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NIGERIA ECONOMY STILL CRAWLING AT 61

NCDMB DENIES PRESSURE TO RELOCATE HEADQUARTERS

The Executive Secretary of the the Nigerian Content Development and Monitoring Board (NCDMB), Engr. Simbi Kesiye Wabote, FNSE, FIPS has denied pressures by some stakeholders or authorities of the oil and gas industry to relocate the Headquarters of the Board from Yenagoa, Bayelsa State.

Admittedly, there has been unwarranted and disruptive protests and disturbances at the 17-storey Nigerian Content Tower - the Board's head office; however, the management of NCDMB recognises that individuals and groups have the right to express their feelings and genuine grievances in civil and responsible manners.

The issues do not constitute sufficient grounds to contemplate or yield to any call to relocate the Headquarters of the Board, considering that the people of the Niger Delta Region have consistently demanded for oil producing companies to relocate their headquarters to the region.

The position of the Nigerian Oil and Gas Industry Development (NOGICD) Act establishing our agency is clear and unambiguous about where our head office should be. The Board will abide by the express stipulations of the Act.

The Board, therefore, distances itself from any call or purported call for relocation.

Stakeholders are therefore reassured that the Board will do everything lawful and expedient within its powers to engender healthy relationship with our host communities and work progressively to ensure that the avoidable spate of disturbances are brought under control.

Signed
Engr. Ginah O. Ginah, Ph.D
General Manager Corporate Communications/Zonal Coordination
NCDMB

NCDMB ... Building a new Nigeria Oil & Gas Industry and Using Nigerian Content Development as an Instrument for Industrialization of Nigeria.

Editor’s Note

DR. NJIDEKA KELLEY

It is a known fact that at the developmental stages in life a child starts crawling at six months but when a child fails to do so after first five years of his/her life; the child would either be termed crippled or deformed.

Regrettably, Nigeria finds herself in this situation as she still crawls at age 61. This is because massive youth unemployment is the order of the day, high cost of living, increasing poverty, insecurity, hunger, dearth of power supply, policy inconsistencies, summersault in developmental plans, and lack of political will, amongst others.

However, the nation's quest for a sustainable development roadmap necessary for economic growth and prosperity has been very rough. Government economic policies have been forth and back, and unpalatable.

Various economic growth/ development plans and policies formulated by successive governments to fast-track the economy of the most populous black nation since independence in 1960 have sadly, left the country with little or no meaningful effect.

Most worrisome of these experiences is that Nigeria debt profile which has continued to rise astronomically as statistics from the Debt Management Office (DMO) shows the country’s total public debt profile stood at N35.465trillion as at June 2021.

Currently, the government has proposed to borrow for the purpose of funding the 2022 budget, but the question is, when would the country stop borrowing?

From independence in October 1, 1960, government has introduced four sets of a 5-year development plan, one structural adjustment programmer, two 3-year rolling plans, four visions and strategies including the recently lunched Economic Recovery and Growth Plan (ERGP) by the current government of President Muhammadu Buhari.

All indications show that the nation has lost focus, as it has embarked on an endless search for the best approach to her developmental plans, while it is still wallowing in the wilderness of developmental strategies.

This edition serves our numerous readers with the milestones achieved by the private sector as the gap which has existed over the years in the aviation industry is gradually being closed. Air Peace has consistently demonstrated its commitment in championing expansion in air routes with the purchase of a couple of brand new aircraft.

The energy sector also reveals that Nigeria is a major oil producer with significant gas reserves owing to associated gas that accompany crude during production. Despite 206 trillion standard cubic feet (tscf) of gas reserves, gas as a fuel source has not been adequately utilized and commercialised in Nigeria due to infrastructure challenges Lack of infrastructure caused inability to meet domestic gas demand and oil companies’ resort to gas flaring practices, among other factors. With the Nigerian Gas Transportation Network Code (Network Code), stakeholders are hopeful that challenges of gas-to-power, and gas aided transportation will be addressed.

It also explains that Nigeria flares an excess of 700 million standard cubic feet (mscf) of gas per day from 178 flare sites, which translates to losing approximately $10 billion of revenue yearly, equating to $2,00 per million British thermal unit (MMBtu), due to its inability to capture and commercialise flared gas in the country.

If flared gas is properly harnessed, Nigeria can produce 600,000 MT of liquefied petroleum gas (LPG) per year and generate 2.5 gigawatts (GW) of power from new and existing Independent Power Plants to power the economy.

The agriculture sector shows that Nigeria and other countries in Africa have crucial roles to play in the global food insecurity challenge, which is why it has become more imperative as the United Nations (UN) Food and Agriculture Organisation (FAO) warns of a looming crisis occasioned by devastating incidents such as pestilence, flood and droughts in most parts of the continent.

Also troublesome are the effects of climate change which have become real than most farmers no longer produce enough crops to support growing demand, hence the calls on governments on the continent to implement innovative programmes and solutions to ensure food security. It was against this background that the African Green Revolution Forum (AGRF) held its summit in Nairobi, Kenya recently.

This edition noted the over-rising revenue leakages through import duties and tariffs evasion by some Ministries, Departments, and Agencies (MDAs) who conspire with contractors, the Nigeria Customs Service (NCS) command has criminalised such acts.

The real sector further explains that the fragile economy of the Nigerian nation, which has been struggling to survive in the past four decades amidst huge foreign and domestic debt chocking the economy, has continued to suffer in the hands of economic saboteurs and greedy elements.

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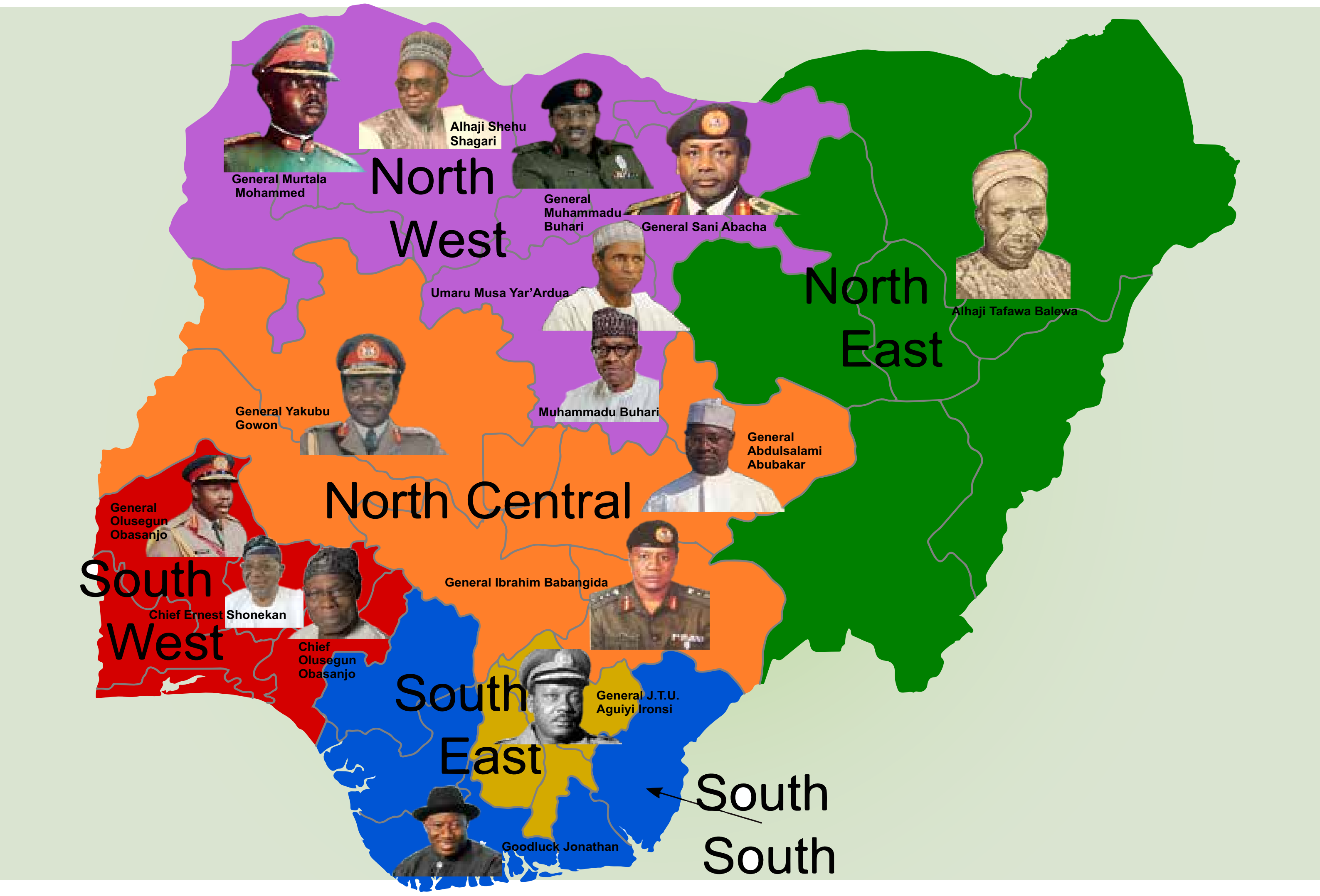


NIGERIA ECONOMY STILL CRAWLING AT 61

The nation's quest for a sustainable development roadmap necessary for economic growth and prosperity has been very rough. Government economic policies have been oscillating forth and back, unpalatable and meandering of sort after 61 years the presumed giant of Africa secured independence. To many, the resultant effect could be described as a lame-duck economy. Various economic growth/ development plans and policies formulated by successive governments to fast-track the economy of the most populous black nation since independence in 1960 have sadly, left the country with little or no meaningful effect. ***CHARLES OKONJI*** *examines the development.*

Stakeholders have continued to lament about some of government's faulty policies, which hinder their businesses and the economy in general. Of specific mention is the policy on foreign exchange (Forex) which they argue has led to worsening scarcity of forex in the country, which has pushed up cost of production immensely, and in turn compelled them to cost-cutting measures to remain profitable.

Worst still is that the country's economy is still dependent on earnings from crude oil. Dr Muda Yusuf, an Economic Analyst and the former Director-General of Lagos Chamber of Commerce and Industry (LCCI), sees this as one of the major reasons why the Nigeria's economy is still crawling.

The economy has also witnessed high rate of unemployment over these years with many jobless youths seeking solace in crimes of diverse nature.

Most worrisome of these experiences is that Nigeria's debt profile, which has continued to rise astronomically as statistics from the Debt Management Office (DMO) shows the country's total public debt profile stood at N33.107 trillion ($87.239 billion) as at end of March, 2021. By end of June, 2021, the debt has surged to N35.465 trillion, which is serviced with over N1.02 trillion.

In the mist of this sluggish growth, however, there appears to be some positives. With the growth of telecommunications services for about two decades now, banking services have been on spiral growth.

From just five banks in 1960, when Nigeria attained independence, demands for banking services in the last 61 year has grown by leaps and bounds, producing more than 1015 various banks , just as the Central Bank Digital Currency (CBDC) , the eNaira is about to be operational.

These novel banks are in sundry categories, comprising 22 commercial banks; 35 mortgage banks; six development banks and 940 microfinance banks. The rest are three non-interest banks; five merchant banks; three Payment Service banks (PSB) and the apex bank, Central Bank of Nigeria (CBN).

According to the National President of Nigerian Association of Chambers of Commerce Industry Mines and Agriculture (NACCIMA), Ideh John Ideagbala, Nigeria's economic growth since independence remains positive. But

Albaji Tafawa Balewa, Prime Minister (1960-1966)

General J.T.U. Aguiyi Ironsi, Head of State (1966-1966)

whether this positivity has impacted well on the growth and welfare of Nigerians is another kettle of fish.

From independence in October 1, 1960, government has introduced four sets of a 5-year development plan, one structural adjustment programmer, two 3-year rolling plans, four visions and strategies including the recently launched Economic Recovery and Growth Plan (ERGP) by the current government of President Mohammadu Buhari.

All indications show that the nation has lost focus as it has embarked on an endless search for the best approach to her developmental plans while it is still wallowing in the wilderness of developmental strategies.

It is utterly disappointing that all the various planning initiatives the country had adopted in the past and present has not provided the much anticipated results, rather the country is still battling with escalating economic and developmental challenges.

Sadly, six decades of economic mismanagement has brought Nigeria's unemployment level to 32.5 per cent, the second highest in the world, widespread poverty, hunger, illiteracy, diseases, decaying and dilapidated infrastructure, huge debt burden that cannot be paid by the unborn generation, amongst others.

At 61, our dear country is bedeviled by ugly monsters called corruption, policy inconsistency/policy summersaults, lack of commitment towards implementation, over reliance on external doctrines and more. These have punctured the developmental tyres of the country.

It is sad to state that different governments in Nigeria had adopted different strategies and models of development plans to drive her quest for sustainable development but failed to achieve the expected result.

It is dramatic that after six decades of her independence; the country is still battling with colossal developmental challenges. Development planning, which is a pathway out of the economic challenges and a channel to the much-needed economic recovery and optimal economic performance has become a mirage in Nigeria.

It is indeed saddening that Nigeria remains underdeveloped and currently occupies a very low position amongst league of developing nations and among poorest nations of the world irrespective of the abundant human and natural resources available.

Nigeria has remained underdeveloped despite adoption of several types of development plans ranging from the long-term plans to the recent perspective and rolling plans.

Studies have revealed that Nigeria is battling with both problems of inappropriate plan, framework and poor implementations of the plans, which clearly indicates that the country is still very far from the expected development.

This development misnomer is obviously either as a result of inappropriate development framework, faulty implementation of the plans, distortions or even non-implementations of plans, and corruption, amongst others.

Development planning is seen as a necessary action because development is neither incidental nor does it take place on its own naturally or quickly, this makes it expedient for nations to adopt


General Yakubu Gowon, Head of State (1966-1975)


General Murtala Mohammed, Head of State (1975-1976)

planning as a transformational tool.

It is noteworthy to emphasize that Nigeria since her independence had adopted and applied four national development plans; namely: the First National Development Plan (1962 – 1968); the Second National Development Plan (1970 – 1974); the Third National Development Plan (1975 – 1980) and the Fourth National Development Plan (1981 – 1985), the Fifth National Development plan did not see the light of the day before it was replaced by the newly adopted method of planning, the perspective plans (1986 – 1990),(NPC, 2005).

There were lots of drawback in the pre-independence plans and such is exemplified in the areas of plan distributions, lack of mass participation, and non- involvement of Nigerians; these were some of the factors that militated against the pre-independence plans. Aside the five year national development plans, Nigerian government also adopted a three year rolling plan between 1990 and 1998 and another long-term development plan in the continuous search for the most ideal strategy.

Between 2003 and 2007, another ambitious plan was introduced by the Federal Government and it was known as the National Economic Empowerment and Development Strategy (NEEDS). The NEEDS programme was replicated in the states as SEEDS and that of the local governments as LEEDS. This was a medium term plan and its focus was wealth creation, employment, poverty reduction and national value re-orientation.

Although the NEEDS programme was stated explicitly as a Nigerian home-grown poverty reduction strategic plan (PRSP) and it seems to conform to what a country's PRSP looks like (World Bank, 2010). It suffered a lot of shortcomings and inadequacies among which were weakness on poverty diagnostics; cosmetically descriptive rather than analytical approach, and inadequacy in setting of economic targets.

Immediately after the NEEDS programme failed, the Nigeria government launched another development plan tagged vision 20:2020, which is a perception plan that has its major aim of making Nigeria fully a developed economy by the year 2020. It is, however, pertinent to note that vision 20:2020 did not take Nigeria beyond where she was before its introduction.

Today, we are talking about the Nigeria Economic Recovery and Growth Plan (ERGP) introduce by Muhammadu Buhari led Government in 2017. The ERGP is a medium-term plan (2017-2020) to revive the Nigerian economy from recession. Although the coronavirus disrupted its flow, the ERGP with its all-inclusive and more comprehensive strategies that somewhat made it different from all other plans Nigeria had adopted in the past, yet Nigerians are eager to see it deliver its promises rather than tail towards the direction of the previous plans.

How Naira depreciation affects Nigerian economy

When the Central Bank of Nigeria (CBN) restricted the sale of foreign exchange to BDCs, many thought that continuous slide of the country's currency against the Dollar would cease, but alas, it is not to be as the slide has continued.

Alarm bells rang all over Nigeria recently when it was reported that the Naira traded at the parallel market at N570 to a Dollar. Many wondered why Nigerians would spend so much naira to get the dollar, just as many others called out the Central Bank of Nigeria (CBN) accusing it of not doing enough to defend the nation's currency.

However, unknown to many people, the apex bank's good works seem not to be reflecting on the market because of various interests bent on exploiting the market for their personal benefit.

Naira-Dollar history

Analysts say the issue of naira depreciation to the dollar since 1986 has been unpredictable. They say the differentials in the official rate and the parallel market have made many people very rich.

During the period of former President Goodluck Jonathan administration, the Naira exchanged for between N170 and N190 to a Dollar. However, when the present administration of Muhammadu Buhari assumed power, it started at N268/$, rose to over N400 and at a time (2017), before it hit about N550, and now it's hitting close to N600.

While some financial experts have posited that Nigeria should devalue the Naira, others say it is not about devaluation, but allowing market forces to fix the exchange rate.

For a former deputy governor of the CBN, Dr. Kingsley Moghalu, the issue of Naira depreciation has always been there. According to him, "We've never benefited from the devaluation of the Naira."

Earlier, in July, the Central Bank of Nigeria (CBN) stopped the sale of foreign exchange to operators of Bureau De Change (BDCs) across the country. The Central Bank stated that it had evidence that showed that the BDCs were engaging in rent-seeking with regard to sale of dollars.

The CBN governor said the apex bank "will deal ruthlessly" with commercial banks that are colluding with the BDCs who sell dollars at the black market.

"It's a huge hemorrhage on our scarce resources," Emefiele said, adding that, "BDCs have turned themselves into agents that facilitate graft.

"You should now go to your bank to get your dollar. Indeed, it will be transferred to you electronically. Go to your bank. We are so disappointed and we cannot continue with them. They now engage in corruption."

In spite of the ban, the problem doesn't seem to go away as the Naira continued its free fall against the dollar. Recently, Abokifx, a website that collates the black market exchange rates of the Naira, was accused of carrying out an "illegal activity that undermines the economy."

According to the apex bank, the publisher of the platform, owner of the website, Oniwinde Adedotun, was engaging in illegal forex trading.

The value of the currency fell to 570 from less than 520 to a Dollar it traded before the ban. Most local newspapers rely on Abokifx for the parallel market rates.

The CBN governor, Godwin Emefiele, said having studied the activities of the platform for over two years, it was left with no option than to act.

"It is completely illegal and unacceptable. Mr. Oniwinde is an illegal forex dealer that has inflow and sold tens of millions of forex to several Nigerian companies in contravention of the forex law. He directly benefits from the rates he quotes daily on his website."

In a bid to strengthen the Naira over the years, the CBN has been looking to the process of the unification of forex rates. But whether it would address the current situation, analysts say it is difficult to project.

The implication is that the prices of goods and services continue to dance upward with no stop in sight as most businesses would readily tell you that exchange rate is the cause of the increase.

In the same vein, a political economist and development researcher, Olamilekan Adefolarin, said the illegal activity of black marketers and currency speculators is a big challenge to the Forex market.

"Although the CBN is taking a very strong stance, we must all support them. Moreover, we hope that sustained tempo against people who look round for loopholes to capitalise on," noting that "their gain is the misfortune of the Naira."

Experts' views

For Moghalu, the political class continues to access Forex while many Nigerians who need forex are unable to access it. According to him, accessing it at the official rate is very difficult.

"A few companies may be able to and those in the big ticket items. The gap between the official and the parallel market should not be more than N20. But here you are: it's about N150 to N160, that is what drives the issue," he said.

General Olusegun Obasanjo, Head of State (1976-1979)

Alhaji Shehu Shagari, President (1979-1983)

On his part, Adefolarin said the forex crisis Nigeria is facing is due to lack of a manufacturing sector that supports exportation. According to the development researcher, it would be difficult to have a strong naira when the country's real sector is virtually non-existent.

He noted that the country's continued import dependence affects the balance of trade.

The foundational challenge comes from the structural deficit of our economy, especially our low industry performance in terms of innovation and engineering productivity, import-dependent economy and disregard for local goods and services. The bottom line is that we don't have any substantial means to strengthen our balance of payments deficit.

Banking services spiral

Going down memory lane, the five banks that pioneered banking services in the country were the African Banking Corporation, a foreign bank, which later metamorphosed into British Bank of West Africa (1892 to 1894), now First Bank of Nigeria; Barclays Bank (now Union Bank) which was formed by Anglo-Egyptian Bank and National Bank of South Africa, founded in 1925; British and French Bank for Commerce and Industry (now UBA) in 1949; Nigerian Farmers and Commercial Bank in 1947 and the Nnamdi Azikwe-owned African Continental Bank.

Since then, the nation has witnessed a lot of transformation and innovation in its banking sector. These include banking consolidation, introduction of 10 digit NUBAN number, cashless policy, Bank Verification Number (BVN), electronic payment system, Payment Service Bank (PSB) to mention but few.

The latest game changer, due for launch on October 4 is the eNaira, the Central Bank Digital Currency (CBDC).

Commenting on it recently, the CBN Governor, Mr Godwin Emefiele, said the eNaira would bring about increased cross-border trade, accelerate financial inclusion and lead to cheaper and faster remittance inflow. He said the digital money would lead to easier targeted social interventions as well as improvement in monetary policy effectiveness, payment systems efficiency, and tax collection.

According to him, after its unveiling, Nigerians should be able to download the eNaira app from either Google play store or Apple app store, on board themselves and fund their eNaira wallet using their bank account or with cash at a registered agent location.

"If you are a bank customer and you have say N10 million in your bank account, for your comfort of spending and making purchase, you can tell the bank to load N2 million out of your N10 million into your wallet.

"So, your bank balance in physical cash drops to N8 million, while your e-wallet carries N2 million. With that you can make purchases both within and across the country.

General Muhammadu Buhari, Head of State (1983-1985)

General Ibrahim Babangida, Head of State (1985-1993)

"There are so many variance of the eNaira. But this is where we would start because we are not going to pretend that there are not risks in opening your system up. We would look at the various products, determine the risk, determine the best way to mitigate the risk before we now open it up more and more," Emefiele added.

Forex, CBN programmes

Last July, CBN orders banks to sell foreign exchange directly to customers. The apex bank ordered the Deposit Money Banks (DMBs) to set up teller points at designated branches to provide forex to Nigerians.

It announced the immediate discontinuity of forex sales to the Bureau De Change (BDC) operators saying: "Further to the Monetary Policy Committee briefing of July 27, 2021, all Deposit Money banks are hereby reminded to set up teller points at designated branches across the country to fulfill legitimate Forex request for Personal Travel Allowance, Business Travel Allowance, tuition fees, medical payments, SMEs transactions, among others.

"In this regard, DMBs are also required to adequately publicise the locations of the designated branches and make necessary arrangements to sell Forex to customers in cash and/or electronically in compliance with extant regulations.

However, some financial experts have urged the Central Bank of Nigeria (CBN) to take cognizance of the impact its proposed digital currency (eNaira) might have on the country's financial sector.

TBI Africa reports that the experts spoke in separate interviews against the backdrop of CBN's proposed launch of eNaira on October 4.

A Financial Expert, Mr Okechukwu Unegbu, urged the apex bank to be a bit more cautious about its proposed October 1 launch of eNaira. Unegbu, a past president of the Chartered Institute of Bankers of Nigeria (CIBN) said the CBN needed to have engaged more with stakeholders to ensure that the financial sector does not suffer unforeseen consequences after the digital currency is introduced.

He advised the CBN to ensure that the eNaira does not impact negatively Deposit Money Banks (DMBs).

"eNaira is another form of cryptocurrency, which the CBN has banned, and it seems that the apex bank is trying to imitate what it banned.

"The CBN needed to have done very thorough research and engage stakeholders in the CIBN, ICAN and other relevant professional bodies, and also create sensitization on the currency.

"I learnt that the eNaira cannot be used for bank transfers; that will be detrimental to the DMBs. If you bring out a product which people cannot understand they will not be able to use it," he said.

An Economist, Mr. Tope Fasua, described the idea of eNaira as a welcome development. Fasua, who is the Chief Executive Officer (CEO) of Global Analytics Consulting Limited, said that the idea of eNaira was commendable because all currencies would eventually become digital over time, saying the Naira should not be left behind.

He noted that by creating the digital Naira, the apex bank was ensuring that it was not rendered irrelevant in the foreseeable future.

"In actual fact, the Naira is already digital as it is because you can send money through Unstructured Supplementary Service Data (USSD) or through electronic transfer without the need to touch cash.

"But with the eNaira, digitalisation is going to a higher level, where we will increase focus on electronic financial transactions, which will come with its own type of innovations and improvements.

"But only those who get on board will benefit from the advantages of the digital currency," he said.

According to the economist, electronic currencies, like the eNaira, allows central banks to print and manage less physical currencies, thereby saving huge revenue.

"It will benefit the Nigerian economy by saving huge cost of managing physical cash, and including more Nigerian in the financial sector.

"It will promote financial inclusion, as those who do not have bank accounts can easily key into the eNaira.

"It will also, eventually, help in tracking money laundering and fraud because it is all about documentation of what people are doing.

"The data that will be generated will enable authorities do their work better in preventing money laundering and fraud," he said.

It would be recalled the apex bank had announced plans to float its own controlled digital currency after announcing a ban on cryptocurrency transactions in February.

CBN's Governor, Mr Godwin Emefiele, had explained that cryptocurrency promotes the risk of loss of investments, money laundering, terrorism financing, illicit fund flows and other criminal activities.

The apex bank, in a new website designed for the digital currency, described eNaira as a CBN-issued digital currency that provides a unique form of money denominated in Naira.

It stated that eNaira would serve as both a medium of exchange and a store of value, offering better payment prospects in retail transactions when compared to cash payments.

"eNaira has an exclusive operational structure that is both remarkable and nothing like other forms of central bank money," CBN noted.

Meanwhile, the CBN launched a dedicated website, enaira.com, for the digital currency project.

Findings show that the website recorded over one million hits a few hours after it was launched, an indication that most Nigerians are Interested in the proposed digital currency.

TBI Africa also examines Federal Government Anchor borrower's policy as CBN incurs N379 billion debt, while farmers battles insecurity.

The Central bank of Nigeria recorded a shortfall of N378.5billion in loan repayment by beneficiaries under the Anchor Borrower's programme in six years, data obtained from the findings apex bank have shown.

Between November 2015, when the ABP scheme was introduced and November 2020, the CBN executed a total of 2.3million projects under the programme and disbursed N497.2billion to farmers.

However, data obtained from the CBN's Fourth Quarter 2020 Economic report showed that only N118.7billion had been repaid by the beneficiaries within the review period.

The President, Major General Muhammadu Buhari (retired), launched the ABP on November 17, 2015 in a bid to reverse Nigeria's negative balance of payments on food.

Beneficiaries of this programme include farmers cultivating cereals (rice, maize, wheat, among others), cotton, roots and tubers, sugarcane, tree crops, legumes, tomato and livestock.

Loans are disbursed to the beneficiaries through Deposit Money Banks, Development Finance Institutions and Microfinance Banks, which the programme recognises as Participating Financial Institutions.

According to the CBN, the broad objective of the programme is to create economic linkage between smallholders and reputable large-scale processors with a view to increasing agricultural output and significantly improving capacity utilisation of agricultural firms.

A cursory look at the agricultural sector shows that the scheme might have had a positive impact on the sector as the sector's aggregate output maintained an upward trajectory throughout the period under review.

An analysis of Gross Domestic Product Reports from 2015 to 2020 revealed that total output of the agricultural sector rose from N19.5trillion to N37.3trillon, indicating a 91.2 per cent increase.

Between 2015 and 2016, aggregate output in the sector grew from N19.5trillion to N21.4 trillion, it rose to N23.9 trillion in 2017, N27.4 trillion in 2018 and N31.8trillion in 2019.

It was observed that, within the review period, sub-activities of the agricultural sector which the ABP programme focuses on such as crop production and livestock also recorded increase in economic performance.

For instance, between 2017 and 2020, crop production recorded an increase of about N12.1 trillion, from N21.1 trillion in 2017 to N33.2 trillion while livestock output rose from N1.9 trillion to N2.1 trillion, indicating a N2billion increase.

Similarly, in the first quarter of 2021, the agriculture sector grew from 14.03 per cent to 15.14 per cent, quarter-on-quarter, with crop production being the major driver of the sector.

The National Bureau of Statistics noted, "The (agriculture) sector grew by 15.14 per cent year-on-year in nominal terms in Q1 2021, showing a decline of 7.33 percentage points from the corresponding quarter of 2020 but an increase of 1.11 percentage points when compared with the preceding quarter's growth rate of 14.03 per cent.

"Crop production remained the major driver of the sector, as it accounts for 71.69 per cent of overall nominal growth of the sector in first quarter 2021.

"Agriculture contributed 21.42 per cent to nominal GDP in the first quarter of 2021. This figure was higher than the rates recorded for the first quarter of 2020 but lower than the fourth quarter of 2020 which recorded 20.88 per cent and 24.23 per cent respectively."

While experts, who examined the programme and its impacts, commended the CBN for initiating the ABP, they, however, highlighted insecurity as the major factor militating against the effectiveness of the scheme.

An economist and Chief Executive Officer

Chief Ernest Shonekan, Head, ING (1993-1993)

of SD&D Capital Investment, Gbolade Idakolo said: "The ABP programme is a commendable programme. But the end result has been rubbished by the problem of insecurity arising from the farmers-herders' crises.

"Most of the farmlands have been overrun by herders, which has made the farmers to be unable to repay the loans acquired.

"So, that is why you see that according to the consumer price index just released, food inflation continues to rise because the farmers are not producing optimally and even those that are producing, because of insecurity they are not able to transport their products to the markets where they can be sold. This brings about scarcity which makes the cost of food to increase."

He added that the effectiveness of the scheme was also hindered by sectionalism and unequal distribution of the loans across regions of the country.

Another expert and the Managing Director, Cowry Asset Management Limited, Johnson Chukwu, shared a similar view with Idakolo, that without adequate security for farmers, the financing provided by the CBN through the ABP programme wouldn't yield significant results in the agriculture sector.

MAN, others lament scarcity of Forex

Stakeholders including the Manufacturers Association of Nigeria (MAN) and the Association of Small Business Owners (ASBON) lamented the worsening scarcity of forex in the country, saying they were already cutting costs as their profits were shrinking.

MAN, ASBON and the Lagos Chamber of Commerce and Industry and industrialists in separate interviews with The PUNCH said the free fall of naira and the attendant forex scarcity had worsened Nigeria's harsh business environment in the past two months.

Some stakeholders, especially small business owners, told our correspondents that they were reducing their staff strength, warning that there would be massive job losses if forex scarcity continued.

The Central Bank of Nigeria had in July stopped selling forex to Bureau De Change operators on the grounds that they defeated their purpose of existence through illegally dealing in wholesale trading of forex beyond the statutory benchmark allowed by the law.

The CBN directed businessmen and others to source forex from commercial banks.

Since the apex bank gave the directive, naira has been on a free fall and accessing forex has been difficult for firms.

Recently, the dollar exchanged for N580 while pounds sold for N780, and small businesses stop production, cut costs, retrench workers, says President.

The President of the ASBON, Dr Femi Egbesola, in an interview with one of our correspondents lamented that small businesses were the worst hit by the forex scarcity.

He said some medium and larger businesses still had the opportunity of getting certain amount of forex from the commercial banks.

Egbesola stated: "For small businesses, bureaucratic bottlenecks hamper their access in commercial banks, pushing us to the parallel market.

"In the past few months, the naira has been on a free fall, and many of our members can no longer produce because the raw materials cannot be imported.

"You need to get payment overseas before you can get your shipment and if you cannot get your raw materials, you are going to close shop.

"Some of our members that have been able to get some forex in trickles have been under-producing. They have had to cut cost and downsize their staff. That is inflicting unemployment again. Even their products are now more expensive

General Sani Abacha, Head of State (1993-1998)

for consumers. The government needs to intervene at this moment to save the economy."

The Director-General of MAN, Mr Segun Ajayi-Kadir, told one of our correspondents that the general concern among manufacturers was the difficulty and 'most often inability to access the forex they need to purchase machines, spares and critical raw materials that are not locally available'.

He noted that manufacturers' funds in Nigeria would be tied down at the point of making requests and if commercial banks finally released the regularly meagre forex, it would be inadequate to procure the inputs which distorts the production process and rocks their bottom line.

He said: "This abysmal allocation to the manufacturers is quite disappointing and unhelpful. It threatens the relapse of the recent gains in terms of the growth numbers in the economy.

"While appreciating the current situation of government in terms of paucity of forex, the strategic allocation of the limited forex stock is key, whilst we also pursue domestic activities that will generate forex in a sustainable manner.

"It is important for the CBN to go beyond the recent zero allocation of forex to BDCs and intentionally prioritize allocation to the productive sector, in particular, the manufacturing sector.

"This is because of the multiplier effect it induces on the other sectors of the economy, the value addition, job creation, tax income for government and quite importantly, increased local production and positive effect it has on the disposable income of the average citizen."

In a written response to The PUNCH, the Director-General of the Lagos Chamber of Commerce and Industry, Dr Chinyere Almona, stated that the CBN had made some provisions and special intervention for the importation of agriculture machinery and equipment to boost agricultural production in the country, which the chamber was aware of.

She said the commercial banks should be able to fulfill that for the companies that had the access.

She said: "For the other importers in the agricultural and manufacturing sectors, the failure of the banks to extend forex to them will lead to many equipment importers defaulting in payments to their foreign technical partners. "Demands for forex by manufacturers have not been completely met by the banks leading to them source dollars from the parallel market.

"However, since the CBN's decision to not extend forex to the BDC's directly, the rates have been increasing, affecting the bottom line of manufacturers.

"We advise that critical raw materials that cannot be sourced locally should be supported by special forex intervention till when the country can build enough capacity to produce them locally."

A businessman, Mr. Collins Uzoigwo, who imports perishable agriculture products from Republic of Benin, stated, "Forex problem is really giving us serious challenge because of the exchange rate because the value to dollar is making the commodity very high. It is threatening the existence of our business.

"I have always based my supply on the black market as getting forex from the bank is a challenge because after going to the bank, it will be effort in futility.

"I depend on Cefa because I buy from Republic of Benin. We were buying 1,000 Cefa then for N270, but now 1,000 Cefa is N1,000 which is not supposed to be so."

He added, "Before, the transportation, duty, assessment, paying all bills to the Federal Government was okay, but now the price is not. We that are importing, it is not a good challenge for us because the dollar controls the rate."

According to him, the currency in Benin has remained constant while Nigerian naira has continued to experience fluctuations.

Another businessman, Ade Abdusalam of Abdusalam Ayinla Nigeria Limited, an exporter of finished goods, also narrated his own experience. He said: "The environment is not conducive for export as of now. When you cannot export to get the dollars, where will the dollars come from?

"We export finished Nigerian goods; we have manufacturing firms that produce and ours is to export finished goods such as toiletries, cloths, provisions, rugs, home items."

He added, "If you want to get dollars in the bank, it is the banks that will introduce one aboki (parallel market operator) to you and tell you go and meet the aboki and they will facilitate how you are going to meet the aboki. Yet CBN will just sit down and be barking like a toothless bull dog.

"The reality on ground is that most of these banks are the ones that will give you the contacts of abokis

"The government should not sit down in Abuja and set policies. They should come down to the market and they will get firsthand information. The real export is in the market. I don't know how they sit down in Abuja and get their data."

However, amid the scarcity, an industry expert and economist, Dr Muda Yusuf, projected that the $4billion Eurobond sale by the Federal Government might improve liquidity in the short term.

He said in a text message, "It may bring a momentary reprieve. But it cannot be sustainable if the desired policy reforms are not put in place, especially in the forex market.

"For sanity and stability to return to the forex market, the huge parallel market premium must be removed through a market-based framework for the management of the foreign exchange market."

Continuous Naira depreciation can drive Nigeria back into recessions - Experts

A Senior Lecturer of Economics at the Pan Atlantic University, Olalekan Aworinde, said continuous deprecation of the naira was an indicator forex scarcity. He said if the trend persisted, Nigerians would continue to suffer as the standard of living in the country would steadily decline and unemployment rates skyrocket.

He said: "The continuous deprecation of the naira tells us that the demand for the dollar is greater than the supply.

General Abdulsalami Abubakar, Head of State (1998-1999)

If you look at the foreign exchange market, it affects the balance of payment equilibrium in Nigeria, the depreciation is good, if we are looking at exports, but we see that Nigeria has a huge trade deficit; we import more than we export.

"Because we import more than we export, the demand for our naira is low, which causes the value to continue to fall. The implication of all these is that we will have import inflation which causes the price of goods and services to spike and the impact of this will be on the society, on Nigerians.

"Nigerians will continue to suffer as prices go up, especially for fixed income earners. Also the standard of living in the country will continue to decrease. For businesses, producers, increased prices of goods and services will mean that there will be a fall in aggregate demand and once there is a fall in this aspect, it will affect the level of output and this will lead to increased unemployment rate."

According to him, high inflation, steady rise in unemployment and continuous depreciation of the value of the naira, might drive the country back into a recession.

He, therefore, advised the CBN to adopt a flexible exchange rate plan to allow the forces of demand and supply to determine the value of the naira against foreign currencies.

"The CBN is distracted; they are not focusing on the real problems in the forex market. They keep chasing after shadows like AbokiFX.

"So I advise them to refocus on the real problems, for instance, the naira is overvalued. The value of the naira against foreign currencies is determined by the managed floating policies.

"Let us move from this to a flexible exchange rate where the forces of demand and supply determine the value of the naira."

Aworinde also emphasised the need for the fiscal authorities to boost local production by establishing infrastructures which will drive increased exports.

This, according to him, will increase the demand for the naira, thereby shoring up its value.

Another expert and a professor of economics at the Olabisi Onabanjo University, Ogun State, Sheriffdeen Tella, stated that the depreciating value of the naira would have adverse effects on business operations in the country and further increase unemployment rate.

He said: "The operating costs of business continue to increase due to the fall in naira. This is because Nigeria is an import-dependent economy. We import almost everything we use to produce commodities and imports are facilitated in foreign currencies, not naira. Thus, the cost of production has continued to increase.

"With a depreciating naira value, inflation will continue to rise which will also lead to increased cost of goods and services.

"In the long run, this can also affect unemployment rate, because when prices steadily rise but people's income is not rising, they will start demanding less of such goods; when demand is low, businesses may be forced to cut down staff thereby pushing higher unemployment rates."

He advised the government to stop importing commodities that could be produced locally to cushion the depreciation of the naira and its effects on the economy.

Nigerian economic growth since independence remains positive - NACCIMA boss

Though the country is battling to keep the economy on good footing, the National President of Nigerian Association of Chambers of Commerce Industry Mines and Agriculture(NACCIMA), Ideh John Ideagbala in this interview with TBI Africa opines that Nigeria's economy have maintained a positive outlook since independence. Excerpts

Overview of Nigerian economic

growth since 1960

A discourse on Nigeria's economic growth since independence involves a deep dive into the long history of the political and socio-cultural climate in the country in the over six decades of its existence. A few highlights from relevant statistics will show that GDP per capita increased steadily from Independence and reached a peak of about USD1,800 on average between 1976 and 1979, then began to decline, showing a significant drop during and after the implementation of the Structural Adjustment Programme (SAP) in the 1980s. Relevant statistics will also show that the highest annual growth rate of Nigeria's GDP per capita occurred between 1999 and 2007, perhaps reflecting the positive effect of democracy on the economic growth.

However, the last decade has been tough. After two economic recessions and a global pandemic within the last decade, the Nigerian economy today, faces high inflation rate, high unemployment rate, low growth rates, mounting local and foreign debt, and a depreciating currency while still largely being import-dependent. In conclusion, my view is that on aggregate, Nigerian economic growth since independence remains positive with the potential to match the most developed economies in the world.

Your take on various development plans since 1960

My view on the various developments plans of the Nigerian government, since 1960, is that we have created over time, development plans that can rival the best in the world. The First National Development Plan (1962-1968), the Second National Development Plan (1970-1974), the Third National development Plan (1975-1980), the Fourth National Development Plan (1981-1985), the Perspective Plans (1986-1990), the Rolling Plans (1990 - 1998), the National Economic Empowerment and Development Strategy (NEEDS, 2003 - 2007), the Vision 20:2020, and the Economic Recovery and Growth Plan (2017-2020), all of which have great merit from the scholastic point of view, leading to the firm opinion by myself and most of the general populace that Nigeria's issues are not with planning.

Government policies to keep economy afloat

In my view, the current state of the economy is partly as a result of two main characteristics of various policies. Either the policy design and implementation commences too late or its positive effective is counteracted by the design and implementation of a different policy. An example of the first is the length of time between the impacts of the lockdown measures of the COVID-19 pandemic on the Nigerian private sector, the time elapsed before the announcement of the Economic Sustainability Plan (ESP), and yet more time passing before the implementation of the initiatives of the plan. An example of the second is the current implementation of policies in the foreign exchange market that totally negate any benefits or relief that may have been obtained by the implementation of the ESP.

Leverage the ingenuity and innovation of the private sector while creating conducive environment for them to operate. The old paradigm of a preference for government control over government facilitation will not bring the economy back to the right shape. Policies like the Executive Order 7 on Road Infrastructure Development and Refurbishment Investment Tax, NERC Regulation for Mini Grids, and the policy on Modular Refineries in Nigeria are examples of policies that can leverage on the spending power of the private sector and provide the much needed infrastructure to boost the productive capacity of the economy. If priority is placed on the effective implementation of these kinds of policies, without bureaucratic bottlenecks, and a conducive environment is created for the private sector to engage in production and trade, it is my firm belief that the Nigerian economy will return to the path of sustained economic growth. Especially within the context of the right mix of fiscal and monetary policies that do not counteract each other.

Chief Olusegun Obasanjo, President (1999-2007)

Pre-independence economic planning

Development planning in Nigeria started during the colonial era with the ten-year plan of development and welfare in 1946 upon the notice/circular from the then secretary of state for colonies to all British colonies, mandating them to setting up a Central Development Board (CDB).

The ten year plan of development and welfare for Nigeria as it was christened was not actually been seen as a real plan because it was just like a list of mostly uncoordinated projects of the British in various regions of Nigeria. The hidden objective of the plan was to meet the perceived needs of the colonial government and not necessarily a conscious effort to influence the overall performance of the Nigerian economy.

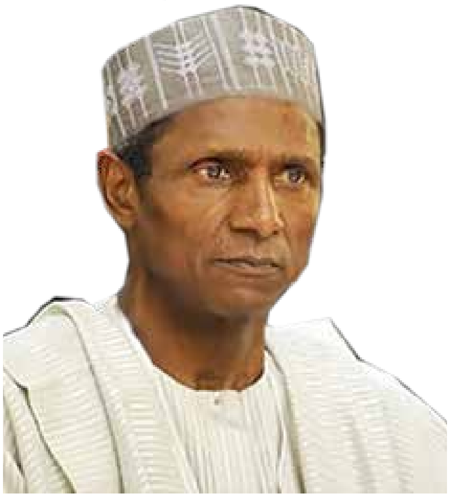
It is no longer news to state that the British government had it primary interest to use the colonies in producing agricultural products that they needed in feeding their factories. There were not concrete attempts made towards incorporating and considering the needs and interest of Nigerian people into the objectives and priorities setting of the development plan.

It is proper to note that much of the challenges that Nigeria still experience today are deeply rooted in colonial plans handed over to it at independence.

After gaining independence, there was a compelling need to have a home-grown development plan for Nigeria that will invariably reflect Nigeria's independent status.

According to Source, International Journal of Research and Scientific Innovation (IJVI), the first National Development Plan (1962 – 1968) was launched as soon as Nigeria gained independence in 1960. The plan was envisaged as a clear-cut plan that will bring about an all- round development in Nigeria based on its objectives, which includes; to bring about equal distributions of national income, to speed-up the rate of economic growth; to generate savings for investments to ensure a reduction on the external sector; to bring about enough capital for manpower development; to increase the standard of living for Nigerians particularly in the areas of food, housing, health and clothing and to develop the infrastructure of the nation amongst others.

The plan appeared comprehensive and



Umaru Musa Yar'Ardua, President (2007-2010)

impressive in the nature but the political crises in the country that culminated into the 30 months civil war made the plan to become almost redundant.

However the failure of the first development plan was attributed to the Nigerian Biafran civil war.

The Second National Development Plan (1970 – 1974) immediately after the civil war, the second national development plan was lunched and it was called the plan for Reconciliation, Reconstruction and Rehabilitation (3R).

IJVI reveals that by 3R, the Federal Government was billed to "occupy the commanding heights of the economy in the quest for purposeful national development." There was a consensus that Nigeria's lacked a national sense of purpose mostly in economic matters and there was a determined effort to correct the situation.

The plan was meant to cover the four-year period, 1970 – 1974, but it was later extended to cover the 1974 – 75 fiscal years. The plan was built on five principal objectives, which is to unite, strong and self-reliant nation; a great and dynamic, economy; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society. Ironically it failed like the first due to lack of political will and corruption emanating from oil boom, such that the Gen. Yakubu Gowon led government told the world that the country was rich but don't know where to invest.

The third National Development Plan (1975 – 1980) was graced with high hopes as it was ushered in during the oil boom also which led to a jumbo investment that was ten times of that of the second plan and about 15 times of the first plan. At this period Udorji Award was introduced, which meant more pay to workers, as car and house monetary award was given to workers.

It important to note that the objectives of the third national plan were similar to that of the second, as both were long-term in nature, which are; increase in per capita income, even distribution of income, reduction of unemployment level, increase in the level of the supply of higher-level manpower, diversification of the economy, balanced development and indigenization policy.

At this point, the major focus of the government was to utilize the oil boom proceeds to boost the development of the productive base of the Nigerian economy, which could permanently lead to improved standard of living of the populace.

Again, like the Biblical tale of the disobedience of the children of Israel in the wilderness, the plan failed.

A clear assessment of the plan points to the fact that it actually focused on giving priority to projects and programmes that could have direct positive impact on the rural dwellers but suffice it to say that the meagre allocations to agriculture and social development scheme that should have direct impact and improvement in the wellbeing of the masses received only five per cent and 11.5 per cent respectively of the total huge financial outlay of the plan.

Consequent upon this, it is evident that this meagre finance allocated to these priority areas is a strong demonstration of "lack of focus of the planners."

However, it is important to state that at this period, the manufacturing sector witnessed a very fast rate of growth with an average of 18.1 per cent per annum, which depicted higher growth in sectors like building, construction and government services.

The fourth National Plan (1981 – 1985) was the first plan that was prepared by a civilian administration since after military intervention in 1966. This plan designed like the former ones, with main focus policy formulations to drive the plan.

Having paid more attention to the oil sector revenue earnings, coupled with corruption, nepotism, misappropriation, misallocation of project, tribalism, discrimination amongst others, the economy collapsed; the military boys took over power and introduced austerity measures, amongst which are Structural Adjustment Programme (SAP), Second-Tier Foreign Exchange Market (SFEM). This was the beginning of the demise of once strongest currency in the world to the present day one of the most rejected currencies in the world, even the government officials and the economic managers in the country prefer Dollar and Pound Sterling to the Naira.

SAP was launched simply to consolidate the third national development plan, which placed much emphasis on revenue from petroleum resources. SAP was introduced to stimulate the real-income of the average citizens; to create even distribution of income among individuals and socio-economic groups; to reduce unemployment; underdevelopment; increase the supply of skilled manpower; expand economic base; increased indigenization programmes; development of high technological base; the promotion of a new national orientation and discipline among the citizens; better attitude to work and cleaner environment.

IJVI showed that the fourth national plan was the largest and most ambitious that Nigeria ever lunched. The plan's main strategy was to revenue generated from oil sector to bring about an all-round expansion in the productive capacity of the country and lay a solid foundation for a self-sustaining growth.

However, the revenue realized was far-below expectations, such that it was a sad commentary that only 54 per cent of the export proceeds were realized in 1984. It was projected that N79.449 million would be realized from petroleum export between 1980 and 1984; but it became a sorry moment that only N52.78 million about 66.4 per cent of the expected revenue was recorded.

The Nigerian refineries have turned an object of legalized corruption and drain pipe such that successive governments had always allocated whooping sums for yearly turnaround maintenance. It is sad to note that N1.47trillion was again allocated by the government on the endless revamp of refineries for five years, while Nigeria is massively importing her domestic refined products for consumption.

As the country witnessed dwindling resources to finance the fourth plan, the economy witnessed huge debt services burden, balance of payment challenges and high rate of inflation. Most of the projects initiated in the early part of

Goodluck Jonathan, President (2010-2015)

the plan were abandoned, and this has become a tradition in the present day Nigeria.

In spite of its numerous challenges and downsides, the fourth national development plan recorded some levels of achievements in some areas of the economy. Among these are: the implementation of the Agricultural Development Programme (ADP) in most states and its successful completion; the commissioning of the Egbin Power Station; Akure Airport, increased enrolment in education across all levels; Dry Dock Project at Snake Island; improvement in healthcare facilities and 87 telephone exchange located all over the federation (Onah, 2006; Egonuwan and Ibodje, 2001; Ekhosuehi and Ibietan, 2013;

The primary objective of the three-year rolling plan that was initiated in 1990 was to provide the country an opportunity of revision in the midst of increasing socio-political and economic uncertainties.

Unfortunately, the preparation of the medium term plan turned out to be a yearly event (an annual ritual) and it became completely indistinguishable from the annual budgets.

"The rolling plans were prepared annually at all levels of government, but at the end of it all (about ten years) – 1990 – 1999, Nigerians were not better-off than they were during the years of the fixed medium term plans," IJVI depicts.

Studies have proven that Vision 2010 called for an urgent developmental paradigm shift and it placed a duty on Nigerians regarding their attitudes in order to achieve the stated objectives and targets.

They noted that it is doubtful to affirm if any conscious efforts were made to disseminate these requirements to the wider society as such had been a recurring dilemma in Nigeria's policy formulations without proper implementations strategy.

According to IJVI; "The Era of Perspective and Rolling Plans (1990 – 1998) obviously, at the very end of the four plans, there was no foundation lined for sustainable growth and development in the country. The productive base and capacity of the economy was yet to be diversified as Nigeria remained a mono-economy and lacked its own driving force rather was highly prone to external shocks.

By 1986, the fourth development plan hit the rock. There were huge deficits and external debts rose to the tune of $22billion. This situation necessitated Nigeria's creditors to get involved in her plan so as to be able to get debt rescheduled. Thus, they introduced the Structural Adjustment Policy which was just a "reform therapy" from World Bank and the International Monetary Fund.

"SAP as it were, was an economic emergency programme that was expected to last for only two years but its contents were too elaborate and radical to be realized within such short time. SAP recommended a shift from "project-based" to policy-based planning system and placed more emphases as a private sector-led economy that the prevailing public-sector-led system.

"After the SAP, came a three tier planning system which consists of a 15 – 20 year perspective or long-term plan, a three-year rolling plan, and an annual budget that will draw from the rolling plan.

"It was observed that the perspective plan main objective was to identify long-term policies by which the perspective plan will draw its medium-term programme, while the annual budgets draws it short-term programmes. It is pertinent to point out that most of the national objectives enumerated in the second national fixed plan was very much like the work done in the perspective plan. On the other hand, the idea of perspective was a significant innovation in planning because it was more elaborate and specific than the previous plans that were criticized for being vague and without constitutional significance. The Perspective and Rolling Plans were meant to take effect from 1990 but not until 1996 when the then Abacha administration set up the Vision 2010 committee."

Consequently, the era of the Rolling plans (1990 – 1999) which he tagged as "the Rolling stones that gathered no moss, while another long-term plan was ushered in. This is the National Vision that can ensure development (Vision 2010).

The vision 2010 committee submitted its reprint to the government in September 1997 and it recommends among other things that the vision should provide the focus of all other plans being its long-term (perspective), medium-term (rolling) or annual (budgets). The Vision 2010 provided the country with her first perspective plan but the plan was dumped immediately after Abacha's death in 1998.

The National Economic Direction (1999 – 2003) was instituted by a democratic government which was elected in Nigeria in May 1999. At this period, there was a high hope and high expectations among Nigerians as they hope that the democratic government will turn the country around and positions her to the right direction. The new administration started a development plan in 1999 on a plain ground with the introduction of the four-year medium-term plan document tagged "National Economic Direction."

The main objectives of the plan according to IJVI were: a pursuance of a strong, virile and broad-based economy that has adequate capacity to absorb all external shocks. Though, the plan though a new document in its entirety, its objectives and policy directions were not significantly different from the directions introduced from the SAP document.

It aimed at the development of an economy that is highly competitive, responsive to incentives, private sector led, diversified, market-oriented and open but it relied heavily on external momentum for growth. The plan failed to achieve most of the articulated objectives such as deregulating the economy, reduction in bureaucratic red-tapism in governance, creation of jobs, alleviating poverty, provision of welfare, infrastructure, improved healthcare and education, etc.

In spite of the huge resources from oil revenue occasioned by the oil boom, inclusive of proceeds from the sales of public enterprises, and loots recovered from Abacha's family, Nigeria plummeted down the line among impoverished nations.

National Economic Empowerment and Development Strategy (NEEDS) (2003 – 2007) was initiated under Obasanjo's administration, which was far below its potentials, the Nigerian government introduced the NEEDS document.

Studies proved that the NEEDS programme appeared to be an ambitious developmental blueprint and as expected, it attempts to put in place the rudiments of a developmental state and design instruments that could accelerate growth and ensure poverty reduction.

IJVI submitted that NEEDS has its basic thrust in the areas of empowerment, wealth creation, employment generation, poverty reduction and value reorientation, noting that NEEDS programme contains all the envisaged policies and programmes of the federal government not just for 2003 – 2007, but far beyond and it should serve as foundation of the much-talked about Obasanjo's reform.

"As established in the NEEDS programme, and as reported recorded in CBN (2005); National Planning Commission, NPC (2005:4) wishes to significantly eradicate poverty in Nigeria, create a Nigeria that Nigerians can be proud of, a Nigeria that promotes self- reliance, entrepreneurship, innovations, rewards hard work, protects her citizens and their property and offer to them better prospects than they can obtain any other part of the world."

The Nigerian government lunched the Vision 20:2020 in 2007 as a development planning initiative; the major objective of the programme is to make Nigeria one of the first 20 economies in the world by the year 2020. It promises to move Nigeria from its position of 41st in the world then to the 20th best by 2020 and to make Nigeria the African Financial centre of choice by that same year.

The Yar'adua administration carried over the Vision 20:2020 from the Obasanjo's administration. It was expected that with positive economic management in the country, GDP growth for Nigeria will be larger than that of Italy by 2015 based on Jim Neil's (2007) calculations.

IJVI observed that most of the yardsticks used in the statistics of Vision 20:2020 were economic indicators of growth in Gross Domestic Product (GDP) and Gross National Product (GNP). Daggash (2008) who was then a Minister and Deputy Chairman of National Planning Commission opined that Vision 2020 had clear goals and it includes engendering peaceful, harmonious and stable democracy by 2020; sustenance of sound, stable and globally competitive

Muhammadu Buhari, President (2015-202-?)

economy with an estimated GDP of not less than $900billion and per-capita GDP of over $4000.

Other goals include provision of infrastructure, modern and a vibrant system of education, an improved health sector and delivery services that can guarantee a life expectancy for not less than 70 years; modern and technologically based agriculture sector, a competitive manufacturing sector.

Ironically, like other plans, Vision 20:2020 was nothing but a mere vision with much unrealistic targets, which tailored the paths of other plans by presenting areas/ issues it was not to cover in an omnibus manner without breaking it down into phases. The assumption of a prudent economic management which the vision was built upon for its success is still lacking in Nigeria.

Furthermore, the Seven Point Agenda of President Yar'adua's administration was aimed at tackling the numerous problems such as power and energy; food security and agriculture; wealth creation and empowerment; transport sector; land reforms; security; education.

"It was seen as an off-shoot of the United Nations Millennium Development Goals (MDG's) and it was expected to run concurrently with its agendas of eradicating extreme poverty and hunger by 2015; achieving universal primary education by 2015; reducing child mortality by two-third; improving maternal health by 2015; combating HIV/AIDS, malaria and other preventable diseases by 2015; ensuring environmental sustainability between 2015 and 2020 and developing a global partnership for development by 2015.

The seven-point agenda of Yar'adua administration was somewhat an uncoordinated plan and looked more of an administration's mantra with much talk than actions. It rather aliened itself on the MDGs which were much of "goals from outside." Though, some of the objectives were achievable, the programme did not go beyond the usual policy formulations that lacked the necessary implementation mechanism which had been the major challenge of other plans in Nigeria. The seven-point agenda died immediately with the sudden demise of President Yar'adua.

At the collapse of the Seven Point Agenda, the Transformation Agenda (2011 – 2015) was ushered in May 2011, as another government took over the helms of affair and being headed by President Goodluck Jonathan.

"Suffix it to say that President Jonathan did not continue with the "seven-point agenda" of his former boss – President Yar'adua, he rather came up with the new idea tagged "Transformation Agenda." The transformation agenda was meant to run from 2011 – 2015 and it promised to be a policy and programme that will transform Nigeria to an economic powerhouse in the world.

"It worthy of note that the transformation agenda of President Jonathan aimed at addressing the surge in poverty and insecurity, while the then Minister of Trade and Investment, Olusegun Aganga describes the agenda as a development policy that is embedded with good governance, security, energy and human development," examines IJVI.

Again, this programme failed as usual, but its failure was attributed to inadequacy of professional planners due to institutionalized framework for planning; plan indiscipline and unnecessary partnership; poor and inadequate feasibility studies in planning; lack of accurate data; erratic and conflicting government policies which results in policy summersault and abandonment.

The logical and expensively produced policies often end just as ordinary policy. There is always a weak effort at implementing those policies which has always been rubbished by corruption across all spheres of national life.

Other factors are in the areas of: lack of inter-ministerial and inter-disciplinary coordinating machinery, lack of proper project monitoring, lack of efficient public sector, lack of proper public and private sector partnership, lack of political will to implement the plans, amongst others.

PROSPECTS FOR GAS-TO-POWER, INVESTMENTS UNDER NETWORK CODE

Nigeria is a major oil producer with significant gas reserves owing to associated gas that accompany crude during production. Despite 206 trillion standard cubic feet (tscf) of gas reserves, gas as a fuel source has not been adequately utilized and commercialised in Nigeria due to infrastructure challenges Lack of infrastructure caused inability to meet domestic gas demand and oil companies' resort to gas flaring practices, among other factors. With the Nigerian Gas Transportation Network Code (Network Code), stakeholders are hopeful that challenges of gas-to-power, and gas aided transportation will be addressed, ***Olamilekan FAWAS*** *writes.*

Nigeria flares an excess of 700 million standard cubic feet (mscf) of gas per day from 178 flare sites, which translates to losing approximately $10 billion of revenue yearly, equating to $2,00 per million British thermal unit (MMBtu), due to its inability to capture and commercialise flared gas in the country.

If flared gas is properly harnessed, Nigeria can produce 600,000 MT of liquefied petroleum gas (LPG) per year and generate 2.5 gigawatts (GW) of power from new and existing Independent Power Plants to power the economy.

Considering that electricity generation from the grid is largely thermal-based,

which means that about 80 per cent of the power plants in Nigeria are fuelled by gas, thereby, reducing flaring and increasing gas utilization, which is key to addressing energy deficit.

There is currently a dire lack of adequate infrastructure to transport gas to power producers coupled with insufficient domestic gas price and incentives. Gas pipeline vandalism exists as a barrier to gas-to-power projects.

From January 2020 to January 2021, NNPC documents showed that the company spent a total of N59.1 billion on the repair and management of pipelines within a year.

Although figures from various sources on how much products Nigeria loses from the breakages vary, it is estimated that between 200,000 barrels per day (bpd) and 400,000 bpd is being lost to the menace presently.

Although associated gas incurs no added costs of exploration, the difficulties and high costs of transportation to a domestic market, which is not sufficiently large or concentrated to absorb the costs, has always been a major incentive for upstream operators in Nigeria to adopt the "easy route" of gas flaring.

Lack of critical gas capturing and transportation infrastructure

Gas infrastructure is critical to harnessing Nigeria's gas reserves. Although there is insufficient gas capturing and transportation infrastructure, the key infrastructure deficit is primarily on the nation's gas transmission backbone.

Thus, gas projects have been experiencing a relatively slow pace of growth. Also, a major transformation of the Nigerian gas sector is hinged on the Nigeria Gas Transportation Network Code (NGTNC), which was launched by the Federal Government last year as the uniform protocol for users of the Gas Transportation Network (GTN) in order to provide open and competitive access to gas transportation infrastructure and development in Nigeria.

The introduction of the NGTNC provided windows of opportunity to various industry players, investors and potential gas off-takers to engage in different aspects of the gas value chain.

Upon the successful development and launch of the code, the Department of Petroleum Resources (DPR) coordinated the implementation process of the network code (NC) through extensive alignment of all players in the industry, development of operationalisation procedures for the code, adaptation of critical technology enablement for the administration of the code.

The concerted enabling actions of the Department led the second key achievement in the gas sector, which was the NC GO-LIVE on the 10th August 2020 and launch of the Network Code Electronic Licensing and Administrative System (NCELAS) by the Minister of State for Petroleum, Timipre Sylva.

The NC GO-Live declared by the minister opened up the opportunity for all gas requirements across Nigeria and the African sub-region to access gas from all the hydrocarbon resource bearing assets in a safe and efficient manner.

Speaking on the significance of the network code, Sylva said it would help to grow gas infrastructure, expand gas utilisation, curb gas flaring, and provide codes to standardise the gas value chain in line with global best practices.

The minister said the NGTNC was part of the key reforms instituted by the President Muhammadu Buhari's administration to expand domestic gas-to-power, gas-to-industry, gas-to-manufacturing and mitigate the challenge associated with gas flaring in the country.

He noted that the gas codes would go a long way in deepening economic development, improve gas supply, boost liquefied petroleum gas supply, and attract more investment opportunities in the nation's gas value chain.

Understanding the Network Code

Prior to the issuance of the Nigerian Gas Transportation Network Code, transportation of gas through pipelines was governed by the Petroleum Act, currently compiled as Cap. P10 Laws of the Federation of Nigeria (LFN) 2004; Oil Pipelines Act, currently compiled as Cap. O7 LFN 2004; the Land Use Act, currently compiled as Cap. L5 LFN 2004; the Oil and Gas Pipelines Regulations and the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN).

The contractual regime for the transportation of gas was governed by gas transportation agreements which made provisions for delivery of accumulated gas at delivery points via dedicated gas transportation and distribution infrastructure.

However, the Network Code was launched in August 2020. The Network Code sets the terms and conditions for the operation and use of the gas transportation system.

The system is comprised of the following pipelines: Escravos-Lagos Pipeline System, Oben-Ajaokuta Pipeline System, Obiafu-Obrikom-Oben Pipeline System, and

all owned by the Nigerian Gas Company (NGC) and used to provide services for the conveyance of gas in accordance with the terms of the Network Code as well as all other pipeline system that may be in existence or constructed in future and used to transport gas in line with the Network Code (the System).

The Network Code creates a contractual framework between the NGC or any other pipelines system owner that is granted an Operator Licence or Authorisation by the Department of Petroleum Resources (DPR) to become an operator under the Network Code as "Operator" of the System; and, entities which could be electric power generation companies, transporting gas through the System (Shippers), in order to guarantee open and competitive access to the gas transportation network.

Access to the System is through System Entry Points through which gas is delivered to the System (possibly by upstream gas companies or distribution companies providing gas for power generation companies) and System Exit Points through which gas is off-taken from the System by power generation companies. The Operator is required to publish an annual list of all System Entry and Exit Points.

A typical electric power generation company is likely to obtain a licence as an Offtake Shipper as would be expected to offtake gas at a System Exit Point to fuel their generation plant. An electric power generation company would also register for System Exit Capacity to be entitled to sufficient gas capacity within the system. That is, capacity at the exit point of the pipeline system.

Investors indicate interest

Indeed, the DPR stated that it has received about $500 million gas development investment proposals since the implementation of the Nigerian Gas Transportation Network Code (NGTCN) began a year ago.

Director, DPR, Sarki Auwalu, while reviewing the programme, noted that it had improved investors' confidence in the evolving domestic gas market. He said: "Confidence of investors across the domestic gas value chain has shown positive trend through specific requests for DPR's support for gas supply to the tune of over 500 million standard cubic feet per day and for investments of over $500 million.

"The network code investment areas that the DPR has received proposals on include power generation, ammonia for fertiliser, methanol plant and domestic liquefied natural gas.

"Others are virtual pipeline systems, new gas hubs and the establishment of a Nigerian Gas Trading Exchange." According to him, the NGTNC has also improved domestic gas market linkage between downstream demand points and upstream gas supply opportunities. He said the construction of gas pipelines across the country and the increased investment brought by the NGTCN would create job opportunities for Nigerians.

Auwalu said it had also increased the activities of investors like gas shippers, suppliers, agents on the network and had further promoted gas availability, accessibility, affordability and awareness.

He added that the network code had improved transparency and predictability in gas trading, thereby stimulating the growth of gas business and deepening the performance of the Nigerian gas value chain.

He said the impact of the network code since the introduction last year, has led to an upgraded gas transmission into the non-discriminatory open access regime, saying that natural gas transmission and distribution in Nigeria shall henceforth be conducted only through global industry best practice regime of the network code.

The DPR boss stated that the code has also eliminated discriminatory access to gas transportation in the domestic gas market and has also created access to transportation of natural gas from gas supply points to gas demand areas across the entire value chain in Nigeria using standard, fair, transparent and non-discriminatory manner.

The Group Managing Director of NNPC, Mele Kyari, restated NNPC's commitment to working with relevant partners and stakeholders in the oil and gas sector to boost delivery of gas to the domestic market.

Kyari said the corporation was at the centre of gas delivery to the domestic market, stressing that it was involved in the entire available gas delivery infrastructure in the country either directly or indirectly through joint venture partnership.

The NGTNC is a contractual framework between the gas transportation network operator and gas shippers that specifies the terms and guidelines for operation and use of the gas network. The code aims to provide open and competitive access to gas transportation infrastructure.

"We will continue to give our support to this process to ensure that the full delivery of this process is achieved. We commit to working closely with the DPR to ensure that the target of the government is attained. This opportunity has provided the right framework for the transportation of gas from the source to the end-user in order to get value," said Kyari.

NIGERIAN CONTENT POLICY SAVES $2BN IN NLNG TRAIN 7, SAYS NCDMB BOSS

By Abisola THOMPSON

Nigeria was saved the sum of $2 billion from the ongoing Train 7 of the Nigeria liquefied Natural Gas (NLNG) project as a result of using Nigerian firms, Engr. Simbi Wabote, Executive Secretary, Nigerian Content Development and Monitoring Board (NCDMB) has said.

Wabote, stated this shortly after receiving the award of African Local Content Icon, from the African Leadership magazine, in Yenagoa.

Wabote, who dismissed the assertion that the Nigerian content policy was costly, and a ploy by foreign interests who do not wish the country to develop, described the claim as blackmail, because experience had shown that the policy was more cost effective for oil firms.

"The Nigerian content policy saves costs, from the projects that the NCDMB have supervised it is clear that it is better for the International Operating Companies in Nigeria, but foreign interests at global levels erroneously say that local content is expensive.

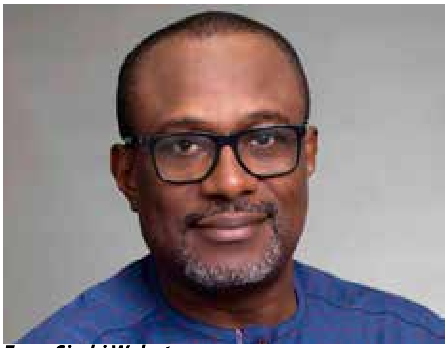
"Before the move to increase the participation of Nigerians in the oil and gas sector, the participation was at about three per cent and previous administrations relied mostly on taxes and revenue and lost sight of the opportunities for Nigerians to get involved in the sector.

"From the oil sector where I am coming from, it is five times more expensive to pay an expatriate than a Nigerian, so how can they say that local content is more expensive?

"On the Train 7 project if you look at the cost provided by foreign companies, you have a wide gap of about $2billion from the quotations of the lowest submitted by foreign firms and the highest from Nigerian companies, so local content is better as we ensured that quality was not compromised.

"From 2010 till now, we have come a long way, for instance NLNG had 90 per cent of the workforce as expatriates, but today 90 per cent of the workers are Nigerians with some even occupying top positions in foreign oil firms.

"I am thankful to President Muhamadu Buhari, who gave me the opportunity to practice local content in the public sector, by appointing me in 2016 and reappointing



Engr. Simbi Wabote

me in 2020," Wabote said.

On the African Local Content Icon Award bestowed on him, Wabote said that it came to him as a 'pleasant surprise' adding that the ideals of the African Leadership Magazine justified his decision to accept the award.

Speaking earlier, the Managing Editor of the African Leadership Magazine, Mr Kingsley Okeke, noted that the process leading to the selection was transparent and independently conducted with nominations received from across the African continent.

"We found in the accomplishment and achievements of the Executive Secretary of the NCDMB, a worthy character we must encourage and export to the rest of Africa.

"Our focus at the magazine is to spotlight the positive developments in the African continent and change the narrative and stereotypes by western media," he said.

The African Local Content Icon Award was presented by Mrs Laura Hall, President-elect of the National Black Caucus in the U.S congress, at the headquarters of the NCDMB in Yenagoa.

Hall said that blacks in the United States, represented by the Black Caucus, also have a similar challenge with building local capacity to compete with their white counterparts in executing contracts in the U.S.

She said the caucus would collaborate and share ideas with the NCDMB on ways to increase the capacities of blacks in the U.S.

The Chairman of the NCDMB branch of the Petroleum and Natural Gas Senior Staff Association, Mr. Bright Amatoru, applauded the leadership style of Wabote which, he said, had ensured industrial harmony at work.

Female staff, at the NCDMB represented by Mrs Kadejat Jakeme noted that Wabote had made the oil sector gender sensitive with the provision of a $400 million fund for female entrepreneurs in the oil and gas sector.

FED GOVT INAUGURATES NCDMB 10-YEAR RESEARCH & DEVELOPMENT ROADMAP

The Federal Government has inaugurated the Nigeria Content Development and Monitoring Board (NCDMB) Research and Development (R&D) 10-year Roadmap to enhance technology development in the country.

Minister of State for Petroleum Resources, Chief Timipre Sylva, inaugurated the roadmap at the 2nd NCDMB Research Development Fair and Conference held in Yenagoa, Bayelsa State.

The theme of the conference is "Creating Sustainable collaboration in Research and Development for Energy Industry and its Linkage Sector"

He said Research and Development remained key to economic development of any country.

"I am delighted to formally launch the NCDMB 10-year R&D Roadmap.

"The Roadmap is anchored on eight success pillars – funding, infrastructure, capability, commercial framework, collaboration, governance, legal framework and enforcement.

"The eight success pillars collectively implemented will no doubt position our industry on the path of sustainable assimilation of products of Research in oil and gas operations," he said

Represented by the Permanent Secretary, Dr Nasir Sani-Gwarzo, Sylva said that beyond financial intervention, the industry must challenge the local academia with its research problems, to ensure the development of homegrown technology and the retention of oil and gas spend in the economy.

He said this challenge would be taken seriously by the Nigerian National Petroleum Corporation (NNPC) and its Joint Venture Partners especially with preparation to unveil a reformed oil and gas industry that is driven by efficiency, innovation and independence as encapsulated in the Petroleum Industry Act of 2021.

"The Petroleum Industry Act has introduced a governance framework for the industry with clear delineation of roles between regulation and profit-centric business units."

NIGERIA'S SLOW, STEADY WALK TOWARDS PROFITABLE OIL BUSINESS

The Nigerian National Petroleum Corporation (NNPC) recently pulled back from the brink of serial deficit turnover that has lasted four decades. The path being towed is one other national oil companies like Saudi's Aramco have mastered and using to sustain their economies even in drought. Stakeholders said sustaining the change in fortune, if not a flash in pan, will entail deeper reforms and accountability at the cash-cow. ***Abisola THOMPSON*** *writes.*

National Oil Companies (NOCs) like NNPC play critical roles in being a custodian of a nation's oil and gas resources and a resort for energy security. In most oil dependent economies, these companies not only play these key roles but serve as a revenue centre.

In the face of emerging issues in the global economy, particularly the petroleum industry, most NOCs are going public and raising necessary funds for economic sustainability, becoming more like International Oil Companies (IOCs).

Undoubtedly, the NNPC has played critical roles similar to other NOCs. But unlike others, the state oil firm has been incurring losses. To most stakeholders, this is not primarily because the company lacks what it takes to make profit but because the company is bogged by political interference, opacity, corruption and mismanagement.

From an average N500 billion yearly loss to N803 billion in 2018 and a drastic reduction to N1.7 billion in 2019, before the N287 billion profit in 2020, the NNPC appears to be on the pathway to sustainability if it manages its loss-making refineries efficiently.

In a development akin to a whiff of good fortune in a beleaguered entity, President Muhammadu Buhari disclosed few weeks ago that the national entity successfully upturned the 44-year loss-making history with a novel N287 billion profit.

In some ways, this development on one hand rekindles hope and on the other hand, raised critical questions on the corporation as well as its commodity-dependent nation, which is faced with shrinking revenue and growing debt burden.

In announcing that the NNPC made a N287 billion Profit after Tax (PAT) in the 2020 financial audit, Buhari, who is also the Minister of Petroleum Resources, noted that the development was a fulfillment of an earlier pledge by the Federal Government to publicly declare the financial position of the NNPC.

The current Group Managing Director (GMD) of the organisation, Mele Kyari, had earlier pledged that the company would become profitable. Recall that the group's first audited financial statement for 2018 showed that it incurred losses close to N1 trillion. The losses in the 2019 audited report reduced toN1.7 billion.

Coming on the hill of a new law, Petroleum Industry Act, which is expected to make NNPC a viable commercial entity, most stakeholders see no reason why the company would not sustain the current profitability albeit worried at the same time, pegging their worries on the managers of the firm and government's position on the firm.

In the latest financial outlook, the oil company's total current assets moved up by 18.7 per cent. Its liabilities increased by 11.4 per cent while it had working capital standing below N4.56trillion. It was N4.44 trillion in 2019. Similarly, the group revenue hovers around N3.718 trillion as against N4.634 trillion in 2019, no thanks to the shocks of the COVID-19 pandemic.

While many analysts insisted that sustaining profitability and addressing current impediments remain critical against the backdrop of the Petroleum Industry Act (PIA), which will in the next six months turn the NNPC to a limited liability company, the development could as well serve as a wake-up call on the imperative of delivering profits the way other viable state-owned oil firms do.

Kyari, while explaining how the company arrived at profitability, said the company adopted some cost-cutting measures and became more efficient, after renegotiating contracts and bringing initial values down by about 30 per cent, while focusing on accountability, transparency and avoiding elusive projects.

Disclosing that the process that paved the way for the profit started in 2015 with continuous implementation of strategies, Kyari added: "It is a continuous process. When I came on board, I learnt from what was on ground, and also brought in a new perspective, which was to ensure that we build on what had been done."

The GMD also added that the corporation on the heels of the COVID-19 pandemic introduced a technology that drastically cut travel cost through a reduction of in-person meetings and the general automation of processes that enhanced efficiency across the group's businesses.

Kyari who said, "we are going to listen to the Nigerian Stock Exchange as the PIA is very clear on what will happen to the NNPC ultimately," added that the "law did not set timeframe, but it allowed for an opportunity for shares of this company to be sold to members of the public.

"There's the possibility of doing this, and obviously because you have profit today doesn't mean that you are ready for IPO. It is a very long and tedious process. But that's very possible. To become profitable, we should be open to public investment, and I'm sure all of us will be looking forward to that," he said.

Over the years, misappropriation and misallocation of funds by the government have been a challenge for the NNPC, and this to some stakeholders affected the profitability of the national oil firm otherwise, the corporation would have continuously made profit.

Unlike other national oil companies, undue political interference and illegal deductions of money had been reported of the NNPC. These activities, mainly a political move, included payment of unrelated operational activities like funding of arms and politically related activities.

In the past, NNPC had been made to pay monies to finance arms purchases or transfer funds to security agencies or illegal deductions of money to finance elections or some other sundry expenditures totally unrelated to NNPC businesses, while it had repeatedly defended the President of not interfering in the company, this presumably, may be the reason for the current stride.

An energy expert, Prof. Wunmi Iledare, who said there were indications that the profit investment ratio is greater than zero, stressed that going forward, there is need to define the key performance indicators (KPIs) for its subsidiaries.

In previous financial performances, subsidiaries such as the headquarters, refineries and others posed grave losses that marred the outlook of performing entities. The Corporation had earlier said that some subsidiaries may go if they remain cost centres. "I sincerely congratulate GMD Kyari for turning things around in two years, from losses to profit despite business challenges and political mines," Iledare, who is the Chair, Ghana National Petroleum Corporation, Petroleum Commerce Research, at the University of Cape Coast Oil & Gas Studies, stated.

He added: "The way forward is to define the KPIs for the management team of the sub-business units, and continue to make cost efficiency an important component of strategy for profitability."

Iledare is also banking on the PIA to address challenges facing the company, especially if the legislation assented to by Buhari is properly implemented to support, and sustain the current momentum.

An oil and gas lawyer, Emeka Okwuosa, who expressed shock over the profit re-

NNPC GMD, Mele Kyari

corded by the NNPC stressed that there was need to ascertain whether best practices were observed before arriving at the profit.

"I still don't believe it is yet uhuru for the NNPC. But let's hope it continues and the profits better applied to meet the huge infrastructural deficit, which will lead to increased employment opportunities, improved healthcare, good road, infrastructure, among others," he said.

According to him, since the PIA is now in place, the NNPC will become more commercially competitive, and must become a more profitable entity with transparency and accountability as core values.

Okwousa said: "The financial profitability that we are witnessing is good riddance and further shows that the days of NNPC operating as an opaque behemoth and a loss-making machine is gone. The passing of the PIB will further enhance this new financial discipline. We now hope that the funds are applied for the benefit of the teeming suffering masses," he stated.

On his part, Chairman and Chief Executive Officer, International Energy Services Limited, Dr. Diran Fawibe, said: "The owners of a company like the NNPC determine whether the company would make profit or not in the way and manner that they manage it. The question we should ask is, could it be that NNPC made profits in the previous 43 years?

"Over the years, we knew that there were lots of expenditures, lots of deductions in the finances of the NNPC that ordinarily should not have been made. These things have gone on for many years. If this expenditures and deductions are written back into the books of the NNPC, definitely there will be profit. It is a sad commentary that a corporation like the NNPC did not make profit for 43 years."

Fawibe said the only reason why the corporation made profit was the way it is now being managed, adding that other viable national oil companies didn't do anything different apart from being efficient, accountable and transparent.

Describing the performance as commendable, the Executive Director, Civil Society Legislative Advocacy Centre (CISLAC), Auwal Musa Rafsanjani, added that it was also a positive outcome of the global pressure and domestic public outcry for improved transparency and accountability in public sector governance, particularly in the extractive industry, "so it is a small victory for both the government and civil society."

According to him, the profit is, however, not sufficient considering the actual revenue potential of the company, which as rightly put by the GMD, is expected to be a trillion naira profit company.

With the fiscal position of the economy and the growing political tension, Rafsanjani said that the government needs increased public trust and investors' confidence, adding that the current achievement on the public side suggests not only responsiveness by the government to increased calls by civil society for improved transparency and accountability in extractive sector governance, but tangible outcomes as a result of those calls.

"With data rapidly becoming more available across the extractive industry, civil society, researchers, and journalists have responded by finding new ways of examining natural resource revenues, locations, production statistics and corporate filings, drawing on data, which hitherto, was only available to companies involved, or locked up in databases of proprietary data providers," he stated.

He added that benefits from tax and royalties should provide some succour as opposed to the current and previous arrangement where it has been nothing short of a loss-making entity renowned for anomalies, undue political interference, and shades of burden.

"What then remains important is the intensified and sustained advocacy for effective implementation of public disclosure and more open data reforms that promote and entrench a culture of transparency and accountability in the extractive sector governance, from generation to allocation, and to utilisation for public benefit," Rafsanjani said.

POWER SECTOR REVENUE DECLINES BY 4.54% TO N176.27BN IN Q2 2021

Gross revenue of Nigeria's electricity market declined by 4.45 per cent in the second quarter of 2021, Q2'21, to N176.27 billion against N184.27 billion generated in the first quarter, Q1'21, latest data from the sector has shown.

The data from the Power Sector Working Group, however, showed that the N360.54 billion generated in the first half of this year was 24.57 per cent higher than the N271.96 billion generated in the last six months of 2020.

A monthly analysis of the power sector financials in the first six months of 2021 showed that revenue has been fluctuating month-on-month.

A total of N64.98 billion was generated in January, but revenue, however, fell by 13.30 percent in February to N57.35 billion.

Further analysis showed that revenue in March rose by 7.41 per cent to N61.94 billion but declined again in April by 8.76 percent to N56.955 billion.

In May, revenue rose by 8.24 per cent to N62.07 billion. It however fell in June to N57.25 billion, a drop of 8.42 per cent.

FG explains shortfall

In a note to Energy Vanguard, the Power Sector Working Group blamed poor power supply as well as glitches for the fall in revenue in the second quarter especially in the month of June.

"June is a bit short due to glitches in the sweep mechanism and a low energy supply (there were gas payment challenges we have been working on).

"Through the collection discipline via CBN there is full visibility to DisCos collections. Collections over the past six months have stabilized at between N57 to N65 billion.

"The regulator and policymakers are focusing in the second half of the year on boosting electricity and rolling out phase 1 of Mass Metering to boost supply to reduce tariff and increase collections.

"Procurement is being completed for most of the CAPEX interventions that will help boost supply", the group added.

Earlier, the group disclosed that the Federal Government has concluded arrangements for the commencement of the second phase of its metering program tagged National Mass Metering Program which it expects to drastically reduce estimated billing by DisCos, that will ensure consumers are billed appropriately for the electricity

Engr. Abubakar Aliyu

they consume by installing meters free of charge in household and business premises that are currently unmetered.

The Federal Government provided funding for the program through loans from the Central Bank of Nigeria, CBN, to DisCos.

"Meters are provided to customers free of charge. This is indeed unprecedented and has so far led to the tremendous success recorded so far".

Expert tasks new Minister on sector's reform

Speaking on how to grow the electricity market, a leading power sector expert and Managing Director of Target Energy Limited, Abdullahi Umar, harped on the need to review some of the policies that may be hampering growth and development in the power sector.

Umar said at the weekend that the new Minister of Power, Engr. Abubakar Aliyu needs to conduct a thorough review of the sector.

"I am part of those stakeholders who are of the view that the declaration of the transitional electricity market (TEM) in February 2015 was too ambitious and premature.

"What should have been was a phased transition into TEM or at the minimum a testing of the market before the full declaration of TEM.

"The errors of such declaration have continued to plague the power sector with a heightened liquidity crisis in 2016 and 2017, that saw a drastic decline of the revenue flows in the power sector, DisCos remittance went from 70 per cent to a sharp decline averaging about 28 per cent – 30 per cent for that period," he said.

He pointed out that July 2021 saw the end of Eligible Customer Regulation in the Nigeria Electricity Supply Industry (NESI), adding that the decision by the Nigeria Electricity Regulatory Commission, NERC, to rescind the ECR, has sent mixed signals across the board.

Umar further stated that "we have seen the accusations and counter-accusations between the generating companies (GenCos) and distribution companies on the issue. The action by NERC has signalled the lack of preparedness of the market to accommodate direct sale between market players.

"It is a case of willing seller, willing buyer and an unwilling infrastructure; the market cannot accommodate any distortion at this time especially as the grid still operates at average capacity."

The ECR allows GenCos and Independent Power Producers to bypass the Bulk Trader for excess un-contracted capacity within their portfolio and sell directly to eligible customers who can take a minimum of 2MW of power monthly.

"The ECR was issued on the 6th of November 2017 by the then Minister of Power, Works, and Housing Barr. Babatunde Fashola, Umar also averred that the "recent repeal of the ECR further demonstrates the weakness in the NESI and the need for more effective and consistent regulation."

He further advised, "With a new Minister of Power in the saddle, I suggest that a cue is borrowed from the former Minister of Power, Work, and Housing; who commenced his tenure with sector-wide stakeholder consultation and monthly review meetings, it is important that new Minister of Power gets a proper briefing with all market participants in the same room to curtail self-serving suggestions and recommendations."

"The frequent policy conflict is fast eroding the little gains of the NESI since the declaration of TEM and plunging the sector deeper into uncertainty.

"The new Minister of Power must pursue sector-wide collaboration and effective corporate governance to move the sector forward.

"It is time to go back to the drawing board," he concluded.

The Nigerian Electricity Regulatory Commission has however denied that it has ended or suspended the Eligible Customer Regulations which allowed power generation companies, GenCos, to supply electricity directly to large demand customers.

NCDMB EXPLAINS REASONS FOR $50M RESEARCH, DEVELOPMENT FUND

The Executive Secretary, Nigerian Content Development and Monitoring Board (NCDMB), Engr. Simbi Wabote, has said the 50 million dollars fund for Research and Development (R&D) was created for economic development of the nation.

Wabote made this known at the 2nd edition of the NCDMB Research & Development Fair and Conference, in Yenagoa, Bayelsa State.

The Theme of the conference is "Creating Sustainable Collaboration in Research and Development for the Energy Industry and its Linkage Sector."

"The reasons for devoting resources and time to Research and Development are various but I will dwell on three of them.

"This first reason is that Research and Development is pivotal to the growth and development of any nation, and I dare say to the evolution of mankind.

"Right from the days of the cave men to the current age of global connectivity, Research and Development always play crucial role in opening up new chapters of modern life," he said

He said that Research and Development led to the first Industrial Revolution in the 18th century with the emergence of the steam engines.

According to him, the discovery of electricity and its application in mass production in the 19th century marked the era of the second Industrial Revolution.

"The 20th century witnessed the era of the internet with the world wide web being the vogue of the third Industrial Revolution.

"We are in the era the fourth Industrial Revolution with cloud computing, Internet of Things, Robotics, Big Data, Artificial Intelligent and many more being the hallmark of the current age.

"Once upon a time, it would have been unthinkable that I would be standing here in Yenagoa while conference participants hear and see me live by clicking a link on their devices.

"Such capabilities are associated with witches and wizards and it could only happen under the cover of darkness. These days, we are more or less taking such capability for granted," he added.

Wabote said the fourth Industrial Revolution had made it possible to order for a private jet from your hand phone or see who is at the door of your home in Lagos while you are on a business trip to Abuja.

Engr. Simbi Wabote

He noted that all these were made possible via Research and Development and the world had yet to see the end.

"There will be more Industrial Revolutions down the line and the question is why arewe not at the forefront of the discoveries or innovate to adapt existing technologies to our needs?

"Analysis of global practices of Research and Development revealed that the combined R&D spend of just five countries makes up 63.5 per cent of the entire global R&D spend.

"These five countries, namely USA, China, Japan, Germany, and India were also observed to have accounted for over 50 per cent of the global Gross Domestic Products.

"Africa, on the other hand, accounted for less than one percent (1%) of the global R&D spend while its GDP is only three per cent of the global GDP.

"You will agree with me that there is a nexus between the spend on Research and Development and economic prosperity," he said.

The Executive Secretary further said that the industrial revolutions triggered by Research and Development have always serve as a means of wealth transfer.

He noted that Statistics showed that, as of the second quarter of 2021, around 67 per cent of Apple's revenue was generated outside of the United States. Apple's total net sales amounted to around 90 billion U.S dollars in that quarter.

According to him, it is time to start to nurture the growth of our home-grown technology rather just being a wholesome consumer of other people's innovation.

He said the second reason for focusing energy on Research and Development was that it was one of the six parameters which were essential for sustainable Local Content practice.

He named the five parameters to include an enabling regulatory framework backed with the appropriate legislation such as the NOGICD Act and the rigorous implementation of the provisions contained therein, Periodic Gap Analysis to determine gaps that needed to be closed in the areas of skills, facilities and infrastructure such as the monitoring of the level of Nigeria Content in the oil and gas industry.

Others are structured capacity building intervention to close identified gaps and spur domiciliation of capabilities in-country such as the construction of the NOGAPS industrial parks to domicile manufacturing.

Also, Fiscal and Monetary incentives to attract new investments and keep existing businesses afloat as demonstrated in the creation of the 350million dollars Nigerian Content Intervention Fund and Creation of access to market to enhance patronage of goods and services generated from established capacities.

These we have done through the use of various tools such as the Nigerian Content Plan to ensure that businesses in-country enjoy the right of first refusal.

"The third reason is that the Board's activities regarding promotion of research and development in the oil and gas industry is in line with the provisions of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010.

"The authors of the Nigerian Oil and Gas Industry Content Development Act of 2010 recognised the importance of Research and Development and included key provisions in the Act.

"Specifically, Sections 36, 37, 38, and 39, of the NOGICD Act are dedicated to promoting Research & Development," he said.

He noted that aside from the provisions, the Board commenced the implementation of the 10-Year Strategic roadmap in 2018 which seeks to increase the level of Nigerian Content in the oil and gas industry to 70 per cent by the year 2027.

ELECTRICITY: FG SHOULD UNBUNDLE TCN, APPOINT CONSULTANTS FOR FORENSIC AUDIT OF DISCOS –EXPERTS

By Abisola THOMPSON

As part of the agenda required to improve power supply, under the leadership of the Minister of Power, Abubakar Aliyu, experts, have urged the Federal Government to unbundle the Transmission Company of Nigeria, TCN, into Technical, Commercial and Operational entities and constitute the board of the company for optimum operations.

In different interviews, the experts also called on the government to decentralise the management of the Nigerian Power Grid Infrastructure into Regional Management, as well as engage the services of reputable consultants to carry out the Forensic Audit or Open Book Review of the Electricity Distribution Companies, DisCos, which the government still holds 40 per cent interests.

In a minor cabinet reshuffle, President Muhammadu Buhari, who sacked the Minister of Power, Saleh Mamman, and redeployed the Minister of State for Works and Housing, Abubakar Aliyu, to the Ministry of Power, had attributed the development to incompetence. An investigation as showed that Saleh, who had firm control of the sector, was not committed to immediate unbundling of TCN, and constitution of its board in line with the government aspirations.

However, the President, Nigeria Consumer Protection Network and Member, Presidential Adhoc Committee on Review of Electricity Tariff in Nigeria (August, 2020), Kunle Olubiyo, said: "The government should constitute TCN Board, and unbundle it into Technical, Commercial and Operational entities, while decentralising the management of the Nigerian Power Grid Infrastructure into Regional Management, to enhance the Eligible Customer Framework, Willing Buyers and Willing Sellers Business Model.

"The Federal Government as a partner (on behalf of d masses) owns 40 per cent shareholding and deserves to know the operational efficiencies, Payback period and returns on its investments.

"The bailouts, added to its initial capital at privatisation have given the government more than 100 per cent ownership without any return in the last eight years.

"The government should carry out an immediate mid-year review of the DisCos, Electricity Generation Companies, GenCos, and even TCN in line with the Performance Agreement/Service Level Agreement, signed by the directors and sanctions where necessary, and not reliance on already doctored monthly or quarterly returns from the companies.

"Globally, highly rated consulting firms should be engaged to unearth the alleged operational corruption at various levels as they have the eagle eyes to know.

"They should also, assist to review of the so-called corporate governance and contracts in these companies. Labour and Consumer Rights Advocates, Consumer Rights Advocacy Groups and Civil Society Organisations should also be involved.

"The incoming Minister of Power, Abubakar Aliyu, should align himself with the Presidential Power Initiatives, Upscale the Visibility of the Ministry of Power in the Power Sector component of the Economics Sustainability Program, Power Sector Recovery Program, consolidate on Federal Government efforts in closing the huge metering gaps and reduction of liquidity gaps.

"The government should also sell part of its 40 per cent interests in order to generate additional funds required in improving the very poor liquidity the situation in the sector."

Similarly, the Ghana National Petroleum Corporation (GNPC) Professorial Chair, Oil and Gas Economics and Management, Institute for Oil and Gas Studies, University of Cape Coast, Prof. Omowumi Iledare, who congratulated the new Minister, said: "The first thing to avoid is a preoccupation with institutions capture."

Another thing to avoid is interference with the Nigerian Electricity Regulatory Commission, NERC, with respect to the setting of electricity tariffs.

"Third, the TCN Board must be competently constituted. Finally, a review of the electricity Act is long overdue.

"This should begin with a policy review underlying the Act. I remain convinced in my spirit that the problem with the inability of the power sector to deliver optimal energy services for economic growth and development rests on a poor, ineffective, and amorphous governance framework of the energy sector."

However, National Secretary, Nigeria Electricity Consumers Advocacy Network, NECAN, Mr Uket Obonga, called for the strengthening of the NERC, Nigerian Bulk Electricity Trading (NBET) Plc, and other agencies for improved performance.

Specifically, he said: "Nigeria is not lacking in terms of relevant human capital. The government should review the boards and quality of personnel holding forts at different places for replacement or complete dissolution of boards in order to enable it to meet set targets and deliver adequate and stable electricity to Nigerians."

NNPC: WHY COOKING GAS PRICE IS HIGH

By Abisola THOMPSON

Hope for an early reduction in the price of Liquefied Petroleum Gas (LPG) also known as cooking gas, which has hit the roof, may remain an illusion for a long while. LPG sells for N480 per kg or N6,000 per 12.5 kg.

The Group Managing Director Nigerian National Petroleum Corporation (NNPC), Mele Kyari, said the cooking gas price surge might linger until the volume supplied to the domestic market is increased.

Kyari, who spoke during a visit to the Department of Petroleum Resources (DPR) headquarters, assured Nigerians that the corporation was working with relevant agencies to ensure that the supply increased to cut down the price of gas.

"Today, this country is undersupplied with gas; we can tell you that we are having difficulty filling our network across the country with gas. So that means that once supply is weak, it will affect pricing. Today, the supply mechanism of LPG is very weak. So, we are collaborating extensively to ensure that we are able to extract LPG from our gas resources so that it can be made available to the market," he said.

"To make price more affordable, we are working towards providing more volume of gas into the domestic market. By doing this, we make it very close to home and extend the networks, once supply is high, it will definitely bring down the prices," he added.

Similarly, DPR Director, Sarki Auwalu, said there were plans to increase gas production to 230 trillion cubic feet by 2030.

"Let me take this opportunity to inform the GMD of the NNPC that as at last year, we were able to increase the gas reserve with 3.6 trillion cubic feet (tcf)," Sarki noted.

CAPACITY BUILDING, FUNDING KEY CONDITIONS FOR LOCAL CONTENT GROWTH – WABOTE

By Emeka Ugwuanyi

Any nation or sector of the economy that seeks to implement Local Content policies successfully must deploy certain programmes such as Capacity Building initiatives, Funding and Incentives and Research and Development, Gap Analysis, Regulatory Framework and Access to market.

The Executive Secretary of Nigerian Content Development and Monitoring Board (NCDMB), Engr. Simbi Kesiye Wabote, identified these conditions recently in a presentation he delivered to the 6th Ugandan International Oil and Gas Summit entitled "Developing A World Class Local Content Structure."

Drawing from the successful implementation of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act, he underlined that entrenching a sustainable Local Content practice leads to development, empowerment, prosperity, and creation of employment opportunities for the populace.

Providing details, he explained that an enabling regulatory framework backed with the appropriate legislation is fundamental to effective Local Content practice as it sets the framework and boundaries for all practitioners in the sector.

According to him, the second factor is baseline and periodic gap analyses to determine gaps that need to be closed in the areas of skills, facilities and infrastructure. He added that "the oil and gas industry keeps evolving and regular reviews and monitoring of local content goals show where capacities have been met, current gaps, and where capacity upgrade is required to guide deployment of resources and investment decisions."

He underscored the need to strike a balance between aspirational goals and realistic target setting and to put in place credible action plans and initiatives to close the gaps and understanding that all gaps cannot be closed overnight, hence the need to prioritize areas of high impact and deploy implementation measures.

Wabote also stressed the importance of developing in-country capacities and capabilities, catalysing local manufacturing and infrastructural development as well as Human Capacity Development.

He hinted that implementation of major projects are important in the development of in-country capacities and capabilities, while Capacity Development Initiatives (CDI's) are important tools in closing identified capacity gaps. He added that Project Based trainings are important element of Human Capacity Development, while major projects are important to sustain utilization of established capacities and attract additional investments for growth.

He pointed out that Funding and Incentives are important to implementing Local Content programs, developing infrastructure, attracting new investments, and keeping existing businesses afloat where required.

Dwelling on funding, Wabote explained that one percent of the value of contracts awarded in the upstream sector of Nigeria's oil and gas industry is pooled into the Nigerian Content Development Fund (NCDF), adding that the NCDMB had deployed the funds in the launch of the $350 million Nigerian Content Intervention Fund (NCIF) in partnership with the Bank of Industry and NEXIM Bank. Other utilizations of the NCDF include ongoing development of Nigerian Oil and Gas Parks Scheme as manufacturing hubs, Construction of the new 17-storey headquarters building, 1000-seater international conference center and

• *CONTINUED ON PAGE 34*

MSHELBILA TAKES OVER AS NLNG MD

By Meletus EZE

Outgoing Managing Director/Chief Executive Officer, Nigeria LNG Limited (NLNG), Tony Attah, has handed over the symbolic key to the gas giant driver's seat to his successor, Dr. Philip Mshelbila in Port Harcourt, the Rivers State capital.

The ceremony marked the end of Attah's tenure and the commencement of Mshelbila's.

The event was graced by the Rivers State Governor, Nyesom Wike; his Edo State counterpart, Godwin Obaseki; the Executive Secretary, Nigeria Content Development and Monitoring Board (NCDMB), Simbi Wabote; and NLNG Chairman, Dr. Edmund Daukoru, among other dignitaries.

Attah said: "I thank the staff and our partners who helped achieve our set goals. It was a collective success. I would like to see the five years as foundational. Earlier, the ambition of the company was to build only two trains, which were referred to as the Base Project. But we went on to build Trains 3,4,5, and 6. Then, we went into a break for 15 years. We pressed reset, released the 'pause' button, and got Train 7. But Train 7 is about the same capacity as Trains 1 and 2. For me, Train 7 is another base project, and we should go on to build other trains. I strongly believe we will."

Mshelbila vowed that the company would remain the leader in the LNG subsector in Africa.

"It is with a great sense of responsibility that I stand here, honoured to be the Managing Director of NLNG. The challenge before us is huge in a world marked by uncertainties and transitions, but I am not daunted. I am not daunted because I stand with a set of seasoned senior and extended management teams who are worth their weight in gold. I am not daunted because, together with the management team we have as members of staff, people who possess the right acumen and resilience, with deep passion and commitment to move Nigeria LNG forward. These are the people who build the company to where it is today. I am humbled to lead them today. We will complete Train 7 and take more FIDs to secure our place in the global market. We will complete the Bonny-Bodo Road and so many other social projects to fulfill our vision of helping to build a better Nigeria," he said.

Wike said the country needs technocrats like Attah, adding that NLNG and Rivers State would never forget him. He urged Mshelbila to continue from where Attah stopped.

NLNG is owned by four shareholders, namely, the Federal Government, represented by Nigerian National Petroleum Corporation (49per cent), Shell Gas BV (25.6per cent), Total Gaz Electricite Holdings France (15 per cent), and Eni International NA N. V. S.àr. l (10.4 per cent).

$156B NEEDED YEARLY FOR UNIVERSAL ACCESS TO CLEAN COOKING

By Shile GIWA

The world will need $156 billion yearly to transit Nigeria and other countries to clean cooking sources for a 2030 deadline to be realised.

A document from the Clean Cooking Alliance (CCA), which has already been endorsed by the United Nations, World Trade Organisation (WTO), African Refiners and Distribution Association and other stakeholders revealed an aggressive agenda towards universal access for clean cooking.

Coming at a time when the cost of Liquefied Petroleum Gas (LPG) is skyrocketing in Nigeria and forcing people to cope with the dangers of cooking with biomass and the implications on deforestation, the CCA manifesto noted that about 26 per cent funding requirement must come from public-sector sources to de-risk private investment.

Also, a further 67 per cent is expected to come from household expenditure while private sector financing required for the development of downstream infrastructure essential to the functioning of the modern energy cooking markets would account for the remaining seven per cent.

With environmental and health dangers, the African Refiners and Distribution Association (ARDA) and other experts had warned of imminent danger if Africa fails to quickly adopt modern clean cooking energy as over 600,000 Africans, especially Nigerians may die yearly, due to household air pollution like firewood and charcoal.

"To date, the level of commitment and investment in clean cooking has not matched the global magnitude of the challenge. Considering the yearly toll on human health, forests, climate and local economies, clean cooking solutions should be central to global strategies and to national recovery plans.

"Changing the way families cook their food each day will slow climate change and deforestation, drive gender equality, reduce poverty, and provide enormous health benefits," the document noted.

To address the challenges, the alliance noted that immediate actions were needed from governments, international finance and development institutions, and the private sector to accelerate action on clean cooking.

The players canvassed a just energy transition that leaves no one behind, adding that the clean cooking community must address the tensions and trade-offs inherent in achieving universal access to clean cooking by 2030 and zero emissions by 2050 and ensure pathways for a just and inclusive energy transition.

"Governments submitting their revised NDCs should ensure clean cooking is fully embedded, with robust targets to meet climate and development goals. Likewise, governments should engage in integrated energy planning that addresses the full suite of household energy needs, including clean cooking, to maximize health and livelihood benefits of energy access," CCA noted.

The body similarly mulled the creation of governmental clean cooking 'delivery units' that lead and coordinate clean cooking efforts across agencies and departments.

'IMPROVED POWER INFRASTRUCTURE TO IMPROVE SUB-REGIONAL ECONOMIES'

By Shile GIWA

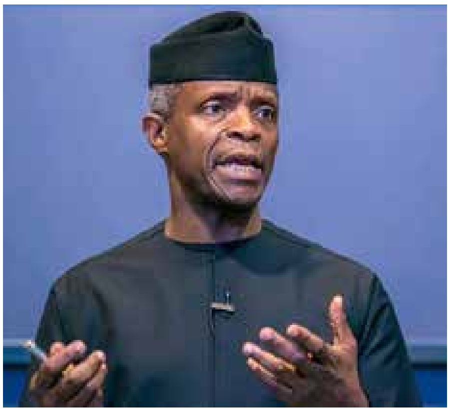
The Vice President, Prof. Yemi Osinbajo has stressed the need for continuous improvement in electricity supply as part of measures to enable economic activities across the country.

Speaking while commissioning a 2x60MVA, 132/33KV Awka substation in Anambra State, built by the Niger Delta Power Holding Company Limited (NDPHC), Osinbajo said the Federal Government remains committed to creating an enabling environment for businesses to grow in the country.

He noted that improving infrastructure was necessary for the growth of small businesses, adding that the substation would deliver about 100 Megawatts of power to Anambra state capital and its environs.

"The economy of Nigeria largely depends on effort that is made at the sub-national level, that is, the state level. It is the aggregation of the work that is done in the states that leads to the great economy that we hope for and are working for in this nation of ours.

"Anambra State revenue has increased from about N10.4 billion in 2014 to



Yemi Osinbajo

N26.37 billion by 2019 and this is another 152 percent increase in the state's IGR.

"Enabling environment and ease of doing business measures that have been implemented in Anambra state has seen it become one of the fastest growing manufacturing hubs in the country.

"Nnewi which houses key local manufacturing companies including Innoson Vehicles Manufacturing, Tommy Tommy Industries, Chikason Group amongst others is evidence of the entrepreneurial ability of the Nigerian people and the drive that is possible but also importantly the enabling environment that states can create," Osinbajo said.

Osinbajo added that industrial growth of the state happened despite power supply challenges, stating that the administration was committed to ensuring the completion of the Awka NIPP 132KVA grid substation, which now provides a hitherto unavailable 70MW additional power capacity for driving industrial growth and boosting the economy of the state.

Anambra State Governor, Willie Obiano, who believes that the infrastructure would aid the industrialization plans of the state said improved power supply would enable industries to become more productive and cost efficient.

The Managing Director of NDPHC, Chiedu Ugbo, disclosed that besides the industries, about a million households in Awka and its environs will benefit from improved power supply.

He explained that the project is one of the several transmission projects conceived under the National Integrated Power Project (NIPP) being implemented by NDPHC as part of the effort of the government of the Federation towards improving electricity transmission infrastructure in the country.

FG INSISTS NIGERIA ON TRACK TOWARDS INVESTMENT IN OIL, GAS SECTOR

By Meletus EZE

The Federal Government has stated that the country is currently on track as regards policies and strategies that will turn the country into Africa's investment hub in the oil and gas industry.

Permanent Secretary Ministry of Petroleum Resources, Dr Nasir Sani-Gwarzo, who disclosed this stated that cooperation with other countries is being developed to drive growth in Nigeria's oil and gas industry.

Sani-Gwarzo, who spoke at Nigeria Oil and Gas Outlook 2021, on "Achieving Energy Security; the Engine for Secured Economic Growth," stressed that the Petroleum Industry Act (PIA) and other policies in the oil and gas industry will drive investment across the oil and gas value chain.

PIA, to him, provides an opportunity for purposeful investment into the development of Nigeria's oil and gas resources by providing clear and simple fiscal terms that would guarantee reasonable investors' margins.

"One central theme that runs through the Nigeria oil and gas sector today is the importance of implementation of the PIA on public finances, oil and gas production, the fiscal regime for international oil companies, transparency in the petroleum sector and indeed the entire sections of the proposed law. We couldn't agree more. Effective implementation is at the heart of this Act and remains the route through which value will be unlocked into the Nigerian economy".

"The PIA aims to incentivize optimality and cost-efficiency and cost-effectiveness in oil production. Different levers such as the cost-price ratio, the replacement of the investment tax allowances, and investment tax credits (which encourage gold plating) with production allowances that reward incremental production has been instituted.

"These measures are in addition to industry-wide initiatives already rolled out by the government, which focus on cost reduction and enablers in this regard," he stated further.

He expressed confidence that with the Act in place, Nigeria is on track in its quest to align with the transit to cleaner energy globally.

Apart from producing liquid hydrocarbons, Gwarzo noted that the country is using its abundant gas resources as a bridge fuel between the fossil of today and the renewable energy of tomorrow.

WABOTE BAGS AFRICAN ICON AWARD, LISTS GAINS OF LOCAL CONTENT

The Executive Secretary of the Nigerian Content Development and Monitoring Board (NCDMB), Engr. Simbi Kesiye Wabote was on Friday in Yenagoa, Bayelsa State presented with the African Local Content Icon Award by the African Leadership Magazine.

Receiving the award, the Executive Secretary revealed that he became aware of his nomination for the prestigious award after voting had started across the globe. He thanked the African Leadership Magazine for the recognition, adding that it justified the Board's dedication to push for Local Content within Nigeria and the continent. "The award highlights the importance of Local Content across Africa and the globe. It shows that our sweat has not been in vain as we continue to propagate local content within Africa and beyond," he added.

He stated that the Nigerian oil and gas industry had experienced phenomenal transformation in the past 11 years, recalling that the percentage of in-country value created in the oil and gas industry was less than three percent prior to the enactment of the Nigerian Oil and Gas Industry Content Development Act in 2010. "Everything in relation to the industry, including simple things as conceptual design was done outside the country and in-country value was next to nothing."

Emphasizing the gains of Local Content, Wabote hinted that using local manpower and material resources was a perfect strategy for cutting down the costs of projects. He cited an example with the 17-storey Nigerian Content Headquarters Building which was built by a community contractor, clarifying that the cost would have been significantly higher if it was executed by an international contractor.

He also referenced the ongoing NLNG Train 7 project, noting that Local Content saved Nigeria $2billion in the bid for the Engineering Procurement and Construction scopes of the project. "The difference in the bid between a company that had established itself in Nigeria and another company that came from Europe was $2billion," he said.

He expressed delight over the Local Content fervour that had spread to many countries across the African continent and the collaboration among the countries. He added that "the realm of Local Content coverage is fast expanding to other sectors of the economy. You do not have to be an oil producing country to practice Local Content." According to him, the COVID-19 Pandemic had proven that Local Content is not a fancy policy to be considered as a sideline of national discourse."

The award recipient thanked President Muhammadu Buhari for providing him the platform to practice Local Content in the public sector and acknowledged the tremendous support from the Minister of State for Petroleum Resources, Chief Timipre Sylva and the staff of the Board.

In his remarks, the Group Managing Editor, African Leadership Magazine, Mr. Kingsley Okeke, described Africa as a continent with a huge potential for commerce beyond what is being reported in the internal media. He stated that the magazine tells the story of Africans, especially the positive developments.

Also speaking, a member of the African Leadership Magazine delegation and President-Elect, National Black Caucus of State Legislators, United States, Hon. Laura Hall commended the Executive Secretary for his giant strides in promoting Local Content in Africa and expressed the desire of the magazine to collaborate with the Board in different areas.

Other highlights of the event were goodwill messages from the Director, Planning, Research & Statistics, Mr. Patrick Daziba Obah, the General Manager, Projects Certification & Authorization (PCAD), Engr. Paul Zuhumben and Chairman of PENGASSAN, NCDMB branch, Engr. Bright Amatoru as well as the Supervisor, SERVICOM, NCDMB, Ms. Kadijah Jekhine.

NEITI, ICPC TO PUSH TRANSPARENCY IN NIGERIA'S EXTRACTIVE SECTOR

By Shile GIWA

As part of measures to drive transparency and ensure the extractive sector benefits the masses, Nigeria Extractive Industries Transparency Initiative (NEITI), has disclosed that a new memorandum of understanding (MoU) has been signed with the Independent Corrupt Practices and other Related Offences Commission (ICPC).

The pact is expected to drive the implementation of the NEITI audit report findings and recommendations.

The Executive Secretary of NEITI, Dr. Orji Ogbonnaya Orji signed on behalf of NEITI while the Chairman of the ICPC, Prof. Bolaji Owasanoye signed on behalf of the Commission.

In the MoU, the NEITI and the ICPC agreed to collaborate on investigating infractions identified in the NEITI industry reports, enforce sanctions, prosecute erring covered entities and provide general institutional support towards enthroning transparency and accountability in Nigeria's extractive industries.

NEITI had signed a similar deal expected to track and identify over $20 billion unremitted revenue to companies with the Federal Inland Revenue Service (FIRS).

The Executive Secretary told the media that he was satisfied that the partnership between the NEITI and the ICPC is now anchored on a robust MoU.

Dr. Orji Ogbonnaya

"The focus of this MoU is to provide incentives for good conduct and stringent sanctions for bad behaviour in the conduct of business in Nigeria's oil, gas, and mining industry", Dr. Orji emphasised.

Orji added that "We see ICPC as a very strong partnership that we need to work within our intervention in the extractive sector. Our intervention is aimed at freeing up resources in the extractive sector to support the government's efforts at providing the much-needed infrastructure for Nigerians, uplift their standard of living, and support national development".

He called on covered entities to take seriously the findings and recommendations of NEITI reports and take the necessary steps to implement the recommendations.

"All findings and recommendations in NEITI reports will be jointly investigated with the relevant anti-corruption agencies and culpable entities sanctioned and promptly prosecuted", Dr. Orji warned.

The Chairman of the ICPC, Dr. Bolaji Owasanoye, expressed delight that the partnership agreement has culminated in the MoU which validates the agreement.

"We have committed to having focal persons dedicated to NEITI operations, have quarterly interactions as well as extract cases for investigation and further follow-up actions from NEITI audit reports", Owasanoye added.

Owasanoye observed that the timing of the MoU was very significant with the assent of the President to the Petroleum Industry Act. "Our collaboration will have a positive impact on the implementation of that legislation and improvement in the transactions and governance processes of the oil and gas sector, including recovery of revenue into government coffers".

A special desk on NEITI has been created by the ICPC and a focal person appointed. NEITI is expected to feed the desk with information and data on extractive industry revenue process abuses and lapses. Both agencies will jointly investigate infractions where it occurs, while ICPC prosecutes and sanctions erring covered entities.

FG BOOSTS POWER SUPPLY WITH N1.3TR AS DISCOS REMIT N26.8 BILLION

By Meletus EZE

The Federal Government has supported the supply of electricity in the country with about N1.3 trillion as the Distribution Companies remitted N26.8 billion in June this year.

The Nigerian Bulk Electricity Trading Plc, which disclosed this noted that the fund, an N701.9 billion Payment Assurance Facility (PAF) and another N600 billion was implemented from 2017 to 2020.

NBET disclosed in Abuja, that the development leapfrogged electricity generation capacity by 6500MW, pushing capacity to 7659MW.

While the company named EKO Electricity Distribution Company (EKEDC) as the highest remitter in the June 2021 Electricity Market Payment received for grid distributed electricity in the Nigerian Power Sector, the agency's Head of Corporate Communications Henrietta Ighomrore said ensuring efficient transactions in the sector remained sacrosanct.

While the Nigerian Electricity Regulatory Commission (NERC) had set a Minimum Remittance Order for the utility companies, NBET said none of the DisCos met the order 100 per cent.

The agency however noted that EKEDC came close with a 93.4 per cent remittance of its threshold, insisting that strategies and initiatives are being deployed to enhance the market liquidity in the sector through improved payments to the generation companies.

Challenges relating to capacity, especially the shortage of gas and the inability of some GENCOS to meet their immediate obligations, had led to the implementation of the N701.9 Billion Payment Assurance Facility (PAF). The fund was disbursed from January 2017 till December 2018.

The N701.9 billion PAF was later followed with another N600 billion facility for 2019/2020, and later metamorphosed into the Power Sector Reform programme.

"NBET has consistently demonstrated efficiency and transparency in the administration of the financial flow. The June 2021 market receipts from DisCos were N26.811 billion, with the three top remitters as EKO DisCo, Abuja DisCo, and Port Harcourt DisCo with 93.4 per cent, 86.6 per cent and 76.4 per cent respectively," Ighomrore said.

SHELL RESTATES COMMITMENT TO R&D, NIGERIAN CONTENT DEVELOPMENT

By Abisola THOMPSON

Shell says its research and development strategy is aligned with Nigeria's 10-year strategic roadmap for local content being implemented by the Nigerian Content Development and Monitoring Board (NCDMB).

The energy firm made this known in a statement signed by its Media Relations Manager, Mr Bamidele Odugbesan.

The Managing Director of the deep-water business of Shell in Nigeria, Mrs. Elohor Aiboni, is quoted as saying that Shell Nigeria Exploration and Production Company (SNEPCo) would continue to explore opportunities for collaboration with public and private sector stakeholders.

She said the company would continue to do so to enhance in-country capabilities in research and development.

Aiboni, according to the statement, said this at the just-concluded second edition of the NCDMB Research and Development Opportunity Fair in Yenagoa.

"Research and Development have always been very important activity in our industry and it is a business imperative for SNEPCo both for solving problems – whether technical or operational – and for the potential for import substitution," she said.

Aiboni added: "Collaboration is particularly significant because without an effective and sustainable collaboration framework that keeps all stakeholders well connected, it will be near impossible to deliver results from R&D, particularly sustainable results."

She said that for over 40 years, Shell companies in Nigeria deliberately and strategically established strong relationship and partnership with the academia for building and growing in-country R&D.

The MD listed the areas of partnership to include the annual Sabbatical and Research Internship programmes in Shell for Nigeria academics.

According to her, Shell companies in Nigeria have continued to expand their research and development initiatives to reposition the Nigerian oil and gas industry as exporter of innovations.

"Thirty Nigerians from the academia joined Shell companies in Nigeria in 2020 for the Sabbatical and Research Internship programme which was the highest num-

Osagie Okunbor

ber of participants in the programme's history," she said.

"Since we are a global business organisation," she said, "we recognise that research thrives in world-class research institutions, intellectually rich and technology enabled environments.

"Shell Companies in Nigeria, therefore, endowed targeted professorial chairs and two Centres of Excellence in Nigerian universities as key fulcrums in our drive to encourage R&D in Nigeria."

Shell companies in Nigeria have Centres of Excellence for postgraduate studies at the University of Benin, for Geoscience and Petroleum Engineering, and at the Rivers State University, for Marine and Offshore Engineering.

There are also Shell-endowed professorial chairs at the University of Port Harcourt (Petroleum Engineering); the University of Nigeria, Nsukka (Environmental Management and Control); the Obafemi Awolowo University (Geophysics); and the Ahmadu Bello University, Zaria (Mechanical Engineering).

She said Shell had commenced research to seek local alternative to the importation of drilling fluids by exploring the development of Synthetic Base Fluids using materials that are available locally in Nigeria.

"This is still ongoing and proudly nearing completion by the commissioned two Nigerian universities," the MD said.

The NCDMB R&D Opportunity Fair featured exhibitions and technical discussions by academics and stakeholders in oil and gas.

TOTAL ENERGIES, NNPC TO STRENGTHEN PARTNERSHIP

By Shile GIWA

The Group Managing Director of the Nigerian National Petroleum Corporation (NNPC), Malam Mele Kyari, says the corporation will strengthen partnership with TotalEnergies for effective delivery of services to stakeholders.

Kyari disclosed this when the new President, Exploration and Production of TotalEnergies, Nicolas Terraz and his delegation visited him in Abuja.

"We are very proud of the partnership you gave us, coming down to stay and work with us; we will continue to work together for the betterment of all our shareholders.

"We will continue to partner most especially with deepening gas production and reservation.

"I assure you that the NNPC will continue .to strive to ensure that our commitment is strong for the common good, especially as we are becoming a national oil company," he said

Kyari said that NNPC would need TotalEnergies' support on Energy Transition move to enable the country to catch up with the global community.

He commended the team for the visit and reiterated the willingness of NNPC to strengthen partnership with TotalEnergies.

In his remarks, Terraz thanked the GMD for receiving the delegation and noted that the visit was important after the company had rebranded as TotalEnergies.

He said the visit was to strengthen the existing partnership with the NNPC.

Terraz said TotalEnergies was happy that its existing projects in Nigeria were going on well.

"Thank you for welcoming us and having good discussion on partnerships," he said.

AFDB TO SPEND $1M ON MODERNISING AFRICA'S AGING HYDRO POWER STATIONS

By Meletus EZE

The Sustainable Energy Fund for Africa (SEFA) of the African Development Bank (AfDB) has approved a one-million-dollar grant for the modernisation of Africa's aging hydropower fleet.

According to a statement from the AfDB, the modernisation of hydropower stations is an opportunity to increase generation capacity at low-cost, and with relatively short lead-times and minimal environmental impact.

Akinwunmi Adesina

It said the grant would also fund the mapping and evaluation of African hydropower facilities' rehabilitation needs.

It would also support the preparation of modernisation works for two pilot facilities to a bankable stage.

The statement added that the move was expected to add 200 megawatts in generation capacity, create 150 jobs and reduce greenhouse gas emissions by about 300 kilotons of carbon dioxide annually.

It noted that modern hydropower played a key role in Africa's energy transition, reducing reliance on fossil fuels."

85, 265MT OF LPG SUPPLIED NATIONWIDE IN AUGUST – PPPRA

By Meletus EZE

The Petroleum Products Pricing Regulatory Agency (PPPRA) says a total of 85,264.803 Metric Tonnes (MT) of Liquified Petroleum Gas (LPG), also known as cooking gas, was supplied nationwide in the month of August.

The Agency disclosed this in its LPG report released and signed by the Executive Secretary, PPPRA, Abdulkadir Saidu, in Abuja.

A breakdown of the supply shows that 38,040.457mt was sourced locally by Ever Oil, Stockgap, NIPCO, 11 plc, Greenville Natural Gas, PNG Gas Ltd, NPDC and Ashtavinayak Hydrocarbon Ltd.

It indicates that 47,224.346mt was imported by NIPCO, Matrix, Algasco, Techno Oil, Prudent, A.A Rano and Stockgap.

The report further revealed that 21,606.301mt was imported from the USA, 13,044.266 imported from Algeria and 12,573.779mt brought into the country from Equatorial Guinea.

"The volume of LPG supplied in August suggests a decrease of about 21,959.781mt compared to 107,224.584mt supplied in the month of July.

"In addition, 102,787.234 mt was also supplied in the Month of June," it said.

According to the report, out of the 38,040.457mt sourced locally, 7,042.058 MT was sourced by Ever oil, 9,429.761mt by Stockgap, 7,687.112mt by NIPCO, 4,761.626mt by 11 plc and 440.380mt by Greenville, Rumuji, Rivers State.

It stated that PNG Gas Ltd in Ebedei, Delta State supplied 651.490mt into the market, while NPDC, Oredo, Benin State provided 1,055.310 MT and Ashtavinayak Hydrocarbon Ltd Kwale, Delta State,- discharged 6,972.720MT.

"Similarly,11,262.04 mt of propane was sourced locally and supplied into the energy market by NPDC and Ashtavinayak Hydrocarbon," it said .

The report revealed that since the declaration of the "Decade of Gas" by President Muhammadu Buhari and the Minister of State for Petroleum Resources, Chief Timipre Sylva, the nation had witnessed a significant increase in the volume of LPG produced locally.

This, it said, was due to the commitment of the Federal Government in promoting gas penetration, to ensure a clean source of energy for cooking, power generation and transportation.

It said the Petroleum Industry Act (PIA), as the first law that recognises the Oil and Gas midstream sector, would promote and protect gas-based investments and optimise the nation's enormous gas potential while ensuring that Nigeria transits to become a net-zero emission nation.

The PPPRA reiterated its continued support for the Federal Government's policy to deepen LPG penetration in the country and create a healthy life for Nigerians.

NNPC SHEDS LIGHT ON 2020 AUDITED REPORT

The Nigerian National Petroleum Corporation (NNPC) started its weekly activities by throwing more light on the controversial areas of it 2020 audited financial report that placed the corporation on a profit lane.

It would be recalled that on August 26, President Muhammadu Buhari announced a profit after tax of N287billion by the corporation in 2020, first of its kind in the oil giant's 44-year history.

This feat which was commended by President Buhari had also won the Group Managing Director of the corporation Malam Mele Kyari-led management accolades from stakeholders and Nigerians from all walks of life.

Kyari, however, explains how the Corporation's performance turns out positive at a time the negative impact of COVID-19 pandemic affected businesses worldwide?

Also, the Group Executive Director, Finance & Accounts, Mr Umar Ajiya, also shed more light on the development and equally addressed some of the issues raised by those who doubt the veracity of the profit declared by the Corporation.

He said the trend of real openness has begun not only in the NNPC but also in the Nigerian petroleum industry, especially with the signing of the Petroleum Industry Act (PIA).

He said that during the period under review, the NNPC took some unprecedented steps among which was cost optimisation aimed at refocusing its businesses.

Also, in the week, the Nigerian Gas Marketing Company Limited (NGMC), a subsidiary of NNPC, restated its commitment to the development of its host communities.

Managing Director of the Company, Mr Justin Ezeala, made the commitment at the opening ceremony of the Women Skills Acquisition Program for its host communities in its Northern operations

He said NGMC was committed to developing a robust sustainable relationship with all its host communities and disclosed that the beneficiaries were carefully nominated by executives of their respective communities and would undergo an intensive three-week training in catering, tailoring/fashion design, hairdressing and make-up (including pedicure, manicure and gele tying).

He tasked the host communities on the sustenance of the existing peaceful relationship while assuring them of the company's continued support.

Malam Mele Kyari

Addressing the beneficiaries, the Lead Consultant, Bernard Emekpe, said the program was a testament to NNPC's vision of engaging the communities in which it operates.

He advised the beneficiaries to see this as a lifetime opportunity and take control of their destiny.

A representative of the host communities, Otokina Goodluck, and some of the beneficiaries said the programme was a life changing opportunity and promised to make judicious use of it.

The beneficiaries were drawn from Ajaokuta, Geregu, and Aku communities in Kogi State.

Meanwhile, the Republic of Norway has commended the federal government on the successful signing of the Petroleum Industry Act, PIA.

The Norwegian Ambassador to Nigeria, Knut Eiliv Lein gave the commendation during a business visit to the Minister of State for Petroleum Resources Chief Timipre Sylva in Abuja.

He said they were delighted at the signing of the bill which he said would accelerate development and strengthen the oil and gas industry.

On his part, Chief Sylva said the difference between past efforts and the eventual PIB that was passed by the National Assembly was that all industry stakeholders, including government agencies were carried along.

Still on the week under review, the GMD was conferred the BusinessDay Energy Executive of the Year Award by BusinessDay Newspaper Management in recognition of his giant strides in repositioning the oil and gas industry in Nigeria.

Receiving the award in Abuja, Kyari said the trust by President Buhari was the propelling force behind the many achievements recorded in the nation's oil and gas sector within the last two years.

He described his position and the confidence that he enjoys from the President as a privilege, stressing that he and members of his management team were working hard to justify the trust in the interest of the nation and to the benefit of Nigerians.

He attributed the transformation and recent profit by the Corporation to quality leadership and prudent management of resources, noting that it was part of his efforts towards keeping the trust.

The GMD stated that the Corporation's courage to publish its 2018 Audited Financial Statement with a huge loss was in line with his management's resolve to be transparent and accountable to the public, emphasizing that the success story of ₦287billion profit in the 2020 financials was a result of the determination to do things differently.

The NNPC helmsman, while appreciating the management of the BusinessDay Media Limited for the award, declared: "As the biggest company with the largest assets in Africa, NNPC has no reason not to make profit".

Earlier in his remarks, the Managing Director of BusinessDay Media Limited, Dr Ogho Okiti, said global acceptable parametres were adopted in selecting the awardees.

"In addition, our Business Research and Intelligence Unit (BRIU) in conjunction with our Oil and Gas Editorial Team have carefully analysed the data available on each company as well as their work programme recorded with the DPR for the period between 2019 and 2020 to arrive the selection", he said.

Also speaking at the event, the Father of the Day, HRM King Alfred Papapreye Diete-Spiff, acknowledged the contributions of the oil and gas industry to national development and called for diversification of the economy.

For piloting the Corporation into the post-Petroleum Industry Act era, the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) has pledged its unalloyed support for the Management of the NNPC.

The Group Chairman, PENGASSAN, Comrade Victor Odor, disclosed this during a courtesy visit to the Group General Manager, Group Public Affairs Division (GPAD), Garba Deen Muhammad, in his office in Abuja.

Comrade Odor, who said the visit was to felicitate with the Corporation's spokesman on his appointment, declared that the union would stop at nothing to defend the Corporation's current position as a profit-making company against those who believe that NNPC could never do well, adding that the NNPC GMD and his management team have done well in repositioning the Corporation and deserved support.

He said the union would focus more on functional conflict management than disruptive conflict management in its constructive engagement with the Management to ensure sustainable growth and profitability for the Corporation.

Responding, the Group General Manager, Group Public Affairs Division, Garba Deen Muhammad, who appreciated the union leaders for the kind gesture, said the GMD was very passionate about repositioning the Corporation and the entire oil and gas industry.

He assured the union leaders that Management was appreciative of their support and was always ready to work with them to take the Corporation to greater heights.

The Group Chairman of PENGASSAN was accompanied on the visit by the Group Vice Chairman, Comrade Eghosa Aghimien, and Group Secretary of PENGASSAN, Comrade Olugbenga Shokunbi.

NCDMB MOVES TO DEVELOP OIL AND GAS PARK IN ONDO

By Emeka Ugwuanyi

The Nigerian Content Development and Monitoring Board (NCDMB) has commenced activities to develop an oil and gas industrial park in Ilaje, Ondo State under its Nigerian Oil and Gas Park Scheme (NOGaPS).

A team from the Board recently visited the site with the Ondo State Government Officials to assess the location of the proposed oil and gas park in Ilaje area of the state. This is the sixth oil and gas industrial park under the portfolio of NOGaPS aimed at creating low-cost manufacturing hubs that will produce equipment components and spare parts to be utilized in the nation's oil and gas industry.

The Executive Governor of Ondo State, Rotimi Akerodolu (SAN) and his Deputy, Lucky Aiyedatiwa later received the team at the Government House in Akure, wherein the Governor promised to provide full support for the timely realization of the project in the state.

Governor Akerodolu commended the NCDMB for its efforts and for selecting

3rd left- General Manager Transformational Projects NCDMB, Engr. Abayomi Bamidele; HE Governor of Ondo State, Rotimi Akerodolu (SAN); Deputy Governor, Mr. Lucky Aiyedatiwa; Supervisor Strategy Division NCDMB, Ms Hauwa Hamisu and Zonal Coordinator NCDMB Ondo Office, Mr. Joseph Adebayo, at a meeting with the Ondo State Governor after the NCDMB team inspected the location selected for NOGAPS project in Ondo State.

Ondo as the next state in its NOGaPS development.

The development of oil and gas industrial parks dedicated to in-country manufacturing and value addition is part of NCDMB's drive to deepen Nigerian Content in the Oil and Gas Industry. The parks form a huge part of NCDMB's 10-year Strategic Roadmap aimed at increasing the Nigerian Content level in the oil and gas industry to 70 per cent by 2027.

Two of the industrial parks in Emeyal 1, Bayelsa State and Odukpani, Cross Rivers States are at advanced level of construction and are scheduled for commissioning before the end of 2022.

NCDMB is also developing the Oil and Gas Park project in Oguta in Imo State, Ikwe, Onna Local Government Area of Ibom State and in Delta State and they are in different stages of development.

CAPACITY BUILDING, FUNDING KEY CONDITIONS FOR LOCAL CONTENT GROWTH – WABOTE

• CONTINUED FROM PAGE 26

Partnership with project promoters in the establishment of modular refineries, LPG terminals, manufacturing of LPG Cylinders, and others.

The Executive Secretary underscored the importance of that Research and Development, hinting that Local Content thrives where there is robust R&D guideline to drive development of home-grown technology. He added that "no nation can really develop by being a consumer of other countries technology and intellectual properties."

He further revealed that NCDMB had focussed on Research and Development in the oil and gas sector with the launch of the R&D Roadmap anchored on eight key pillars and 42 initiatives and launch of a $50million Nigerian Content Research & Development Fund to drive basic research, commercialization of research breakthroughs, establishment of Centers of Excellence, and to sponsor University endowments.

He pointed out that Access to Market is also a critical parameter for developing Local Content because all policies, laws, capacities and R&D efforts would become stifled if there was no outlet to receive reward for growth and sustenance.

He explained that the Board had enabled Access to Market by ensuring patronage of goods and services that are developed from established local capacities using the 'right of first refusal' principle. He listed other tools such as the Nigerian Content Plan, the Nigerian Content Compliance Certificate, and the Nigerian Content Equipment Certification.

The NCDMB boss noted that the experience garnered by the local businesses, and the capacities developed over the years have positioned them for the opportunities that would be realized from the African Continental Free Trade Agreement.

HOW NAIRA DEPRECIATION AFFECTS NIGERIAN ECONOMY

When the Central Bank of Nigeria (CBN) restricted the sale of foreign exchange to BDCs, many thought that continuous slide of the country's currency against the Dollar would cease, but alas, it is not to be, as the slide has continued. In this piece, ***Olamilekan Fawas*** *looks at the implication of a weakened Naira on the nation's economy.*

Alarm bells rang all over Nigeria recently when it was reported that the Naira traded at the parallel market at N570 to a Dollar. Many wondered why Nigerians would spend so much naira to get the dollar, just as many others called out the Central Bank of Nigeria (CBN) accusing it of not doing enough to defend the nation's currency.

Unknown to many, the apex bank's good works seem to be reflecting on the market because of various interests who are bent on exploiting the market for their personal benefit.

Naira-Dollar history

Analysts say the issue of Naira depreciation to the Dollar since 1986 has been unpredictable. They say the differentials in the official rate and the parallel market have made many people very rich.

During the Goodluck Jonathan administration, the Naira exchanged for between N170 and N190 to a Dollar. However, when the present administration of the All Progressives Congress (APC) assumed power, it started at N268/$, rose to over N400 and at a time (2017), before it hit about N550, and later it fell again to less than N500.

While some financial experts have posited that Nigeria should de-value the Naira, others say it is not about devaluation, but allowing market forces to fix the exchange rate.

For a former deputy governor of the CBN, Dr. Kingsley Moghalu, the issue of Naira depreciation has always been there.

According to him, "We've never benefited from the devaluation of the Naira."

Earlier, in July, the Central Bank of Nigeria (CBN) stopped the sales of foreign exchange to operators of Bureau De Change (BDCs) across the country.

The Central Bank stated that it had evidence that showed that the BDCs were engaging in rent-seeking with regard to

sale of dollars.

The CBN governor said the apex bank "will deal ruthlessly" with commercial banks that are colluding with the BDCs who sell dollars at the black market.

"It's a huge hemorrhage on our scarce resources," Emefiele said, adding that, "BDCs have turned themselves into agents that facilitate graft.

"You should now go to your bank to get your dollar. Indeed, it will be transferred to you electronically. Go to your bank. We are so disappointed and we cannot continue with them. They now engage in corruption."

In spite of the ban, the problem can't seem to go away as the Naira continued it's free fall against the dollar. And two weeks ago, the accused Abokifx, a website that collates the black market exchange rates of the Naira, of carrying out an "illegal activity that undermines the economy."

According to the apex bank, the publisher of the platform, owner of the website, Oniwinde Adedotun, was engaging in illegal forex trading.

The value of the currency fell to 570 from less than 520 to a Dollar it traded before the ban. Most local newspapers rely on Abokifx for the parallel market rates.

The CBN governor, Godwin Emefiele, said having studied the activities of the platform for over two years, it was left with no option than to act.

"It is completely illegal and unacceptable. Mr. Oniwinde is an illegal fx dealer that has in-flowed and sold tens of millions of fx to several Nigerian companies in contravention of the fx law, he directly benefits from the rates he quotes daily on his website."

In a bid to strengthen the Naira over the years, the CBN has been looking to the process of the unification of forex rates. But whether it would address the current situation, analysts say it is difficult to project.

The implication is that the prices of goods and services continue to dance upward with no stop in sight as most businesses would readily tell you that exchange rate is the cause of the increase.

In the same vein, a political economist and development researcher, Olamilekan Adefolarin, said that the illegal activity of black marketers and currency speculators is a big challenge to the FX market.

"Although the CBN is taking a very strong stance, we must all support them. Moreover, we hope that sustained tempo against people who look round for loopholes to capitalise on," noting that "their gain is the misfortune of the Naira."

Experts' views

For Moghalu, the political class continues to access the FX market while the many Nigerians who need forex are unable to access it. According to him, accessing it at the official rate is very difficult.

"A few companies may be able to and those in the big ticket items. The gap between the official and the parallel market should not be more than N20. But here you are: it's about N150 to N160, that is what drives the issue," he said.

On his part, Adefolarin said that the forex crisis Nigeria is facing is due to the lack of a manufacturing sector that supports exportation. According to the development researcher, it would be difficult to have a strong naira when the country's real sector is virtually non-existent.

He noted that with the country continuing to be import dependent, it affects the balance of trade.

The foundational challenge comes from the structural deficit of our economy, especially our low industry performance in terms of innovation and engineering productivity, import-dependent economy and disregard for local goods and services. The bottom line is that we don't have any substantial means to strengthen our balance of payments deficit.

BANKING SERVICES SPIRAL, E-NAIRA DEBUTS AS NIGERIA CLOCKS 61

*From just five banks in 1960, when Nigeria attained independence, demands for banking services in the last 61 year has grown by leaps and bounds, producing more than 1015 various banks , just as the Central Bank Digital Currency (CBDC) debuts on October 4, 2021. **Abisola Thompson** writes.*

These novel banks are in sundry categories, comprising 22 commercial banks; 35 mortgage banks; six development banks and 940 microfinance banks.

The rest are three non-interest banks; five merchant banks; three Payment Service banks (PSB) and the apex bank, Central Bank of Nigeria (CBN).

Going down memory lane, the five banks that pioneered banking services in the country were the African Banking Corporation, a foreign bank, which later metamorphosed into British Bank of West Africa (1892 to 1894), now First Bank of Nigeria; Barclays Bank (now Union Bank) which was formed by Anglo-Egyptian Bank and National Bank of South Africa, founded in 1925; British and French Bank for Commerce and Industry (now UBA) in 1949; Nigerian Farmers and Commercial Bank in 1947 and the Nnamdi Azikwe-owned African Continental Bank.

Since then, the nation has witnessed a lot of transformation and innovation in its banking sector. These include banking consolidation, introduction of 10 digit NUBAN number, cashless policy, Bank Verification Number (BVN), electronic payment system, Payment Service Bank (PSB) to mention but few.

Godwin Emefiele, CBN Gov

The latest game changer, due for launch on October 4 is the e-Naira, the Central Bank Digital Currency (CBDC).

Commenting on it recently, the CBN Governor, Mr Godwin Emefiele said the eNaira would bring about increased cross-border trade, accelerate financial inclusion and lead to cheaper and faster remittance inflow.

He said the digital money would lead to easier targeted social interventions, as well as improvement in monetary policy effectiveness, payment systems efficiency, and tax collection.

According to him, after its unveiling, Nigerians should be able to download the eNaira app from either Google plays store or Apple app store, on board themselves and fund their eNaira wallet using their bank account or with cash at a registered agent location.

"If you are a bank customer and you have say N10 million in your bank account, for your comfort of spending and making purchase, you can tell the bank to load N2 million out of your N10 million into your wallet.

"So, your bank balance in physical cash drops to N8 million, while your e-wallet carries N2 million. With that you can make purchases both within and across the country.

"There are so many variance of the eNaira. But this is where we would start because we are not going to pretend that there are not risks in opening your system up. We would look at the various products, determine the risk, determine the best way to mitigate the risk before we now open it up more and more," Emefiele added.

BUSINESSES IN NIGERIA MUST ACCEPT E-NAIRA – CBN

By Abisola THOMPSON

Nigeria's digital currency, eNaira, is a legal tender just like the naira that must be accepted by all merchants and business outlets as a form of payment in the country, Central Bank of Nigeria (CBN), has said.

Musa Jimoh, director of payment system management, disclosed this during an interview on Channels TV's 'Business Morning' show.

"Today, anywhere you present naira to pay, compulsorily it must be accepted because that is our fiat currency. So, the same way naira is accepted that you can't reject it, is the same way e-naira must be accepted," Jimoh said.

Recall that the CBN on August 30 announced plans to launch its own digital currency very soon after instructing banks to close crypto-related accounts in February.

The CBN governor, Godwin Emefiele, said the e-Naira would operate as a wallet against which customers can hold existing funds in their bank account, and that the currency would accelerate financial inclusion which will enable cheaper and faster remittance inflows.

E-naira must be accepted

While urging Nigerians using android and iPhone mobile devices to download the e-Naira wallet from October 1 from the application stores respectively, Jimoh said CBN will bear all liabilities of the digital currency.

"The liability of the e-naira money is directly on CBN which is similar to the cash you hold. The liability of the cash you hold today rests with the CBN. So, it gives Nigerians the opportunity to bank with CBN," Jimoh said.

Asked if Nigeria is ready for the e-naira implementation due to the technological challenges in the country, the official said that he does not expect it to pose any serious problem.

"E-Naira is a journey. We don't expect that on October 1, all business merchants in Nigeria will accept it. We don't even expect that come October 1, all Nigerians will have e-naira. It is a journey. It will continue to grow," he said.

He said; "Remember there was a time in this country when you had to practically beg business outlets, merchants and others to accept POS transactions. But we have come to a point where traders now beg for POS terminals."

ALL EYES ON BANKS AS NEW POLICY ON FOREX TAKES EFFECT

*By the time Nigerian foreign exchange users approach their banks for their forex needs, after the ban on bureau de change operators from the direct supply of forex from the CBN, a regime of transparency, ease of transaction, and stability is what they will be expecting as anything short of that will make the recent crackdown on BDC operations an exercise in futility, reports F***estus Akanbi**

After a long spell of indiscriminate rate fixing by operators of Bureau De-Change in the nation's foreign exchange market, the Central Bank of Nigeria (CBN) eventually came out of its shell to eliminate BDC operators from the chain of forex traders with access to official supply.

In the new dispensation, the CBN said it was stopping the sale of forex to BDC operators, and the apex bank announced that it has permitted banks to receive forex deposits.

However, tt the end of the Monetary Policy Committee (MPC) meeting, members unanimously voted to retain the Monetary Policy Rates (MPR) at 11.50 per cent.

The committee also retained the asymmetric corridor at +1%/-7%, CRR at 27.50 per cent and retained liquidity ratio at 30 per cent.

But for those thinking the apex bank may have a change of heart over its action, its Director, Monetary Policy Department, Dr. Hassan Mahmud said there is no going back even as the CBN is set to commence the refund of capital deposits and licensing fees, where applicable, to Bureau De Change (BDC) promoters who had pending licence applications before the recent announcement of end to FX sales to currency dealers.

Similarly, the banking sector regulator, in another circular, directed all banks to set up teller points at designated branches across the country to fulfill legitimate FX requests for Personal Travel Allowance (PTA), Business Travel Allowance (BTA), tuition fees, medical payments, and SMEs transactions, among others.

However, as the nation awaits the implementation of the new policy of selling dollars directly to commercial banks for onward sale to the public, the Naira has continued to be at the receiving end with rates oscillating between N520 and N525 at the parallel market between Wednesday and Friday last week.

Such was the confusion and arbitrage that characterised the forex market after the CBN threw the bombshell, as some dealers moved to cash in on the CBN's directives before the banks settle down to the business of full-scale forex sale to end-users.

Stunned by the CBN's surprised ban from its supply of forex, some BDC operators said Nigerians FX users will pay dearly for the unfolding development, considering the unreliability of banks to carry the CBN's instruction to the letters.

The current spike in the value of dollar is blamed on the decision of some operators to hoard the currency, having got wind of the CBN's plan to ax that segment of the foreign exchange market as well as the panic buying by some FX users who anticipated a prolonged period of rates instability.

ABCON fights on

President, Association of Bureaux De Change Operators of Nigeria (ABCON), Aminu Gwadabe, said the association would engage the CBN to address the ban on FX sale to its members.

Gwadabe said the planned engagement would among other things, seek to identify and sanction earring BDCs.

He said in a statement that the pronouncement by the CBN did not stop BDCs from providing FX services as allowed by their operating licenses and in their operating guidelines.

The ABCON President said, "BDCs are licensed to provide retail FX services, including buying from the public and also selling to end-users for allowable transactions, namely, PTA, BTA, payment of medical, and school fees."

Bank CEOs: We are ready to sell FX

The Chairman, Body of Bank CEOs, Herbert Wigwe, said authorised financial institutions in the FX market would ensure full compliance with the CBN directives to ensure FX stability.

Wigwe said customers could walk into their banks to purchase dollars for legitimate transactions. He noted that the banks had agreed that the process would start immediately following a meeting with the CBN.

Wigwe, who is also Group Managing Director of Access Bank Plc, said the banks were ready to meet the mandate of the CBN, adding that they have more than enough capacity to deliver.

He explained that the process would be centralised to avoid abuse, stressing that banks who are yet to adhere to the mandate by the regulator to create a forex desk would be sanctioned.

There is no doubt that the assurance given by the chief executives of banks to ensure full implementation of the CBN directives in their respective banks came as a boost to the apex bank's policy change, however, industry watchers contend that the promise made by bank CEOs, and the cooperation of banks' staff assigned to interface with the potential forex buyers are different things.

According to the CBN Governor, "bank trades \$110million weekly FX of \$20k each, to over 5,000 BDCs with total annual sales of \$7.2 billion to Nigerian BDCs. The only place on planet earth where CBN sells FX directly to BDCs."

The Governor also announced a ban on the over 500 BDC applications it receives monthly.

Emefiele said, "The bank would henceforth discontinue its sales of foreign exchange to BDCs. Operators in this segment of the market would now need to source their foreign exchange from an autonomous source. They must however note that the CBN would deploy more resources to monitoring these sources to ensure that no operator violates our anti-money laundering laws; The bank would now permit commercial banks in the country to begin accepting cash deposits of foreign exchange from their customers."

Economists weigh the pros and cons of new policy

In their separate interviews with THISDAY, leading economists, who described Tuesday's intervention as necessary, however, cautioned that the apex bank needed to go the extra mile so that the policy will not be counterproductive at a period of rising demand for foreign exchange.

In an email exchange with THISDAY during the week, the Managing Director, Chief Economist, Africa and the Middle East, Global Research of the Standard Chartered Bank, Razia Khan, said the financial authorities must ensure that the new policy does not fuel the growth of more parallel markets in the country.

She stated, "While the pledge of reforms is encouraging (more FX supply to the I&E window, the likelihood that we do eventually see more adjustment to the I&E FX rate), the challenge in the interim will be to stop the emergence of a new parallel market."

I&E window is the market trading segment for investors, exporters, and end-users that allows for FX trades to be made at exchange rates determined based on prevailing market circumstances.

She, warned that "Unless the supply of FX improves meaningfully, this is likely to remain a risk. However, a meaningful improvement of FX supply to the I&E window would be the best hope of halting parallel market trading for larger transactions," adding however that, "Much will depend on the extent to which the authorities are also willing to tolerate price discovery on the I&E window."

Looking beyond banks

Meanwhile, there seems to be a consensus among economists on the need for the regulators to create an additional avenue for the sale of foreign exchange.

The fear is that unless the CBN looks beyond banks for the sale of forex to the end-users, undue pressure may be brought to bear on the local currency, which may depreciate further and eventually make the new policy backfire.

Industry watchers said there is a need to learn from the past when officials of commercial banks made a kill from fx sales by giving all manner of excuses to disqualify customers from forex sale while some bank officials indulge in forex round-tripping.

This was the fear raised by the Group Managing Director, Cowrie Assets Management Limited, Mr. Johnson Chukwu when he spoke with THISDAY during the week.

Chukwu warned that "The concern is that the new policy may bring about more problems than the CBN intends to solve. The fact is this. You have a commodity that is in short supply. You have further constricted the supply channels, so it follows that unless you expand the supply channels you are going to have an increase in the arbitrage, so it's expected."

So, the question is what are the other options available to the regulator?

According to Chukwu, "The basic thing for me is that the CBN should have a cocktail of other policies that will address all those concerns to ensure we don't see a depreciation of the currency that will far outweigh the benefits of this new policy.

"In the first place, the Central Bank must find channels to provide FX to those legitimate end-users who were enjoying supply from the BDC market. These people include small-time traders, who are buying goods.

"Their consignments size is in the range of $50,000, $10,000, $5000. These people buy money from the BDCs, lodge it in the bank and transfer it in $10,000 (which the CBN allows) to their suppliers.

"If these traders go to the bank to open Form M and letter of credit and they are waiting for allocation from the CBN, they may wait for one year without getting any allocation and their businesses will die because they can't afford to buy money from the parallel market.

"If you do not create the window that will enable them access money from the bank then, you will see them going back to the parallel market and they will buy dollars at any rate and you will see a serious effect on the local currency so, the CBN must have a cocktail of policy so that one, to ensure that those that have legitimate demands are satisfied, or to ensure that those whose needs were being met by the BDCs have access and that access is as stylus as the BDC access.

"Secondly, there are demand channels that the CBN has to agree with the federal government to outlaw or reform under the current arrangement.

"Vessel hire in Nigeria is denominated in dollars. It simply means if someone takes a vessel from the NNPC, he pays the vessels owners in dollars and most of them buy their money from the BDC market. Government should legislate that all cabotage transactions are denominated in local currency so that these people who are doing oil and gas trading will not need to be going to buying money from the parallel market.

Payment in Naira

"It is also important to state that payments to the Nigerian Ports Authority, (NPA) by people using vessels and payment to NIMASA are denominated in local currency, today, you have to pay NPA in dollars. It means those bringing PMS and others will have to source for dollars and if you go to the banks, you will not get these dollars, so the government will either legislate so that all such payments are now done in the local currency to avoid these demand that will go to the parallel market and shoot up the exchange rate."

In his view, Chief Executive Officer, The CFG Advisory, Mr. Adetilewa Adebajo said the CBN's spike on BDCs implies that $7.2 billion allocations will now be moved to the banks who will open dedicated tellers to process valid for FX transactions.

Adebajo believed "This situation offers the banks an opportunity to create a viable FX interbank market with transparent bid and offer rates that Nigerians can access via the existing inter-banking platforms."

According to him, "How long this will last is yet to be seen, as we recall that CBN last year for separate reasons suspended sales to BDC and resumed several months later."

Spike in parallel market rates temporary

Chief Executive, Proshare Nigeria Limited, Mr. Femi Awoyemi shares similar optimism on the ability of the parallel market rate to stability very quickly.

He said, "Concerning the spike in the parallel market exchange rate, I agree with you said the spike in the parallel market rate is likely to be temporary, explaining, however, that "the retail market needed to fund payment of school fees, medical expenses, and travels would gradually adjust to sourcing FX from the banks as the banks themselves rethink the customer transaction experience and tweak services in a way that eases access to FX in the retail market."

On the contrary, Awoyemi disagrees with the CBN policy on interest rates, saying "My first observation is that it is odd to see the CBN attempt to control the supply and cost of money. Basic microeconomic frameworks suggest that policymakers can either control price (interest rates) or quantity (money supply) but not both simultaneously.

"The high cash reserve ratio (CRR) and high monetary policy rate (MPR) contradict the growth aspirations of the government. Besides expecting to see higher investment volumes in an environment of rampant insecurity is as good as a crab waiting to cross a river."

Similarly, Chief Executive Officer, Global Analytics Consulting Limited, who is also a former Presidential Candidate, Abundant Nigeria Renewal Party, (ANRP), Mr. Tope Fasua shares Awoyemi's optimism on the temporal nature of the current spike in the dollar exchange rate at the nation's parallel market.

He said, "My take is that the spike in the value of dollar vis a vis the naira will be temporary especially if the CBN moves strongly on its stated policies and oversight function with the banks. The invisible trade transactions which the BDCs are meant to take care of will be well serviced through the banks thus reducing pressure on foreign reserves and the black market."

"It was just impossible to manage or supervise thousands of bureaux de change. I reckon a lot of the funds allocated to BDCs ended up funding imports of which we haven't been able to extricate ourselves as a country. So those imports may fall back entirely in the black market thus pushing their prices up. However, the same players have an opportunity if they consider producing locally."

Banks will make the difference

However, unlike some other commentators on the new policy of the CBN, Fasua maintained that banks will make a difference once they settle down for business.

"I foresee better compliance by the banks than what we had before. The banks and their executives have a lot more to lose than sundry BDCs with no offices and no substantial prime movers behind them or the many licenses obtained by politicians and all sorts of powerful people.

"Bank MDs will ensure that their fx bidding licenses are not suspended because of small PTA transactions and there has to be

collaboration among many people within the bank to perpetrate large scale heists.

“Compliance, control, operators, and even executives have to come together for such to happen, and even then there is a high chance for whistle-blowing. I also believe that customers can and will put the banks under pressure and hold their feet to fire to prevent cheating. Banks that are not complying will be reported as well. Most will avoid the embarrassment," he stated.

In his analysis, Managing Director, Financial Derivatives Nigeria Limited, Mr. Bismarck Rewane described the bureau de change operators as financial intermediaries between the apex bank, the market, and the retail end.

He explained that what has happened in the past is that these guys were to sell foreign exchange principally to people traveling out of the country, but from tourists coming into the country, noting, however, that along the line, they derailed.

"This has become a source of concern to the regulators and rightly so. What has happened was that these guys will buy the dollar at N400 and an hour later, sell it at N500.

"So, in 2000, we have 74 BDC operators. By 2010, it had increased 27 folds, in other words, we had 2000 operators from 74. By 2020, the figure has gone up to 5000.

"In the last quarter, the federal government, in other words, the Central Bank of Nigeria spent more on travel to the tune of $472million, which is higher than debt service put at $172 million. No country in the world can survive that kind of hemorrhage, so that was why the CBN had to take steps," Rewane said.

According to him, "Some have argued that after all, they were licensed by the CBN in the first place. The reality is that what has happened is like a daytime robbery. The question now is what are the steps to be taken"

The Financial Derivatives boss said the first option is to stop everything as was done by the CBN.

Can the banks cope?

He said "There is need for administrative control, but the problem is that the moment you stop things administratively, you now create a certain black-market premium. People are going to be inconvenient. "The CBN says go to the bank. I agree with the CBN Governor, but you and I know that walking into a bank and coming out in five minutes is something else. It's easier to put 60 flies in a matchbox than to go into a bank and come out in five minutes."

Rewane is not unaware of the challenges of transacting business in Nigerian banks, hence called for close monitoring.

"So, anything that is cumbersome, that is inconvenient will drag people away further from the system. So, people will suffer. The ultimate solution, which I will like to recommend, is that the CBN should encourage everyone to go to the bank but it should sell to bureau de change at the parallel market rate by five percent, in other words, if the parallel market is N500, you can sell to the bureau de change at N490. The N10 margin is way lower than the N100 margin."

He however warned that the efforts of the apex bank to instill discipline in the foreign exchange market will be counterproductive unless a market solution is put in place.

He insisted that "Nothing is cast in stone. The truth is that administrative solution has its limits. It will be abused one way or the other, so the best thing to do is to have a market solution and they can work together."

IMPORT DUTIES CIRCUMVENTION: CUSTOMS PICK ON MDAS, OTHERS

Concerned over rising revenue leakages through import duties and tariffs evasion by some Ministries, Departments, and Agencies (MDAs) who conspire with contractors, the Nigeria Customs Service (NCS) command has criminalised such acts, ***Charles OKONJI*** *reports.*

It is unfortunate that the fragile economy of the Nigerian nation, which has been struggling to survive in the past four decades amidst huge foreign and domestic debt chocking the economy, has continued to suffer in the hands of economic saboteurs and greedy elements.

However, economic sabotage is a deliberate action aimed at weakening the economic policies and efforts capable of growing the country's economy.

Without mincing words, such is the current situation of the Nigeria Customs Service (NCS), which prompted it to kicking against the most recent happenings, thus, moves into criminalizing it as well as tightening its belt towards strict enforcement.

Riot act against offender, MDAs

Actually bothered by what it assumed was a deliberate acts of sabotage by some Ministries, Departments, and Agencies (MDAs), the agency recently cautioned the MDAs to comply strictly to rules governing importation of vehicles and other equipment by paying every required outstanding duties and levies over imported items or be liable as fraudulent importers.

In a statement issued by the Deputy National Public Relations Officer of the NCS, Mr. Timi Bomodi, "No pretense about applying the full weight of the law on anyone caught perpetuating such evil. The MDAs were expected to pay duties on vehicles or other items, except where waivers and concessions were sought and granted. We wish to reiterate that by law, only items imported by the President, Commander in Chief of the Federal Republic of Nigeria, are exempted from the payment of duties or taxes.

"The attention of the Nigeria Customs Service has been drawn to a trend in the activities of certain Ministries, Departments, and Agencies, with regards to their import of vehicles and other equipment. The NCS wishes to state that except where waivers or concessions were sought and granted, all outstanding duties and taxes relating to such imports are expected to be paid in full.

"This applies even in situations where these imports were executed by agents or proxies on their behalf. The NCS is, therefore, by this notice sensitising MDAs and advising them on the need to adhere strictly with import guidelines in this regard," he said.

The Customs image maker pointed out that contractors, who import and supply such equipment or vehicles without payment of duties, would be branded fraudulent importers, advising them to leverage on trade facilitation tools available on and offline, as it would help them avoid unnecessary future embarrassments.

Import duties

It is no longer new that import duties are tariff or tax imposed on goods by Customs when transported across international borders. It is important to note that customs duty is to protect any country's economy, residents, jobs, environment, and many more, by controlling the flow of goods, particularly restricted goods and those other items that on the prohibition lists into and out of the country in question.

Expressing the need for import duties, Pius Oritsejolomi, a freight forwarder, pointed out that countries imposed duties on imported products to protect the infant industries.

According to him, "Some consumers and businesses may purchase products overseas because it is far cheaper than buying it in their own country. To account for that, there are additional fees to discourage imported goods and favor local goods. For instance, there may be a huge trade deficit between two trading partners. The trading partner on the losing end will add duties to imports to discourage their consumers from purchasing from the trading partner as is the case in Nigeria." he maintained.

It is pertinent to mention that import duty varies from five per cent to 60 per cent, averaging 12 per cent. All imports are also subject to a seven per cent port surcharge and a five per cent value-added tax (VAT).

Actual fact

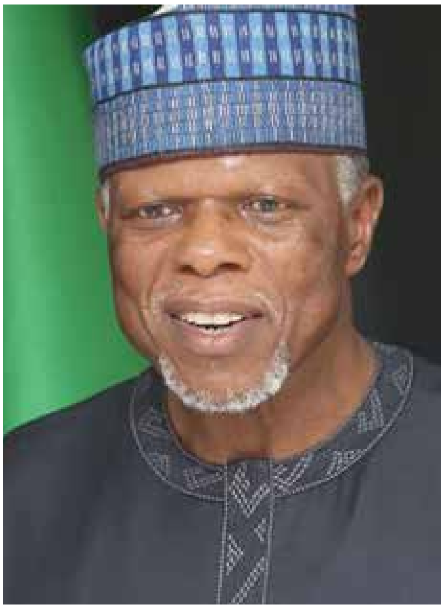
It has been established that lapses in implementation and administration of duties and tariffs especially on imported goods by most developing countries of the world has left them wallowing in de-industrialisation, which is invariably forcing the local industries to close shops as they cannot be competitive, thereby arresting development as in the case of Nigeria.

Misuse of import waivers

The NCS has often lamented gross abuse of import waivers from many quarters, especially on the part of MDAs. Moreover, there have allegations and counter allegations against some local charity organisations and trustees who obviously violate Import Duty Exemption Certificates (IDECs), issued in respect of relief materials. A maritime expert who pleaded anonymity noted that most of the waivers issued since return of the nation to democratic dispensation were unnecessary as they were not covered by Schedule Two of the Common External Tariff for Import Duty Exemptions.

The media was awash with reports of how some NGOs working in cahoots with donor agencies tried to fleece the country of duties by cutting corners. Precisely, there was a recent discovery in which a charity organisation applied for and was granted IDEC for the importation of donated drugs for HIV treatment, anti-malarial drugs and mosquito nets.

In cognizance with an inspection carried out by the Customs, over 5,900 of high-end Samsung mobile phones and screen covers valued at over N566 million were concealed within the mosquito nets were detected.



Hameed Ali

Cut in import tariffs

In the face of daunting economic challenges, the Nigerian Government introduce tax incentives in November 2020, proposed a bill to slash import duties for tractors, buses and other motor vehicles and others from 35% to 10% and 0% to further help cushion the socio-economic conditions in the economy. In line with government directives, the Customs in February this year commenced implementation of the reduced import levy for vehicles.

Recall that the 2020 Finance Bill signed into law by President Muhammadu Buhari provides for a downward review of import duty on tractors and motor vehicles for transportation, as well as levy to be paid on imported cars.

Moreover, the Customs Comptroller-General, Hameed Ali, while justifying the new policy regime at the time said the Service had received directives from the ministry of finance, budget and national planning, to commence implementation.

Setbacks of import waivers

While the government has always justified the reason why waivers are granted, not many people believe it is the right thing to do. One of such persons who have raised objections to such policies in the past is Chidi Ajaere, who is the Chief Executive of GIG Group, owners of the God Is Good Transport Company.

According to him, the decision by the government to cut the duty imposed on imported vehicles from 35 per cent to five per cent was a disincentive to prospective and existing investors in the local manufacturing of vehicles.

Ajaere who spoke at a parley recently, narrated a personal experience on the impact of the inconsistencies in government policies in the country.

As a result of the announcement of a policy to encourage private sector to go into local manufacturing of automobiles, he said GIG Group decided to go into partnership with some foreign investors three years ago to invest in the building of a plant for the manufacturing of 'made in Nigeria' vehicles.

He said: "The Group spent over N5billion of private funds, without any loans from the banks, to build the vehicle assembly plant. The government's decision, without consultations, to cut the duty on imported vehicles from 35 per cent to five per cent appears to have put the project in disarray, as the partners do not know what purpose the sudden policy somersault was meant to serve."

Losses incurred due to indiscriminate waivers

Recall that indiscriminate import waivers regime of duties and tariffs cost the country a whooping sum of over N700 billion between 2011 and 2015 alone, a development, most analysts claimed is totally uncalled for.

Also, in 2014, former finance minister and coordinator of the economy purportedly declared a loss to import waivers and tax holiday concessions of N797.8 billion between 2011 and May 2014, N25.814 billion of it in the first five months of 2014 alone. Figures ascribed to the then Comptroller-General of the Nigeria Customs Service (NCS) quoted N276.9 billion loss between 2000 and 2008.

Regrettably, this mismanagement got an official mention in 2015 at the Senate following a passionate submission by Senator Ibrahim Gubir. While the upper chamber then decided on an ad hoc panel for a review to ensure full recovery of all government revenue related to the policy. Unfortunately, as other investigations, the report has not been made public.

HIGHEST TAX PAYERS: DANGOTE CEMENT SETS PACE

By Charles Okonji

It is an obvious fact that the Nigerian Government has over the decades engaged in both internal and external borrowing to fund her annual budgets due to the country's inability to properly use her tax drag-nets to collect statutory taxes from legible corporate entities resulting in numerous leakages.

In this regard, it is important to note that a company such as Dangote Cement is worthy of emulation for the patriotism demonstrated in remitting the highest corporate tax to the government, which will in turn reduces the burden on government borrowing.

According to a report by Next Money, Dangote Cement Plc and MTN Nigeria Plc emerged the highest corporate income tax payers to the Federal Government in 2020.

The report showed that Dangote Cement paid N97.24billion in Corporate Income Tax (CIT) to Federal Government, which earned her the first position as the highest remitter of taxes for the year, while MTN who is the second on the list remitted a total sum of N93.6billion.

It was also revealed that the Guaranty Trust Holding Company Plc was third on the list of

the highest corporate tax remitters with CIT of N36.66billion in the same year under review.

TBI Africa recalls that a statement from Dangote Industries Limited quoted the report as ranking Dangote Cement as the most capitalised in the country at M4.17trillion and also the largest corporate employer with 16,199 employees.

The publisher of Next Money, Mr Ray Echebiri, was quoted as saying that the performance index analysis of companies listed on the Nigerian Exchange Limited established the best performers.

His words: "The exercise was done to provide existing and potential investors with reliable information before making investment decisions.

"The first step we take in the analyses is to extract the total assets of each of the listed companies from their audited accounts. We sorted the total assets of the companies from the largest to the smallest and cut off at the 100th. We tagged a hundred companies that emerged from this exercise 'Nigeria's Top 100 Companies. Any company that made it to the corporate elite club of Nigeria's Top 100 Companies was automatically a candidate for further ranking by revenues, profits, market capitalization, number of employees and tax payment," he stressed.

PIA: ROBBING PETER TO PAY PAUL

By Mike Ozekhome

The PIB just assented to as an Act of Parliament by President Muhammadu Buhari, is a mere ruse, a monstrosity, an artifice and device, carefully crafted, incubated and delivered, to actually do irretrievable violence to Nigeria's progress and juris corpus. The Act constitutes a direct assault on age-long cherished principles of federalism and the doctrine of separation of powers, most ably propounded in 1748 by Baron de Montesquie, a great French philosopher.

The PIB Act seeks to frontally attack the provisions of section 162 of the 1999 Constitution, which state that all revenues accruing to the Federation shall be paid into a Federation account from which sharing shall be made amongst the three tiers of government – the federal, government, the 36 states and the 774 Local Government Areas of Nigeria. No expenditure can be made by the Federal Government outside the provisions of section 162. Nor can any monies be expended without going through an Appropriation Bill through submission of budgetary proposals. See sections 80- 84 of the Constitution. To the extent that the Act seeks to redesign the provisions of the Constitution (the fons et origo, grundnorm, Oba, Eze and Emir of all our laws), to that extent is the Act unconstitutional. It must therefore be struck down with the constitutional sledge hammer of section 1(3) of the 1999 Constitution of Nigeria.

In a sane clime, Nigeria's only surviving cash cow, the NNPC, ought to be totally unbundled , to make it more viable, productive, transparent and accountable to the Nigerian people. But, alas, most curiously, the Act has further strengthened NNPC's hand of non-accountability and non-responsibility. How can the federal government alone have shares in the only viable milk industry of Nigeria, to the total exclusion of the other three tiers of government, major stakeholders, oil-bearing communities and the long-suffering people of the Niger Delta? How can an Act of Parliament, rather than assuage and ameliorate the sufferings of a beleaguered people, further compound them by reaffirming the people's perilous status as slavish hewers of wood, drawers of water, masseurs of ego and sideline onlookers in the exploitation and use of their God-given wealth through their natural resources? The Act is nothing but a mere totalitarian and draconian piece of legislation designed to rob Peter to pay Paul.

AFRICA OPTIMISTIC OF SOCIOECONOMIC FORTUNES WITH NEW TAX REGIME

With the Organisation for Economic Cooperation and Development (OECD) announcing recently that negotiators from 130 countries backed the proposed minimum tax rate of 15 per cent to ensure that big companies pay a fair share of taxes anywhere they operate. African continent that have been at the receiving end of a lopsided tax system can leverage on this to improve revenue earnings from taxes. **Charles OKONJI** *reports.*

Recently, the Organisation for Economic Cooperation and Development (OECD) announced that 130 countries and jurisdictions came up with a new two-pillar plan to reform international taxation rules that ensures multinational enterprises pay a fair share of tax wherever they operate.

The 130 countries and jurisdictions, representing more than 90 per cent of global Gross Domestic Product (GDP), joined the statement establishing a new framework for international tax reform, though a small group of the Inclusive Framework's 139 members have not yet joined the Statement at this time, while the remaining elements of the framework, including the implementation plan, will be finalised in October, 2021.

The framework updates key elements of the century-old international tax system, which is no longer fit for purpose in a globalised and digitalised 21st century economy. There is high expectation that the proposed tax regime will release more funds for African countries to embark on developmental programmes and projects that will impact positively to the lives of the citizens.

Arthur Vanderbilt, famous American lawyer, a law school professor and partisan political leader, said of the benefit of taxes, "Taxes are the lifeblood of government and no taxpayer should be permitted to escape the payment of his just share of the burden of contributing thereto."

Vanderbilt's wisecrack comes close to endorsing the new policy regime on taxes which could see many big businesses hitherto failing to meet in their tax obligation now being compelled to do so, all thanks to the proposed minimum corporate tax rate of at least 15 per cent.

The outcome of negotiations coordinated by the OECD aims at achieving two main objectives.

Firstly, to ensure that large Multinational Enterprises (MNEs) pay tax where they operate and earn profits, while adding much-needed certainty and stability to the international tax system.

This will also ensure a fairer distribution of profits and taxing rights among countries with respect to the largest MNEs, including digital companies. It would re-allocate some taxing rights over MNEs from their home countries to the markets where they have business activities and earn profits, regardless of whether firms have a physical presence there.

Secondly, it seeks to create an atmosphere for competition over corporate income tax, through the introduction of a global minimum corporate tax rate that countries can use to protect their tax bases.

The two targets are expected to provide much-needed support to governments needing to raise necessary revenues to repair their budgets and their balance sheets while investing in essential public services, infrastructure and the measures necessary to help optimise the strength and the quality of the post-COVID recovery.

Better revenue prospects

Under the first target, taxing rights on more than $100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under second target seeks a minimum rate of 15 per cent. This is estimated to generate about $150 billion in additional global tax revenues annually. Other benefits will arise from the stabilisation of the international tax system and the increased tax certainty for taxpayers and tax administrations.

Justification

According to OECD Secretary-General Mathias Cormann, "After years of intense work and negotiations, this historic package will ensure that large multinational companies pay their fair share of tax everywhere.

"This package does not eliminate tax competition, as it should not, but it does set multilaterally agreed limitations on it. It also accommodates the various interests across the negotiating table, including those of small economies and developing jurisdictions. It is in everyone's interest that we reach a final agreement among all Inclusive Framework Members as scheduled later this year."

Interestingly, participants in the negotiation have set an ambitious timeline

Mathias Cormann

for conclusion of the negotiations. This includes an October 2021 deadline for finalising the remaining technical work on the two-pillar approach, as well as a plan for effective implementation in 2023.

Opportunities for increased tax revenue

According to a statement signed on behalf of the Secretariat by Mr. Logan Wort, ATAF's Executive Secretary, the first objective reflects many of the proposed changes that ATAF made on the Blueprint Pillar One proposals released in October 2020, which members considered were far too complex and resulted in a very modest amount of profits being reallocated to market jurisdictions.

"Due to the adoption by the Inclusive Framework of a number of the measures set out in the ATAF proposal, the new Pillar One rules are far simpler than the Blueprint proposals and will ensure that no member of the Inclusive Framework will be excluded from receiving its reallocation of profit under the so-called Amount A.

"The Pillar One rules are a step in the right direction in starting to address the issue of the current imbalance in the allocation of taxing rights between source and residence countries which deny source countries such as African countries of much-needed revenue. However, there is still much more that needs to be done to further redress that imbalance, and in partnership with the African Union, we are calling upon the Inclusive Framework to undertake further work on the tax allocation issue."

ATAF noted last May that the illustrative profit allocation thresholds of a 10 per cent routine profit and the allocation of 20 per cent of the residual profit to the so-called Amount A used in the OECD Economic Impact Assessment Report published in October 2020 appears to lead to only a low level of profit reallocation, in particular, to smaller markets jurisdictions.

"We have also been of the view that the proposed rules in the Blueprint also appear to create an un-level playing field as to where a business has a taxable presence in the market jurisdiction such as through a distribution activity, that jurisdiction will have taxing rights under the arm's length principle resulting in many cases in part of the routine profit of the MNE being taxed in that jurisdiction and in some cases some of the MNE's residual profit. Under the Pillar One proposals, the jurisdiction may receive additional taxing rights under Amount A.

"It was proposed that the reallocation of profits would be calculated as a portion of the MNEs total profits instead of its residual profit. The quantum to be reallocated would be a Return on Market Sales based on the Global Operating Margin of the MNE group, whereby the higher the Global Operating Margin of the MNE, the higher the reallocation.

"In our view, this approach provided two advantages; firstly, it would reduce complexity in determining the allocable profits of in scope MNEs; and secondly, it would result in a more level playing field between businesses with a current taxable presence in market jurisdictions and those with no such current presence."

Wort however expressed disappointment that the Inclusive Framework has decided not to adopt this approach but note that it has agreed to allocate between 20 per cent and 30 per cent of residual profit, defined as profit in excess of 10 per cent of revenue, to market jurisdictions.

"In our view, to result in a meaningful reallocation of profits to market jurisdictions under the proposed approach, at least 35 per cent of residual profit defined as profit in excess of 10% of revenue should be allocated to market jurisdictions. We will continue to support our members to try and achieve as meaningful reallocation of profits to market jurisdictions as possible," he stressed.

KEY INTO GLOBAL COMPACT INITIATIVE, UN TELLS NIGERIA

By Charles Okonji

Nigerian has been advised to key into UN Global Compact, which is a special initiative of the UN Secretary General dedicated to promoting sustainable business across the globe.

The United Nation (UN) Deputy Secretary General, Ms Amina Mohammed, who gave this advice at a high level conversation on industrialization and sustainable development held in Lagos, with the theme: Industrialization: A Pathway to Achieving the Sustainable Development Goals (SDGs), urged Manufacturers Association of Nigeria, MAN to engage with the UN Global Compact, in the context of this new Africa strategy.

Mohammed pointed out that the UN Global Compact is a special initiative of the UN Secretary General dedicated to promoting sustainable business.

"The Global Compact has a local network in nature, which will grow in the coming years. Additionally, as part of the Global Compact New Africa strategy, a hub will be established in Abuja, to support business across the continent in our joint efforts to achieve the SDGs," she said.

The UN Secretary General lamented that COVID-19 has derailed progress across all 17 SDGs, adding that in 2020, 124 million people will be pushed back into poverty and some 255 million jobs will be lost worldwide.

She stressed that a sustainable recovery must be guided by the SDGs, noting that the United Nations stands ready to support Nigeria in harnessing industry, and making progress towards the goals.

According to her, "I encouraged MAN to engage with the Global Compact in the context of this new Africa strategy, so business can effectively help move the needle of a sustainable recovery for Nigeria, and the continent.

"Nigeria also stands to benefit greatly from the African continental free trade area, which will improve the quality of goods and services, and increase nature's competitiveness in national and international markets.

"MAN support will be crucial in ensuring nature takes profit from the Fourth Industrial Revolution by accelerating digital expansion and promoting green industries, while participating in the third Industrial Development decade for Africa.

"Finally to consume responsibly, we also need to promote sustainable industrial production through the circular economy and efficient use of resources to reach zero waste as called for by SDG seven, nine and 12 to achieve the 2030 agenda."

Commending MAN, on its 50th Anniversary, Mohammed applauded the Association for consistent job creation through the advocacy and result oriented services it provides to its members.

Earlier in his opening remarks, the President of the Manufacturers Association of Nigeria (MAN), Engr, Mansur Ahmed, represented by the Vice President, Eastern Zone, Chief Chukwuemeka Nzewi welcomed the guest speaker and the panelists, describing industrialisation as a key component in the development of any economy.

SON: TIGHTENING NOOSE AGAINST FAKE PRODUCTS MAKERS

*Circulating fake or substandard products in any economy comes with enormous consequences, not only to the economy but also to the health of the citizenry. In this report, **Amuta UCHENDU** examines current efforts by the government to ensure stringent measures are applied against peddlers of such products in the country.*

The danger posed by fake and substandard products to the lives, property of citizens and the economy at large is not what any sane government can dismiss with a wave of the hand.

This is particularly so in a country like Nigeria where product quality is at the bottom of the scale of preference for majority of the over 200million dwellers due mainly to poverty and ignorance.

From food to health products, building and construction, energy and vehicular accessories, and beauty or cosmetic products, fake or substandard products are brazenly displayed on the streets and markets with little or no resistance from concerned authorities.

This has left the country with bitter tales as havoc caused by daily consumption of such goods has become monumental, and in most cases, loss of precious lives and valuable properties.

Statistics from relevant agencies is more revealing. The Nigerian Bureau of Statistics (NBS) estimates that on the average, 15 persons are lost per day, four persons in every six hours, while a total of 204 were killed in January 2021 alone by road accident.

Federal Road Safety Commission (FRSC) linked most of such accidents and deaths to usage of substandard or expired vehicle tyres by motorists. The commission estimated that nine per cent of accidents nationwide is caused by tyre problems.

The Standards Organisation of Nigeria (SON), the agency charged with the responsibility of ensuring safe products and services in the country corroborated with FRSC over the statistics.

Though government has banned the importation of used or second hand tyres and SON reportedly seized thousands of them in the past, they continue to find their way into the country through illegal routes with the connivance of some unpatriotic government officials.

As for electrical cables, iron rods and Liquefied Petroleum Gas (LPG) cylinders, the story is not different. There are several cases of fire outbreak in the country resulting from poor electrical cables and other accessories, explosions from gas cylinders and incessant building collapse due to usage of substandard iron rods.

The minister of industry, trade and investment Otunba Adeniyi Adebayo, while commissioning SON office complex and laboratory in Ekiti State recently, lamented that Federal Government was pained over hundreds of thousands of Nigerian lives cut short as a result of substandard and life threatening products peddled around the country.

He listed such products to include poor steel and roofing sheets, adulterated lubricants, old and expired Liquefied Petroleum Gas (LPG) cylinders, substandard electrical cables and retreaded vehicular tyres, which he says expose Nigerians to various types of hazards such as fire disasters.

As the LPG market is fast expanding in the country, there is urgent need for proper regulation and monitoring of the quality of cylinders merchants import into the country if fire disaster will not be a regular occurrence at homes, markets and other places where the cylinders are in use.

Call for action

The fight against substandard products in the country calls for a collective effort from all and sundry. It should not be left in the hands of SON alone.

In addition to what SON is doing or going to do, other government agencies such as the National Orientation Agency (NOA) should engage in sensitization of Nigerians on the dangers of fake, adulterated or substandard products and how such products could be identified by them.

How many Nigerians can identify poor or expired LPG cylinders? Public education is therefore needed in such technical areas and should not be left in the hands of SON alone.

Experts say LPG cylinder usually has a life of 15years and mandatory tests are conducted twice during that time. Who does this for such cylinders that are already in domestic use?

Cylinders must also be checked for leaks with a hydro test where water is filled and a pneumatic test that ensures that five times more pressure is applied to identify leakages that the water test may not reveal.

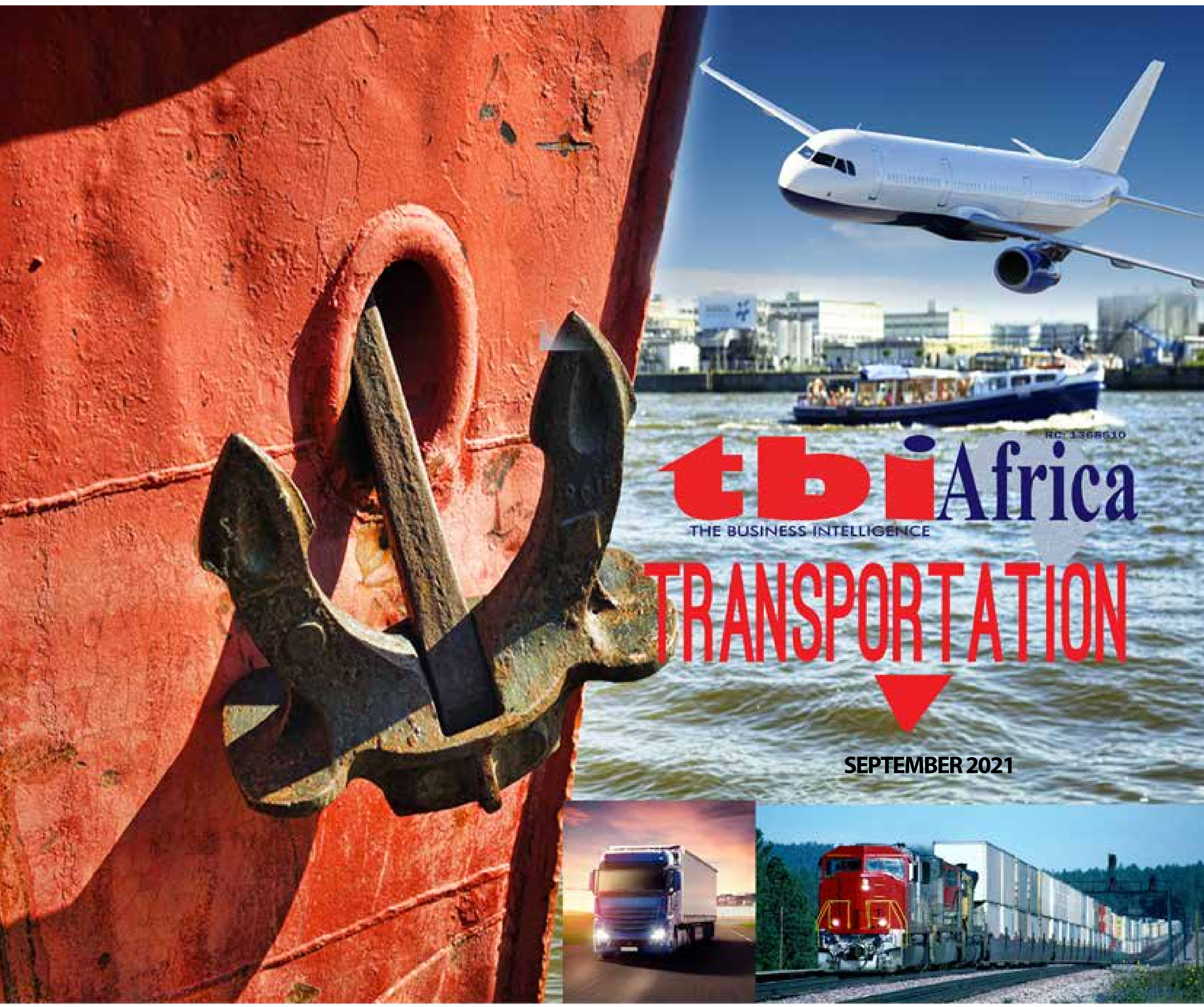
The expiry date is coded alpha numerically which starts with A, B, C or D followed by a two digit number on one of the side stems of a cylinder. The digit stands for the year till it is valid.

These are some of the technical issues that could be driven home into the hearts of LPG users (illiterate majority) through a comprehensive national orientation campaign to avoid impending fire disaster at home and market places.

SON partnership drive

Worthy of note however, is that SON is currently on a nationwide drive to seek partnership with state governments and other relevant bodies, including traders association and online merchants to ensure the war against poor products is taken deeper to the grassroots.

Mallam Farouk Salim, the Director-General of SON explained that entering into strategic partnership with state governments and other critical stakeholders will help broaden the reach of its services through the establishment of more laboratories nationwide.



AIR TRAVEL: AIR PEACE CLOSING THE GAPS IN NIGERIA

Haven suffered decades of setback, it became imperative that the Nigerian aviation industry is given the required boost. However, most cities within the country had missed out from air services, but in a bid to bridging the gap, Air Peace expands its routes as it acquires more aircraft. **Stanley Olisa** *is with the report.*

In the last couple of months, the media have been saturated with news of multiple routes launche by West and Central Africa's largest carrier, Air Peace. In less than 3 months, the foremost airline extended its wings to three new destinations- Ibadan in South West Nigeria, Gombe in North East Nigeria and Douala in Francophone West Africa.

One can't help lauding this aggressive route expansion drive by the airline, even sceptics can't deny the fact that Air Peace is on a determined mission to ease the burden of air travel in Africa, with its exemplary no-city-left-behind initiative, which has seen it open more routes than any other indigenous airline.

Considering the Leviathan milestones made by the airline, it is incredible to many that Air Peace has been around for just about seven years. Its ever-expanding route network, high-quality workforce and increasing fleet as well as the varied composition of this fleet, gives the airline significant leverage to go level-pegging with other big carriers globally.

With these newly launched routes, Air Peace now boasts of 19 domestic routes, 6 regional routes and 2 international destinations, with numerous strategic connections locally, in response to the needs of the Nigerian flying public. It is evident that the airline is providing a huge succour to Nigerian air travellers by plugging the lacunas in the nation's air transportation.

Strategic Connections

The airline is not just opening new routes; it is connecting cities beyond the regular commercial nerve-centres which are stereotypically the mainstay of most airlines. Air Peace looks beyond these popular cities and, as a socially sensitive brand, takes into cognisance the air travel needs of Nigerians in other cities like Gombe, Makurdi, Ilorin, and the like. Apart from commencing new routes, the airline keeps launching key connections which provide respite to Nigerians. A few months back, the airline flagged off Benin-PH-Benin, Kano-PH-Kano and Kano-Asaba-Kano connections to abate the transportation stress of the residents in these cities and give them more network options. Air Peace had stated that the connections further demonstrated its commitment to providing strategic connectivity which fills the void in Nigeria's air travel.

Deepening stronghold in North East

On August 11, 2021, the airline expanded its presence in the North East with the launch of three weekly flights from Lagos and Abuja to Gombe with the brand new Embraer 195-E2 airplanes. According to Air Peace's Ground Operations Manager, Adeyemi Ayodeji, before the airline decided to kick off flight operations into the city, the airline conscientiously considered the travel needs of those in the North East geo-political zone.

Ayodeji said: "Our consistent route expansion is propelled by our untiring resolve to close the loopholes in Nigeria's air travel and more importantly, give the Nigerian flying public multiple network options. With this new route, Air Peace is providing more options of connectivity for the people of Gombe State. Air Peace is reputed for its no-city-left-behind mantra and the goal is to ease the air travel burden of Nigerians, fostering unity and driving more healthy commercial relations between cities".

Oyo State economy gets boost with Air Peace entry

Exactly 6 days later, the airline began Abuja-Ibadan operations, which according to the Governor of Oyo State, Seyi Makinde, 'is a big relief to the teeming city travelers as the airline has immediately crashed the airfare from Ibadan to Abuja to an affordable level'.

"The coming of Air Peace will strengthen and enhance the economy of the state. We have a dry port here that will facilitate the clearing of goods in record time. This will take the stress off importers in the state and neighbouring states and save them the stress of going to Lagos port to clear goods. The coming of Air Peace airline will facilitate this process. We want the airline to also commence cargo flights to the state", Makinde asserted.

FROM LEFT: Oyo State's Governor Seyi Makinde s and Chairman of Air Peace, Allen Onyema, at the Ibadan Airport

The Chairman of Air Peace, Allen Onyema, promised to link Ibadan with every geo-political zones of the country.

Onyema added that the commencement of the Ibadan route is part of the airline's 'no-city-left-behind' programme where every city in the country will be interconnected by air.

In his words: "Plans are already on to commence Port Harcourt-Ibadan flights. Ibadan-Kano flight is also already in the pipeline. I believe in the oneness of Nigeria. As a nationalist, I am going to connect all cities in the country. I will link Ibadan to the South South, South East, North East, North West and every part of the country."

Plaudits from Anambra State Government

Still in the euphoric fray of the new routes by Air Peace, the Anambra State Government applauded the airline for its no-city-left-behind strategy which has seen it launch operations with rapidity in different parts of the country in the last few months.

The government commended the airline for "an aggressive route development programme when airlines across the globe are managing to remain afloat as a result of the Coronavirus pandemic which dealt a serious blow to not just the aviation sector but also the entire tourism industry ".

According to the state government, it is delighted that while some airlines are acquiring refurbished aircraft, Air Peace has been purchasing a large number of brand new state-of-the-art equipment and deploying them on domestic routes for the safety and comfort of Nigerians. It also charged other airlines to emulate Air Peace "by developing routes like Ibadan-Port Harcourt and Enugu-Kano to deepen national integration rather than continue with traditional flying from Abuja into Lagos and flying into other cities from these places".

Air Peace deserves more kudos

The President/Group Chief Executive Officer of Transcorp Nigeria, Oweno Mogiafo, on her Instagram page, wrote: "We are simply not giving enough kudos to Air Peace for connecting Nigeria. Well done, guys".

This succinct statement by Mogiafo sums up the essence of this piece, that Air Peace is committed to connecting Nigeria, giving Nigerians access to safe and best-in-class air connectivity.

This is a project which the Onyema-owned airline has taken upon itself and continues to execute vigorously.

MAKING BONDED TERMINALS WORK BETTER

*In this report, **Shile GIWA** looks at the allegation by the National Association of Government-Approved Freight Forwarders (NAGAFF) that the bonded terminals approved by the Nigerian Customs Service (NCS) are ill-equipped in contradiction of the Customs Excise and Management Act (CEMA).*

Worried by their performance, the National Association of Government Approved Freight Forwarders (NAGAFF) has criticised bonded terminals, saying they have failed to carry out their responsibilities.

For instance, the NAGAFF's 10 per cent Compliance Team complained that members of the Association of Bonded Terminal Operators of Nigeria (ABTON) imposed demurrage, storage and transfer charges, among other illegal fees, on importers and freight forwarders, even though they lacked the capacity to deliver quality and efficient services.

NAGAFF Coordinator of the Compliance Team, Alhaji Ibrahim Tanko, alleged that that when it rains, operators of bonded terminals suspend examination of cargoes, leading to an increase in demurrage charged owners of the cargoes.

Also, NAGAFF alleged that the bonded terminals, which were approved by the Nigerian Customs Service (NCS), were ill-equipped for operation in contradiction of the Customs Excise and Management Act (CEMA).

The allegation was contained in a letter dated July 28, 2021, which the association sent to the Comptroller-General of Customs, Hameed Ali (rtd). It stated that some approved terminals operated without relevant cargo handling equipment and that their environment was not conducive.

Bonded terminal

A bonded terminal is a warehouse or a storage area approved by the Customs for a temporary storage of imported goods. The goods are kept until the Customs duty is paid or are cleared by the owner.

Businessmen who invested in the ports logistic value chain with the establishment of bonded terminals have expressed anger about alleged neglect of the facilities by the Nigerian Ports Authority (NPA) and the NCS, among others.

Why bonded terminals were created

The creation of bonded terminals was aimed at decongesting the ports. Between 1980 and 1982, the Federal Government responded to the challenges at the ports then by establishing the two container depots in Kano and Kaduna with a combined capacity of 8000 Teu. These terminals were policed by officials of the NSC and those of other related government agencies. They were conceived as a viable channel of supplying the much-needed industrial raw materials, spares and agricultural materials for the development of hinterland states, local governments as well as assist the organised private sector in manufacturing and agriculture.

How bonded terminals operate

A bonded terminal must have a licence to handle laden containers on bond either by road or rail, and transfer of containers from seaport to its depots in Lagos and other places. The depot must have officers of NSC and security agencies, who ensure clearing of cargo to their final destination through less cumbersome documentation.

The standard practice is that on arrival, containers clearance must not exceed 24 hours, far ahead of the unattainable 48-hour clearance in the seaports. To ensure safe transit, the NSC officers ensure that bonded containers arrive in the depots on time and with seals intact. The terminals, therefore, provide quality services to meet customers 'just-in-time' needs. The systems guarantee quick service delivery.

But a senior official of one of the bonded terminals in Lagos, who does not want to be named, said the NPA should be blamed for the collapse of the Lagos ports' roads and the gridlock it engendered, for failing to implement a working template on the bonded terminals to achieve a seamless cargo distribution and evacuation system.

He accused NPA of failing to honour the agreement reached between the government in 2003 and the bonded terminal investors who were brought onboard to support the evacuation of containers from seaport terminals to bonded terminals, to create a seamless logistics chain.

Govt's investment agreements

The source said though some bonded terminal owners were asked to provide bonds by some of the terminal operators, the later reneged after N100 million bonds were provided.

"Then APMT asked some of us to provide bonds, I provided N100 million bond, but nothing came out of it. The government is a dream killer. They lack honour, ethics and respect for investment agreements. This is very bad. The bank pulled us here and there for the loans we got. Tell me, can anybody take our government serious anymore having deceived and left us struggling for breathe?" he asked.

With the high volumes of import and the unnecessary bottlenecks in the clearing process, a lot of goods have ended up staying longer than necessary at the ports, leading to a serious congestion of the available space in the ports, thereby causing delays in the discharge of cargo by

vessels.

The delays, which also affected the vessels turnaround time, led to the creation of bonded terminals that have full complements of NCS and other security agencies.

Complaints

He noted: "If I want to examine my containers, it takes me days. They don't have a good floor to drop containers during the rainy season. We cannot examine in the rain because the goods will be soaked in water and demurrage will accrue."

Tanko condemned the issuing of licences by NCS to the operators, who could not meet international standards viz a viz the CEMA Act.

He urged Customs to revoke the licences of bonded terminals that fail to meet the standards.

ABTON reacts

However, ABTON said the allegations were baseless as over 40 bonded terminals in Lagos alone operate in accordance with the standards contained in their operation licences issued to them by the Customs.

According to ABTON's General Secretary, Alhaji Haruna Omolajomo, there were guidelines for operating a bonded terminal, adding that Customs inspects the terminals regularly even after they are approved, while the operators renew their licences yearly.

He explained that the charges the freight forwarders complained against were in the agreements.

Facts

The ABATON scribe said bonded terminals with sufficient equipment were not patronised by freight forwarders and importers, noting that they preferred to take their containers to those with fewer facilities and end up complaining of not getting adequate service.

Omolajomo explained that bonded terminals do not bill customs agents and freight forwarders illegally, saying that 70 percent of the charges at the bonded terminals were infused by the shipping firms and terminal operators.

He said the operators had invested trillions of naira into the business, saying that shutting the business would keep many out of jobs and their equipment wasted.

Deficiency

Notwithstanding, the ABTON scribe admitted that there were a few bad eggs in the industry. He suggested the erring operators should be punished rather than condemning all the operators.

He stressed: "There is no sane society that expects everything to run 100 per cent. There would still be black sheep that will default. You cannot push for all bonded terminals to be thrown out of business because of one or two operators that erred in their operations. This is not fair as many people would be out of jobs for a crime they did not commit.

"Those people defaulting are not members of the bonded terminals association which is recognised nationwide. How can we account for them since the Federal Government, through Customs, licensed them? If they violate the law, the Customs sanctions them and brings them to book just as they have been doing to erring operators. The terminal operators and shipping companies reach an agreement with the bonded terminals for patronage.

"They give the bonded terminals conditions that if they must patronise them, they must help them to collect certain money and this money is infused into what the bonded terminals will collect from the shippers and freight forwarders. This is one of the challenges the bonded terminals are facing and this is very bad because it is painting us black."

CLEARING THE MISCONCEPTION ABOUT NIMASA AS A REVENUE AGENCY

By Dr. Bashir Jamoh

There appears to be a misconception about the role of the Nigerian Maritime Administration and Safety Agency (NIMASA) as regards revenue generation.

Very often, people tend to lump NIMASA together with other federal government agencies whose statutory responsibility is either whole revenue generation or have that responsibility as part of their mandate. This stems from the lack of a clear understanding of the functions NIMASA was set up to perform, especially since its activities and responsibilities are focused on a very vital sector of the Nigerian economy, namely, the maritime industry.

It needs to be noted that the revenue that accrues to NIMASA is a necessary concomitant of its ability to deliver on its core mandate and performance of its essential functions. In other words, in a way, that is a derivative of its activities; nothing statutory.

NIMASA is the apex regulatory and promotional maritime agency that was created from the merger of the then Nigerian Maritime Authority (NMA) and the Joint Labour Industrial Council (JOMALIC), both former parastatals of the Federal Ministry of Transportation, on August 1, 2006. It carries out the responsibility of regulating the Nigerian maritime industry through the relevant instruments of the Nigerian Maritime Administration and Safety Agency Act of 2007; the Merchant Shipping Act of 2007 and the Coastal and Inland Shipping (Cabotage) Act of 2003, and of recent the Suppression of Piracy and other Maritime Offences (SPOMO Act of 2019).

The primary areas of focus for NIMASA are, among others, maritime safety administration; maritime labour regulation; marine pollution prevention and control; search and rescue; provision of direction and ensuring compliance with vessels security measures; air and coastal surveillance, as well as cabotage enforcement. Others are shipping and registration; training and certification of seafarers, as well as marine capacity development. It also performs state and flag duties.

The agency is also charged with the responsibility of developing and implementing policies and programmes that would facilitate the growth of local capacity in terms of ownership, manning and construction of ships and other maritime infrastructure, establishing procedures for the implementation of conventions of the International Maritime Organization (IMO) and the International Labour Organization (ILO).

In the last 18 months or so, the current administration at NIMASA has been working to fulfil its mandate and obligations using the tripod of Triple S security, safety and shipping development. This is borne out of the fact that the survival and smooth functioning of the maritime industry rest on these three key elements.

Since February 2021, the agency has deployed the most modern technology using the instrumentality of the Deep Blue Project to implement the first S of the tripod, which is security, to stem the tide of piracy and other forms of criminality in the country's waterways. The objective is to keep the waterways secure for all maritime activities to thrive, thereby positioning Nigeria's economy on the path of rapid growth.

UNDERVALUATION, DEBT CRISIS HOBBLE AIRPORTS CONCESSION PROCESS

The Federal Government's move to concession four international airports has finally gained traction though not without fresh controversies. Skeptical aviation workers and stakeholders have faulted the Outline Business Case and unresolved debt crisis that await potential new owners. **Abisola THOMPSON** *writes on the warning signs.*

The grand plan to get the international airports up and running gained a belated boost with the invitation of bidders for Lagos, Abuja, Port Harcourt, and Kano ports of entry.

The request for qualification (RFQ) to run the facilities efficiently and profitably is open to firms or consortia with track records in airport terminal management and net worth of N30 billion per bidding firm or consortium. The concession is billed to run for 20 to 30 years tenure in a Build, Operate and Transfer (BOT) model.

Though workers' anxiety over looming job losses has been dismissed, the concession plan is already enmeshed in transparency doubts, alleged undervaluation of asset and drawn-out debt crisis at the Federal Airports Authority of Nigeria (FAAN).

Most disappointing for stakeholders is that the Ministry of Aviation has not learnt any lesson nor cautious of reputation management to resolve the bitter brawl between Bi-Courtney Aviation Services Limited (BASL) and FG/FAAN on the Murtala Muhammed Airport II (MMA2) – the premiere concession in Nigerian aviation.

Worst still, there are several concession agreements that have headed south and are waiting to hobble genuine private sector investments.

A long arduous journey

AVIATION Minister, Hadi Sirika, shortly after he was sworn in 2015, rolled out the aviation road map for stakeholders' buy-in. Contained in the agenda was the plan to float a new national carrier, concession all airports to the private sector, establish an aircraft leasing company, and have a home-grown Maintenance Repair and Overhaul (MRO) facility, among others. None of these has seen the light of day.

The Federal Executive Council (FEC) in 2016 approved the concession of the four major airports in a move to have them run efficiently and profitably.

Indeed, FAAN has operated 22 airports on behalf of the government for decades. Comparatively, the number of airports is a record in Africa, but not one to envy. At least 19 out of the 22 are listed as unviable and operating at a loss.

Except the trio of Murtala Muhammed International Airport (MMIA), Lagos, Nnamdi Azikiwe International Airport (NAIA), Abuja, and Port Harcourt International Airport (PHIA), Rivers State, none of the other 19 airports has sufficient revenue to cover the cost of operations alone.

Investigations showed that additional funding from high-traffic Lagos and Abuja airports' excess revenue to the tune of N26.1 billion had cushioned the operational cost deficits incurred by the unviable airports in 2017, 2018 and 2019.

Sirika had acknowledged the yawning gaps and poor service delivery at the airports, unfortunately, "the government has no money to invest in aviation infrastructure."

He explained that at stake is the concession of terminals and not the airports as a whole, as misinterpreted by some people. He said unlike what the past administration tried to do by selling off the airports, the government's dwindling revenue made it imperative to consider private partnership in the provision of airport infrastructure.

"What we are trying to do is to keep assets of the people for the people. We are not trying to sell the assets of Nigerians like the last administration tried to do. What we are doing is for good service delivery. They will revert back to the people. What they are doing is to assist to provide these facilities," Sirika said.

Faulty business model

Aviation workers, however, saw the development differently. The coalition, made up of the Nigeria Labour Congress (NLC), National Union of Air Transport Employees (NUATE), Air Transport Services Senior Staff Association of Nigeria (ATSSSAN) and Association of Nigeria Aviation Professional (ANAP), faulted the rationale behind concession of viable airports and not the unprofitable ones.

Coincidentally, the big four are beneficiaries of a 2013 $500 million loan deal between Nigeria and China to build four new terminals for the four airports. Abuja and Port

Harcourt currently use the new terminals, while those of Lagos and Kano are almost completed.

Following the recent concession approval by the Infrastructure Concession Regulatory Commission (ICRC), the workers' unions became more agitated by the floor plan. They requested for the details of the $500 million worth of Chinese loan deal to build the four terminals, especially the add-on plan to concession the terminals. Government is yet to explain the details.

The General Secretary of NUATE, Ocheme Aba, observed that there remains no clarity on the question of the semi-concession that already exists through the Chinese loan facility.

Aba added that a cursory look through the Outline Business Case (OBC) showed that the promoters were unsure of the concept to adopt between Build Operate and Transfer (BOT) and Rehabilitate Operate and Transfer (ROT).

"This apparent confusion, to us, stems from an established fact. In these particular terminals (Lagos, Abuja, Port Harcourt and Kano), there is nothing to build or rehabilitate. In that case, if there should arise a need for expansion in the terminals (which is not envisaged in another 25 years), then the Green Fields concession option (which means building new terminals) would have been more applicable".

He noted that the terminals earmarked for concession are brand new 21st century terminals, which have no need for any significant investment other than maintenance in the next 25 years.

"This fact is confirmed by the OBC itself. Therefore, in our considered opinion, the only valid opinion for consideration is to negotiate an airport Management Contract, should there be such a need – not a concession.

"In many instances, there are clear attempts to undervalue the concession assets, while at the same time making claims that aim to overvalue expected investments of prospective concessionaires. These deliberate manipulations on the part of the OBC has created a serious credibility deficit for the concession exercise."

On the sharing formula, Aba said that the economics of the concession do not add up. While the profit-sharing ratio is proposed to be 60:40 in favour of the Concessionaire, "the disadvantaged FAAN is made to bear the repayment of the $1 billion loan utilised to build same terminals, continue to pay emoluments of its staff and pensioners, return 25 per cent of its IGR to the FG under the Fiscal Responsibility Act, and maintain the remaining 18 airports in Nigeria. Unless through some abracadabra, there exists no possibility of FAAN meeting even a quarter of the above enumerated obligations under this obnoxious sharing formula."

He vowed that the unions would not soft pedal in its determined bid to keep the airports concession programme under scrutiny and compel a review of the same, such that transparency, probity and equity are properly served.

Caveat emptor!

Secretary of the Nigerian Union of Pensioners (NUP), FAAN branch, Emeka Njoku, warned prospective bidders to be wary of over 60 pending litigations arising from several faulty concession agreements, including the BASL and FG/FAAN faceoff over MMA2.

The NUP alleged that FAAN owes contractors, who have delivered their contracts over N15 billion. NUP urged bidders to investigate not only their claims, but should also clarify from the Minister, "how the over $1 billion loan from China for the construction of the same terminals earmarked for concession would be repaid."

The workers also alleged that FAAN generates an average of N70 to N75 billion yearly and remits an average of N1 billion monthly into the Federation Account while monthly salaries for the agency's 8000 staff currently stands at over N2.3 billion. But in the past four months, about N2 billion deducted from staff salaries for cooperative contributions have not been remitted.

"While more than two-year arrears of minimum wage are yet to be implemented and N3 billion in gratuities not paid to retired staff, the most critical aspect of the debt is the staff accrued rights of over N120 billion. That figure does not include accrued rights from 2017 till date, which if valued, may bring the total amount to N150 billion. What FAAN presently has with PENCOM is not up to N7 billion. Is that not a crisis? And they want to concession the airport with all these unresolved issues. We will resist it," an official enthused.

Transparency is key Secretary General of the Aviation Safety Round Table Initiative (ASRTI), Group Capt. John Ojikutu (rtd), argued that at N70 to N75 billion yearly remittances, the facilities are completely undervalued.

"The MMA generated revenue alone, from 16 revenue sources, earning a minimum of N120 billion. Yet, there is a plan to concession the airport for N30 billion? Something is really wrong with all of us in the administration of the government agencies and the stakeholders.

"My research tells me that the MMA alone can generate a minimum of N150 billion yearly and FAAN can generate close to N400 billion from the 22 Federal airports it is presently managing if it can be sincere in the plan for concessions. But under the present management system and the unions, it will remain in the same cycle of yielding nothing but debts like the present debts of N140 billion on its table.

"From what I am reading from the other sidelines beyond aviation, we are in a serious financial crisis and only we alone can save ourselves from the crisis that is looming on us; but who will save us from ourselves?"

Former Director-General of Nigerian Civil Aviation Authority (NCAA), Dr. Harold Demuren, on his part, warned that nobody would invest in aviation in the country until all concession issues pending in court are resolved.

Demuren said: "We need to resolve all issues regarding policy inconsistencies that came with many of these concessions. We inherited problems with Chief Harry Akande and Dr. Wale Babalakin's concessions and FAAN should sit down to resolve all lingering issues before we go ahead with this new exercise."

NIGERIA RAIL TRANSPORT GENERATES N1.1 BILLION IN THREE MONTHS

. . . 565,385 PASSENGERS TRAVELLED VIA RAIL SYSTEM IN SECOND

By Meletus EZE

The Nigerian Railway Corporation generated N1.08 billion revenue from passengers in the second quarter of the year, the National Bureau of Statistics (NBS) has said.

This was revealed by the NBS in its transportation data, Q2 2021.

According to the statistical office, the revenue generated from passengers in the second quarter of 2021 was put at N1,083,851,021 as against N892,467,526 in the first quarter of the year 2021.

It showed revenue generated from goods and cargo in Q2 2021 was N71,555,762 as against N26,195,160 in Q1 2021.

Giving a breakdown of passenger traffic it said, the rail transportation data for Q2 2021 reflected that a total of 565,385 passengers travelled via the rail system in Q2 2021 as against 108,238 passengers recorded in Q2 2020 and 424,460 in Q1 2021.

It said that this represented +422.35 per cent growth year on year and +33.20 per cent quarter on quarter respectively.

For goods/cargo, it said a total of 42,782 tons of volume of goods/ cargo travelled via the rail system in Q2 2021 as against 8,691 recorded in Q2 2020 and 10,511 in Q1 2021.

NBS data shows that this represented +392.25 per cent growth year on year and 307.02B per cent quarter on quarter respectively.

The report said, data is provided by the Nigerian Railway Corporation (NRC) and verified and validated by the National Bureau of Statistics (NBS).

CARGO DEMAND RECORDS MARGINAL SURGE AMID PANDEMIC

By Meletus EZE

Despite the threats COVID-19 pandemic poses to aviation business, global air cargo has recorded a marginal surge in demand, going by the latest survey for the month of July.

The International Air Transport Association (IATA) records showed that global demand, measured in cargo tonne-kilometers (CTKs), was up 8.6 per cent compared to July 2019.

Overall growth remains strong compared to the long-term average growth trend of around 4.7 per cent. The pace of growth slowed slightly compared to June, which saw demand increase by 9.2 per cent (against pre-COVID-19 levels). Capacity continues to recover but is still 10.3 per cent down compared to July 2019.

Economic conditions continue to support air cargo growth. The July export orders component of the manufacturing Purchasing Managers Indices (PMIs) was 52.7 per cent, indicating a short-term boost to demand if those orders are shipped by air. The inventory-to-sales ratio remains low ahead of the peak year-end retail season.

IATA's Director General, Wille Walsh, noted that July was another solid month for global air cargo demand.

"Economic conditions indicate that the strong growth trend will continue into the peak year-end demand period. The Delta variant of COVID-19 could bring some risks. If supply chains and production lines are disrupted, there is potential for a knock-on effect for air cargo shipments," Walsh said.

Asia-Pacific airlines saw demand for international air cargo increase 4.4 per cent in July 2021 compared to the same month in 2019, and an improvement compared to the previous month's 3.9 per cent expansion. Demand is being affected by an easing of momentum in key activity indicators in Asia, and by congested supply chains.

North American carriers posted a 20.5 per cent increase in international demand in July 2021 compared to July 2019. This was in line with June's performance (19.8 per cent) and the strongest of all regions. New export orders and demand for faster shipping times are underpinning the North American performance.

European carriers posted a 6.0 per cent increase in demand in July 2021 compared to the same month in 2019. This was a marginal decrease compared to the previous month (6.8 per cent). Manufacturing activity, orders and supplier delivery times are still favorable to air cargo.

Middle Eastern carriers posted an 11.3 per cent rise in international cargo volumes in July 2021 versus July 2019. This was a decrease compared to the previous month (15.8 per cent). Some routes, however, are still posting strong performance, for example on the large Middle East–Asia trade lanes.

Latin American carriers reported a decline of 10.2 per cent in international cargo volumes in July compared to the 2019 period, an improvement from the -21.5 per cent fall recorded in June. Although Latin America continues to show the weakest regional performance, the comparison with pre-crisis traffic levels has been highly volatile in recent months.

ERADICATING FOOD INSECURITY IN AFRICA

In collaboration with the African Union (AU) and other development partners, the African Green Revolution Forum (AGRF) has been engaging stakeholders to drive agricultural transformation across the continent. The forum held its virtual summit from Nairobi, Kenya. It focused on implementing programmes to strengthen and accelerate food security in Africa, **Abisola THOMPSON** *reports.*

Nigeria and other countries in Africa have crucial roles to play in the global food insecurity challenge. This has become more imperative as the United Nations (UN) Food and Agriculture Organisation (FAO) warns of a looming crisis occasioned by devastating incidents such as pestilence, flood and droughts in most parts of the continent.

Also troublesome are the effects of climate change which have become real than most farmers no longer produce enough crops to support growing demand.

Hence, the calls on governments on the continent to implement innovative programmes and solutions to ensure food security.

It was against this background that the African Green Revolution Forum (AGRF) held its summit in Nairobi, Kenya recently.

The organizers advanced proposals for ushering in policies to help end world hunger.

Hosted by the Kenyan Government, through its Ministry of Agriculture, the virtual event was attended by about 7,000 participants, including presidents, agriculture ministers, stakeholders and experts.

Among the issues canvassed were policy proposals to support countries to make major strides in food production.

According to stakeholders, Africa recorded huge disparity in terms of optimal utilization of resources, especially in terms of food security.

Before the event, the Africa Agriculture Status Report (AASR21) was launched.

The President, Alliance for Green Revolution in Africa (AGRA), Dr. Agnes Kalibata, noted that the report explored what building resilient and sustainable food Africa systems entailed, calling for actions by governments, pan-African organisations, bilateral and multilateral development partners, and the private sector.

"This year's AASR21 details the practical steps stakeholders from governments and regional organisations to the private sector need to take to rebuild and enhance Africa's food systems.

"The COVID-19 pandemic has shown that despite the progress we've made over the last decade, Africa's food systems remain fragile to external shocks. We must take the opportunity we have to rebuild from the pandemic, to make our food systems more resilient without putting further pressure on the environment," Dr. Kalibata added.

According to the report, sub-Saharan Africa has registered the most rapid rate of agricultural production growth since 2000. However, three-quarters of the growth is driven by the expansion of crop land, over yield increases.

With Africa's population expected to double to nearly 2,5 billion by 2050, the report noted that it was time for stakeholders to put in place steps to increase production without compromising the continent's natural resources.

"Raising yields and productivity on farmland is among the most important ways to make African food systems more resilient and sustainable. Raising productivity on farmland will reduce pressures for continued expansion of cropland, and preserve valued forest and grassland ecosystems and the biodiversity that they provide," said AGRA's Chief of Staff and Strategy, Andrew Cox.

AGRA Chairman, Hailemariam Dessalegn, said: "Africa's agriculture transformation will only happen if we decide to advance past commitments. We know the binding constraints that have hindered progress in achieving national and continental agriculture priorities. This summit brings us together to collaborate and hone our leadership and technical skills useful in unlocking sector implementation challenges. By actioning commitments and discussing challenges on our way, we can partner to empower African communities."

A key session during the summit was the Farmers' Forum. Participants highlighted on the continent's farmers and pondered on pathways aimed at ensuring that they thrive and contribute positively to building resilient food systems in the continent.

Sessions also looked at how youths and women could be engaged to transform the continent's food systems capitalizing on their large numbers and education capacity, helping to provide guidance for policy, and evidence-based approaches that foster productive participation.

Announcing the Africa Food Prize laureate, a ceremony that was part of the summit, the Chair, Africa Food Prize Committee, Chief Olusegun Obasanjo, noted that the award recognized an outstanding individual or institution changing farming in Africa, from a struggle to a thriving business.

Since 2006, he continued, the award has been beamed on heroic Africans and institutions, who making a difference

on the continent's agriculture, food and nutrition security landscape.

In the last 15 years, according to him, 24 winners, including 13 leading scientists and one research organisation, have been recognised for their contributions to the eradication of hunger and poverty from the continent.

The 2018 AFP award, he said, went to the International Institute of Tropical Agriculture (IITA) for its leadership in generating research and technologies that have improved food security, nutrition, and incomes for millions of people across Africa.

In 2019, he said Dr. Emma Naluyima, a smallholder farmer and private veterinarian from Uganda, and Baba Dioum, a policy champion and agricultural entrepreneur from Senegal, were recognised for their remarkable achievements in demonstrating and promoting innovative and sustainable growth in Africa's agriculture through improved resource use and market links.

Remote sensing scientist, Dr. Catherine Nakalembe, and micro-dosing specialist, Dr. André Bationo, he noted, were last year's Africa Food Prize joint winners.

He said the two were selected from more than 500 innovators across the food system value chains.

Nakalembe, he explained, is helping countries build systems to monitor crops using satellite data, thus supporting African farmers to make evidence-based decisions for better agricultural output and resilience.

The co-winner, Dr. Bationo, is contributing to the understanding of soil fertility in sub-Saharan Africa and has made transformative discoveries in micro-dosing fertilizer technology.

This year, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) was awarded the Africa Food Prize for work that has improved food security across 13 countries in sub-Saharan Africa.

ICRISAT, a consultative group for international agricultural research center, is a non-profit, non-political public research organization that conducts research for development in Asia and sub-Saharan Africa with an array of partners.

Between 2007 and 2019, ICRISAT led a collaboration of partners to deliver the Tropical Legumes Project.

The project, with the International Centre for Tropical Agriculture (CIAT) and IITA, developed 266 improved legume varieties and almost half-a-million tonnes of seed for a range of legume crops, including cowpeas, pigeon peas, chickpea, common beans, groundnut, and soybeans.

The varieties have helped over 25 million smallholder farms become more resilient to climate change, as well as pest and disease outbreaks. In addition, the project trained 52 scientists who are working in research institutes across the continent.

Training these next-generation scientists in the countries where the projects were implemented has helped strengthen the research capacity of agricultural research systems in Africa, and contributed to sustaining the gains the projects have made.

Congratulating the winner, Obasanjo said: "ICRISAT's leadership in developing seeds that not only end malnutrition but also survive in semi-arid areas is inspiring other agricultural organisations to rethink seed development and farming practices that suit and solve Africa's agricultural challenges.

"Their work is also important as it provides an inclusive approach that supports the whole agricultural value chain, from farm to fork, providing farmers with farming tools and a market for their produce."

Accepting the award, ICRISAT Director-General, Dr. Jacqueline d'Arros Hughes, said the institute's work spanned the entire value chain, from high-end genomics to markets and agri-business in dryland cropping systems.

"We also empower women and attract youths back to agriculture using the latest tools and technologies available to make farming profitable.

"The Africa Food Prize is a major accolade and recognition of ICRISAT's work in Africa and reinforces our belief that agriculture can be profitable for smallholder farmers. It is also testament to the work of our close collaborators, the national agriculture research and extension systems, without whose support this would not have been possible.

"We dedicate this award to the smallholder farmers in the drylands of Africa, as they are the ones who inspire us with their patience and perseverance in the face of adversity."

In another development, researchers in the Departments of Agricultural, Food, and Resource Economics and Community Sustainability of the Michigan State University, United States have developed a new mobile phone application to help farmers in West Africa.

According to the university, yearly, many farmers spend time, money, and effort to produce cowpeas, corn, sorghum, and millet but struggle to find a buyer who is willing to purchase these crops at a fair price.

Similarly, wholesale purchasers are often unable to find farmers with the produce they need and of the quality they want to sell to farm stands, grocery stores, and other outlets.

This disconnect between farmers and buyers suppresses economic activity and increases the degree of food insecurity.

To help farmers and wholesale buyers find each other, researchers in the Departments of Agricultural, Food, and Resource Economics (AFRE), and Community Sustainability (CSUS), with the support of the Feed the Future Innovation Lab for Legume Systems Research, have created a new mobile phone app, KasuwaGo.

KasuwaGo has the potential to be a game changer for farmers and buyers.

WHY NANONO WAS REMOVED AS AGRIC MINISTER

Agriculture minister Sabo Nanono was removed alongside his power ministry counterpart recently. President Buhari said the action was meant to fix "weak areas", **Meletus EZE** *writes.*

On August 21, 2019, Sabo Nanono, former minister of Agriculture and Rural Development, assumed duty at the ministry of agriculture after a shoddy ratification procedure at the Senate ministerial screening session.

Mr Nanono was asked by the senators to "take a bow and go" because of his affiliation with some lawmakers, under the claim of having wide experience and deep knowledge of the sector even when he studied Business Administration as an undergraduate.

The Senate action robbed many Nigerians the foreknowledge of what Mr. Nanono's has as a blueprint for the country's agricultural sector development.

On assumption of duties, he addressed reporters and rather than sharing his plans for the sector, Nanono said hunger in Nigeria "cannot be compared to what is obtained in other countries," and that efforts should be made by the Nigerian government to assist other countries in food supply.

"There is no hunger in Nigeria compared to what I saw in India in 1973. What we need is to get our acts together and develop the sector," he stated.

Prior to his appointment, President Muhammadu Buhari on August 20, 2019, had ordered the partial closure of the country's land borders to curb smuggling and as well boost local production of agricultural commodities.

The borders were reopened about a year later amid the exponential spike in the prices of food, increased calls for reopening of the borders and the imminent takeoff of the African Continental Free Trade Area (AfCFTA) Agreement in January this year.

While the rise in the prices of significant staple foods still subsist, the country's agricultural sector witnessed little or no improvement under the watch of Nanono as agric minister before his sack.

The sack

President Buhari on Wednesday announced the sack of Mr Nanono and his counterpart in the power ministry, Saleh Mamman.

Femi Adesina, a presidential spokesperson who confirmed the development in a statement, said the sack of the ministers was sequel to a minor cabinet reshuffle after an 'independent and critical self-review,' that helped to identify 'weak areas' under this government.

Mr Adesina, said: "the review "helped to identify and strengthen weak areas, close gaps, build cohesion and synergy in governance, manage the economy and improve the delivery of public goods to Nigerians."

"In the same vein, Dr. Mohammad Mahmood Abubakar, Minister of Environment, was redeployed to assume office as the Minister of Agriculture & Rural Development, while Engr. Abubakar D. Aliyu, Minister of State, Works & Housing will now be the Minister of Power"

The sack of the two ministers is coming about two years they were inaugurated by the president in 2019 alongside 41 of their colleagues.

The two ministers became the first set of ministers to be sacked by the president since he assumed office in 2015. His first set of ministers served out his first term.

"Agric ministry under Nanono's watch in brief"

Upon resumption, the former minister who hails from Kano expressed high hopes of moving Nigeria's agricultural sector forward. This, he said, would require the commitment of all, in order to leave his mark in the annals of the country's history.

While receiving briefings from agricultural research agencies, Mr Nanono promised to revamp the agricultural research institutes across the country to promote sectoral growth and food security in the country.

"I want to be very serious with the research institutes, so that they will research on improved seeds that will be suitable to our environment, as the institutes are the engine of growth in the sector," he was quoted to have said.

Known for his mantra and affinity for commercial agriculture implementation in Nigeria, the former minister had promised to create over 300,000 jobs through the research institutes as a means of curbing the high rate of unemployment in the country.

On his return to Nigeria from Hungary, he commissioned the Hungarian Demonstration plot established at the headquarters of the National Agricultural Seed Council, on October 17 last year.

The 0.4 hectare land commissioned was used to demonstrate the effect of the Hungarian agric invention called Water Retainer (an organic soil conditioner) which involves two Hungarian hybrid maize varieties and two tomato varieties.

With the cooperation of the National Horticultural Research Institute (NIHORT), and supervision of the Hungarian Agricultural Innovation Centre (NAIK), the official trials of the tomato varieties were to commence this year.

More so, before the outbreak of the coronavirus pandemic, the agriculture ministry flagged off a soft loan scheme with the hope of boosting food crop production and agricultural mechanisation.

This involved the distribution of more than 10,000 tractors, fertilizers, chemicals and seedlings to farmers in the 774 LGAs in Nigeria.

Fertilizer bags used to illustrate the story.

"What we need is that the beneficiaries must be genuine farmers and natives of the participating local councils," Nanono said at that time.

In a similar manner, the FMARD initiated the mechanisation hubs in 650 local governments to support the farming communities.

"The mechanisation hubs which will be stocked with modern farming equipment, like tractors, power tiller, and harvesters among others, will also serve as centres for training the farmers on modern farming techniques," the minister noted.

Eventually, the Federal Executive Council (FEC) approved a loan facility of $1.2 billion to finance the mechanisation of agriculture in the country.

Moreover, to enhance farmers' access to agricultural financing in the country, the federal government earmarked N600 billion for the sector.

While the COVID-19 lockdown measures imposed by the Nigerian government took a toll on agricultural activities and food systems, the government launched the Agriculture for Food and Job Plan, a component of the Nigeria Economic and Sustainability Plan (NESP), to cushion the impacts of the pandemic on the farmers and the economy.

Sabo Nanono

Also, upon the commencement of last year's planting season, the National Agricultural Seed Council (NASC) certified 81,000 metric tons of seeds across the country, so as to enable farmers' easy access to viable and high yielding inputs at affordable prices.

In addition, President Buhari directed Mr Nanono and other key players of the sector to join the already existing 12-member Presidential Task Force for COVID-19.

The minister later flagged off the distribution of agricultural inputs to Nigerian farmers across the country.

This, he said, was aimed at boosting agricultural production in the country and averting food scarcity in 2021.

Some of the inputs distributed to the smallholder farmers include varieties of rice, maize, and wheat seeds including cocoa and palm seedlings, among others.

Agric contribution to GDP

Despite the investment in the sector before and during Nanono's reign at the ministry, available data shows that the nation's agricultural sector grew at the weakest rate under the Buhari administration than any other government since the return of democracy in 1999.

Statistical analysis of the country's gross domestic products showed that the sector grew at an average of 15 per cent in the past five years of this government.

When compared with past administrations, the sector grew by 13.3 per cent under the Obasanjo administration; 19.1 per cent under President Musa Yar'adua's short tenure and 22.2 per cent under Jonathan's government.

However, in terms of the agricultural sector's contribution to the Gross Domestic Product(GDP), the Buhari administration has so far done better than only the Jonathan administration, based on an analysis by the Premium Times Centre for Investigative Journalism.

Data evaluated by PTCIJ shows that the sector contributed an average of 27.5 per cent under President Obasanjo, 25.6 per cent under President Yar'adua, 21.75 per cent under President Jonathan and 21.90 per cent under President Buhari.

"Expired policy"

With the expiration of the Agricultural Promotion Policy last December, Nigeria currently does not have any officially communicated agricultural policy under Mr Nanono.

Even when it is glaring that Nigeria's agriculture sector has the potential to reduce unemployment rate in the country, there is no clear evidence that the minister fulfilled his promise of creating sufficient jobs through the agriculture mechanisation initiative, and many more initiatives as promised.

While it is clear that the APP policy document which lapsed last year has not fulfilled its purpose, a big proportion of foods consumed in Nigeria are still imported, without any significant foreign exchange earnings being made from agriculture.

Speaking about the performance of the former minister when contacted, Simon Irtwange, the national president of the Association of Yam Farmers, Processors, and Marketers, said he believed Nanono had a good intention for the agriculture sector, but that the implementation of his directives were faulty.

"If you don't have a way of making sure that your directives are being implemented, the non-implementation of your approved instructions will surely manifest in your performance," the professor said.

BOOSTING PALM OIL PRODUCTION VIA RESEARCH, FUNDING

Strengthening various agricultural research institutes in the country such as the Nigerian Institute for Oil Palm Research (NIFOR) is key to improving the nation's economy, reports ***Olamilekan FAWAS***

Unarguably, COVID-19 pandemic exposed mankind to threats of insecurity from various challenges of food, socio-economic activities and health, among others.

Analysts note that the insecurity is pronounced in developing countries such as Nigeria due to sudden outbreak of the virus and somewhat lack of basic preparations to tame the development.

Agriculturists, therefore, foresee that scientific farming is cardinal to tackling food and nutrition, create jobs and protect the environment from such threats by using improved technologies and information.

This view is reinforced by stakeholders' interests in strengthening various agricultural research institutes such as the Nigerian Institute for Oil Palm Research (NIFOR) to enable it to utilise its mandate to improve the nation's economy.

In response to this, the Governor of Central Bank of Nigeria (CBN), Mr Godwin Emefiele, announced a policy to exclude about 41 items from being procured with foreign exchange from the Nigerian foreign exchange markets, including palm kernel, palm oil products and vegetable oils as part of government's efforts to develop the oil palm sector.

This has also elicited interests of key stakeholders such as the Oil Palm Growers Association of Nigeria, the National Coconut Producers, Processors and Marketing Association of Nigeria, the National Shea Products Association of Nigeria and the Date Palm Farmers, Processors and Marketers Association of Nigeria in the need to fund NIFOR to stimulate access to improved technologies and information by growers of crops, seeds, seedlings and processing.

The National President, Oil Palm Growers Association of Nigeria, Mr Joe Onyiuke in stakeholders' seeds meeting organised by NIFOR in Benin recently, therefore, called on the federal government to strengthen the research institutes through provision of adequate funds to the institutes for research purposes.

Onyiuke believes that NIFOR is capable of presenting Nigeria as a major producer of oil palm if adequately funded through the development of high yielding crops.

He notes that the association is working towards ensuring that farmers are rich and eligible to access support from the CBN to grow oil palm.

Onyiuke also observes that the Africa's poorest household farmers are in rural areas, insisting that smallholder agriculture is fundamental to lifting large numbers of Nigerians out of poverty and hunger.

"Therefore, conscious efforts should be made to ensure that these smallholder farmers in the rural areas have access to improved technologies and information to grow crops.

"We can categorically tell you today that NIFOR seeds and seedlings are the best in the country.

"All that is needed is more funds for the institute to reposition the palm sector to where it ought to be.

"NIFOR has done very well with the little resources at its disposal; without NIFOR, our oil palm farmers cannot do anything.

"We rely solely on NIFOR for all the seeds, seedlings and trainings. We encourage government to fund them properly to achieve their mandate.

"Without research, we cannot do much as farmers and as a country. Government all over the world are spending so much money on research and Nigeria needs to also do same to get our researchers and farmers back to the field.

"Nigeria can no longer sit idle and wait for other countries research. There is an urgent need for the federal government to increase the budgetary allocations to all its research institutes in the country, especially NIFOR.

"Oil palm has the capacity to improve Nigeria's economy because we have the land, manpower and the resources. The knowledge of NIFOR is enough to impact on all the farmers in the country.

Every farmer is feeling the impact of NIFOR in the rural areas where their extension services are highly required," he observes.

The National President, Shea, Products Association of Nigeria, Mr Mohammed Kontagora also collaborates the views of other stakeholders that Nigeria agricultural research institutes are underfunded.

Kontagora said: "There is no way we cannot have good agricultural yield in this country if the institutes are properly funded.

"These research institutes are working so hard but they lack the financial capabilities to carry out their duties efficiently.

"I give you an example, as an association, we intend to inaugurate our programme targeting 10 million shea trees in the next 10 years, which means that every year we will have one million shea trees.

"How can we get one million shea trees? This year we started the pilot scheme and we are only able to get just 3,000 shea trees.

"When you visit the research institutes in the country, there are a lot of challenges begging for attention.

"Government should focus attention on the research institutes; give them the necessary funding they need to achieve their mandate.

"Nigeria cannot effectively diversify its economy with all the research institutes being underfunded.

"The shea industry world over is projected to be more than 3.8 billion dollars in the next seven years and Nigeria accounts for 57 per cent of the concentration.

"However, Nigeria is losing these fortunes because people are cutting down the trees and using them for charcoal, among other things."

"As an association, we want to encourage ownership because is what you plant in

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