its financial and operations reports monthly globally.

The GMD also led the Corporation to enlist with the Global Extractive Industry Transparency Initiative as an EITI Supporting Company which mandates places NNPC in the group of over 65 extractive companies, state owned enterprises that commit to observing transparency and accountability standards defined by EITI.

Another key achievement of the NNPC under the leadership of Kyari on the transparency terrain is the successful completion of a controversy-free recruitment exercise for 1,000 young graduate trainees to rejuvenate the Corporation's talent mix.

**Stakeholders' engagement**

Mele Kyari also promised at his inauguration to upscale engagement with stakeholders to ensure that stakeholders are carried along in the Corporation's operations. He has kept faith with this pledge by devoting time to honour invitations from the relevant committees of the National Assembly, holding periodic engagement sessions with critical stakeholders including the media.

**COVID -19 Interventions**

Following the outbreak of the Covid-19 pandemic in early 2020, the Group Managing Director quickly realized the vulnerable position of Nigeria with regard to condition of the existing healthcare system in the country. He rallied players in all the sectors of the oil and gas industry to raise over N21billion to support the fight against the spread of the disease in the country.

Under the leadership of NNPC, 26 per cent of the fund was deployed for the provision of logistics and in-patient support equipment such as ambulances, ventilators, isolation centres, among others. He ensured that every state of the Federation benefitted from the donations.

Twenty-one per cent of the sum was deployed for the provision of medical consumables. These include drugs, sanitizers, masks, protective gears and equipment, etc. These were also donated to all the states of the Federation.

# LOCAL CONTENT KEY TO JOB CREATION AND DEVELOPMENT, SAYS SANGSTER

## •COMMITTED TO ENVIRONMENT, WELLBEING OF OUR HOST COMMUNITIES

*TotalEnergies is one of the leading oil majors in Nigeria's oil and gas industry, and is committed to creating real value for all stakeholders in fulfillment of its socio-economic and environmental obligations. The company prioritises sustenance of local content as key to job creation and development of Nigeria's oil industry. It is also committed to the environment and wellbeing of the people where it operates,* ***OLAMILEKAN FAWAZ*** *reports.*

As the government works to wean the country of importation of unnecessary technologies and expatriates, the Managing Director of Total Upstream Companies in Nigeria, Mr Michael Sangster, had called for the sustenance of local content to help the growth of the oil and gas sector in Nigeria.

Sangster stated this at the Chief Executive Officers roundtable in Abuja, adding that the Local Content Act had helped them make more impact in-country. He explained that the Nigeria oil industry became proactive with the introduction of local content act, adding that with it should be sustained as efforts are being made to transit to cleaner energy.

He said: "The Industry has been proactive with the Local Content Act. The Act has aided the establishment of indigenous companies and creation of Jobs. The Egina project is a good product of local content and we are very proud of it because 70 per cent of the fabrication was done in-country and they are quality and the facility is working well."

He urged the government to invest a good percentage of its revenue to support local content to help boost the economy that would drive regional development. "We strongly believe that sustainability of the local content will help keep young people busy," he added.

Giving insight into the local content, Sangster stated that the policy had encouraged the International Oil Companies (IOC) to make more impact in-country.

He stressed that Nigeria must remain competitive in the global energy market despite the shifting focus to renewable sources of fuels.

The Total Chief declared that the current transition to carbon-free sources of energy would continue and urged the country to see the opportunities in the ongoing global development.

Sangster who is also the Chairman of the Oil Producers' Trade Section (OPTS), the umbrella body of major international and indigenous oil companies, and a sub-group within the Lagos Chamber of Commerce and Industry (LCCI), stated that as the world progressively starts to mitigate the impact of the pandemic, all stakeholders must work to ensure that the country remains attractive for investment.

He pointed out that the world was starting to see signs of a resurgence of global economic growth, explaining that this will present Nigeria with new opportunities to develop its abundant natural resources.

He added that 2020 accelerated momentum towards the energy transition and how there was substantial global reduction in demand for fossil fuels, saying that, "it's clear to me that this trend will continue".

"So, I think this really is a perfect opportunity for all the key actors, government regulators, national companies, private companies and all the suppliers to the industry to work together to ensure that Nigeria is competitive in the international landscape, and as an attractive destination for investment.

"It's our hope, and indeed it's our expectation that this will help to identify and proffer solutions towards ensuring the sustained development of Nigeria's resources, particularly gas.

"This is the decade of gas and I think this would consequently boost investor confidence and attract investment to grow the industry for the benefit of all stakeholders and all Nigerians. So, the OPTS remains committed as a trusted partner of the government and all stakeholders in the industry to move the industry forward," he said.

At the 2021 Nigeria International Petroleum Summit (NIPS), Sangster used the opportunity to congratulate the Minister


***CSR: Total E&P, Lagos govt., commission oxygen plant in Gbagada, Lagos***

of State, Petroleum, Timipre Sylva, for the past successful summits, which he said have been a platform for highlighting the strong capabilities of the industry in Nigeria and the investment opportunities which are available.

He said: "Now, the theme of this year's summit as we already have is, "From Crisis to Opportunities, New Approaches to the Future of Hydrocarbons," and I'm sure we can all agree this really resonates with everyone in the room today, after a year full of all sorts of disruptions," he noted.

He recalled the oil price war at the beginning of last year, then the pandemic which he said had some issues on oil demand and its impact on the sector as a whole and the entire value chain.

He said that efforts must be made to improve on logistics and contract clarity, among others, adding that the adoption of strategies that would reduce production costs must also be prioritised.

It would be recalled that Total companies globally are now known be TotalEnergies Group, to reflect its diversification into electricity, hydrogen, biomass, wind and solar.

The Executive General Manager, Total Country Services, Mrs. Bunmi Popoola-Mordi, explained the steps that would mark the adaptation of the new name, logo and visual identity which she said is at the heart of the company's strategy to achieve carbon neutrality by 2050.

She said: "Beyond our ambition for 2050, we have set precise, demanding targets for 2030. We will produce more renewable electricity and liquefied natural gas (LNG). We will also need new oil projects to offset the decline in output from fields currently in production while decarbonizing our hydrocarbon production chain by avoiding and reducing emissions and capturing residual emissions."

As regards downstream production, she said "We want to influence demand by offering customers decarbonized alternatives whenever possible. By 2030, the production and sale of petroleum products will account for around a third of TotalEnergies' aggregate energy production and sales.

"This is slated to decline to below 20 per cent by 2050, and 55 per cent in 2020. Simply put, we are leveraging the energies of today to build the energies of the future, and 2020-2030 will be the decade of our transformation into a truly broad energy company with a lineup featuring oil, gas, electricity, hydrogen, biomass, wind and solar."

"TotalEnergies intends to become a major player in the energy transition, and we have built a solid foundation on which to achieve our ambition."

Giving insight into how the adaptation would unveil locally, Popoola-Mordi said: "The company is working together with local regulators to adapt the name change of the broad energy company we want to become. During this period, you will witness the following: Brand overhaul, Change from our usual communication, Total service stations will gradually change to take on the new logo, name and lifestyle, Total offices and assets will gradually depict our ambition, investment will tend more towards renewables"

She, however, allayed concerns that the name change and transformation to TotalEnergies would not result in job losses saying on the contrary it will have more positive impact as the company would constantly upskill its staff in tandem with the transformation.

The Country Communication Manager, Dr. Charles Ebereonwu, assured that the company is in Nigeria for the long haul, maintaining that Total Companies in Nigeria will continue to be important part of the TotalEnergies Group. He noted that the company had embraced renewables with the project to 'solarise' its over 577 service stations spread across the country.

The Executive Director, Corporate Services, TotalEnergies, Abidodun Afolabi, said the company would continue to collaborate with the Nigerian government. He explained that TotalEnergies is transiting to new opportunities in the hydrocarbon industry. "As you all have seen, we are a new integrated energy company, you can see the new logo and name. This New Year development exemplifies the dynamics we are adopting. "TotalEnergies want to see industry maximise potential and deliver optimal dividends to Nigerians and Africa, as a whole. "We are committed to make Nigeria an attractive destination for business," he said.

TotalEnergies recently announced an investment of about $60 billion in renewable energy projects between now and 2030 as part of its ambitious moves to deepen its energy transition space in the world. It is also promising a robust midstream investment in Nigeria as the country unleashes gas investment initiative to harness the potential in the gas industry.

The company's executive general manager, Bunmi Poopla-Mordi, said with the investment, her company hopes to grow its renewable capacity to 100million gigawatts and five million biofuels.

She said her company was determined to reduce direct emission by 40 per cent in 2030 and net zero in 2050 as part of its adherence to Paris protocol on climate change.

Poopola-Mordi stated that the company was also committed to partnership and sustainable development in the fight against global corruption, poverty and environmental degradation.

She maintained that the company's recent name change was a game-changer, which followed ambitious trajectory since 1954 and defined its current state and aspiration for global energy transformation

She said the company was desirous of keying into the country oil and gas development with its energy transition projects of which Nigeria would be one of the greatest beneficiaries due to its importance in global energy rating.

According to her, the name change to TotalEnergies would not in any way alter any joint venture agreements between the company and co-investors nor some of its ambitious energy projects in Nigeria.

She said the name change and the company's strides in energy transition represent increased opportunities for Nigeria and investors in exploration of natural resources which she said would continue to be the toast of her company.

TotalEnergies has also promised to deepen its contribution to national development and attainment of the United Nations sustainable development goals (SDGs) through its various Corporate Social Responsibility (CSR) programmes in Nigeria.

Besides, the multinational oil company disclosed that education, youth entrepreneurship and inclusion are instrumental to achieving the SDGs and eradication of poverty in Nigeria.

Mrs Bunmi Popoola-Mordi, the Executive General Manager, Total Country Services, said her company would not shy away from being part of the socio-economic growth of Nigeria through value adding Corporate Social Responsibility (CSR) project, driven by four pillars namely: road safety, youth inclusion, cultural dialogue and heritage as well as activities on climate change, coastal areas and oceans.

She said the pillars had stood the company far apart from its contemporaries in Nigeria, adding that the company had since the 1980s designed tracking mechanism aimed at measuring the impacts of the projects on targets communities.

According to her, the company also made impressive show in the thick of COVID-19 pandemic through huge donation and capacity building services to health officials to prevent spread of the scourge.

She said her company would not rest on its oars in continually adding sustainable value to the country in line with its corporate philosophy and ethos, while also striving to maintain dominant position in the country's renewable sector.

Mrs Chinwe Ifechiga, CSR Manager, Total Nigeria, disclosed that the downstream company had been carrying out various programmes to support Nigeria's youth and children and would not stop adding value therein. According to her, some of the programmes include: Startupper Challenge, Skills Acquisition Programme, Scholarship Scheme and the Learn, Experience, Articulate and Decide (LEAD) programmes for students.

She disclosed that her company has been sponsoring 40 children yearly in four save our souls (SOS) Villages in Nigeria and had executed several projects to better the lives of the children.

She added that 54 youths from Koko, Delta State and 100 from Kaduna have so far benefited from the skills acquisition programme such as welding and fabrication, furniture making, catering, computer studies and fish and crop farming.

She noted that another 64 secondary school students were being given Total education sponsorship in Koko, Delta State annually as part of the company's contribution to its host community.

She announced that the 2021/2022 Startupper Challenge, would soon begin, adding that the scheme offers young Nigerians opportunities to transform their business ideas into fruition

Total also contributed over N1.2 billion to the Federal Government's COVID-19 effort to combat the pandemic. The oil giant said it was also in discussion with the government on the procurement of COVID-19 vaccines for Nigerians.

Mr Alex Aghedo, Executive General Manager, Operations Support Services, Total E&P Nigeria, said: "Total and 30 other upstream operators in Nigeria's Oil and Gas Industry, led by the Nigerian National Petroleum Corporation (NNPC), donated N21 billion to the federal government's COVID-19 effort.

"In the first phase, the donation covered three thematic areas, namely, provision of medical consumables; deployment of logistics and inpatient support services as well as medical infrastructure.

"Total's contribution was $3.2 million (N1.2 billion)."

According to him, the company also carried out other interventions including the donation of hospital beds, surgical ventilators, dialysis machines, and face masks to the Lagos and Rivers State Governments.

Aghedo said: "In collaboration with the Lagos Ministry of Health and our partners, we decided to build and donate a medical oxygen plant at the Gbagada General Hospital. We believe that this facility would be useful even beyond the COVID-19 pandemic.

"It would not only help improve the state's capacity to care for COVID-19 patients but also further strengthen capacity to manage other conditions associated with oxygen deficiency."

He said the facility was in the last stages of construction and would be handed over to the Lagos State Government very soon.

# NNPC WEEKLY REVIEW: NNPC PRIORITISES SAFETY, PARTNERS FIRE SERVICE


By Abisola THOMPSON

The Nigerian National petroleum Corporation (NNPC) started its weekly activities with its subsidiary, the NNPC Trading Company partnering with the federal fire service to ensure safety in operations.

According to the Corporation, this is in compliance with the goal zero initiative of the NNPC safety policy to ensure security of lives of employees and the company's operational facilities.

Speaking at a training programme organised by the NNPC Trading Company in conjunction with the Federal Fire Service in Abuja, the Executive Director, Shared Services (EDSS), Mrs Philomena Ikoko, said the exercise was conducted at the instance of the company's Managing Director, Mr Sade Lawal.

She said that it was to ensure that all staff were equipped with relevant safety skills for efficient and safe operations.

Ikoko pointed out that the partnership with the Federal Fire Service was to key into the NNPC Management's safety goal zero aspiration of 'no harm to persons, no harm to equipment and no harm to the environment' in the company's areas of operation.

While appreciating the value of the company's recently acquired Fire Safety certification, the EDS said her organization was more interested in deepening the competence of staff and other workers on safety issues, stressing that only a well-trained and safety-conscious workforce could protect the assets of the company.

"We decided to organize this programme because as we all know, NNPC is a company that believes in health, safety and environment. Currently, NNPC is pursuing goal zero in terms of HSE. So, we at the NNPC Trading decided to key into the goal zero to create awareness in our people on the need to keep the environment safe," she stated.

Also speaking, the Executive Director, Operations & Commercial (EDO&C), Mr Muhammad Kudu Suleiman, reiterated that the decision to involve all levels of workers was to ensure that everyone was equipped with the right knowledge to take the right action in the event of any emergency, stressing that safety does not know status.

Also the Branch Chairman of the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), Mr Zachariah Peter Azeez, extolled the management of NNPC Trading for prioritising the safety and welfare of staff members.

In the same vein, the lead trainer and Deputy Superintendent of Fire, Federal Fire Service, Mr Oduye Sunday, commended the leadership of NNPC Trading for the willingness to adopt the culture of safety in the organization.

Still on the week under review, Oil prices slipped after an unexpected rise in United States crude oil inventories and as rising COVID-19 infections threatens demand, but prices held on to most of their gains from the previous session on expectations that supplies will remain tight through year-end.

The Market Intelligence Department of NNPC's London Office reported that in New York, the front-month Nymex West Texas Intermediate (WTI) September contract moved in lockstep and was also up 2.88 dollars per barrels, ending the session at 70.30 dollars per barrel.

Lower price volatility had a soothing effect on the oil complex, with the oil volatility index dialing down from 52.16 per cent to 40.17 per cent

Part of the price boost was likely a result of portfolio math, as some commodity index-tracking funds may have simply rebalanced their positions to adjust for the change in volatility levels.

Crude oil also tracked a broader shift in market sentiment, although it did not rebound as much as equity markets. Despite Organization of the Petroleum Exporting Countries (OPEC-plus) providing more clarity about its plans to increase production, market concerns have shifted to the lack of demand thrust after the summer.

China's crude appetite is cooling off and the country has started to draw from its strategic reserve in a bid to push prices lower and pressure the physical market. If prices move up again, India could also do the same to fend off a burst of domestic inflation.

**What you need to know**

A cursory look at the crude production and refining capacity per capita and Gross Domestic Product (GDP) size across the globe shows that countries with higher refining and petrochemical capacity have higher GDPs.

As at 2019, a resource deficient country like South Korea has 66 barrels of refined capacity per 1000 citizens and Nigeria sits at 2bbl per person.

Between 2015 and 2019, Africa attracted a paltry five billion dollars of refining investment compared to 45 billion in the Middle East and Europe in spite the clamour for decarbonisation and additional investment of 26 billion dollars.

The NNPC under the Group Managing Director, Malam Mele Kyari, watch and in line with the president mandate is focused on rehabilitation of the existing refineries, upgrading the terminal and Linkage products pipelines through Build Operate Transfer (BOT) strategy.

By September 2022, part of the Port Harcourt Refining Company Limited is expected to commence supply of Petroleum Products to the downstream market.

Like so many businesses across the world, the Nigeria oil and Gas Industry and in particular, the NNPC has taken a number of measures to Navigate through the tide of this global pandemic so as to remain afloat.

The COVID-19 situation also made the NNPC to activate business automation process improvements to cut waste in her contracts and cost reduction across all segment of its businesses and Operations.

As a corporate entity, NNPC's vision is to become an integrated energy company focused on increasing production and reserves, expanding the nation's gas sector footprints, enhancing local refining capacity and ensuring energy security for the nation.

The NNPC has emplaced the transparency accountability and performance excellence (TAPE) philosophy in order to ensure the culture of openness, deliver on its commitments to varied stakeholders and entrench effectiveness and efficiency in all her operations.

# AFRICA NEEDS $40BN YEARLY SPEND TO MEET ENERGY NEEDS –REPORT

*Vera Songwe*

By Meletus EZE

The United Nations Economic Commission for Africa (UNECA) has estimated that the African continent requires $40 billion annual spend to meet her energy needs.

In a study entitled "Energy Prices in Africa: Transition Towards Clean Energy for Africa's Industrialisation" UNECA disclosed that 600 million people in Africa do not have access to electricity and 900 million have no access to clean cooking fuel.

Meanwhile, electricity access rates in 24 countries are below 50 per cent.

According to UNECA executive secretary, Vera Songwe, at the launch of the report last week, "there is no way Africa can build a better continent if we do not make adequate investments in energy and ensure affordable access for all," urging countries to ensure that there's cost reflective pricing in the energy sector.

The report cites Liberia, Malawi, Central African Republic, Burundi, and South Sudan as having stagnated or reversed in electricity access. Countries like Nigeria, DRC and Ethiopia reportedly have the biggest electricity access deficits.

"Access to cheap and clean energy is an essential component of Africa's transformation and industrialisation," said Oliver Chinganya, director of the African Centre for Statistics (ACS), who moderated the session.

The ACS director said: "In the context of AfCFTA deployment and implementation, supplying economies with affordable fuel is integral to supporting actions for faster achievement of the Sustainable Development Goals and Africa's Agenda 2063."

The report deplores the fact that Africa relies mainly on fossil fuels and biomes instead of diversifying its primary energy supply, given its plethora of resources (renewable and non-renewable).

"Households use 86 per cent of biofuel and waste energy for cooking, while the transport sector consumes 78 per cent of oil. Natural gas is mainly used in the industrial sector."

In his presentation, Anthony Monganeli Mehlwana, an ECA economic affairs officer, highlighted the "urgent need to invest in electricity infrastructure, diversify electricity supply and embrace modern renewables."

In terms of prices, Mr. Mehlwana said "Levelised Cost of Energy (LCOE) or fossil power plants is more expensive" than wind and solar.

"Onshore wind costs $59 per MW while utility solar PV costs $79 per MW. Meanwhile, the cost of coal is $109 per MW and natural gas stands at $74 per MW."

He pointed out that "high energy production costs, transmission and distribution losses (18-25 per cent) means that utilities need to be constantly bailed out and subsidies implemented for users."

At this rate, and according to the SDG 7 tracking report, Africa will not meet the SDG 7 targets due to limited supply and access to electricity. About $40 billion worth of investments per year are needed to meet the continent's energy needs.

The report recommends that countries must provide an enabling environment for crowding-in private sector investments in the electricity sector; apply cost reflective tariffs while paying attention to efficient generation of electricity to lower the costs; and provide incentives and mechanisms to increase the share of renewable energy in the power systems.

The study also highlighted the need for countries to introduce natural gas as a transitionary fuel to replace coal and facilitate full deployment of renewables.

# NIGERIANS GROAN AS COOKING GAS PRICES SURGE AGAIN

By Meletus EZE

Nigerians have again bemoaned yet another increase in domestic gas prices, the fourth of such increases in two months.

Finding in Lagos, Abuja, Kano, Kaduna, Port Harcourt, Enugu, Ibadan and few other cities across the country on Wednesday and Thursday showed that marketers of cooking gas have increased prices of various kilogrammes (kg) of Liquefied Petroleum Gas (LPG) by about six per cent.

In the past two months, filling a 12.5kg cylinder had increased from N4,200 to N4,500 to N4,700,N5000, and to N6000 up from between N3,600 and N3,800 in March.

In May, gas filling plants sold 12.5kg at N4,200 and increased to N4,500 in June and N4,700 by early July and N5,000 this week, mid-July.

Similarly, domestic gas users buying the clean fuel in various other kg cylinders like 3kg, 5kg, 8kg, 10kg, and 15kg have had to pay per cent more than what they paid for them in March.

The National Bureau of Statistics (NBS) had said the average price for refilling a 5kg cylinder of cooking gas increased by 0.56 per cent from N2,057.71 in March 2021 to N2,069.21 in April 2021. Refilling a 5kg has been increased to N2,330.

Many Nigerians expressed sadness that the government has left the poor at the mercy of marketers who increased prices arbitrarily.

A Lagos-based civil servant, Joseph Ajala, said that he will have to resort to a charcoal stove for domestic cooking. Ajala said he could no longer afford to fill his gas cylinder as LPG price keeps increasing almost every month.

Also speaking, Abdullahi Al-Hassan, a dry cleaner based in Abuja, called on the government to prevail on gas marketers to bring down the prices of gas.

But speaking on the increase, the Executive Secretary of the Nigerian Association of Liquefied Petroleum Gas Marketers, Mr Bassey Essien, said Nigeria consumes about one million metric tons of cooking gas annually, but 65 per cent of it is imported.

Essien said the CBN has no dedicated window for foreign exchange for cooking gas importers, hence the sourcing of foreign exchange at a high price which ultimately dictates the price the product gets to consumers.

"We as marketers are also saying that the Nigerian Liquefied Natural Gas Company (NLNG) and other gas producers should domesticate the production chain for cooking gas by dedicating sufficient quantities for domestic consumption," he said.

He noted that the Nigerian Liquefied Natural Gas (NLNG) allocated only 350,000 metric tonnes (MT) of gas to domestic consumption out of its 4 million MT annual production.

Daily Trust reports that the NLNG recently said it would increase its annual domestic allocation of cooking gas to 450,000MT by 2021.

Also expressing his view on the increase, a Lagos-based petroleum industry analyst, Suraj Oyewale, said the major reason why prices of domestic gas increased in recent times is the foreign exchange regime.

"Upstream gas contracts are usually priced in dollars, even for gas supply to the domestic market. Due to the scarcity of foreign exchange in recent years, gas suppliers have accepted payment in naira by the gas processors and other wholesale gas buyers, usually at the official exchange rate.

"In an attempt to unify the exchange rates in recent times, the CBN recently adopted NAFEX rate as the official rate and that effectively devalued Naira. From N306, the rate jumped to N380 sometime last year and is now above N410.

"So while the dollar price of upstream gas has not changed, the buyers need to pay more Naira to get the gas," Oyewale said.

He also said it is the same situation with those that import the gas directly. "About half of Nigeria's LPG consumption is imported, while the other half is produced or processed locally. As it now costs more to import the gas, the situation is the same with the imported gas supply."

But he said the increasing gas prices will not make a mess of the government's gas policy as the alternatives, especially kerosene, are also increasing in price.

An Abuja-based economic expert, Simon Samson Galadima, also said the gas price increase would worsen inflation in the country as the increase would be transmitted to the prices of food.

"It'd cost more. Furthermore, people will switch to alternative sources of energy and the sector may experience a dip", the expert said.

"The National LPG Expansion and Implementation will likely suffer a setback. However, it could help solve some problems like shortage in supply, exchange rate playing a lesser role, among others," he said.

# SHELL'S NIGER DELTA OIL-SPILL CASE TO BE HEARD IN UK COURTS

Anglo-Dutch super major Shell has run out of time to appeal a UK court ruling earlier this year which found that a five-year-old case on environmental pollution in the Niger Delta should be heard in the UK and not Nigeria.

In February, Shell's lawyers failed to convince the High Court in London over the jurisdictional argument that the trial would be better decided in Nigeria, although Shell was given leave to appeal but declined to so.

Leigh Day, the London-based law firm representing the Ogale and Bille communities in the Niger Delta, said last week: "Unprecedented oil pollution claims against Royal Dutch Shell and its Nigerian subsidiary, Shell Petroleum Development Company (SPDC), will finally be heard in the High Court in London after the oil giant dropped its attempts to avoid English jurisdiction."

By including the subsidiary in the UK proceedings, more documents about Shell's work in Nigeria are likely to be made public, the law firm said.

The High Court's February 2021 decision was grounded on the plaintiffs establishing an arguable case that the parent company should be treated as the anchor defendant, enabling the case to proceed to a judgment on civil law in the UK.

The claimants have yet to demonstrate that Shell should be held responsible for events that took place in Nigeria, on the merits of the case, while they still need to prove that the supermajor owes a duty of care and that, critically, this was breached, according to a source with knowledge of the legal proceedings.

**Introducing accelerate hydrogen**

We're pleased to announce the launch of Accelerate Hydrogen - the latest newsletter from Recharge and Upstream. Sign up now for an unbiased, clear-sighted view of the latest developments in the fast-growing hydrogen sector every week.

Leigh Day partner Daniel Leader, who is representing the claimants, described the jurisdictional decision to have the case held in the UK as "a significant win" for affected communities seeking to bring their case to trial.

"Shell's oil contamination remains in their drinking water, land and waterways and still no clean-up has taken place," he said.

Leigh Day senior partner Martyn Day, who represents the Bille community, added: "We are optimistic ... that we will be able to provide families and communities impacted by Shell oil spills with a comparatively straightforward route to justice.

"The courts in this country have been shown to be sympathetic to the plight of our Nigerian clients — long may that continue."

**Sabotage of pipelines**

Commenting on the issue, Shell said: "The spills at issue happened in communities that are heavily impacted by oil theft, illegal oil refining and the sabotage of pipelines.

"Regardless of the cause of a spill, SPDC cleans up and remediates. It also works hard to prevent these sabotage spills, by using technology, increasing surveillance and by promoting alternative livelihoods for those who might damage pipes and equipment.

"Unfortunately, such criminal acts remain the main sources of pollution across the Niger Delta today."

# PROPOSAL FOR REHABILITATION OF KADUNA AND WARRI REFINERIES NOW BEFORE FEC FOR APPROVAL

By Abisola THOMPSON

The proposal for the rehabilitation of the Warri and Kaduna Refineries are now before the Federal Executive Council (FEC) for approval, a source close to the Ministry of Petroleum Resources has said.

It is expected that as soon as the federal executive council approves the proposal, activities leading to a major revamping of the two refineries would begin.

The revamping of the strategic assets are so critical to Nigeria's a plan to meet its domestic fuel obligation in the country. The country currently import all her Premium Motor Spirit or petrol needs.

kaduna and Warri Refineries' rehabilitation which are expected to be awarded this month according to Mele Kyari, Group Managing Director of the Nigerian National Petroleum Corporation (NNPC) would be completed and would start production almost at the same time as the already awarded Port-Harcourt Refinery.

The Kaduna Refinery has capacity for 110,000 barrels per day while Warri has capacity for 125,000 per day.

The NNPC boss when he spoke to media outfits around June 29, 2021, said: "Kaduna and Warri Refineries' rehabilitation which will be awarded in July will be completed and started production almost the same time as the already awarded Port-Harcourt Refinery. NNPC aims to sign engineering, procurement and construction (EPC) contracts for the facilities within the next three weeks."

According to him, the funds to be used for the rehabilitation works would not come from the federal government, but instead, NNPC will instead secure bank loans and repay them through the facilities' cash flows.

The same process will be applied to secure the purchase of a 20per cent stake in the 600,000 barrels per day Dangote refinery. Lenders are evaluating investment in this facility, which will start producing in 2022, he said.

In the words of the NNPC boss, as the national oil company of the country we have the responsibility to guarantee energy security. Explaining the reason, behind the investment, he stated that it would be impossible for any country to watch a business of this magnitude and sensitivity to run without the involvement of a national company.

NNPC is also considering the construction of five condensate refineries, which will provide a cheaper alternative to produce light-end products. NNPC aims to reach final investment decisions on two, which will have a combined 200,000 b/d of condensate refining capacity, within the next three months.

"They are cheaper and faster to construct and they will also take off the burden of the Opec+ crude output restrictions," Kyari said.

Throwing more lights on the issue of under-recovery payment, Kyari said the payment for differential cost between the actual landing cost and pump price rate was affecting NNPC's remittance to the Federation Account.

"We are supposed to remit N120 billion to the Federation Account every month."

Speaking further he stated though pump price of petrol should have been N256 per litre based on what the price was as at June 2021. However despite the current crude oil price, the federal government through the NNPC is still paying the differential until an appropriate price is agreed upon by government and Labour.

NNPC also mull over construction of five condensate refineries, which will provide a cheaper alternative to produce light-end products. NNPC aims to reach final investment decisions on two, which will have a combined 200,000 b/d of condensate refining capacity, within the next two months.

The Federal Executive Council approved a $1.5 billion for the rehabilitation of the 210,000 b/d Port Harcourt refinery earlier this year.

He said though the Port Harcourt Refinery had a completion timeline of 40 months, crude oil refining would start there in 18 months January 2023.

On under-recovery payment, Kyari said the payment for differential cost between the actual landing cost and pump price rate was affecting NNPC's remittance to the Federation Account.


# ANY HOPE FOR ECONOMY IN SECOND HALF OF 2021?

*With the economy still in a parlous state owing to a combination of factors bordering on the complex and the superficial, analysts who have watched the trend of events in the first half of the year are already predicting forlorn hope for the second half based on current economic fundamentals.*

Indications are that an air of uncertainty hovers around the nation's ecosystem at this time. To say the least is to say the economy is in dire straits. From banks, fast moving consumer goods companies, telcos, services and others, the outlook is not exactly nothing to cheer about.

**CBN monetary policy**

From available information, the Central Bank of Nigeria had voted unanimously to leave its monetary policy rate unchanged at 11.5 per cent during its May 2021 meeting, as widely expected.

The move is expected to allow further economic growth, despite persistent inflationary pressures, after the country exited recession last year. Nigeria's annual inflation rate declined slightly to 18.12 per cent in April 2021 from 18.17 per cent in March, but remained well above the central bank's target range of 6-9 per cent, continuing a trend that began in 2015.

Meanwhile, latest data showed Nigeria's economy advanced by just 0.5 per cent in the first three months of 2021, slightly faster than a 0.1 per cent rise in the last quarter of 2020, suggesting a slow recovery.

**How banks are responding to austerity**

Investigation by our correspondent, however, revealed that the deposit money banks are informing some of their customers that they are about to increase interest rates on loans in response to the economic situation in the country.

According to informed sources including account officers of some banks have started calling customers with consumer loans to expect an interest rate hike. This means customers with personal loans, mortgage loans and other forms of loans should expect communication from their banks that interest rates may rise soon.

Nigeria has witnessed galloping inflation in recent months jumping to as high as 18.17 per cent in March before tapering to 18.12 per cent in April.

Despite the rising inflation rate, the central bank monetary policy rates (MPR), which is a benchmark for interest rate setting remains at 11.5 per cent. The Central Bank in its monetary policy committee meeting held last week

*Zainab Ahmed, Minister of Finance*

reiterated its preference for cheaper credit to the real sector of the economy citing its effect on spurring economic growth.

Lending rates had dropped over the last one year following a CBN policy on open market operations that crashed deposits rates market-wide. For example, as of June 2020, prime lending rate was as high as 15.92 per cent while maximum lending rate was as high as 30.73 per cent. However, as of April 2021, CBN data indicate prime and maximum lending rates were 11.24 per cent and 28.64 per cent respectively.

But while banks have mooted the idea of increasing lending rates, savings deposits rates remain at an all-time low. CBN data also reveals ordinary one year fixed deposit averaged 5.78 per cent, down from above 8 per cent a year earlier. Savings deposit rates still attract less than 4 per cent in interest rates.

**Borrowing a bad omen for economy this time**

The immediate past Director-General of the Lagos Chamber of Commerce and Industry (LCCI), Dr. Muda Yusuf, while speaking at a public forum, said excessive borrowing by the federal government is a bad signal for a country already experiencing a drain in its revenue.

***Inflationary environment elevates production costs with adverse impact on corporate profitability, thereby making it increasingly difficult for businesses and corporates to meet their debt obligations to lending institutions***

He spoke at the Bi-Monthly Forum of the Finance Correspondents Association of Nigeria (FICAN) held at its national secretariat in Lagos, as part of its capacity building programme.

Speaking on the topic: "Nigerian economy in first half 2021 and outlook for the financial services sector", Dr. Yusuf said the borrowing spree of the federal government was hurting the economy as it escalates the already high rate of inflation in the country.

He expressed concern that government's excess borrowing has put pressure on the apex bank to exceed the "5 per cent ceiling of actual government revenue for the preceding year", specified in the CBN Act.

According to him, the fast rate of money supply has adverse effects on the people's standard of living which has become a source of worry to Nigerians.

"It has inflationary implications; it is not healthy for the economy because inflation erodes the value of people's income and affects their standard of living.

The value of a currency has a lot to do with poverty and welfare. We must be worried about the fast rate of money supply because inflation triggers poverty.

"Inflationary environment elevates production costs with adverse impact on corporate profitability, thereby making it increasingly difficult for businesses and corporates to meet their debt obligations to lending institutions.

He suggested rationalisation of spending as a way out of excess borrowing, noting that borrowing to fund recurrent expenditure is inimical to economic development.

On foreign exchange volatility, the immediate past LCCI boss noted that the foreign exchange market faced liquidity constraints in the first half of 2021, and that foreign exchange (forex) was inadequate to meet rising demand.

"Several businesses and corporates encountered difficulties in sourcing foreign exchange at the formal segment of the market and were forced to source the greenback at the parallel market.

"Foreign exchange illiquidity aggravates investment risk which could negatively impact asset quality in the banking system.

"Foreign currency-denominated loans account for about between 30 per cent and 35 per cent of bank's loan book. Foreign exchange volatility is associated with risks relating to asset quality and financial stability," Yusuf said.

He said the current CRR environment negates policy that mandates banks to lend at least 65 per cent of customer deposits to the real sector and advocating for a flexible CRR policy that would reflect the actual level of a bank's deposit at any time.

"Also, the National Assembly has

passed the 2021 supplementary budget. The budget makes provision for vaccine procurement and security-related expenditures. Lawmakers have endorsed the move to raise $6.1 billion via the issuance of Eurobonds.

"Improvement in current vaccination rate is expected to improve economic and business activities in the country, which is positive for the sustenance of growth recovery.

"Inflation is expected to decelerate in the second half of the year on account of base effects and expectations of modest harvest, barring further exchange rate adjustment.

"With the declaration in inflation rate, monetary policymakers would be further encouraged to keep policy parameters at current levels. Relative stability is anticipated in the foreign exchange market as CBN sustains its intervention efforts," he said.

**How COVID-19 factor slows economic diversification**

Meanwhile, the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said she regretted that all concerted efforts by the federal government to achieve economic diversification have been affected by a decline in revenue due to the challenges of the Covid-19 pandemic.

Ahmed, who spoke during a webinar organised by the Securities and Exchange Commission (SEC) in collaboration with the Ministry of Solid Minerals Development, noted that the facilitation of funding and provision of structured market platforms such as the commodities exchanges portend significant addition for the mining and solid minerals sector.

She said: "Given the economic challenges occasioned by the Covid-19 pandemic, the ongoing efforts of the federal government to achieve economic diversification has been affected by a decline in revenue, underlined by volatility in global oil prices which is our main source of foreign exchange earnings.

"The mining sector is strategically based as alternative source for revenue generation in the economic diversification plan of the Federal Government of Nigeria. It also has the potential to create employment and develop rural settings for other benefits."

***Godwin Emefiele, CBN gov***

***Given the economic challenges occasioned by the Covid-19 pandemic, the ongoing efforts of the federal government to achieve economic diversification has been affected by a decline in revenue, underlined by volatility in global oil prices which is our main source of foreign exchange earnings***

**Light at the end of the tunnel**

The Managing Director of Qualinvest Capital, a stockbroking and investment banking firm, Teriba Adeboye stated, "The recent FGN savings bond may be an indication to where yield may be headed as we enter into the second half of the year. The two years tenor yield declined by 54 basis points from 8.889 per cent to 8.35 per cent, while the three years tenor yield also declined by the same margin from 9.889 per cent to 9.35 per cent.

"As predicted at the beginning of the year, it would be a year of two halves; one with increasing yield and the other with decreasing yield. The current existing bond should command premium pricing if this trend continues into the year. In the same vein, the equity space still provided ample opportunities for dividend hunters as traditional companies that pay interim dividends are expected to continue the trend and positive half-year results from the other listed companies on the exchange should stimulate demand."

Chief Investment Officer, Afrinvest Asset Management, Mr. Robert Omotunde had predicted that the second half of 2021 will see higher yields on federal government's bonds.

He made that projection at Afrinvest's virtual seminar titled: "The investment playbook for 2021,' where other analysts also from the research and investment company discussed the investment strategies for 2021.

According to him, "Overall outlook in terms of yield expectations is that we think that demands are going to overweigh the supply and because of that, we expect that this upward trend would reverse at least for the first four to five months into the year and we believe we would now see a bit of uptick towards the end of the year

**Culled from The Nation**

# AS ECONOMY BLEEDS, BANKS' PROFITABILITY SOARS

By Abisola THOMPSON

The global economy, in the past year, buckled under the burden of the coronavirus pandemic. From Europe to America, the numbers have been in the red, tail spinning the national economies to chaos.

This left governments with the additional burden of sourcing additional resources to survive.

While individuals groaned under the rising burden of jobs and income losses that have been intensified by the pandemic, the telecommunication and banking sectors have remained afloat, posting profits and breaking new grounds.

Understandably, the pandemic holds an opportunity for telecommunication operators who have been saddled with the responsibility of bringing physically distant relations, colleagues and associates to virtual interaction, leading to a geometric rise in the demand for data.

For instance, Nigeria's telecommunications' exceptional performance lifted the country out of recession in the fourth quarter of 2020, after it contributed 12.45 per cent to the country's Gross Domestic Product (GDP). Telecommunications and information services, which have benefited positively from the lockdown and restricted movement that started last year, grew by 17.64 per cent in Q4 2020, over seven percentage rise from 10.26 per cent it recorded in Q4 2019.

Telecoms firms across the globe have leveraged the socio-economic disruption of COVID-19 to strengthen and increase their social relevance. As they contribute to the rising need to stay connected, they made money and expanded their operations. Banks were similarly entrusted with the responsibility of helping their customers to cope with the rising financial burden.

While telecommunications industry posted huge profits from the increase in the social relevance of their businesses, the banks recorded losses. Data from the United Kingdom, for instance, suggest that a total of 4.4 million payment deferrals had been sealed from the start of the pandemic and last October. Extending into this year, banks in the UK, Europe and other regions are providing respite to borrowers who are too burdened with heightened financial challenges to honour debt obligations.

Recently, the European Central Bank (ECB) warned that the industry would not see profitability return to the pre-pandemic era till 2022. The frontline battle is how banks can cover operational expenses to be able to support businesses as the global economy seeks to weather the resurging COVID-19 storm.

But in Nigeria, the numbers still look very good for the banks, which reflect historical data. A recent report by Coronation Asset Management said the total average interest-earning assets of the six top banks rose from N6.5 trillion in 2010 to N26.9 trillion in 2020 or by 311 per cent.

"The total gross loans of these banks rose from N3.9 trillion in 2010 to N13.6 trillion in 2020 or by 248 per cent. The positive outliers for growth are Access Bank (growing quickly even before its 2019 merger with Diamond Bank), UBA and Zenith Bank," the report said.

According to 2020 financial statements analysed by The Guardian, the total assets of the top five bank groups – Access, First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa and Zenith – rose to N37.5 trillion last year, from the pre-pandemic value of N29 trillion, which translates to about 25 per cent growth year-on-year.

Interestingly, customers' loans to total asset ratio of the banks does follow a similar growth path; it declined from 38 per cent to 33 per cent as it rose marginally from N10.9 trillion to N12.5 trillion. The shrinking loans and advances imply that more of the assets of the banks were channeled to non-core areas, a challenge the former Director-General of the Lagos Chamber of Commerce and Industry (LCCI), Dr. Muda Yusuf, said has constituted a crisis in the real sector.

Speaking at a seminar organised by the Finance Correspondents Association of Nigeria (FICAN), last week, Yusuf said much of banks' assets are channeled to treasury bills, while financial intermediation – the core responsibility of banks – is abandoned. He said the banks must focus on their core mandate to support economic growth.

Last year, Zenith Bank's treasury bill portfolio increased by close to 60 per cent (from N991 billion to N1.58 trillion), its loans and advances grew by merely 20.5 per cent to N2.78 trillion.

Also, First Bank's investment in securities as of December 2020 was N1.55 trillion as against N2.2 trillion total credits extended to its customers.

Access Bank also grew its loan portfolio by over 70 per cent in the past three years, a feat partly attributed to its merger with the defunct Diamond Bank, with the figure hitting N3.6 trillion as of December 31, 2020. Yet, securities and other assets weigh heavily on its book.

Besides, a larger proportion of banks' total credit is extended to the exclusive public and oil/gas while sectors that have direct impacts on the people were left in limbo.

Of the N20.4 trillion total industry credits as of December 31, 2020, the government had N1.8 trillion. The amount was about 18 per cent increase from the N1.5 trillion reported at the close of 2019.

The banks were also exposed to oil/gas exploration to the tune of N3.9 trillion or 19 per cent while agriculture, the country's highest employer of labour, received N1.05 trillion. Out of the total net domestic credit extended to the economy in Q1 this year, the government took as much as 28 per cent, leaving other sectors to scramble for the balance.

The combined Profits after Taxes (PATs) of the five players analysed, which are classified as systemic important banks, also rose from N684 billion in 2019 to N719.7 billion. On average, the five banks' portability grew by five per cent in the same year most of their physical operations were shut down to contain the spread of COVID-19.

From 2016 to 2020, the top five banks made a total PAT of N3.3 trillion, with a year-on-year profit growth of between 3.7 and 24.7 per cent. Sadly, the economy they service dipped into recession twice in the same period. Two out of the five years, the GDP wobbled through negative growths.

Perhaps, Nigerians would bother less if there were no perception that banks make huge profits off the sweat of the poor masses. After a protracted battle between the telecoms and banks, the cost of Unstructured Supplementary Service Data (USSD) pegged at N6.98 per transaction has been passed to depositors.

"Please be informed that you are now required to pay a fee of N6.98 to your mobile network provider for every banking transaction carried out on all USSD banking platforms. This means that when you send money to anyone using USSD, a fee of N6.98 will be charged to your bank account, which is in turn remitted in full by your bank, to your mobile network provider," a message to already overcharged customers had informed.

Despite warning that the charge would threaten financial inclusion, the fee has been passed on as one of the numerous fees banks impose on depositors. For Nigerians, the USSD is another burden too many to bear for patronising the financial system. The World Bank said the cost of banking was a major reason behind the high global unbanked population, 3.4 per cent of who are Nigerians.

Certainly, technology has made banking services more comfortable for millions of Nigerians but it does not make it any way cheaper. Time has changed, so also is the true worth of a bank account holder.

A customer is charged for every transfer, after which she is notified that she has been debited N26 service fee or whatever amount applicable depending on the value of transactions. Then, she is notified of both the transfer and the fees in separate messages, both of which attract N4 SMS charges.

A depositor is charged N1, 000 for a debit card, which attracts a monthly fee notwithstanding the usage status (used regularly or once in six months). When depositors withdraw at a third-party bank more than thrice a month, they are also charged. It used to be N100 per transaction and later N65 until the National Assembly compelled the banks to reduce it to N35. Following the downward review, most banks reduced the amount withdrawable per time to N10, 000 so that the number of transactions can increase and accruable incomes higher.

And if the poorly-serviced Automated Teller Machines (ATMs) scrape off the card's security chip and render it invalid, one is debited N1, 000 to replace it. In all of these, there are associated SMS and VAT charges.

When Dele transfers N10, 000 to Chukwu via his mobile app, the former is charged a transfer fee plus value-added tax (VAT). Then, Chukwu is credited N9, 950 as N50 stamp duty is withheld by the bank for the remittance to the Federal Government. On both ends, SMS notifications –account plug-in services by default – are sent and the fees are debited against the two accounts involved.

There are other arbitrary and hidden charges that customers only get to know about when their account statements are audited, which, to the advantage of banks, rarely happens.

To widen the banking net, agency banking was conceived in 2017. Now, agency 'bankers' are also gradually assuming the status of a vampire, sucking dry the traditional cash dispensing channels of banks, even in the cities.

Sadly, banks seem to have channeled more resources to the agency model, while pulling back on ATM service, leaving those who need cash with no choice but to visit the roadside kiosks where cash is more readily (albeit in piecemeal) but charges higher.

Charges linked to digital and other offline transactions are numerous and growing. And to encourage more depositors to embrace modern banking tricks, there is a penalty for cash above a certain threshold. This keeps more people going online and increasing the volume of transaction fees.

## MASTERCARD FOUNDATION SIGNS HOST COUNTRY AGREEMENT WITH NIGERIA

By Shile GIWA

The Mastercard Foundation has signed the Host Country Agreement with Nigeria. The pact will enable the Foundation to empower 10 million young people in Nigeria to access dignified and fulfilling jobs, 70 per cent of whom will be young women.

Speaking during the signing ceremony held at the Ministry's office in Abuja, the Minister of State, Ministry of Budget and National Planning, Prince Clem Agba, noted that the Mastercard Foundation's Young Africa Works in Nigeria strategy is aligned with the national development plan of the Federal Government.

Speaking at the ceremony, the Nigeria Country Head for the Mastercard Foundation, Chidinma Lawanson, explained that the signing of the agreement has further strengthened the Foundation's commitment to providing millions of young Nigerians with work opportunities that will meet their aspirations and full potential.

Lawanson stated that Young Africa Works in Nigeria currently focuses on three key economic sectors, including agriculture, creative industries, and the digital economy with additional sectors being considered to further increase opportunities for youth.

The Mastercard Foundation is working with a range of partner organizations to realize its goals in Nigeria, including Enterprise Development Centre (EDC) of the Pan African University, the International Institute of Tropical Agriculture (IITA), Sahel Consulting Agriculture & Nutrition Ltd, Jobberman, and Babban Gona.

"We have formed partnerships with several organizations and are working together to leverage each other's strengths," Lawson said. "Through our focus areas of agriculture, creative, and digital economies, we have aligned with the Federal Government's National Development plan to ensure we reduce unemployment in the country and unlock the skills and creative abilities of our youth, particularly young women," she added.

# EMPOWERING SMES FOR ECONOMIC DEVELOPMENT

*The Small and Medium Scale Enterprises (SMEs') access to finance and train entrepreneurs to play their statutory role is vital. For Akwa Ibom State, a pointer to the government's commitment to growing SMEs' sector is the existence of the Directorate for Microfinance and Enterprise Development, writes* ***Meletus EZE.***

***Akwa Ibom State Governor, Udom Emmanuel***

Finding innovative solutions to unlock sources of capital for Small and Medium Enterprises (SMEs) and training entrepreneurs should be one of the priorities for every far-sighted government.

Reason - SMEs play a major role in most economies, particularly in developing countries. They account for the majority of wealth worldwide and are important contributors to job creation and global economic development.

In Nigeria, most formal jobs are generated by SMEs, which create seven out of 10 jobs. However, capacity building for entrepreneurs remains a key constraint to SMEs' growth. It is also one of the obstacle facing SMEs in emerging markets and developing countries.

Also, over 40 million SMEs exist in the country, employing over 80 per cent of the country's population and contributing about 50 per cent of the country's Gross Domestic Product (GDP).

Akwa Ibom State Government has, however, taken major steps to address the challenges facing SMEs. Its Governor, Udom Emmanuel had unfolded various supports for operators of such businesses, knowing the SMEs constitute the foundation on which any economy rests.

In fact, they are the engine room that powers economies around the world, including the developed economies. A country that seeks to have a strong economic base must have a thriving SMEs sector.

This understanding has been playing out in Akwa Ibom State where, in the last six years, Emmanuel has been developing the SMEs sector by empowering small businesses and encouraging the setting up of new ones through various interventions that are aimed at supporting the state's industrialisation efforts.

His administration has been encouraging the people of the state, especially the youth, to demonstrate the Dakkada spirit by taking their destiny in their hands to chart the course that would change their socio-economic circumstances and, in so doing, contribute to the economic development of the state and Nigeria as a whole. In fact, the SMEs sector is one area where the philosophy is finding expression most through self-help.

The youth are designing their destinies by taking advantage of the numerous opportunities that abound in the state to seek to become business owners in diverse areas such as hospitality for which the state is well known, fashion, agriculture, furniture making, ICT, among others.

The government's efforts at supporting the growth of the SMEs sector is aimed at enabling it to contribute to the gradually changing status of Akwa Ibom from a public service to a private sector-driven state that would be Nigeria's industrial hub and a major player in the economy of the West African sub-region.

For instance, the Directorate for Microfinance and Enterprise Development, with responsibility to, among others, organises business advisory and training of start-ups in what is tagged, 'My Entrepreneurship Goals Programme (MEGP) is a major pillar in empowering the SMEs.

At one of such training that ran for three months, youths were trained and given orientation on businesses that are relevant to the development of the SMEs sector in the 21st Century. The curriculum of study for the programme was designed to develop small businesses through value addition. A major value addition to the growth of the SMEs sector is government's commitment to attracting start-up funding for young entrepreneurs.

According to Emmanuel, the Directorate for Microfinance and Enterprise Development has been a channel for discovering enterprising youths in the state through the Dakkada entrepreneurship and business campaign.

This led to the formation of Dakkada Multipurpose Cooperative Societies in all the 31 local government areas of the state, as well as the Dakkada Business Forum. The recruitment of over 18, 000 Dakkada ambassadors is part of efforts to ginger the youth to participate in shaping the economic fortunes of the state.

Analysts said the failure of governments in Nigeria at the federal and state levels to match words with action has resulted in a situation in which there is a huge trust deficit between the people and governments.

People are wont to view every government promise and action with skepticism and, in some cases, cynicism, if not outright hostility. This doesn't seem to be the case in Akwa Ibom, where Emmanuel has proved to a man whose word is his bond, the reason he has endeared himself to the people of the state.

Emmanuel announced, on assumption of office in 2015, his intention to industrialise a state that was traditionally public service oriented. At that time, the state boasted of only one industrial establishment – Champion Breweries – which stood as a reminder of the Second Republic era of the late Clement Isong, when the state was part of Cross River State. By the time he was ending his first term, he had delivered about 16 functional industries. No government in Nigeria's modern history had done that, whether at the federal or state levels.

With every sector – industrialisation, infrastructure, health, manpower development, power, agriculture, aviation, among others – littered with unparalleled achievements, the people of the state have no difficulty trusting him to deliver on every promise he makes.

The enthusiastic response to the effort to establish a strong SMEs sector to support the administration's industrialisation drive, especially by youths, is evidence of that trust. They see themselves playing more active roles in their personal economic emancipation and also contributing to the sustainable development of the state.

There is, at the moment, frenzy among the youth to participate in the 'Ibom 3000 Project', a programme the government is putting in place to train a total of 3000 entrepreneurs. The programme targets creation of over 14, 000 SMEs in industrial clusters to be set in the three senatorial districts of the state. The clusters will be equipped to offer the kind of specialised training that would enable entrepreneurs to go into such sectors like agriculture, mining, ICT, hospitality, leather and raffia works, fashion, furniture, confectionary, and bakery.

It is quite remarkable that while the government works to create direct, paid employment through establishment of industries in different parts of the state, it also encourages the people to create self-employment through entrepreneurship. It must be noted, also, that every entrepreneur will be in a position to offer employment to others, as there is no kind of business that only one person can operate.

# HOW BITCOIN DIFFERS FROM GOLD

By Meletus EZE

Gold's market capitalization is around 11 trillion USD. That means it's the most precious metal globally. No asset has also challenged its position within the global economy. Initially, people used gold to back other currencies. Today, critics argue that early investors poorly did gold's adoption to the current economic system. But, this is a testament to the undying and strength of this asset.

However, the emergence and increasing popularity of the pioneer cryptocurrency, Bitcoin, has sparked a debate about the possibility of a gold replacement. Some people argue that Bitcoin could replace gold in its position within the global economy. That's because Bitcoin had outperformed gold several times since its inception back in 2009. But how does this cryptocurrency differ from gold?

**The driving forces**

Among the forces driving the increasing Bitcoin's price is the perception of its potential as a hedge against possible inflation. The economic turmoil and devastation caused by the global pandemic prompted large institutions and small-scale investors to consider this digital asset. That's because they think it can defend them against inflation during difficult economic times.

Essentially, Bitcoin's supply has a cap of 21 million. And this differentiates it from fiat money that politicians can print at any time. As more individuals and institutions purchase Bitcoin, the cryptocurrency will become scarcer. And this will push its value upwards.

Additionally, Bitcoin depends on the blockchain, which is a decentralized technology, and it allows for the immovable and unique record. With this technology, investors enjoy security and easy access to transaction information at any time.

Bitcoin's decentralization means you can participate in crypto exchange without any interference from the government or banks. What's more, Bitcoin allows for more privacy and anonymity. That because you don't have to disclose personal information when sending or receiving Bitcoin.

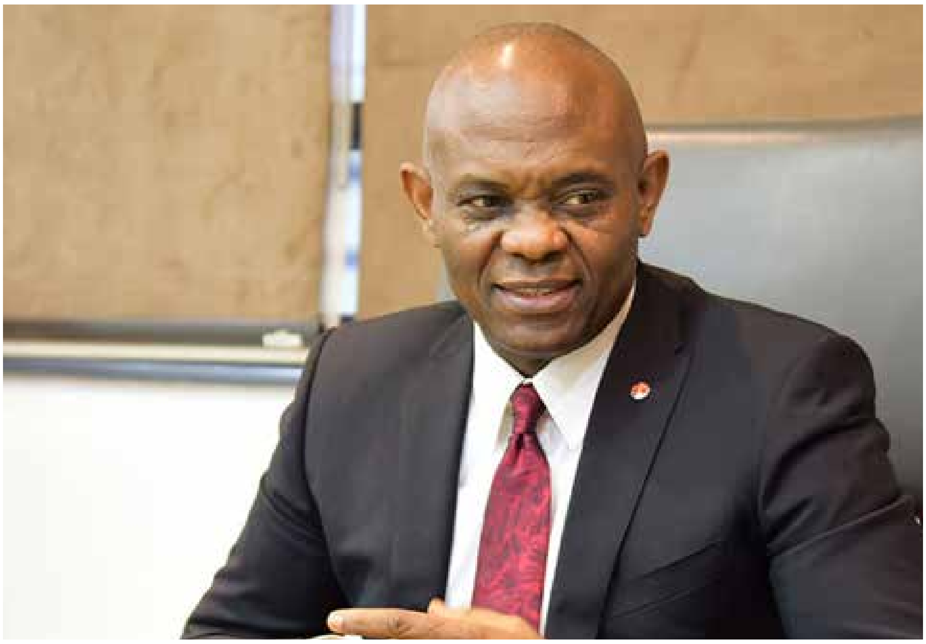
**Volatility**

Bitcoin is a highly volatile digital asset. And this causes concern among investors that want to use it as a haven asset. The Bull Run that occurred back in 2017 is an example of the volatility of this cryptocurrency. In 2017, Bitcoin's price rose to $20,000 per coin. Many people invested a lot of money in this digital currency. However, this coin's value plunged to its stomach-churning low, leading to severe losses for the investors.

Although the cryptocurrency has recovered, this incident drove many investors away. However, this cryptocurrency's value doubled a few months later. In addition to its volatility, Bitcoin is a speculative asset. That means its value depends on market news and whims. Changes in sentiments can cause significant changes in Bitcoin's price.

Nevertheless, Bitcoin's volatility is a quality that attracts risk-seeking investors. That's because they can invest in this cryptocurrency via a platform like cryptotrader and make higher returns within a short period. Such trading platforms have also played a significant role in bringing novice traders and investors into the crypto trading industry.

# RETURNS ON INVESTMENTS IN NIGERIA HIGH, SAYS ELUMELU



By Shile GIWA

The Chairman of Heirs Holdings, Tony Elumelu, has reiterated the availability of high returns on investments in Nigeria for serious-minded investors that are able to see the huge investment opportunities, instead of the negative sides of things.

He spoke during a one-day investors' webinar organised by the Bureau of Public Enterprises (BPE) in collaboration with Nigerian Exchange Group and Nigerian Investment Promotion Commission.

Elumelu, who is also the Chairman of the United Bank for Africa (UBA), spoke on the theme, "The Nigerian Business Environment, Prospects and Challenges."

Speaking about the experience of Heirs Holdings which has been investing in critical sectors of the economy, he described the country's business environment as friendly.

"I have been investing in key sectors for quite some time. I am an investor in the financial services space and I am happy to be the Group Chairman of UBA.

"This is a business that was catalysed in Nigeria and today operates in 20 African countries servicing over 25 million customers, with over 1,000 branches across Africa.

"We have presence in London, Paris and the only money-taking African bank in the United States. So, if the Nigerian investment environment is not hospitable, we would not be where we are today," he said.

In addition, he disclosed that Heirs Holdings also has investment in power, a sector he described as critical in driving economic growth and development.

He expressed satisfaction over his investment in the country's power sector, saying, "there is nowhere else you can get the type of returns on investments that you get in Nigeria, especially in some of these critical sectors like power.

"In 2013, we invested in the power sector and at the end of that year we paid dividend. So, we do see opportunities here and we do have high returns on investment. We just invested in the Afam Power Plant and in the past few months we have been able to increase production by 241 per cent generation. This is the kind of experience we have investing in Nigeria," he said.

Continuing, Elumelu said: "We invested in the hospitality and real estate sector and it is doing quite well. Occupancy in the iconic Transcorp Hotels last week was over 100 per cent and we were in Abuja last week to launch 'Aura,' the digital platform for accommodation, and it was quite difficult for some of my colleagues to get space in the hotel.

"That is the kind of experience you tend to have in Nigeria. We also invested in the oil and gas sector because we agree that gas is the next frontier.

"From these you can see that returns on investment are high and opportunities are there for serious-minded investors who don't only see the negative side, but those who see opportunities to invest in Nigeria."

Speaking about some of the challenges investors face, he stressed the need to tackle oil theft and other security challenges.

While narrating two of the challenges he had faced in his investment journey, the founder of the Tony Elumelu Foundation (TEF) said: "The first was when we wanted to make our first foray into the oil sector; we suffered and raised $2.5 billion and at some point we didn't get all the authorisation we needed and we lost quite a lot of money.

"My advice on this is that we need to de-personalise these investment opportunities and focus on the impact the investments would make. That is how we should be thinking going forward.

"Also, in the oil and gas space, we do have serious security issue and the oil theft is very high and real. We have two transportation pipelines in the Niger Delta Area."

Responding to a question on the TEF, he said: "My colleagues, family and I believe that at some point, the true legacy that defines all of us is how we help others to equally become successful.

"I have seen what poverty can do and I have also seen what economic opportunities can do for people.

"I have been a beneficiary of luck and I felt at some point we should help to democratise luck and create opportunities for people and that was what led to the founding of the TEF."

# NIGERIA SEEKS WTO'S EXEMPTION OF SMALL-SCALE FISHERS FROM SUBSIDIES

By Abisola THOMPSON

The Federal Government, yesterday, called for the exemption of small scale and artisanal fishers from the scope of the fisheries subsidies discipline under negotiation at the World Trade Organisation (WTO) by member nations.

Minister of Industry, Trade and Investment, Adeniyi Adebayo, in his submission at the one-day virtual meeting of the WTO Trade Negotiations Committee (TNC) at the Ministerial Level on Fisheries Subsidies, affirmed Nigeria's commitment and support to the agreement to prohibit certain forms of fisheries subsidies that have resulted in rapid depletion of global marine fish stocks.

He said: "I wish to assure you of Nigeria's support and commitment to proactively engage with all members towards achieving a balanced outcome in line with our mandate, "to conclude an agreement to prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, and eliminate subsidies that contribute to illegal, unreported and unregulated (IUU) fishing, and refrain from introducing new such subsidies, recognising that appropriate and effective special and differential treatment for developing countries and least developed countries should be an integral part of the WTO fisheries subsidies negotiation".

*DG WTO, Ngozi Okonjo-Iweala*

Adebayo also said Nigeria would be happy to negotiate on appropriate special and differential treatment provisions for developing countries and least developed countries.

He stressed that the sustainable development of the fisheries sector would be a viable route to member states socioeconomic development given the sector contribution to food and livelihood security improvement.

However, he noted that illegal fishing, overfishing and overcapacity, as well as other unsustainable fishing and fishing-related activities incentivised by heavy subsidisation poses threat to the ongoing efforts towards sustainable development of the sector.

"These unsustainable practices have resulted in rapid depletion of global marine fish stocks," he said.

He added, "After 20 years of negotiations, I believe it is time for us to draw the curtain on the Fisheries Subsidies Negotiations. Nigeria would continue to support you Madam DG and show requisite flexibilities so we can collectively achieve balanced outcomes consistent with SDG 14.6 and our mandate.

The Minister told the gathering that Nigeria believed that the progress that we have made so far, as contained in the revised Draft Consolidated Text of 30th June 2021, "provides a good basis that could take us to a successful conclusion; and we are happy to work on that basis while ensuring that the mandate of the negotiation is substantively achieved in a balanced manner."

He assured the WTO DG that in view of the technicalities involved in the fisheries subsidies negotiations, as well as the urgency to expeditiously make progress, "Nigeria's participation would, from now on, also involve engagement by senior officials from my Ministry and the Federal Ministry of Agriculture and Rural Development."

# MONEY LAUNDERING: UK POLICE SEIZE $249.5 MILLION WORTH OF CRYPTOCURRENCY

By Shile GIWA

The British police said they have seized £180 million ($249.5 million) of an undisclosed cryptocurrency, as part of a money laundering investigation launched against organised crime groups that moved into cryptocurrencies in order to clean their money.

The latest seizure happened in less than three weeks after the London police made a £114 million haul on June 24 as part of its money laundering investigation.

By this, a cryptocurrency payload totalling £294 million ($408 million) has been reportedly seized so far under the money laundering investigation.

"While cash still remains king in the criminal world, as digital platforms develop we're increasingly seeing organised criminals using cryptocurrency to launder their dirty money," Reuters quoted Graham McNulty, a metropolitan Police Deputy Assistant Commissioner, to have said.

After the first haul was discovered, a 39-year-old woman was arrested on suspicion of money laundering and has been interviewed under caution over the £180 million discovery, according to the report.

Joe Ryan, a Detective Constable, said: "Today's seizure is another significant landmark in this investigation which will continue for months to come as we hone in on those at the centre of this suspected money laundering operation."

Due to cryptocurrencies anonymous mode of transactions, the world's biggest criminal groups seems to have made it a convenient and global nature for laundering money, thus, placing them a step ahead of the police, tax and security forces.

Many countries are yet to come up with effective and efficient means of regulating the cryptocurrency space conceived to be money laundering den and a tool for terrorists.

In the past weeks and months, the world's most popular cryptocurrency, Bitcoin, has faced significant criticism and market sentiments across the globe that has greatly influenced the market price of the currency.

# HOW TO REDUCE INFLATIONARY PRESSURES – LCCI

By Olamilekan FAWAS

The Lagos Chamber of Commerce and Industry (LCCI) has urged the government to focus on reducing cost of energy, logistics and other variables to moderate the effect of inflation on Nigerians.

The immediate past Director-General, LCCI, Dr Muda Yusuf, gave the advice in an interview in Lagos.

TBi Africa reports that headline inflation, according to the National Bureau of Statistics (NBS) reduced marginally by 0.18 per cent from 17.93 per cent izn May to 17.75 per cent in June.

Similarly, the food inflation sub index dropped marginally by 0.45 per cent from 22.28 per cent in May to 21.83 per cent in June 2021.

Meanwhile, the month-on-month inflation maintained it upwards trajectory in June with it accelerating marginally from 1.01 per cent in May to 1.06 per cent in June 2021.

Yusuf said three principal drivers of inflation included, cost push factor, supply chain disruptions and monetisation of fiscal deficit or inflation tax.

*Dr Muda Yusuf*

He listed high energy cost, which included the spike in the cost of diesel, electricity and aviation fuel, high transportation and cost of logistics, and high import tariff as major cost push factor influencers.

"Headline inflation of 17.75 per cent is still a reflection of intense and persistent inflationary pressure on the Nigerian economy.

"Even more worrisome is the incessant high food inflation, which was 21.83 per cent in June.

"High inflation is hurts investment, it is injurious to the welfare of the people and detrimental to the economy.

"The main factors that have disrupted output in the economy are also heightened insecurity, exclusion of some critical industries from the official foreign exchange window, trade policy issues, among others," he said.

Yusuf said other variables to be addressed included reviewing import tariff on selected inputs for production, stemming exchange rate depreciation, addressing security problems and improving productivity across all sectors.

He also urged the Central Bank of Nigeria (CBN) to reduce its financing of fiscal deficit to levels provided for in the CBN Act, saying fiscal deficit financing by the Apex Bank acted as a major inflation driver.

"The infusion of this financing typically increases money supply and aggravates inflation.

"It is high powered money and also characterised as inflation tax.

"Reports of interest payments of over 480 billion naira on ways and means financing by the apex bank between January and May 2021 is quite instructive," he said.

# NIGERIA SPENT 97% OF REVENUE ON DEBT SERVICING IN 2020 – REPORT

By Shile GIWA

Debt servicing obligations gulped 97 per cent of the Nigerian government's total revenue in 2020, a report has shown.

According to BudgIT, a civic-tech non-profit organisation, of the N3.42 trillion generated as revenue, Nigeria expended N3.34 trillion on debt servicing.

The report said total expenditure stood at N10.01 trillion.

"This means nearly all Federal Government's salaries, overhead & CAPEX (Capital Expenditure) were financed with loans & CBN support," the civic group said.

According to BudgIT's "2020 Budget Implementation Analysis" report released on Friday, N4.65 trillion was spent on non-debt recurrent expenditure.

"In 2020, Federal Government's projected total revenue of N5.37trillion; however, the actual total revenue eventually stood at N3.42trillion. This represents a 63.71 per cent revenue performance," BudgIT said.

"The cost of servicing FG's debt is drowning Nigeria as the cost continues to grow, gulping a total of N3.34tn (97%) from the total revenue."

The Nigerian government's revenue from oil however recorded a significant boost of N1.41 trillion, surpassing the oil revenue projections of N1.01 trillion.

Revenue in the non-oil sector stood at N1.26 trillion as against the projections of 1.62 trillion.

The report said the government's total expenditure of N10.01 trillion represents 93 per cent performance, when compared with the budgeted amount of N10.81 trillion.

The report added that capital expenditure keeps getting the short end of the stick, as only N1.60trillion was devoted to capital projects in 2020.

"This is not acceptable!" the organisation said on Friday.

"Recall that FG had a CAPEX plan (exclusive of transfers) of N2.69trillion, this means only 59.5 per cent (slightly over half) of the 2020 projection was actualised.

"The budget of N428.03 for Statutory Transfers in 2020 was disbursed. However, there is no breakdown or implementation report of how this money was spent/disbursed."

# INFRACO TO COMMENCE OPERATIONS Q3 – EMEFIELE

By Meletus EZE

The Governor of the Central Bank of Nigeria, Mr Godwin Emefiele, said the Infrastructure Corporation of Nigeria (Infraco) Plc would commence full operation by the third quarter.

Emefiele said this at the investors' webinar organised the Bureau of Public Enterprises, in collaboration with the Nigerian Exchange Group (NXG) and the Nigerian Investment Promotion Commission.

The governor said the corporation, recently approved by President Muhammadu Buhari, with a capital base of N15 trillion would be fully operational before the end of third quarter.

Emefiele also said KPMG had been appointed as the transaction advisers for the Corporation.

"Work has indeed attained an advanced stage and we have received the approval of the Chairman of the Steering Committee, the Vice President, Prof. Yemi Osinbajo, for the approval of the appointment of KPMG as the transaction advisers and only recently we also obtained approval for the appointment of asset managers.

"So, following conclusions of these arrangements and further activities, I like to assure all of us that the Infrastructure Corporation of Nigeria is expected to begin full operation by the third quarter of 2021.

"We believe that through partnership with the private sector, Infraco will be able to leverage close to N15 trillion over the coming years to close the country's infrastructure gap," the governor said.

He noted that the apex bank, with key stakeholders such as the International Finance Corporation and the Nigerian Sovereign Investment Authority, secured the approval of the president to establish Infraco to raise private sector capital to support investment in key infrastructure in Nigeria.

"I'm happy to acknowledge that the establishment of the Infrastructure Corporation of Nigeria has generated a lot of interest from both local and international private fund managers who are keen to work with the promoters in deploying private sector capital to support investment in key infrastructure in Nigeria," he said.

According to him, investments in rail, road infrastructure, manufacturing, agriculture and other areas with significant potential are imperative to transform the growth trajectory of the nation's economy.

"Giving the current funding constraints of the Federal Government, leveraging funds from the private sector with the ability to provide operational and technologically know how in improving the productivity of critical and moribund assets of the government is extremely essential.

"Furthermore, these investments by the private sector in energy, road and rail assets can significantly reduce the cost of doing business in Nigeria while supporting increased investment of our economy," Emefiele added.

Also speaking, Group Chief Executive Officer, NXG Plc, Mr Oscar Onyema, said the capital markets existed to enable efficient allocation of resources to spur growth and development.

Onyema who noted that tax was eliminated on stock market transactions in most jurisdictions around the world called for further extension of tax waiver on capital market transactions.

He said the exchange would continue to reduce transaction costs and boost market participation for investors.

The theme of the webinar was: "Showcasing the investment opportunities in Nigeria's privatisation and economic reform programme."

## SENATE: WE'RE COMMITTED TO NIGERIA'S FINANCIAL SYSTEM STABILITY

By Shile GIWA

The Nigerian senate in Kaduna reiterated the commitment of the 9th Assembly towards stabilising the country's financial system, especially in a distressed economy.

Chairman, Senate Committee on Banking, Insurance and other Financial Institutions, Senator Uba Sani (APC Kaduna Central), said this at the opening of a 3-day retreat for members of the Senate Committee on Banking, Insurance and other Financial Institutions and NDIC organised by the NDIC.

According to the lawmaker, financial system stability reinforces trust in the banking system, hence, the need for stakeholders including the NDIC to painstakingly work in synergy to put the country's economy on a more viable pedestal.

"This retreat is timely as it will allow us to reflect deeply on the challenges of stabilizing the financial system in a distressed economy.

"The role of the NDIC in this process will be brought to the fore and its experiences, particularly since the COVID-19 pandemic, would be shared and lessons are drawn.

"Strategies would be mapped out to further strengthen NDIC and reposition it to contribute even more effectively to our economic recovery efforts.

"NDIC is a strategic institution that the National Assembly must do all in its powers to ensure it performs optimally. As we all know, financial system stability reinforces trust in the banking system.

"Economic growth and development cannot adequately be achieved without the complementary efforts of the institutional frameworks of the financial system which NDIC is one of them.

"It is therefore imperative to ensure the existence of a robust and positive relationship between the key players in the financial sector for the achievement of steady and sustainable economic growth and development", Sani said.


# DANGOTE BAGS MORE AWARDS FOR CHAMPIONING AFRICA'S INDUSTRIAL GROWTH

*Alhaji Aliko Dangote, Africa's richest man has consistently championed investment in over 14 countries on the continent and still warming up for more investments in more countries.* ***Charles OKONJI*** *reports.*

Dangote is the single largest employer of labour, and the single largest individual investor across the continent. His presence is prominent in core areas of manufacturing, ranging from cement manufacturing, to vehicle assembling, construction, food and agro-allied processing, mechanized farming and value-chain, general food processing and packaging and most recently petroleum refinery.

This is the single individual refinery in the world located in Lagos. Also, he is the largest fertilizer manufacturer in the world; Indeed, Aliko Dangote deserves to be honoured.

Honours are conferred on men and women of outstanding accomplishments. It does not matter the citizenship or the race but what the individual brings on board. Honours are also conferred on non-citizens who have contributed massively to a nation's development.

For a man to be conferred with the highest civilian honours by three nations is a seal of testament of his giant footprints in the transformation of such nations.

Aliko Dangote, President/Chief Executive, Dangote Industries Limited currently is the only private sector operator in Africa with the highest number of national honours from three countries.

His achievements are so remarkable in the whole of Africa to the extent that it attracted the highest honours ever conferred on a civilian from Presidents of countries where such investments are located.

he business tycoon recently bagged Cameroon's highest civilian honour, the National Order of Valour from the country's President Paul Biya. While conferring the award on him, President Biya said the honour was in recognition of his efforts in infrastructural development in the country and on the rest of the continent through his cement manufacturing plants.

Biya commended Dangote for his industrialization strides, saying that this has provided thousands of direct and indirect employment in their various countries of operation in addition to boosting their economies. He urged Dangote to invest more in Cameroon's manufacturing sector, saying his government is focused on promoting a business-friendly environment to make the country more attractive to investors.

He expressed pride at Dangote's various efforts at promoting industrialization across Africa through the building of cement plants in several African countries.

The Cameroonian President was excited that these plants have provided thousands of direct and indirect jobs in Cameroon with the country's economy smiling for it.

The Cameroonian president urged the leading African investor to consider more investments in the manufacturing sector in his country, saying that there are numerous business opportunities in the country that are waiting to be exploited.

He maintained that his government was focused on promoting a business-friendly environment to make the country more attractive and an investors' destination.

In 2013, the then President of Republic of Benin, Boni Yayi, conferred on Dangote the country's highest national honour, the Grand Commander of the National Order of the Republic of Benin.

He described Aliko Dangote as a true son of Africa and deserved the award having proved his mettle in private sector.

He pointed out that the category of award conferred on Dangote is reserved for presidents and heads of state of his country, saying that Dangote is the first person outside government to bag the award bestowed on him for his business exploits in the country.

In Nigeria, Dangote was in 2011conferred with the Grand Commander of the Order of the Niger (GCON) award in recognition

of his contributions to the Nigerian economy. This is the country's second highest national honours, after the Grand Commander of the Federal Republic (GCFR).

He became the first person outside Government and public office holders to have bagged the award.

The GCON honours conferred on Dangote, according to the then President of Nigeria, Goodluck Jonathan, was based on his contributions to Nigeria's greatness, via building a vast business empire which provides employment to thousands of Nigerians.

For Aliko Dangote, honours and awards are like a second skin. The roll-call of honours include; Forbes Africa Person of the year 2014; six times recipient of Forbes Most Powerful Man in Africa; CNBC's top 25 Businessmen in the World who changed and shaped century; 2014 Time Magazine 100 Most Influential People in the World; 2015 Bloomberg Markets' 50 Most Influential Individuals in the World; The Guardian Man of the Year 2015; 2016 African Business Leader Award by Africa-America Institute and New African magazine 100 Most Influential Africans in 2015, 2017, 2018 and 2019 respectively.

The business guru also got the Honorary Patron's Award from Brevity Anderson for his contributions to the Global Hydrocarbon Industry and his investments in the Nigeria's downstream sector.

Aside investments in Africa, Dangote have also become a leader in philanthropy. He pledged $1 billion to the Aliko Dangote Foundation with additional $100 million partnership with the Bill & Melinda Gates Foundation to fight malnutrition in Nigeria.

Speaking on building a global brand, Dangote stated: "As Africa's largest cement manufacturer, we understand our corporate sustainability responsibilities. We are focused on continually improving our social and environmental stewardship, socio-economic well-being, and health and safety of key stakeholders. We are dedicated to ensuring progress in the communities and economies where we carry out our business.

"We are also committed to fulfilling the United Nations Sustainable Development Goals and are taking very concrete steps to own and drive these Global Goals in our business operations and across our value chain.

"We relish our long membership with the United Nations Global Compact (UNGC). We continue to drive the UNGC's ten sustainability principles, which further strengthen our business performance and sense of responsibility to key stakeholders and the African economies where we operate.

"Our drive to support sustainable economic development and human capital advancement is at the heart of our business. We understand that these commitments require us to comply with national and global sustainability standards, principles and guidelines, including the Global Cement and Concrete Association (GCCA); the Nigerian Stock Exchange Sustainability Disclosure Guidelines; the Nigerian Code of Corporate Governance (NCCG); the Securities and Exchange Commission (SEC) Code of Corporate Governance; and similar codes and standards that are applicable in all our African markets."

Dangote, whose wealth is valued at over $20 billion by Forbes, is the wealthiest man in Africa with huge interests in cement, sugar, salt, agriculture, manufacturing, and petroleum.

Dangote's business units include Dangote Cement PLC, Dangote Sugar Refinery PLC, NASCON Allied Industries PLC, Dangote Rice Limited, Dangote Academy, Dangote Oil Refinery Company Limited, Dangote Fertiliser Limited, Dangote Packaging Limited, Dangote Ports Operations, Dangote Transport Limited, Dangote Sinotruk, Dangote Projects, Dangote Steel, Aliko Dangote Foundation and Dangote Construction Limited.

His ongoing projects include building a 650,000 barrels-per-day refinery, which will become the world largest single train refinery on completion. Dangote Petroleum Refinery is expected to produce 65.4 million litres of Petrol (PMS), Diesel (AGO), Aviation Jet fuel (ATF) and Kerosene (DPK) daily, when it becomes operational. This high volume of PMS output from the Dangote Refinery will transform Nigeria from a petrol import-dependent country to an exporter of refined petroleum products.

The refinery is being designed to accommodate multiple grades of domestic and foreign crude (including shale oil) and process these into high-quality gasoline, diesel, kerosene, and aviation fuels that meet Euro V emissions specifications, plus polypropylene.

It will include a crude distillation unit, single-train residual fluid catalytic cracking unit, diesel hydro-treating unit, continuous catalyst regeneration unit, alkylation unit, and a polypropylene unit. The project will provide thousands of direct and indirect jobs and add value to the Nigeria's economic development. It will lead to significant skills transfer and technology acquisition opportunities in the country.

The fertiliser plant, Dangote Fertiliser, the largest in West Africa with capacity to produce 3.0 million Tonnes of Urea per year has commenced production. The fertiliser company is set to transfer the country's agricultural sector.

All these landmarks and limestones, among other sterling achievements, provide the perfect template and reasons for Aliko Dangote, the great African humanist and entrepreneur. The remarkable thing is that, this award trend is not over yet…

# TRANSIT TARIFF: NIGERIAN EXPORT GOODS TRAPPED IN BENIN

*As Nigeria is currently battling double digit inflation, with the continuous rise in the general price level of goods and services, which has adversely pushed more Nigerians below poverty level, the transit tariff imposed on transit goods by the neighbouring Republic of Benin, has escalated the woes of many Nigerian manufacturers, leading to hug loss of revenue to the affected companies,* ***Charles OKONJI*** *reports.*

According to our findings, goods belonging to Nigerian manufacturers being exported or imported through road across Benin Republic border, which was covered by the region's trade treaty under ETLS of the Economic Community of West African States (ECOWAS) and now the African Continental Free Trade Agreement, AfCFTA are currently trapped at Seme border due to non-payment of tariff imposed by the Government of Benin Republic. These goods were originally designated for other neighboring countries like Togo, Ghana and others.

However, the irrational decision by Benin Republic government to collect 100 per cent tariff on transit goods led to massive alteration manufacturers gross earnings and pushing their expenses higher than budgeted. This devastating policy has been described by some economic and trade experts as violating trade agreements of the region and the continent.

Throwing the first punch is the MANEG Chairman, Other African Countries and Export Manager for Aarti Steel (Nigeria) Limited, Imokhai Ehimigbai, stated it started quite some time ago, which was the increase in what they called the road tariff for any good transiting Benin Republic to Togo and to Ghana.

Ehimigbai noted that it is a fee they pay to the Benin government, explaining that the tariff was initially hiked but was reversed when the agents in Benin complained and the government removed the transit fee.

He said: "They started charging 100 per cent on goods transiting Benin which negates ECOWAS protocols of free movement of trade and

*Imokhai Ehimigbai*

services because the founding fathers of ECOWAS thought within them looking at ECOWAS as one community to remove that tariff, so what we normally pay for goods originally made in West Africa that has ECOWAS Trade Liberalisation Scheme (ETLS) is maybe the VAT and very little tax from the neighbouring country you are exporting into. With the introduction of this 100 per cent duty, goods of ECOWAS origin, that are transiting Benin will pay import duty to Benin government and by the time they get to their destination, they still have to pay these taxes to the government of that region, then you now see that the duty of ETLS and ECOWAS have been taken away which is not part of the agreement signed. It is not even called duty, but VAT.

"Come to look at it, most of the manufacturing concerns in West Africa are here in Nigeria and most of these goods are coming from Nigeria with little coming from Ghana and I also understand that most of the goods coming from Ghana have also been stopped at Aflao border because of this information. So, I cannot actually quantify because it is a huge loss for the manufacturers, huge loss to the government of Nigeria. I think that this action by the Benin Republic is a retaliation to Nigeria's total stoppage of importation of rice, because if you look at rice importation from Benin republic and from my own experience, I observed that in the months of June and July, you will hardly get a warehouse in Benin Republic because those warehouses have been taken over by Asians and Lebanese who are bringing in rice and then if you visit such warehouses you will see them stock from the bottom to the roof top with Thailand rice and the destination of that rice is Nigeria and with the total ban on importation of rice, there is no revenue in Benin because their ports to them is like oil to Nigeria. At present, the economy of Benin Republic is almost in comatose because there is no fund, so I am seeing this as a kind of retaliation from the government of Benin Republic on Nigeria."

On the part of Manufacturers Association of Nigeria, MAN, the Director-General, Dr. Segun Ajayi-Kadiri, noted that the attention of the (MAN) has been drawn by one of its member, Messer Cadbury Nigeria Plc of the challenges encountered in importing their Cadbury 3 in 1 Hot Chocolate Drink from their sister company in Ghana, into Nigeria by Road.

Ajayi-Kadiri noted, "This development is due to a new import duty payment policy that the Government of the Republic of Benin has imposed on goods-in-transit, in addition to the normal transit charges.

"According to the new policy, every truck passing through Republic of Benin into Nigeria, is now required to pay CFA 9 million. This automatically translated to double payment as duty is usually paid at the final destination of customs territory. It should be noted that this anomaly has led to the suspension of all consignments transiting to Nigeria pending the resolution of matter. The potential risk on cost of haulage of goods enroute Republic of Benin, if the issue is not urgently addressed would be severe.

"ECOWAS Trade Liberalization Scheme (ETLS) is a trade instrument designed by the Economic Community of West

*Dr Segun Ajayi Kadri*

African States (ECOWAS) which offers unhindered market access to its member Countries and promotes economic relations within the sub-region, such as guarantee free movement of goods and persons between member countries, absence of quantitative restrictions and total exemption from import duties and taxes.

"We understand that following protests from the Licensed Customs Association, the Government of the Republic of Benin has suspended the new import duty payment. Similarly, we gathered that the Government is investigating the operations and activities of the Benin Customs Service with regard to goods transiting through their corridor. It is unfortunate that trucks are still not allowed to pass through the border."

Currently, five trucks owned by Doolanc Libral Nigeria Limited and Westrend Limited International Logistics (Cadbury Nigeria's third-party transporters), with registration numbers below are affected by this policy:

The MAN chief reiterated that apart from the demurrage being incurred due to the suspension of the consignments, Cadbury Nigeria Plc is a major player in the Fast-Moving Consumer Goods (FMCG) segment of the Nigerian economy, providing essential products as well as contributing to job creation has now suspended production.

He called on the Federal Government for swift intervention as the number of Nigerian trucks trapped at border has risen to about 4500 as at the time of filling this report.

He said: "We appeal that you kindly intervene in this matter, in view of the negative impact the policy is already having on Cadbury Nigeria Plc and other Nigerian Companies. Also, the policy negates the principles of ECOWAS Trade Liberalization Scheme (ETLS) of which the Company is a beneficiary."

For Dr. MudaYusuf, former DG, Lagos Chamber of Commerce and Industry, LCCI the story has practically marred the ECOWAS dream of the founding fathers.

Yusuf said: "What is happening to Nigerian exporters stuck at the Benin border is a reflection of the weak commitment of countries in the sub region to the policy of economic integration. The protocols are violated at will and with impunity. Practically all countries in the sub region are guilty of these violations at different times. This is fate that the ECOWAS economic integration protocol has suffered over the years.

"Of all the regional economic blocs in the continent, ECOWAS is the least integrated, yet it is one of the oldest, founded 46 years ago. It is a sad commentary. Non-Tariff Barriers have practically marred the ECOWAS dream. This is not a good omen for the AFCFTA. There is an urgent need to institute an effective framework to address the menace of non-tariff barriers. This is one of the biggest risks to AFCFTA."

According to the former DG of the Lagos Chamber of

| S/N | TRANSPORTER | TRUCK REG NO | LOCATION |
|---|---|---|---|
| 1. | Doolanc Libral Nig Ltd | BDG 246 XV | Aflao – Ghana |
| 2. | Doolanc Libral Nig Ltd | JJJ 300 XQ | Aflao – Ghana |
| 3. | Doolanc Libral Ltd | SMK 20 XB | Aflao – Ghana |
| 4. | Westrend Ltd Intl Logistics | LSV 333 XV | Hilla Condji – Benin |
| 5. | Westrend Ltd Intl Logistics | GCE 616 XY | Hilla Condji – Benin |

Commerce and Industry, LCCI, Dr. MudaYusuf, the act carried out at the border by Benin authorities is indication of weak compliance to the sub-region trade agreement.

Yusuf said, "What is happening to Nigerian exporters stuck at the Benin border is a reflection of the weak commitment of countries in the sub region to the policy of economic integration. The protocols are violated at will and with impunity. Practically all countries in the sub region are guilty of these violations at different times. This is fate that the ECOWAS economic integration protocol has suffered over the years. Of all the regional economic blocs in the continent, ECOWAS is the least integrated, yet it one of the oldest, founded 46 years ago. It is a sad commentary.

*Muda Yusuf*

"Non-Tariff Barriers have practically marred the ECOW as dream. This is not a good omen for the AFCFTA. There is an urgent need to institute an effective framework to address the menace of non-tariff barriers. This is one of the biggest risks to AFCFTA."

# PRODUCT REGISTRATION: SON DEMYSTIFIES PROCESSES, PROCEDURES

*Intending importers and manufacturers of products in Nigeria can now heave a sigh of relief as the standard Organisation of Nigeria (SON) has made clear the steps involved in product registration and preferred answers to frequently asked questions, **Charles OKONJI** reports.*

This necessary step became inevitable as SON recognises the huge amount of money the unsuspecting Nigerian masses lose daily to fake and substandard products, especially the life threatening ones.

However, the Director-General of SON, Mallam Farouk Salim, at a workshop organized by the agency for Journalists with the theme, "Improved Synergy to Promote Standardization," held at the SON's Laboratory complex, Ogba, Lagos, noted that simplifying the process and procedures of product registration will go a long way in helping to sanitize the system of substandard and fake products.

Moreover, in a presentation, the Assistant Director/Head Product Registration SON, Engr. Joseph Ugbaja, explained the scope of Product Registration, its objectives, benefits to the importer and steps involved in the product registration.

According to Engr. Ugbaja, Product Registration is "a scheme that involves registration of imported products only, adding that the objectives are: To ensure that every product imported into Nigeria is registered and issued a number and logo before they are sold in the Nigeria markets; To ensure that only good quality products are sold in the Nigeria markets; To ensure traceability of all products; To ensure that Nigeria is not a dumping ground for substandard products and to protect the consumers and ensure that they get value for their money."

**Benefits**

On the benefits of product registration to the importer, the SON Director pointed out that it protects the importer from people faking his products, especially if the importer is the Brand owner or sole distributor.

He stressed that the second benefit is that the Organisation will easily discover other entities importing or selling the importer's products without permission and take legal action against the offenders as the unique logo will make it difficult for the product to be faked.

"If one of the models of a given product has a consumer complaint issue, rather than put on hold all the models of the product, the model in question (using the logo and number) will be put on hold while investigation is ongoing" Engr. Ugbaja said.

**Steps**

The right steps to follow while registering a product for certification with the standards body has been outlined to include; Application , Assessment of the Brands/Models, Issue Demand Note to importers, Payment to TSA (Service charge), Inspection/Sampling, Laboratory and Issuance of Certificate of Product Registration.

"With regards to the documents required before registration of products the agency listed the following; CAC Registration, Trade Mark Certificate, Letter of Authority to distribute the products in Nigeria, Application Form, Laboratory Test Result and Evidence of payment (TSA receipt)."

**Duration**

The duration of the registration processes, according to Ugbaja, is six weeks from payment to issuance of certificate, adding


*L-R: Special Adviser to Director General, Standards Organisation of Nigeria (SON), Mr. Emeka Duru; Director General, SON, Mallam Farouk Salim; Director, Standard Development Directorate, SON, Mrs. Chinyere Egwuonwu and Deputy Director/ Head, Public Relations, SON, Mr. Bola Fashina during SON capacity building workshop for journalists in Lagos.*

that importers do not have to go to SON Lekki office to make enquiries or register their products because there are desk offices in ASPAMDA, Alaba, Computer Village, Ikeja/Aluminium village, Dopemu in Lagos and in every state office of SON nationwide.

**Differences between Product Registration Certificate and Product Certificate**

On the difference between Product Registration Certificate and Product Certificate, the Agency explained that Product Certificate is associated with SONCAP Certificate, while Product Registration Certificate is issued after the completion of product registration processes.

According to the agency, it is important to note that successful importers are usually contacted by SON when the Certificate, valid for 12months, is ready.

**Challenges over product registration**

With regards to challenges encountered by the agency in the course of registration, Engr. Ugbuaja noted that some importers are not willing to have their products tested because of fear of failure/seizure while a few other importers are not willing to have their products registered, as they want to evade any form of payment.

"As traceability remains one of the core objectives of product registration, some importers prefer to operate from hideouts and sell their products without registering them. Non-renewal of product registration by clients whose registered products have expired, remains one the major challenges faced by the Organisation," he added.

Despite the effective service delivery, SON says it is not resting on its oars as the upgrade of its E-Product Registration portal for online registration is on-going while it is constantly engaging the electronic and print media and other stakeholders creating public enlightenment and awareness.

Further strategies to curbing the menace of substandard products

In furtherance to curbing the issue of menace of substandard products, the SON has created various training centres across the country, in this regard and equipped its training centres with modern international standard gadgets for effective services.

**SON Training Services (STS)**

SON training services offers a wide range of training courses to the industrial sector, the consumers and its own staff.

"To ensure international best practices are established, implemented and maintained in Nigerian set ups, STS provides management systems training: Courses in various categories namely; Lead Auditors, Internal Auditors, Lead implementers, Implementers, and Transition.

"The Training and Certification Unit was established in 1994 staring with the ISO 9000 series.

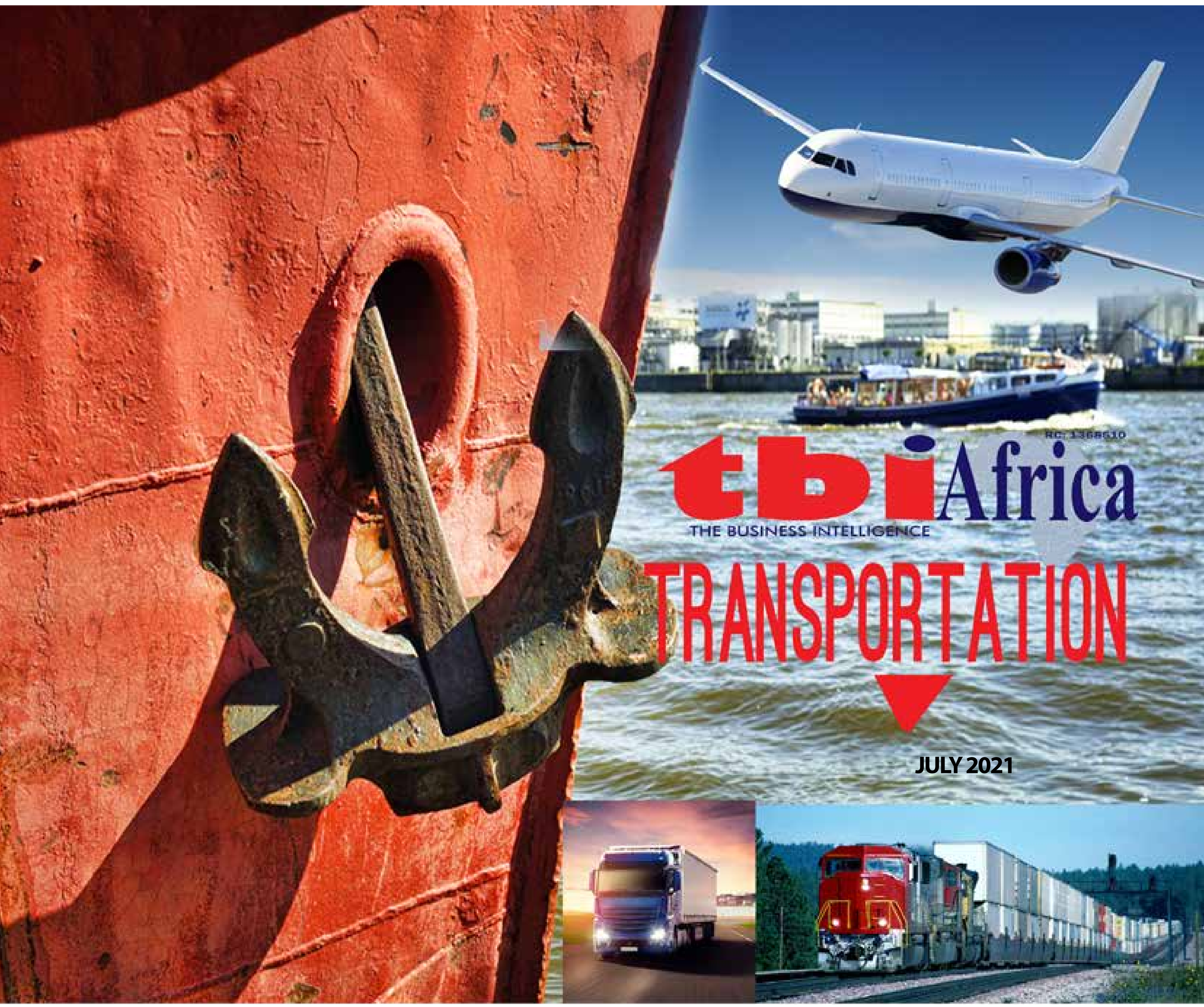
The Training was separated from the Certification in 2003 due to expansion in the Management Systems available for Training and Certification. The Management Systems became a full Department By 2013 midwifed by Head of Training. The Training is about becoming an Institute due to the need to focus on a wider scale of Courses and collaborations under this present management," the Director-General stressed.

**Impact of training services**

The SON document reveals that its Training Services has done a lot in sensitizing the consumers, equipping SON staff with knowledge tools and prepare the industrial sector for present and future challenges.

Faruk explained that with the planned expansion and transformation of the training unit into a training institute by this present management, SON Training Services will be able to provide training to more participants in more parts of the country, stressing that SON has wealth of experience to teach the world.

"We run several training programs concurrently, thereby achieving the goal of becoming a reference point for standards throughout the country. One of the core values of SON is media engagement. We want to let the members of the press here represented today know that we recognise them and value their works. We want to employ you to assist us in disseminating these capacity building opportunities available in SON Training Services to the relevant target audience.




# BOOSTING ECONOMY VIA AIRPORT PROCESSING ZONES

*The Federal Government recently announced the designation of four international airports as Special Economic Zones.* ***Olamilekan FAWAS*** *examines the impact of this policy on national development*

The Federal Government has designated of four international airports as Special Economic Zones (SEZ). The airports are Murtala Muhammad International Airport, Lagos; Nnamdi Azikiwe International Airport, Abuja (NAIA); Port Harcourt International Airport, and the Mallam Aminu Kano International Airport, Kano.

Stakeholders said expanding air services would lead to significant improvements in service delivery and national economy in general.

Minister of Aviation Hadi Sirika who announced the designation of the airports via a statement issued by Mr James Odaudu, the Director, Public Affairs, Ministry of Aviation, said the approval was granted by President Muhammadu Buhari.

He stressed that there were many benefits in designating the airports as special economic zones. "The Ministry of Aviation in its desire to address issues concerning taxation, custom duties and fiscal issues in the Nigerian aviation industry, which required a holistic solution, had requested the Nigerian Export Processing Zone Authority (NEPZA) to designate the four major international airports under NEPZA Act.

"The request was made so that the benefits of such zones can be accorded all airlines, airport operators, aviation support companies, among others, that reside within the zones which the President noted, and approved.

"Some of the benefits include: harnessing the socio-economic benefits derivable from civil aviation, generating revenues for government and creating avenues to mobilise local and foreign direct investment for overall growth of the economy," he said.

He further said the designation was also expected to attract more international and domestic airlines and world class organisations into the Nigerian aviation industry to fast track development of new infrastructure and facilities at the airports.

Sirika noted that the special economic zones would also help to reduce the tax


burden on aviation companies to enable them compete internationally.

He said the move would also create more efficient and business-friendly trade environment comparable to other countries, with less bureaucratic red tape because of the associated fiscal incentives and packages.

According to him, the operation of the airports as special economic zones would also help to generate employment opportunities and human capital development.

The minister said it would further improve the overall ease of doing business in Nigeria in line with Federal Government's commitments towards national economic development.

"Another benefit is the generation of additional non-aeronautical sources of revenue for the aviation industry, as promised at the inception of the Buhari administration.

"The government remains committed to the development of an investment-friendly aviation sector that will not only make Nigeria a regional hub for air transportation, but increase its contribution to the national gross domestic product," he said.

The Airport Manager, NAIA, Mr Mahmud Sani, reaffirmed the commitment of management team to intensify efforts to sustain the standard and integrity of the airport.

Sani spoke in Abuja at an "Airport Emergency Mock Exercise Difficult Terrain," a process needed for recertification of the airport, said the management would further make frantic efforts to ensure that Civil Aviation Authority (CAA) recertify NAIA.

Sani said that certification is carried out every three years, adding that NAIA was certified in 2017 and was due for recertification. "Today, we have just exercised our "Airport Emergency Programme.

"It is part of our recertification process. NAIA was certified about three years back, so we are in the process of recertification of Nnamdi Azikiwe International Airport, Abuja.

"This programme we experienced today was part of requirements to fulfill the requirement by the CAA and we have just done it.

"We tried to do this exercise to see how we can mobilise our human resources at the time of accident in an airdrome. We have fire and rescue department manning the airport 24 hours," he said.

The manager disclosed that the exercise was mainly about how to rescue victims from accident at the difficult terrains.

Sani said the exercise had helped to advance the usage of telecommunication gadgets, adding that it had equally helped in demonstrating how stakeholders could respond in real accident.

"As an airport operator, we go into Memorandum of Understanding (MoU) with sister organisations in case of incidence or accident in the airport, so that they can come to our rescue.

"With this exercise, we are able to see response of our stakeholders, which is commendable.

"They are Teaching Hospitals, Air Force, Fire Fighter Service, Police, Civil Defence, NEMA, and Road Safety Corps. All of them have been mobilised and they are here. These are things we achieved today," he said.

Sani further said the exercise had helped to identify some failures in the activities of the airport, stressing that they would be corrected.

"So far, so good, we are going back to assess ourselves inside the Emergency Operation Centre with all the stakeholders. We have some observers that oversight this exercise that will tell us the shortcomings and then we work on them," he added.

Deputy General Manager, Aerodrome Rescues and Fire Fighter Department in NAIA, Mr Rindap Nantim, who also spoke, said the exercise offered opportunity to experts in the department to display their skills.

According to him, Federal Airports Authority of Nigerian (FAAN) service is specially planned in such a way that any fire fighter that reports to duty can carry out a check on equipment.

According to Nantim, the issue of lack of water is not applicable to airdrome as there is water everywhere. He added that the vehicles at the airport were designed to operate within given period of time.

"The moment you arrived at the crash scene, in the first three minutes, if the man does not have required foremanships training, he uses the monitor to operate.

"That is less than a minute because the 10,000 litres capacity vehicle can exhaust in three minutes.

"With the training, I think our men are better positioned. They have the response capability to carry out their job very well even in rough terrain, "he said.

# IMPORTANT ROLE OF THE NAVY IN DEEP BLUE PROJECT

By Dr. Bashir Jamoh

The Nigerian Maritime Administration and Safety Agency (NIMASA) has responsibility for the promotion and development of indigenous commercial shipping in international coastal shipping trade; promotion of maritime security and safety, as well as maritime labour, and prevention of marine pollution.

The agency also provides national maritime search and rescue; air and coastal surveillance; directions and ensuring of compliance with vessel security measures, and inspection of ships for security and safety purposes.

The nation's entire maritime space for which NIMASA is mandated to provide security and safety is fraught potentially with unique and oftentimes unpredictable security challenges that require the use of arms to contain. But the agency does not bear arms, yet, cannot go to sea hoping to engage pirates and other criminals in friendly discussions. Any effort by an armless NIMASA to fight insecurity in the Gulf of Guinea would be tantamount to deliberately exposing its personnel to danger.

There was the need to fill the gap created by its inability to carry arms. It became necessary, therefore, to partner with a security agency with deep knowledge of the maritime environment and hands-on experience in dealing with sea criminals, to enable NIMASA to execute the mandate as contained in the law that set it up.

On Wednesday, April 19, 2017, NIMASA and the Nigerian Navy signed a Memorandum of Understanding for cooperation in the promotion of maritime safety and security; prevention of marine pollution; search and rescue operation, as well as intelligence gathering. Other areas of cooperation are enforcement of actions that include anti-piracy, theft, illegal ship-to-ship transfer, illegal fishing and illegal bunkering, as well as rapid response to distress alerts.

The mandate of NIMASA and the Nigerian Navy are interwoven. NIMASA is not an arms-bearing agency, and therefore needs the Navy in that regard. On its part, the agency must provide the platforms for the Navy to be able to discharge its mandate effectively for the common objective of keeping the country's waters safe and secure.

The commencement of the cooperation saw NIMASA setting up the Maritime Guard Command, a centre for the harmonization of the training procedures and guidelines

*Dr. Bashir Jamoh*

involving it and the Navy, to ensure they meet the standards required for certification by the International Maritime Organization (IMO).

At NIMASA, priority attention is given to the training of the workforce. Educational assistance is also extended to non-staff of the agency, including the Navy, whenever the need arises and there is opportunity. This is geared towards building capacity for the maritime sector. The inclusion of the Navy in this training is borne out of the fact that it is not possible for NIMASA to achieve its mandate without the Navy's support.

Indeed, the relationship between NIMASA and the Navy predates the formal signing of the MOU, which culminated in the setting up of the Maritime Guard Command that is domiciled in the agency but manned by naval officers.

There is, perhaps, no other area in which the cooperation between the two agencies is more manifest and potentially more impactful on the country's maritime security than the Integrated National Security and Waterways Protection Infrastructure, otherwise known as the Deep Blue Project, which became operational in February and was officially launched by President Muhammadu Buhari on Thursday, June 10, 2021.

The project is a security platform that integrates activities, through the use of technology, from assets owned by three different agencies to make the fight against maritime crime a lot easier and more result-oriented, for the purpose of making Nigeria's maritime space, including the Exclusive Economic Zone up to the Gulf Guinea, safer and more secure.

These are the C4i Centre of NIMASA, Falcon Eye of the Navy and C3-Eye Centre of the Nigerian Ports Authority.

Since April, this year, NIMASA and the Navy have been working to put in place an information-sharing arrangement that would integrate the C4i Centre with the Falcon Eye for easy monitoring of activities at sea.

The involvement of the Navy in the Deep Blue Project is very crucial to its success and the achievement of the overall objective of stemming insecurity in the Gulf of Guinea. Apart from its contribution of the Falcon Eye to the project's platform, crucial assets like the Special Missions Vessels and aircraft are to be manned and commanded by naval officers.

It is also important to mention that some of the equipment being used for the project are stored at the Naval base.

There is a deliberate effort to increase the cooperation between the Navy and NIMASA's Hydrography Unit with regards to charting the country's waters and mapping out of wrecks, to ensure safe and unhindered navigation in the waterways.

Since the signing of the cooperation, the two agencies have continued to work hand-in-hand to bring about a safer and more secure maritime environment that would allow activities that are associated with water to thrive. The Navy has done an excellent job of providing the arms component of the fight against piracy and needed security backup.

A total of 27 pirates were apprehended in the country's waters last year, with the Navy accounting for 10. Ten criminals – seven Nigerians and three foreigners – have so far been convicted at the Federal High Courts in Lagos and Port Harcourt, courtesy of the Suppression of Piracy and Other Maritime Offences (SPOMO) Act of 2019, which has provided the legal teeth that are needed to fight piracy and other forms of crime in the Nigerian maritime space.

The benefit of the cooperation between NIMASA and the Navy will become more manifest in the continuous reduction of crime in the Nigerian maritime space as we go along.

***Dr Jamoh is the Director-General and Chief Executive Officer of the Nigerian Maritime Administration and Safety Agency***

# LAGOS PORTS CONGESTION: ETO CALL-UP SYSTEM AS BEST SOLUTION

*Nigeria is believed to have the most robust port infrastructure in the sub-region, but port users have continued to struggle with huge economic costs due to inefficiencies arising from unfavourable export and import processes,* ***Olamilekan FAWAS*** *writes.*

Over the years the Nigerian Ports Authority (NPA) has made several interventions to resolve the incidence of heavy vehicular and human congestion around the country's seaports and off-dock terminals especially those within the Lagos axis where a large chunk of the nation's external trade is processed.

After experimenting with a manual truck scheduling arrangement for over a year, the NPA came up with an electronic truck call-up system in February, to tackle the perennial traffic gridlock responsible for the delay along the access roads leading to the country's two busiest ports.

The truck call-up system, dubbed "Eto", the Yoruba word for "to schedule", is now the only authorised pathway for cargo trucks to access the port, including transfer of empty containers by shipping companies.

NPA's Assistant General Manager, Corporate and Strategic Communications, Mr Ibrahim Nasiru, in a statement, insisted that, "henceforth, all trucks doing business at the ports in Lagos will be required to park at approved truck parks until they are called-up into the port through "Eto", the new application.

"The 'Eto' application will be responsible for the scheduling, entry and exit of all trucks into the port with effect from 27th February 2021," the statement said.

With the deployment of "Eto", truck companies, terminal operators and freight agents are required to download the app, and then proceed to create an account to monitor the schedule and movement of their trucks in and out of the port.

According to the managers of the e-call up system, Messrs Trucks Transit Parks Limited (TTP), benefits to subscribers of "Eto" include increased returns on logistics investment while maximising time per trip.

Others include the easing of truck traffic congestion and streamlining cargo movement activities, smart parking for trucks, information navigation options for truck owners/drivers on available parking spaces, as well as convenience and safety for drivers at designated truck transit parks.

From available accounts, the roll-out of the electronic truck call-up platform proved to be a game-changer with its instant positive impact on the carriage cost of goods at the two Lagos ports.

The haulage fee imposed on fully laden containers from the Lagos Ports Complex, Apapa to a destination within the Lagos area fell substantially in the week the "Eto" app was formally launched.

Similarly, carriage cost from Tin-Can Island Port to warehouses within Lagos State dropped progressively by the second quarter of 2021, according to the records.

However, in spite of the firm directive by the NPA that non-compliance to the use of "Eto" and its guidelines would result in denial of access into the ports, impounding of trucks and withdrawal of registration or operating license, investigation has shown that some truck drivers and their collaborators appear bent on derailing the system.

While the responsible trucking companies continue to follow due process, the actions of some desperate truck drivers have become a big worry to the NPA. After the smooth process witnessed in the early weeks following the launch of the "Eto" app, vested interests responsible for the sorry traffic situation around the port began to push back.

Truck owners, allegedly in collusion with state agents including NPA security staff, began to willingly circumvent the process. Allegations of forgery of transit e-tickets and selling of tags to truck drivers by unscrupulous TTP employees were rife, while cries of extortion by security operatives assigned to monitor traffic along the port corridor became increasingly strident. Those benefiting from the existing disorder seemed determined to preserve the status quo.

But TTP and the manager of the "Eto" platform say that the challenges are being addressed frontally, with Chief Operating Officer of TTP, Temidayo Adeboye, describing the "Eto" technology as the right solution toward resolving the chaos and corruption around the movement of trucks, especially to the Lagos ports.

"We deployed the right technology to drive the process and it was a very reliable system; it was organised, and guaranteed easy control of traffic. But as they say, when you fight corruption, it will fight back. There were lots of money that were changing hands and people were profiting from the chaos and weren't happy when TTP came on board," he explained.

Determined to restore port users' confidence in the electronic truck call-up system as witnessed in the early days of its roll-out, Acting Managing Director of the NPA, Malam Mohammed Bello-Koko's first public action when he assumed office in early May, was a visit to the Lilypond Terminal described as the theatre of operations for "Eto".

His mission was to re-assess the quality of infrastructure and operational framework deployed by the system manager.

Bello-Koko, while interacting with haulage operators and drivers during his visit, assured them of NPA's commitment to speedily resolve all teething challenges against the smooth implementation of the call-up system.

He promised that both the online scheduling process and truck transit arrangement would be fine-tuned to check manipulation and other vices associated with the new arrangement.

"We will ensure that the entire process is fully automated and secured to prevent counterfeiting, while priority will be given to export cargoes in line with the economic diversification agenda of the Federal Government.

"I have directed that action be taken immediately to improve the overall efficiency of the truck scheduling system for the benefit of its subscribers," the NPA boss said.

The improvements he demanded from TTP included immediate deployment of physical infrastructure such as bollards, spikes and automated barriers and the installation of CCTVs at the port's entry and exit points.

He also called for the hiring of quality and experienced human resources, improved response time to customers' demands, and better information sharing with other designated transit park operators.

To further ensure that the goal of "Eto" was not derailed, Bello-Koko met with the Lagos State Governor, Mr Babajide Sanwo-Olu, to fine-tune strategies to curb indiscriminate parking and alleged extortion of truck drivers by traffic and security operatives on the access roads leading to the ports.

The NPA and Lagos State Government resolved to collaborate more on enforcement of traffic rules by rejigging the security architecture on the port access roads which had been fingered as a major contributor to the delays and alleged extortions along the corridors.

Arising from the meeting, it was agreed that henceforth, monitoring and traffic enforcement within the port corridors would be round–the-clock. Sanwo-Olu also promised to engage owners of oil tank farms and representatives of petroleum workers' unions to key into the "Eto" platform, to put an end to the indiscriminate parking of oil and gas trucks on the port access roads.

The governor stressed that private operators in the ports must play their part toward ensuring that ports in Lagos were transformed into logistics centres of excellence.

Having re-evaluated the implementation of the call-up system along with a thorough review of the feedbacks from industry stakeholders and users of the app, Bello-Koko recently endorsed the implementation of additional measures designed to correct deficiencies so far identified.

According to the new measures, henceforth, a daily manifest will be generated by TTP for all trucks approved to access the port.

The manifest will be shared with all customers (subscribers), while truck owners will inform the drivers of trucks on the list/manifest to proceed to their various port destinations according to their allotted time as stated in the manifest.

The manifest for each day's movement will be circulated by 10 p.m. of the previous day and all movements will be done strictly in accordance with approved time belt for each truck category.

The trucks that will be on the manifest are those that emanate (i.e. pre-gated out) from truck parks approved by NPA/LASG, while the status must show "left Pre-gate" on the "Eto" dashboard.

The new measures also stipulated that all trucks must physically be situated in their respective truck park or pre-gates before being called out or pre-gated out, as applicable, with any truck or truck park found not complying blacklisted, or shut down.

Vehicles not verified from such truck parks but are on the manifest shall not be allowed into the port, while the responsibility for ensuring that all trucks reflected in the manifest physically emerged from the truck parks shall be that of the truck parks and TTP.

At the port end, TTP must ensure that only trucks on the manifest gained access into the port while NPA provides security. To affirm seriousness, some truck parks were recently suspended for some infractions.

To ward off extortions, the new measures stipulated that after a ticket had been duly issued, it is the responsibility of the truck owner/driver to secure it as no other law enforcement agent is authorised to check driver's call-up tickets.

The truck status could be validated by law enforcement officials using the manifest as published, and the truck's registered plate number, while LASG/LASTMA shall impound all trucks not on the manifest but hanging around port locations at any-time, without additional notice.

Analysts have hailed the renewed zeal for the success of the "Eto" app, especially in view of the enormous impact of the Apapa traffic situation on socio-economic activities in Lagos.

They have also commended the current efforts of Bello-Koko who, they recalled, had played a major role in the conceptualisation and eventual roll-out of the electronic truck call-up system while serving as NPA's Executive Director, Finance and Administration.

They believe that the "Eto" initiative, if effectively deployed, will bring an end to the intractable vehicular gridlock on the access roads leading to the country's two busiest seaports.

They, however, emphasised the buy-in of the port community, noting that such support was critical to success.

Executive Director, Maritime Industry Advocacy Initiative, an NGO, Mr Sesan Onileimo, put it more succinctly. "The 'Eto' system must be supported to succeed to keep the Nigerian port economy on the path of efficiency and growth; it is an intervention too good to fail," he said.

# SET FOR HIGHER ALTITUDE

*With new carriers altering the stakes in the second half of the year, the industry is expected to bubble with a flurry of activities as operators, aviation agencies and other players scale up plans for industry's rebound, writes* ***Meletus EZE***

***Minister of Aviation, Hadi Sirika***

The global air transport sector is yet to fully recover from travel bans, restrictions and other measures put in place by some countries to escape the ravaging effects of the third wave of COVID-19 and the emergence of new variants of the deadly disease.

In Nigeria, the next six months will trigger another round of optimism for airlines, ground handling firms, aeronautical agencies and aircraft manufacturers as well as aircraft maintenance repairs and overhaul centres as they scale up efforts to make good their lofty plans and projects for the remaining part of the year.

Significantly, experts have expressed optimism over the health of old and fledging carriers which will continue their delivery streak of relatively new airplanes.

Leading the pack of such carriers is Air Peace, which would have received more than half of the 13 Embraer 195- E2 jets purchased from Brazilian airplane manufacturers.

Besides delivery of newer planes, the carrier in the second half of the year had consolidated flight operations on some of its either new routes or routes hitherto suspended because of the COVID-19 pandemic.

In an interview, Air Peace Chief Operating Officer, Mrs Oluwatoyin Olajide, said the carrier would have brought back many of its airplanes stranded abroad while undergoing major maintenance checks.

Apart from Air Peace, another major operator – Ibom Air – would have consolidated flights with its two Airbus aircraft recently deployed in routes, even as the carrier would have its aircraft flapping its wings on some routes in the West African sub-region namely, Equatorial Guinea and Banjul, in the Gambia.

**New check-in system for Lagos Airport**

In the next six months, the epileptic check-in system at the Lagos International Airport, hitherto handled by SITA, would have switched optimally to another automated arrangement handled by another firm – RESA.

Investigations revealed that the new international terminal was constructed with the $500 million loan secured by the Federal Government from the China Import Export Bank and would have been inaugurated and running optimally.

Earlier this year, the Managing Director, Federal Airports Authority of Nigeria (FAAN), Captain Hamisu Yadudu, said it would host foreign carriers, as the 40-year-old facility undergoes a major facelift.

In the airline sub sector, new carriers, namely – Green Africa Airways, Cally Air, Kanem Air, Cardinal Airlines, Chanchangi Airlines, Northeastern Shuttle Airlines Limited, and Mambila Airlines – would have resumed with their aircraft crisscrossing the skyline.

Chairman, United Nigeria Airlines, Dr Obiora Okonkwo, said before the end of the year, the carrier would have expanded its fleet and consolidated efforts on the setting up of an Embraer Aircraft Maintenance Repair and Overhaul Centre at the Enugu Airport.

**Anambra to inaugurate cargo airport**

Also, the Anambra State Government would have inaugurated and began flights at its Passenger/Cargo Airport in Umueri, a sleepy community about half an hour drive from its capital Awka, the state capital.

Industry watchers say the second half of the year portends uncertainty for the Asset Management Corporation of Nigeria (AMCON) backed carrier – NG Eagle Airlines, which has already acquired some aircraft and has embarked on demonstration flight preparatory for commercial kick off.

But, aviation unions are squaring up to frustrate the emergence of the carrier over unresolved labour issues.

Investigation by The Nation reveals that carriers namely – Aero Contractors of Nigeria and Arik Air, which are under receivership by AMCON – would unfold interesting drama for industry watchers.

While Aero Contractors is gradually pulling out of the woods with more aircraft returning to flight operations and consolidation on hitherto dormant routes, the remaining part of the year holds promise for the nation's oldest carrier as its aircraft maintenance arm is fast expanding with three hangars across the country.

An official of the airline said the Aero's maintenance facility would consolidate operations as plans were already afoot to secure approval for the expansion of its hangar facility at the domestic wing of the Lagos Airport.

Besides, Aero Contractors, another aircraft maintenance organisation – 7Star Global is another outfit to look at as it intends to consolidate its prowess in fixing airplanes in- country thereby saving the country millions of dollars spent by indigenous carriers in repairing their airplanes overseas.

Its Chief Executive Officer, Captain Isaac Balami, said besides strides to be achieved by the MRO, the outfit will float a premium shuttle airline that will target niche and high networth passengers on northern and other routes.

The industry is on the verge of witnessing a boom in terms of aircraft maintenance that could save the country and the entire West African sub-region over $1 billion yearly in ferrying aircraft offshore for checks. In the coming months, more aircraft will be fixed in-country.

7Star Global Hangar Limited, an Aircraft Maintenance Organisation (AMO), was granted licence by the NCAA to operate an all-inclusive Maintenance Repair and Overhaul (MRO) facility.

Balami said 7Star will be focusing on aircraft Maintenance Repair and overhaul (MRO), describing it as quite exciting because operations are starting with aircraft that are more often taken overseas for inspection.

Though lauded by industry watchers, the carrier -7Star Global Airlines – is yet to secure the important Air Operators' Certificate (AOC) from the Nigeria Civil Aviation Authority (NCAA).

The remaining part of the year, experts say, holds a lot of promise as the industry policeman intends to ramp up its processes and procedures on oversight over private/business jet operators.

The NCAA's Director-General, Captain Musa Nuhu, had declared in an interview that the body would roll out a raft of regulations and measures that would streamline the operations of private jets.

Private jet operations had come under the regulatory radar over allegations of non-compliance with the laws prescribed for their operations by the NCAA.

The coming months also portend uncertainty for owners of private jets who do not meet conditions set by the Nigeria Customs Services (NCS) for the importation and relevant clearance required for such equipment.

A pall of uncertainty also hangs over promises to deliver a national carrier, aircraft maintenance centre, aircraft leasing company and an Aeronautical University by the Minister of Aviation, Captain Hadi Sirika, who observers say, has been long in rhetoric and short in action.

Stakeholders look forward to the intervention of the NCAA in resolving agitation to review ground handling charges for indigenous operators.

The anticipated review in the rates for foreign carriers flying in narrow body and wide body aircraft has become imperative because Nigeria offers the lowest ground handling tariff in the sub region.

# TRANSPORTATION MINISTER TASKS INDIGENOUS CONTRACTORS ON DUE PROCESS IN CONTRACT BIDDING

By Shile GIWA

The Minister of Transportation, Mr Rotimi Amaechi, has urged indigenous engineering contractors to follow due process while bidding for contracts in the country.

Amaechi gave the advice while inspecting the Lagos/Ibadan Standard Gauge Railway inaugurated by President Muhamadu Buhari on June 10.

The minister said that respect for due process would enable them qualify for jobs in the ongoing construction of railway in the country.

He also urged Nigerian contractors to personally apply and follow the slated requirements and stop applying through other construction companies' profiles.

Amaechi attributed the breakdown of Abuja-Kaduna railway route which commenced operations in 2016, to "lack of maintenance".

He added that the Managing Director of Nigerian Railway Corporation, Mr Fidet Okhiria, had informed him that the corporation was yet to receive spare parts ordered for.

Amaechi said the ministry would ask the Chinese Civil Engineering Construction Corporation (CCECC) to release some rolling stocks ordered for Lagos to Ibadan rail tentatively, for Abuja-Kaduna rail for quick maintenance before the delivery arrived.

He said that access roads along the Lagos-Ibadan railway corridors had been completed.

*Minister of Transportation, Rotimi Amaechi*

The minister said that government was seeking to attract more youths into the NRC by working to improve conditions of service.

On the construction of the Port-Harcourt to Enugu standard gauge, Amaechi said that the ministry was yet to get approval for procurement.

"We have to wait for the Department of Public Procurement to give us approval. We also need the Federal Executive Council to give us approval on the supervising engineers before commencement.

"If the supervising engineers are not in place to tick off the drawings, we cannot consult the project because that is where we are and that is the challenges we are having with Kano-Makurdi and Port-Harcourt-Maiduguri rail project.

"As we are talking today, we have secured a loan facility for Lagos /Calabar, but we will not start until we contact the engineers and I am worried that it may take us to the end of the year 2021.

"I heard that they concealed the old advertisement to enable indigenous contractors to benefit.

"We are asked to go for another advert which will take between four and six weeks after which the ministry will require two to four weeks to tidy up."

The minister said the second advertisement for bid of contracts would affect commencement of work on the other approved rail projects in the country.

Amaechi said that the Lagos-Ibadan train operations moved a total of 42,000 passengers in June.

"We expect the figure to increase in the coming months when the system commences operation of Lagos/Ibadan standard gauge railway," he said.

# NIGERIAN MINING SECTOR UNDER SIEGE BY FOREIGNERS

*Indigenous companies in the nation's mining sector are crying foul over what they termed the invasion of the mining space by foreigners. There has been a long battle between tax authorities and manufacturers in the country over what the later called multiple taxations of their businesses, which may have limited their space in the sector. In this interview with* ***Charles Okonji****, Managing Director of NISPO, an indigenous tile manufacturing company, Afam Mallinson Ukatu, says if the twin issue of multiple taxations and high cost of gas are not urgently addressed by government, more local manufacturing companies are likely to exit the economy.*

Operators in the Non-Metallic Mineral Producers Sub-Sector of the Manufacturers Association of Nigeria (MAN) have raised alarm that foreigners have taken over the mining activities in the country.

The National Chairman of the sector, Mr. Mallison Ukatu, raised the alarm over the weekend during a courtesy call by the Commerce and Industry Correspondents Association of Nigeria on him in Lagos.

Ukatu frowned that the sector has been invaded due to lack of policy to protect the sector, adding that the future of the sector is at the mercy of these foreign nationals that access cheap funds from their countries of origin.

"Foreigners are partially taking over our manning sector; they have almost taken over our mining and supply activities. They have taken over the supply chain and logistics because of the cheap funds they get from their countries and also the encouraging policies they have. What I wish to see is when made in Nigeria goods are being manufactured by Nigerians and not made in Nigeria goods manufactured by the Chinese," Ukatu stressed.

He said: "As the new National Chairman of Non-Metallic Mineral Producers Sub-Sector of the Manufacturers Association of Nigeria, I am calling on the Federal Government to put in place the proper policy that will drive the sector. There are lots of illegal miners in the sector thereby causing hazards to the nation as a whole, as well as affecting our activities in the sector.

"We need policies that will make the sector competitive enough so that we would also have what to bring to the table especially now that the country has signed the African Continental Free Trade Agreement (AfCFTA), otherwise Nigeria will lose out. Again, there have been a long battle between tax authorities and manufacturers in the country over multiple-taxation of our businesses and if it is not urgently addressed by government, more manufacturing companies are likely to exit the economy."

He urged the government to look into the issue of value added tax (VAT), saying that taxes are being paid on your turnover.

***Foreigners are partially taking over our manning sector; they have almost taken over our mining and supply activities. They have taken over the supply chain and logistics because of the cheap funds they get from their countries***

Ukatu said: "It is obvious that a manufacturer produces and still loses money and you are still expected to pay your tax. There should be a system whereby you are evaluated by the tax authorities just like China, USA and other countries. There is what they keep as special rebate for manufacturing companies, because this is what encourages people to go into manufacturing. Without manufacturing, there wouldn't be any way for high rate of unemployment to reduce. Government can only provide about 10 per cent of the total job requirement of the population, manufacturing can generate over 60–70 per cent of the needed employment. "

**Poor infrastructure**

Another issue that needs urgent attention is the infrastructural level of the country, though we are seeing road rehabilitation here and there, but would this be sustainable?

It is a common knowledge that the cost of not just clearing a container at the Wharf has gone up, but the cost of transportation has gone up from N70,000 where it used to be to take a container from the sea port (Tincan Island) or Apapa seaport to the same neighbourhood of Lagos to between N350,000 and N450,000. It is obvious that the cost of local transport from one end to the same Lagos has gone up more than what we pay as freight from china to Nigeria.

I am using this means to call on the authorities to revolutionaries the power sector, because what we spend in providing our own power is outrageous, and this is telling much on our cost of production and if they want this country to move forward, they need to address the issue of power because the present state of power in the country is worse than yester years.

**Access to loans**

In Nigeria today, a lot of private businesses have closed down due to

inability to access funds. This is because the cost of funds is always high, not just that it is at double digit but sometimes as high as over 30 per cent, which is not healthy in a country like ours where the manufacturer has to provide all the requirements to produce.

Again, if you even have the opportunity of accessing the loan at a very high cost, they will request for collaterals that you may not be able to provide.

The intervention funds accessed from Bank of Industry (BoI) was N1 billion, and we were able to secure the loan and we managed it to enable us pay back the facilities. We are again doing another expansion on the tiles factory, and BoI is still there for us and we are doing everything possible to get it right.

On a final note, I will encourage investors to know that there is huge market for the product. There is no time that you would enter into this business that you will not make profit. It is a matter of being focused and determined. For instance I started with my pilot plant and my target was to produce 3,000 square meters, and we got some people who had been into tiles manufacturing to give us the technical know-how, when we started.

The machines brought to us were unable to do what we expected, and we were producing between 1,800 and 2,000 square meters a day, which is contrary to our expectation, but we were able to break through with that, because there was no tiles manufacturer then, apart from the two that have been in existence in the past 20 years. So for that, with the small ones, we were able to survive, while the big ones were still doing their business. So, I will encourage the young entrepreneurs coming up not to be afraid of what the future holds for them.

The most important thing is that you have to work hard as an entrepreneur to be in the system, and one day, the opportunity would come for you to expand. Starting a business with huge amount of money is not the issue, because some people started big but could not make it while some others started with little, today; they are big employers of labour. So, the story of how much you started with or how much you are going to start with is just a mindset.

# TOTAL REMOVAL OF FUEL SUBSIDY WILL LEAD TO FREE MARKET ECONOMY –CHIDUME

By Charles Okonji

A foremost industrialist has stated that total removal of petrol subsidy will impact positively on the Nigerian economy, explaining that it will lead to a free market economy where the forces of demand and supply determine product prices.

His Royal Highness, Igwe Dr Oranu Chris Chidume, Eze Ana-Ukwu, Eze Igulube of Omor who is also the Chief Executive Officer (CEO) Krisoral Group of Companies says if subsidy is removed from locally consumed fuel, the policy will bring about a regime of free market where prices will be determined by the forces of demand and supply..

Chidume stressed that when the market becomes a free one, the market forces of demand and supply will come to play, adding that for that to happen, monopoly in the industry must be abolished, because without competition, market forces cannot confidently come into play.

According to him, "I will advise that if Nigeria wants to remove subsidy, they must encourage those that have obtained refinery licenses to give time lines of when they must get their refineries operation.

"When you have four refineries working and you remove subsidy, it will allow the forces of demand and supply to come to play and that will also encourage competition and if you remove fuel subsidy without creating an enabling environment where those that obtained licenses will set up their plants, otherwise we will have a situation an oligopolistic market set in which will not be healthy for the economy because it will cause inflation in the economy.

"Oligopoly is a situation where you have one person not just monopolizing and you won't have a choice, you also don't have a room for questioning what you are buying, while Monopoly is where an individual who monopolizes a product, but in oligopoly, because the product they sell has no alternative."

HRH identified forex as the major problem most manufacturers are battling with in the country at the moment and forex scarcity is making them unable to bring in raw materials, a situation that always obstruct the production process.

"The implications of you manufacturing products that depend on foreign input or raw materials is enormous in terms financial cost and time. The implication is that when you finally produce, the products won't be able to compete with foreign products and that is why you see many factories closing down in the country.

"The way out is that the government should stop importing fuel. If we stop importing fuel, the amount of money we use in importing fuel will go into our foreign reserve and by the time we have fuel at a competitive price, it will also earn us forex and if we have forex, it will force down the demand and supply of foreign currencies, including the dollar and the economy would be stabilized.

"Concerning the PIB, I will state that the bill is yet to be unbundled and if they unbundle the bill, we should be able to see the implications on our day to day demand and supply of petroleum products so it needs to be unbundled as the bill is right now, if we go by it, it is going to create another unhealthy competition which everyone is complaining about so they have to unbundle it," He emphasized.


# HERDERS LAMENT, FARMERS EXCITED AS GOVT COMPLETES IRRIGATION PROJECT

*There were mixed feelings in the agriculture sector in Kano and Jigawa States as the federal government handed over 289 hectares of farmland to farmers under the Garri Irrigation Project, reports* ***Olamilekan FAWAS.***

While farmers are jubilant over the irrigation project, cattle herders said it has blocked their cattle's routes.

The Minister of Water Resources, Suleiman Adamu, and Governor Muhammad Badaru of Jigawa State performed the handing over ceremony in Roni LGA of Jigawa State.

At the event, Mr Badaru said the future is bright for communities adjoining where the dams and irrigation projects are sited, adding that the project would boost agricultural activities and ensure year round farming.

He said the irrigation projects, which cover 2, 114 hectares of farmlands, will ensure availability of water supply throughout the year, adding that farmers would cultivate rice and other crops thrice, annually.

The governor said from the 8,000 hectares of irrigated farmlands, including that of Hadejia Emirate, the states will produce 150,000 tonnes of rice annually.

"Farmers don't need water pumps and generators to wet their farmlands which, obviously, increase the cost of production. With this development, farmers can use the canal for watering their farms which will make the price of food affordable for all," Mr Badaru said amidst cheers from hundreds of locals who turned out for the event.

On his part, the minister, Mr Adamu, said the irrigation project is in line with the commitment of President Muhammadu Buhari's plan to diversifying the economy, ensuring food security and assuring the uplift of 100 million Nigerians out of poverty within 10 years.

**Project**

The Garri Irrigation Project was reportedly conceived by President Buhari when he was head of the defunct Petroleum Trust Fund (PTF). The project was flagged off then but was abandoned by succeeding administrations.

The irrigation project is located about 70 kilometres north of Kano, between Kano and Jigawa States.

The project area covers five local government areas namely: Dambatta, Makoda and Kunchi in Kano State; Roni and Kazaure in Jigawa State.

The project has a net irrigable area of approximately 2,114 hectares subdivided into eight sectors.

The contract works consist of Garri and

Marke Dams rehabilitation, Cross Dam, Main and Distributary Canal, main and collector drains irrigation fields and associated structures.

Sector 1 and 2 of the irrigation project have been handed over to the farmers while sector 4 is completed, tested and ready for handover. Work in Sector 3 and 5 are ongoing.

Herders appeal for demarcation of cattle routes

But the Chairperson, Miyetti Allah, a Fulani sociocultural organisation, in Roni local government area of Jigawa State, Ayuba Shu'iabu, told reporters that the project was commendable but lamented that it blocked cattle routes in the area.

"We are grateful to God for the work done in this area, we are all happy for the development but we are also hoping that the government will eventually look into this cattle routes blockage and mark out routes for the herders," Mr Shu'aibu told reporters on the sidelines of the event.

Mr Shu'aibu said: "As you can see it yourself, the celebration here is one-sided, the herders are not satisfied with the project because there was no provision for them.

"We are appealing to the governor (Mr Badaru) to provide for cattle routes and grazing areas for our livestock.

"Initially, there was a provision for that but the irrigation project has taken up all the areas in favour of the farmers," the Miyatti Allah official said.

Also, Adamu Ibrahim, a herder from Kunchi local government area of Kano State, said "farmers have cultivated all the grazing routes in his area".

Mr Ibrahim, however, said the irrigation project is yet to reach his location. He begged the authorities to ensure that the cattle routes are identified before and after the project.

Umar Ado, 86, another herder from one of the adjoining communities in Makoda LGA of Kano, said: "They have encroached all the cattle routes with the project. That means that we have to be stagnant without going out with our livestock for rearing.

"We are fully in support of the irrigation project because it empowers the residents but the problem is that we don't have routes to move about in the event farmers' crops have germinated. That is is the obstacle of the project for us.

"The government knows better than us.

We are hoping that they will revisit and create the cattle routes because both the farmers and the herders are under the authority of the government," the octogenarian said

Abubakar Maishanu, an octogenarian, corroborated the stance of his kinsmen. He said the irrigation project will create wealth for the residents of the area but appealed to the government to provide cattle routes.

When contacted, the Executive Secretary, Farmer and Herders Board, in Jigawa, Rabiu Miko, said "the government always demarcates cattle routes in any area allocated to farmers, and this project with not be an exceptional.

Farmers interviewed at the event said they considered the project a shower of blessings and thanked President Buhari for initiating the project and ensuring its completion.

Usman Mu'azu, a farmer from Makoda LGA in Kano, said farmers have started harvesting tomatoes, onions, maize, rice and other consumables in the irrigation section already handed over to the farmers by the federal government.

"As I speak to you now, on Sunday we have planted rice in one area and that was after harvesting onion on the same farm.

"This irrigation project was long agitated for, we are happy that this administration came and actualised our dreams of many years and residents have started reaping the fruit of the project

"Initial, we used to migrate to Kura LGA area and some other parts of Katsina State to work on farm plantations to sustain our lives. But with this project, I won't go anywhere again. Instead, I will remain here and work and earn money," Mr Mu'azu said.

The farmer, however, acknowledged that, "the project is yet to reach our location but we are coming down here where the government handed over the irrigated areas and work for money, pending the completion of the work.

"We are are also appealing to the government to empower the farmers with fertiliser and other farming inputs," Mr Mu'azu said.

Isyaku Abubakar, a farmer from Kunchi Local Government Area of Kano State, said for them, the irrigation project was a "continuation of the good works of President Buhari". He said he was not surprised because the president initiated the project.

"I can recall vividly when he supervised the water dam when he was heading the PTF and promised to utilise the dam for the economic development of the area. However, after the PTF was disbanded, the project was abandoned," Mr Abubakar said.

"We are are grateful to the governors of Kano, Jigawa, Abdullahi Ganduje and Muhammad Badaru, for their support in initialising the project.

"The irrigation project will surely empower our youth economically and reduce rural urban migration," Mr Abubakar said.

Perennial clashes between herders and farmers over land leading to loss of lives, has been one of the thorny security crises the federal government has battled with over the past few years.

# WHEN UN DEP SEC-GEN AMINA MAKES CASE FOR TRANSITION TO RANCHING

*During a recent visit to her native state of Gombe, the Deputy-Secretary General of the United Nations, Amina Mohammed, paid a visit to a ranch where she called on stakeholders to involve both herders and farmers in the process of finding sustainable solutions to clashes between them, **Abisola THOMPSON** reports.*

***Amina Mohammed***

The Deputy-Secretary General of the United Nations, Amina Mohammed, paid a visit to a ranch where she called on stakeholders to involve both herders and farmers in the process of finding sustainable solutions to clashes between them.

As stakeholders discuss grazing and ranching in the search for sustainable solutions to the incessant herders-farmers crises in Nigeria, the international diplomat said, however that the transition from grazing to ranching would require some investments, stressing that it would be a wonderful endeavour.

"Possibilities are there, but it is going to take some time; it's going to require investments, it's going to take the government and other partners to really see this becomes one that's done not with the herders but also with the farmers," she said during her visit to Jamilatu Farms which has embraced ranching in Gombe State.

"And I can see from this that you can't just do it from the cattle; you also have to have other livestock. So, the livestock policy in the country really has to be robust if we're to see a transition to what the government wants to do with open ranching."

She said she was elated by what she saw, though acknowledged that there's the need to learn from the challenges and how to transition from open grazing to ranching.

"This is a local farm and it's good to experience what the realities are and of course my brother started it as an endeavour to show that it's possible to move from grazing to non-grazing. But these are challenges one has to learn lessons from. We can feel from the policy and know really how we do the transition from open grazing to this non-grazing initiative," she added.

Asked how migrating from the rudimentary system of grazing to ranching would help in addressing the herders/farmers crises in the country, Amina said until the warring parties are involved in what would be the future for farmers and herders, the crisis would remain unresolved.

"Well, I think the farmers/herders crisis in the country has a lot of unresolved issues over the years. When you have two constituencies that have been living in harmony over the years but as climate changes and population grows, the tensions over land come in and we really don't seem to be doing something about it possibly 10, 15, 20 years ago. So the crisis before it can be resolved, needs both parties participating in what would be created as a future for everyone.

"You can't just come and say this is the way things should be done overnight. This's about people's cultures, this is about livelihood, and that's about life and so when you want to transition from one life to another, you take the people along. You don't force it, you don't proscribe it; you do it with them. And I think that's a very good way of younger people engaging with our older people to see that transition."

She said: "I think it is a good thing here is to see that families have allowed, even though maybe reluctantly, their children to go to school. And it is still the children who can have the skill that will help to enhance the ranching and farming too. And then I think we begin to see the end of the crisis."

She corroborated the National Bureau of Statistics report in Quarter 1 of year 2021 which shows that the agriculture sector contributed 22 per cent of Nigeria's economy.

"Well, that's where we want to go. The transformation of the food system is essential if we really want to talk about a healthier and more prosperous country. The contribution to the food system includes livestock. So, with farming and livestock, we can move away from just one line of product of oil which we now we a stranded asset because it's no longer of the future. So, getting a green economy includes livestock and farming and that's what we should get back to, to recover from these tensions that we're having in the country."

She commended the owner of the farm, Alhaji Yerima Abdullahi, for his efforts at demonstrating the possibilities of the transition from open grazing to ranching.

During his tenure, former President Goodluck Jonathan approved N100 billion for ranching, as a way to solve the farmers/herders conflict but the fate of that fund remains unknown today as the crisis continues to fester.

The Buhari administration stepped in to address the situation but all the nation has witnessed is policy somersaults. First, it came up with a grazing reserves policy, but it was met with stiff opposition from the South. Then the government opted for Ruga and later changed the name to Livestock Transformation Plan but nothing came out of it.

Weeks ago, whilst featuring in an interview with Arise TV, President Muhammadu Buhari made a statement on the recovery of grazing routes as a measure to address the herder/farmer clashes in the country.

# SACK FARMING TECHNIQUE AS ELIXIR FOR FOOD SECURITY

As many Nigerians begin to show interest in Agriculture as a veritable tool of securing a decent livelihood and revitalising the economy, getting expansive farmland to actulaise this, especially in urban areas has constituted a big challenge.

But since initiative is always driven by necessity, sack farming is being adopted in the place of endless search for land.

This challenge has given rise to the adoption of sack farming - an initiative that has given a new vista to those who preferred to toe the line of farming, either to get quick cash or for subsistence purpose.

Sack farming is a method of growing crops in soil-filled sacks or polythene bags, containers or plastics.

It involves filling of bags with soil, manure, and pebbles for drainage, and growing plants on the top and in holes in the sides. The sacks allow people to grow food in places with limited access to arable land and water.

Crops like tomatoes, onions, cabbages, pepper, mushrooms, vegetables and many more blossom with this method.

The sack method allows a freer flow of water to the roots and retains moisture more efficiently than traditional methods, meaning sack farmers can keep their plants hydrated with less water.

Urban dwellers who live in rented houses are best placed to undertake sack farming. They can grow vegetables in sacks on verandahs, either for their own consumption or for sale to earn extra income. They can also do it for both purposes.

According to experts, it is a very good option for landless households to ensure food and nutrition security. It is also a solution for people who have land with low soil fertility or too rocky to support cultivation of crops.

One of the advantages of this method is its portability, as well as high productivity at low cost. With this method, the container, soil preparation and other requirements are taken care of. The sack garden are filled with soil mixed with farmyard of compost manure, cow dung or chicken droppings to nourish the soil.

An Agricultural Extension Specialist/ Rural Sociologists at the Ahmadu Bello University (ABU), Zaria, Kaduna State, Dr. Yusuf Abdulahhi, said the adoption of the farming technique would help food security of households.

He said: "If people can grow crops in their domain with little containers filled with soil, there will be abundant of food in the country. If they follow this technique, they can grow quite a range of vegetable crops, which will help food security of households. They can even generate additional income from it.

"It will not only contribute to food security at family level, it can also contribute to their incomes. There are so many examples and success stories of this kind of farming in many parts of Africa. Though the technique is not new, but it's becoming popular now, especially in urban areas."

According to Abdulahhi, if done well, sack-farming method is very good because there are some special crops – vegetable and fruits crops that can be grown through this kind of agriculture system.

He noted that if Nigerians adopt it in a very modern and scientific way, regular incomes could be generated on regular basis.

"In fact, some people are growing onions and tomatoes indoors, not just in their compounds but even inside their rooms. So, the benefits are there, the advantages are there, the security is there and there are a lot of information on it."

Abdulahhi said if many Nigerians can adopt the farming system in addition to other kinds of farming like greenhouse technology and other types of farming, "definitely this will help the country to achieve food security."

The Chief Executive Officer of Food and Fruits International Company, Mr. Shuaib Mubarak, a researcher and crop expert, based in Abeokuta, Ogun State, told The Guardian that dwarf crop farmers are currently adopting the planting method.

"The idea of sack farming is getting prominence because it's easy to put into practice. The method only required a small amount of space; even people who don't have sufficient space can cultivate crops of their choice with minimal stress.

"Aside the use of pots and flower vase, sack farming is suitable for dwarf crop cultivation. The method has created employment and generated income for both rural and urban dwellers, and has proved to be a good way for farmers to adapt to the effects of climate change," he said.

# 125 NIGER FARMERS BENEFIT FROM FADAMA COVID-19 STIMULUS PACKAGE – COMMISSIONER

By Meletus EZE

The Niger State Government said it had selected 125 farmers to benefit from the FADAMA COVID-19 Action Recovery Economic Stimulus (N-CARES) to increase food production in the state.

he Commissioner for Agriculture and Rural Development, made this known in Minna while inaugurating the 2021 distribution of inputs to N-CARES beneficiaries.

"The FADAMA has selected 125 farmers to benefit from its COVID-19 N-CARES and increase food production in the state," he said.

Jikantoro said that five farmers from each of the 25 local government areas of the state were selected to benefit under rice, maize and sorghum value chains, adding that the goal of the N-CARES programme was to increase food security and safe functioning of food supply chains.

"The project development objective is to protect livelihoods and food security of poor and vulnerable families and facilitate recovery of local economic activity in all participating states across Nigeria.

"The agricultural livelihoods and food security support under the N-CARES will include investments and policy measures to mitigate impacts on agricultural livelihoods, enhance their resilience to economic shocks and facilitate faster recovery to lay the foundation for agricultural value chains to generate more and better jobs," he said.

The commissioner cautioned the beneficiaries against selling the agricultural inputs they were given, to purchase foodstuff and rams for the forthcoming Sallah.

"It will be a mistake for you to sell the inputs given to you to buy food and ram for the Sallah celebrations.

"A bag f rice, sorghum or maize paddy may be able to buy you a ram or rice or whatever you may need for the Sallah, but it will be a mistake for you to sell it.

"This is because Sallah is just one day, but if you go ahead to plant these seeds and use the other inputs, it will benefit you greatly by lifting you and your family from the current level you are in," he said.

Earlier, Dr Hassan Kontagora, FADAMA N-CARES Coordinator in the state, stated that each beneficiary would be supported with four 50kg bags of NPK fertilisers, two 50kg bags of urea fertilisers, four litres of herbicide, a litre of pesticide and 25 to 50kg of rice, maize and sorghum seeds, depending on the farmer's enterprise.

"In short, we are distributing 37.5 metric tonnes of NPK and Urea fertilisers, 3.8 metric tonnes of rice, maize and sorghum seeds, 500 litres of herbicides and 125 litres of herbicides," he said.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