NEWS

Nigeria's top 5 food inflation position

THE WORLD BANK HAS IDENTIFIED Nigeria as one of the top ten countries most severely impacted by food inflation, placing the nation fifth globally and third in Africa, behind Malawi and Liberia.

In the World Bank's September...

Page 4

FINANCE & INVESTMENT

Dividends to fuel stock market in Q4

ANALYSTS AT COWRY ASSET Management Limited are projecting a robust rebound for Nigeria's equities market in the remaining months of 2024, with the market expected to witness a significant recovery driven by impressive interim dividend declarations and renewed...

Page 10

COMMENT

Resignation and work culture debate

IN TODAY'S DIGITAL WORLD, personal stories often catch fire, spreading across the globe in a matter of hours. Recently, a viral resignation email from a 24-year-old employee has done just that. Released just days before World Mental Health Day, this email has sparked...

Page 6

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TOWARDS MORE EFFICIENT MARKETS

Policy, investment gaps leave $31.5trn hole in 2030 global renewable energy goal

PHILLIP ISAKPA

A GLOBAL CONSENSUS on energy goals reached at the Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC) in the United Arab Emirates in 2023, is suffering from significant policy and investment gaps in the efforts towards tripling renewables and doubling energy efficiency by 2030, the agency charged with the responsibility of tracking its progress has revealed in its first official report published over the weekend.

The report, "Delivering on the UAE Consensus: Tracking progress toward tripling renewable energy capacity and doubling energy efficiency by 2030", by the International Renewable Energy Agency (IRENA), an intergovernmental organisation that supports countries in their transition to a sustainable energy future, found gaps across different areas in the renewable energy chain that form hindrances to achieving the two goals.

In a statement made available to Business a.m., IRENA stated that despite an unprecedented acceleration in renewable energy deployment in 2023, progress towards tripling renewables by 2030 has fallen short, noting that "current national plans and targets are set to deliver only half of the required growth in renewable power by 2030."

As a result, the progress report determined that annual investment in renewable capacity would have to triple, from the new record high of $570 billion achieved in 2023 to $1.5 trillion every year between 2024 and 2030.

Accordingly, it disclosed that $31.5 trillion in cumulative investment in renewables, grids, flexibility, efficiency and conservation is needed to meet the UAE Consensus renewable energy and energy efficiency goals for 2030.

But cumulatively, it also disclosed that $31.5 trillion of investment in renewables, grids, flexibil-

Page 2

Nigeria's climate finance shortfalls stall sustainable economic growth

ONOME AMUGE

TO SUSTAIN ECONOMIC GROWTH, Nigeria must confront the challenge of climate change head-on, requiring a strategic mix of climate-smart investments and climate finance.

With the nation's national CO2 emissions at 122,750,410 tonnes as shown in 2022, the urgent need to address the increasing impacts of climate change on development cannot be overstated.

However, the mobilisation of climate finance continues to be an elusive quest, as various sources of financing, from public to private to alternative, fail to consistently support mitigation and adaptation actions critical to tackling climate change.

In an assessment that highlights the complex nature of Nigeria's climate finance conundrum, the International Monetary Fund (IMF) recently highlighted the country's monumental task in sourcing climate finance, citing its difficulties in attracting climate-related Foreign Direct Investments (FDI) due to persistent issues with parallel foreign exchange rates and policy uncertainties.

The IMF, in a study titled 'Harnessing Renewables in sub-Saharan Africa: Barriers, Reforms, and Economic Prospects,' highlighted the immense climate finance needs of several African countries, including Nigeria, Ethiopia, Cameroon, South Africa, and Somalia.

The report, prepared by IMF staff members, underlined the urgent need for these countries to secure over $600 billion in climate financing support from financial institutions to realise their clean energy aspirations.

"Nigeria has been active on the climate policy front, passing 12 climate policies between

Page 2

L-R: Ibrahim Haruna, head, press and public relations unit, Federal Ministry of Environment; Chukwuemeka Woke, director-general/CEO, National Oil Spill Detection and Response Agency (NOSDRA); Ademola Ogunbanjo, executive vice president, Oando Clean Energy Limited (OCEL); Iziaq Adekunle Salako, minister of state for environment, minister; Ainojie 'Alex' Irune, managing director, Oando Energy Resources Nigeria Limited, (OERNL); Bahijjahtu Abubakar, director of pollution control and environmental health, Federal Ministry of Environment; Hadiza Adukonu, vice president, Opportunity Maturation and New Ventures (OCEL), during a courtesy visit to the Federal Ministry of Environment in Abuja recently.

TRAVELLER & HOSPITALITY

Trick of airlines overselling flights

OVERSELLING FLIGHTS IS a global industry practice. On its face, overselling a flight might appear negligent if not fraudulent, and the travelling public is rightfully sceptical of the practice. In reality, the number of...

Page 25

TECHNOLOGY & INNOVATION

AI fraud threatens eCommerce

THE GLOBAL eCommerce industry is facing an alarming escalation in fraud, as Artificial Intelligence (AI) drives...

Page 30

COMMODITIES & AGRICULTURE

SAPZ tackle agric industry headwinds

THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES (SAPZ) steering committee, committed to directing Nigeria's agro-industrial drive to fruition, has reaffirmed...

Page 20

PROJECT SYNDICATE

Is Capitalism Really the Cause of Global Inequality?

CAMBRIDGE – In 2014, the French economist Thomas Piketty's Capital in the Twenty-First Century became an international sensation, reshaping the inequality debate and launching its author into superstardom. Piketty was right to point out that the political case for income redistribution is almost...

Page 9

EXECUTIVE KNOWLEDGE SERIES

Seven Keys to a Happy Retirement

BEFORE EXITING YOUR full-time career, laying serious groundwork is essential.

Nicolas, a busy senior executive, really enjoyed working in the construction industry. He knew his company had a mandatory retirement age, but he didn't give it much thought. He figured that retirement would give him more time to perfect his golf ...

Page 15

N250

No 349

Nigeria's climate...

Page 1

2007 and 2019, which included feed-in tariffs, strategic planning, and procedures for renewable energy auctions, it has not been able to attract enough FDI, potentially because of policy uncertainty, weak financing mechanisms and other structural weaknesses such as the existence of a parallel exchange rate market in recent years.

"Sub-Saharan Africa can learn from the experiences of successful EMDEs and close the most binding structural gaps, by promoting good governance, trade and capital accounts openness, as well as product market reforms," the financial agency of the United Nations observed.

In its analysis, the IMF noted that a correlation exists between climate action and the inflow of green Foreign Direct Investment (FDI) in successful Emerging Markets and Developing Economies (EMDEs).

The IMF stressed that in order for African countries to successfully attract green FDI, targeted policy initiatives and favourable preexisting conditions, such as advancements in structural reforms and the suitability of their geographies for renewable energy, are critical.

According to the African Development Bank (AfDB), Nigeria's public sector is plagued by a dearth of resources to address the country's ever-worsening climate crisis and the urgent need for a transition to a more sustainable and resilient growth pathway. The AfDB estimates that Nigeria's climate financing needs for the decade spanning 2020 to 2030 stands at $247.3 billion, averaging approximately $22.5 billion per year.

The multilateral development finance institution in its "Nigeria Country Focus Report (CFR)", stressed that the mobilisation of private sector climate finance is vital for Nigeria to achieve its 2030 nationally determined contribution (NDC) targets.

The AfDB underscored the urgent need for an annual investment of $20.5 billion in three critical areas—renewable energy, sustainable transport, and waste management—to mitigate the devastating effects of climate change and pave the way for a more sustainable and resilient growth path for Nigeria.

In response to the climate finance challenges faced by Nigeria, the African Policy Research Institute (APRI) has urged policymakers in the country to rapidly integrate climate action into the nation's economic planning and budgeting processes.

APRI argued that incorporating climate action into Nigeria's economic planning and budgeting systems will not only strengthen the country's climate resilience but also help attract global financial support. This call to action, according to the institution, is underscored by Nigeria's persistent challenge of attracting adequate climate finance, despite the country's stated commitment to address the climate crisis.

According to the APRI, mainstreaming climate considerations across sectors is essential to building a sustainable, climate-resilient economy, allowing Nigeria to achieve its development goals while also addressing the climate crisis.

Chibuikem Agbaegbu, Nigeria focal person for APRI, asserted that the institute is prioritising strategies to help Nigeria implement its National Climate Change Policy (2021-2030) and overcome obstacles that impede the country's access to climate finance in global markets.

Speaking at a stakeholders dialogue and collaboration workshop in Abuja, Agbaegbu highlighted the need for a comprehensive and coordinated approach that integrates climate considerations across various sectors in order to build a sustainable, climate-resilient economy.

"The global realities of climate change means that the landscape for finance and global geopolitics is changing significantly. As climate and ESG considerations become increasingly important in accessing finance from the Global North, plans that do not have climate action in view are finding it more difficult to attract financing.

"More so is the need by governments to demonstrate concrete efforts on mainstreaming climate in order to attract the level of climate finance and investments required to support their climate ambition.

This includes clear policy direction and alignment, effective stakeholder coordination and collaboration, and an increasingly improving enabling environment for climate investments," APRI stated.

APRI's findings also identified a lack of policy coherence, coordination, and planning across government institutions as major roadblocks to securing climate finance for Nigeria.

According to Agbaegbu, the absence of a unified strategy that aligns with global climate finance standards, despite the country's international commitments, is a significant challenge faced by many Nigerian government agencies.

This absence, he explained, hinders the country's ability to effectively navigate the landscape of global climate finance and secure the funding required to implement climate action measures.

The institute's report also uncovered a deep dissatisfaction among senior policymakers, particularly in the Federal Ministry of Budget and National Planning (FMBNP), over Nigeria's failure to tap into large pools of climate finance that are essential for addressing the country's pressing climate-related challenges.

To effectively address the country's challenges with climate finance, APRI recommended that Nigeria adopt a combination of Green Budgeting (GB) and Climate-Resilient Budgeting (CRB) frameworks.

According to the institute, this mixed approach will ensure that climate risks and adaptation measures are taken into account when developing the national budget and public financial management systems.

This, APRI believes, will enable Nigeria to more effectively prepare for and respond to the impacts of climate change while also positioning the country to attract more climate finance from global sources.

APRI clarified that green budgeting is a process that incorporates environmental sustainability objectives into government expenditure, while climate-resilient budgeting focuses on strengthening Nigeria's capacity to withstand the adverse effects of climate change. The institute further emphasised that the strategic engagement of the country's Ministries of Finance (MoFs) in these processes could greatly enhance the mainstreaming of climate action throughout the national budget cycle. As part of its climate finance recommendations, APRI also suggested the development of a national measurement, reporting, and verification (MRV) system, which would allow Nigeria to effectively monitor and utilise carbon financing tools while ensuring alignment with its nationally determined contributions (NDCs).

Furthermore, the institute highlighted the importance of integrating climate action across sectors, particularly in the agricultural sector. This, APRI stated, will help the country to address its vulnerability to climate change-induced impacts such as rising temperatures, unpredictable rainfall patterns, and desertification.

L-R: Ibrahim Waziri, non-executive director, FIRST E&P; Adeyemi Johnson, co-founder, Healthy Heart Foundation; Henry Odein Ajumogobia, board chairman, FIRST E&P; Muhammad Ali Pate, coordinating minister of health & social welfare, Nigeria; Kofoworola Ogunyankin, co-founder, Healthy Heart Foundation; and Ademola Adeyemi-Bero, managing director, FIRST E&P, at the launch of the partnership where FIRST E&P announced a grant to support open heart surgeries, Abuja recently.

Policy, investment...

Page 1

ity, efficiency and conservation is needed to meet the UAE Consensus renewable energy and energy efficiency goals for 2030.

The landmark energy goals were established by the UAE Consensus at COP28 in Dubai with an understanding that tripling renewable power capacity and doubling energy efficiency by 2030 are critical enablers for reductions in greenhouse gas emissions in line with the 1.5 °C pathways.

But the report found that massive gaps remain and in one instance established that tripling renewable power capacity to 11.2 terawatts (TW) would require average annual additions of 1 044 gigawatts (GW) in 2024–2030, a 16.4 percent compound annual growth, up from 16.1 percent in 2023–2030.

According to the report, except for solar PV, capacity additions for all renewable energy technologies are below the level required to meet the tripling target, noting that compared to 2023 capacity, the world needs three times of current onshore wind, six times of current offshore wind and bioenergy; and 35 times of geothermal.

"The geographic deployment of renewable power remains highly uneven," the report found, and states that Asia, Europe and North America accounted for almost 85 percent of global end 2023 installed capacity; but Africa accounted for just 1.6 percent.

The progress report also found that at 7.4 TW, current national plans and targets will deliver only half of the required growth in renewable power by 2030, which will result in a shortfall of 34 percent or 3.8 TW in 2030.

"Renewable power targets in NDCs [Nationally Determined Contributions] do not align with national plans, and will only increase total renewable power capacity to 5.4 TW by 2030," the report stated.

According to the report, only three parties submitted revised NDCs since COP28 with only one having enhanced ambitions for renewable energy targets.

Little meaningful progress has been made on energy intensity improvement, which remains around the two percent level of 2022, and against an annual improvement rate of at least four percent required through 2030 to meet the goal.

According to the report, achieving a four percent energy intensity improvement rate will require urgent actions and increasing electrification across multiple sectors, including personal and freight transport, buildings and industry.

It observed that while electric cars accounted for a record 18 percent of total car sales in 2023, sales of heat pumps, which are vital to the energy-efficient decarbonisation of the heating sector, fell by three percent.

It acknowledged the high investments in renewable capacity in 2023, but that these investments would need to rise even more.

"Investments in energy efficiency must increase almost seven-fold. In 2023 around USD 323 billion was invested to improve energy efficiency in end-use sectors, but USD 2.2 trillion is needed each year," the report found.

Accordingly, it disclosed that $31.5 trillion in cumulative investment in renewables, grids, flexibility, efficiency and conservation is needed to meet the UAE Consensus renewable energy and energy efficiency goals for 2030.

The report also found that annual investments in solar PV are on track to meet the $397 billion required each year until 2030 to achieve the tripling goal, but that other technologies however remain under-funded.

According to the IRENA progress report, in 2023, 84 percent of renewable capacity investments were in China, the European Union and the United States; with Brazil and India accounting for just over six percent; while investments in Africa fell by 47 percent in 2022–2023.

According to the report, renewable power is the cheapest option for new electricity in almost every country in the world with 81 percent (or 382 GW) of new renewable power generation capacity in 2023 producing cheaper electricity than new fossil fuel-based capacity. It also noted that costs for stationary battery storage have fallen by 89 percent since 2010.

In its recommendations of what should be done under these circumstances, the progress stated that to deliver the UAE Consensus goals on the ground, significant advances will be required across the key enablers of the energy transition, including infrastructure and system operation, policy and regulation, supply chains, skills and capacities, finance, and international collaboration.

"Emerging and developing economies continue to face financing gaps that undermine access to capital-intensive energy transition technologies. Renewable power investments in Africa declined by 47% between 2022 and 2023. Sub-Saharan Africa received 40 times less than the world average per capita transition-related investment," it observed

According to the report, reducing this gap involves securing financing at better terms by mitigating country risks and increasing the availability of concessional finance, mostly from multilateral and bilateral development funds and financing institutions and philanthropies.

It also recommended international collaboration, which it stated would be crucial to better channel funds to achieve climate, development and industrialisation goals for a more equitable world.

"Today, we're raising the alarm. As the custodian for tracking progress of the UAE Consensus energy goals, we must flag significant gaps. The COP28 goals of tripling renewables and doubling energy efficiency are key enablers for our global efforts to keep 1.5°C within reach but we risk missing them. The next NDCs must mark a turning point and bring the world back on track," said Francesco La Camera, IRENA's director-general.

Sultan Al Jaber, COP28 president added: "The global goals of tripling renewable energy capacity and doubling annual energy efficiency improvement by 2030 set out in the UAE Consensus are not just benchmarks —they are essential enablers of all global efforts to achieving 1.5 °C and advancing sustainable prosperity for all. The opportunity is there but we need more nations to step up to the plate by including specific renewable energy and infrastructure targets in their upcoming NDCs, incentivizing private investment, and making it easier to develop and deploy projects. We need to think bigger, act bolder — and collectively move faster on our energy transition journey."

Mukhtar Babayev, COP29 president-designate said: "This important set of findings by IRENA and GRA includes vital insights on accelerating the global energy transition. Central to our plan to enhance ambition and enable action are a number of Presidency-led initiatives that contribute to global climate action at COP29, and which reflect the outlook and opportunities captured

Continues on page 4

Nigeria's food inflation top 5 globally as insecurity, climate change hit hard

Onome Amuge

THE WORLD BANK HAS IDENTIFIED Nigeria as one of the top ten countries most severely impacted by food inflation, placing the nation fifth globally and third in Africa, behind Malawi and Liberia.

In the World Bank's September report, Haiti takes the unfortunate distinction of being the country with the highest food inflation rate in the world, at a 12 percent year-on-year increase, closely followed by Malawi, Vietnam, and Liberia in the global rankings.

The World Bank's report indicated an increase in the global food security crisis, where 18 countries, including Nigeria, are experiencing a devastating decline in food security due to increased conflict and climate-related disasters, leaving more than a million additional people facing high levels of food insecurity compared to the previous year.

The World Bank report reveals that the escalating food inflation and deteriorating food security in Nigeria are primarily a result of the intensifying conflicts in food-producing regions and the severe effects of extreme weather events such as floods and droughts.

According to the report, Nigeria witnessed a 28 percent increase in food insecure individuals between August 2023 and September 2024.

Over one million people were newly added to the list of those experiencing high levels of hunger, resulting in a disturbing upward trend in the country's food insecurity figures.

L-R: Governor Umar Namadi of Jigawa State; Rabiu Olowo, director general, Financial Reporting Council (FRC); and Davidson Chizuoke Alaribe, president, Institute of Chartered Accountants of Nigeria (ICAN), during the closing ceremony of the 54th ICAN conference with theme "Governance Reimagined: Mapping the Future", in Abuja recently.

The World Bank's report corroborates other studies that demonstrate a significant escalation of food insecurity in Nigeria, caused by a complex interplay of factors, including disruptions in agricultural production, soaring food prices, and market disturbances triggered by insecurity and climate-related catastrophes.

The impact of flooding on Nigeria's land has been a major contributor to the country's growing food insecurity, as revealed by the Cadre Harmonisé analysis and referenced by the World Bank.

The analysis shows that approximately 1.6 million hectares of land across the nation have been destroyed by flood, with 342,650 hectares of vital cropland submerged.

No fewer than 685,770 vulnerable individuals, particularly in the Northern and Niger Delta regions, were recorded to have been adversely affected by floods, exacerbating an already dire situation in areas where insecurity is rampant.

This, according to the analysis, contributed to the rapidly escalating food security crisis in Nigeria, which saw a food inflation rate of 40.87 percent in June 2024—a 28-year high. The unrelenting insecurity plaguing Nigeria's northern farming regions has added another layer of complexity to the country's food security crisis.

According to a report by S.B. Morgan Intelligence, at least 1,356 farmers were killed between 2020 and 2024 in the North, with many forced to pay amounts of money (up to N100,000) just to access their own land, thanks to the alarming levels of insecurity that have paralysed agricultural productivity in the region.

The dire consequences of Nigeria's deepening food security crisis were further substantiated by projections from the World Bank and Food and Agriculture Organisation (FAO).

At the start of 2024, the World Bank predicted that seven Northern Nigerian states would be facing severe hunger, while recent estimates from the FAO indicated that 32 percent of the population, approximately 60 million people, are encountering hunger, a stark increase due to spiralling food prices and environmental disasters.

The World Bank and FAO projections serve as a bleak warning of the worsening food security situation in Nigeria, which is anticipated to intensify in the coming months.

Increasing petrol prices, recently announced by the Nigerian National Petroleum Corporation Limited (NNPCL), coupled with persistent flooding throughout the country, are expected to exacerbate the crisis, compounding the structural challenges arising from climate change and insecurity.

In light of these challenges, the outlook for food inflation remains bleak, placing further pressure on the country's food supply chains and its vulnerable populations, making the need for immediate and decisive action all the more urgent.

Nigeria secures $3.3bn gas supply agreement for Brass methanol project

Business a.m.

THE NIGERIAN NATIONAL PETROLEUM COMPANY (NNPC) Limited has entered into a Gas Sales and Purchase Agreement (GSPA) with major international oil companies including Shell Petroleum Development Company (SPDC), TotalEnergies, and Agip to secure the supply of gas to a $3.3 billion methanol plant being developed by Brass Fertiliser & Petrochemical Co. Ltd (BFCPL) in Bayelsa State.

Nigeria, the largest producer of crude oil in Africa, is looking to diversify its economy by attracting investments in its enormous yet largely untapped natural gas reserves, which are estimated to be around 200 trillion cubic feet.

Despite its vast gas reserves, Nigeria currently flares or re-injects a significant amount of its natural gas output, which not only represents a waste of a valuable resource but also contributes to air pollution and environmental degradation.

The signing of the gas sales-and-purchase agreement was held recently in Abuja under the supervision of Ekperikpe Ekpo, minister of State Petroleum Resources (Gas), nine years after the project was initially announced. It is anticipated to produce an annual income of more than $1.5 billion from the export of fertilisers, petrochemicals, and other products derived from natural gas.

The agreement also includes the provision of 270 million standard cubic feet of gas per day to Brass Fertilizer & Petrochemical Co. Ltd,making it the largest single gas supply agreement for any domestic gas off-taker in Nigeria.

Ekpo described the event as "a significant milestone" in the ongoing efforts to monetise Nigeria's vast gas reserves,adding that achieving the agreement proved Nigeria's commitment to a business-friendly environment and investor-friendly policies.

He expressed his belief that the project would result in an influx of much needed Foreign Direct Investment (FDI), as well as the creation of thousands of jobs for Nigeria's growing population.

The minister stated: "While this signing ceremony is a significant milestone in the development of the $3.3 billion Brass Methanol project, it is one more step in the journey to making the project a reality, and I urge all parties to continue in the same steadfastness that has enabled us surmount all previous huddles.

"It is my expectation, that within the shortest possible, BFCPL and its partners will achieve financial close and commence actual construction of this project of national importance, which we expect to bring in much needed FDI and create thousands of jobs for our teeming population, while changing the face and fortunes of the host state and community for good."

In his remarks, Nicholas Ella, the permanent secretary of the ministry of petroleum resources, stressed the importance of the agreement in unlocking the potential of Nigeria's vast natural gas reserves, which are currently estimated at over 209 trillion cubic feet.

Speaking further on the economic benefits of the project, he said, "The Brass Fertiliser and Petrochemical Project, valued at $3.5 billion, is set to generate more than $1.5 billion annually from exports of fertilisers, petrochemicals, and other gas-based products.

"In addition to boosting exports, the project will reduce fertiliser imports by 30 percent, saving Nigeria approximately $200 million in foreign exchange annually.

"Furthermore, it is projected to contribute around $600 million annually to Nigeria's Gross Domestic Product (GDP), with a broader economic impact of up to $2 billion per year, thanks to the growth it will spur in related industries.

"The project will also create over 5,000 direct jobs and 35,000 indirect jobs, significantly improving the livelihoods of many Nigerians, particularly in the Niger Delta region."

The permanent secretary also commended the SPDC Joint Venture partners who, according to him, have collectively invested over $15 billion in Nigeria's gas infrastructure over the past decade.

Oritsemeyiwa Eyesan, executive vice president, upstream, at NNPC, in her comments at the signing ceremony, stated that the event marked the completion of one of the essential steps necessary for the progression of the 10,000 tonnes methanol plant in Nigeria.

Eyesan also highlighted the key role that the recent executive orders issued by President Bola Tinubu played in enabling the development of Nigeria's resources in an efficient manner.

On his part, Ben Okoye, the managing director of Brass Fertilizer & Petrochemical Co. Ltd, spoke on the need to promptly exploit Nigeria's vast natural gas deposits.

Okoye underscored the importance of capitalising on the country's abundant gas resources as soon as possible, citing the growing urgency to utilise the gas before it becomes less relevant in the face of global shifts towards renewable energy sources.

Brass Fertilizer & Petrochemical Co. Ltd is a joint venture company established in 2009 by DSV Engineering Limited (DSV) and two Nigerian state-owned enterprises – Nigerian National Petroleum Company Limited and Nigerian Content Development & Monitoring Board (NCDMB).

Policy, investment...

continued from page 2

in this report. These include driving the agenda forward through the creation of green energy zones and green energy corridors, strengthening electric grids, increasing energy storage capacity, and development of clean hydrogen. To take tangible steps and turn these recommendations into reality, we are working closely with international partners to ensure that commitments translate into tangible outcomes that benefit all nations, including those most vulnerable to the impacts of climate change.

The time for action is now. We call on all stakeholders — governments, businesses and civil society — to intensify their efforts and deliver progress in support of these critical goals."

Parviz Shahbazov Ogtay, energy minister of Azerbaijan added: "The report of the International Renewable Energy Agency on the Global Renewables and Energy Efficiency Pledge provides critical signals that we need to increase our ambitions and actions in the fight against climate change and the energy transition.

To achieve [the] tripling target requires countries to enhance their renewable energy ambitions, update their Nationally Determined Contributions, and increase investments. In this regard, COP29 will build on the COP28 agreement by advancing initiatives and priorities that accelerate the development of renewable energy potential and remove barriers to its expansion."

Bruce Douglas, chief executive officer, Global Renewables Alliance, who also spoke, said: "While the momentum behind renewable energy is unprecedented, it's clear that we are still falling short of where we need to be by 2030. Industry has proven time and again that we can deliver – and even surpass – expectations when the right frameworks and policies are in place.

Now is the time for governments to seize the opportunity of the NDC review, to set ambitious, specific and actionable plans that bridge the current gap and achieve the global 3xRenewables target by 2030. Our message is clear: Now Deliver Change."

Seplat's ANOH gas plant may correct Nigeria's N16trn generator ecosystem

Ben Eguzozie

A MAJOR CORRECTION to Nigeria's N16 trillion generator ecosystem may become a reality on the back of Seplat Energy's upcoming ANOH gas plant located in Ohaji, Imo State in the South East of Nigeria, Business a.m. inferred from statements made by the company's chief executive, Roger Brown.

Brown said the plant will displace generators in Nigeria, and reduce the enormous foreign exchange wasted on importing fuel and generating sets.

According to Brown, when the ANOH gas plant becomes operational, it will support more than 1GW of grid-scale generation, displacing many small-scale generators.

Nigerians spent some N16.5 trillion in 2023 on buying diesel, petrol, and generators for their own electricity generation, according to reports linked to the federal government. A power sector report said over 40 percent of households in Nigeria own and use generators to generate their electricity needs. The report said further that these households spend $14 billion annually to buy fuel for their generators. This dwarfs the N1 trillion revenue earned by the formal power sector in the same year.

Given the several million captive generators imported into the country, Nigeria tops Africa as the highest importer of generators, and is also one of the largest importers worldwide.

Brown, speaking further on his company's Seplat ANOH gas plant,

L-R: Chinwe Obuaku, consultant and technical team lead on climate change and renewable energy, Osun State government; Titi Oshodi, special adviser, climate change and circular economy to Lagos State governor; Bastian Lidzba, delegate, German Industry and Commerce in Nigeria; Adesuwa Ladoja, chief executive officer, Lagos Free Zone; Johannes Lehne, deputy ambassador, Embassy of the Federal Republic of Germany to Nigeria; and Igbuan Okaisabor, president, Nigerian-German Chamber of Commerce, during the 11th edition of German-Nigerian Business Forum with the theme, "Building Effective Partnership for Successful Business Development", in Lagos recently.

said: "The impacts would be enormous, as it will: Lower costs and economic benefits to businesses and households; Reduce foreign exchange drain wasted on importing fuel and generators; Drive higher efficiency and reduced emissions, both CO2 and particulates; and Ensure rehabilitation of existing grid capacity idle for lack of gas".

He said Seplat Energy is investing in its midstream gas business to deliver more gas and Liquefied Petroleum Gas (LPG) to the market, whilst capturing more of the essential transition fuel and driving down carbon intensity.

"We have made good progress with our capital investment projects portfolio which includes end of routine flaring, ANOH, Sapele Integrated Gas Plant, which will process natural gas and LPG for delivery into the domestic market. We are working on several investment opportunities in the new energy sector with focus on developing gas-to-power and renewable energy businesses," the Seplat CEO added. He said, while delivering the independent keynote during the AOW Gas forum themed, "Enhancing Africa's Gas Capacity" at the ongoing Africa Oil Week (AOW) conference and exhibition in South Africa; stating that gas will provide baseload power to facilitate growth in renewable energy which is still a relatively small proportion of the energy mix in Africa.

To decarbonise, he maintained that the world needed to move away from coal as a primary source of electricity.

"Gas will play a critical role in moving away from reliance on coal and oil for electricity. Messages are mixed, but it is vital that providers of capital see gas as an essential fuel source for Africa. Africa's abundant gas reserves offer immediate solutions to immediate problems. There is therefore significant gas to deliver widespread electrification in Africa increasing the per capita electricity consumption. Africa's development will require significant improvements in access to energy. Lower-cost, more reliable energy will drive job creation, prosperity and development. Gas can support the achievement of many United Nations Sustainable Development Goals (SDGs) through its role in reducing costs, increasing energy access and increasing prosperity," the Seplat chief executive explained.

According to Brown, bottled gas could avoid nearly half a million deaths due to biomass cooking, as well as protect habitats from deforestation. "Natural gas is a cheap and immediate input for fertilisers needed to support large-scale agriculture. Gas is essential for basic infrastructure, as no commercially viable, low-carbon alternatives are anywhere near ready for cement, steel and glass production."

Brown, who also spoke in a panel session at the conference styled "Gas-to-Power: Unlocking Africa's Potential", noted that Seplat Energy sees gas as integral to Africa's gas-to-power system, and can provide 24/7 power where appropriate, or provide overnight baseload to support renewables.

"Gas is actually decarbonising Africa's energy system, when compared to the millions of domestic and business generators in use today. It produces half the CO2 emissions of diesel and burns more cleanly without particulates," he said.

Experts push investment strategies for Africa play in global gas market

Onome Amuge

ENERGY SECTOR EXPERTS have asserted the importance of a gas investment proposition for Africa that is both appealing to stakeholders and future-proof in order for the continent to remain competitive in the global gas market.

According to these experts, Africa's gas investments must be relevant and sustainable, while also balancing the financial and environmental needs of all stakeholders.

Speaking during the opening day of the just concluded Africa Oil Week (AOW) conference in Cape Town, South Africa, panellists at the "Investing in African Energy" discussion came to a consensus on the necessity for Africa to develop a gas investment proposition that focuses on value creation, sustainability, and future-proofing, in order to succeed in the global gas market.

The enthusiasm for gas development has been on the rise in recent years, fueled by rising exploration and production activities as well as practical energy transition plans.

This enthusiasm is particularly high at the moment, given the growing recognition of gas as the ideal "bridging fuel", a valuable resource that can help balance Africa's increased energy demands while still honouring its commitment to decarbonisation.

Mario Bello, head of sub-Saharan Africa Region at Eni, stated: "Natural gas is at the centre of what we are doing in Africa. It's the cleanest fossil fuel, producing fewer emissions than coal, so it plays an important role as we transition to renewables."

According to Bello, Eni has been instrumental in enabling gas development on the continent through its innovative Floating Liquified Natural Gas (FLNG) projects in Mozambique and the Republic of Congo.

Bello highlighted the versatility of FLNG technology, noting its potential to unlock previously inaccessible offshore gas resources, accelerate project timelines, and make a meaningful contribution to domestic energy security and export revenue.

"Floating LNG is the key to unlocking the region's gas potential, making it easier and faster to develop offshore resources," he explained.

Despite Africa's determination to develop ambitious gas projects, securing funding for these ventures remains an uphill struggle.

Paul Eardley-Taylor, the head of oil & gas, Southern Africa, at Standard Bank, noted that for these projects to attract investors, they must be bankable, meaning they must provide the necessary assurances and security to allay investor concerns, particularly with regard to sovereign risk.

He pointed to the transformational potential of large-scale LNG projects as well as smaller, domestically focused gas ventures, asserting that these investments could boost the continent's energy security and economic

growth.

"The impact of these projects in African markets is incalculable," Eardley-Taylor said, citing the potential for job creation, economic growth, and improved energy access.

He further identified the importance of small-scale LNG and helium projects, particularly in markets like South Africa and Namibia.

Nina Birgitte Koch, Equinor's senior vice president for Africa, underscored the imperative role of a stable investment climate in attracting global capital.

Koch stressed the importance of competitive gas projects that offer attractive returns while also adhering to high environmental standards, particularly in the context of reducing carbon emissions.

"CO2 is the key criteria," Koch said, adding, "It's not just a 'nice to have' any more. I don't think it's possible to get capital to a big LNG project unless it's highly competitive when it comes to CO2."

The panel discussion also focused on the importance of technology and regional cooperation in maximising the value of Africa's gas resources.

Gianluca Ciricugno, Africa director, enterprise customer solution at Baker Hughes, emphasised the necessity for a long-term vision and collaboration between governments, investors, and technology providers.

"It requires a broader vision, probably [of the] government and all the people around the table, with a long-term approach... and not just four-year terms," Ciricugno urged, highlighting the need for stable regulatory frameworks and a commitment to infrastructure development.

In agreement with the importance of government intervention, Tshepo Mokoka, group COO of South Africa's Central Energy Fund (CEF), reiterated the need for state-led efforts to address market failures and unlock investment.

Mokoka highlighted CEF's involvement in critical gas infrastructure projects, such as the Romp pipeline and LNG import terminals

"We need to solve the market failure," Mokoka said, highlighting the need for government-backed gas offtake agreements and risk-sharing mechanisms to attract private capital.

Expanding on the panel discussion, Deri Irawan, executive director of global LNG marketing at ExxonMobil, underlined the necessity for a holistic approach to project development.

According to Irawan, successful gas projects must take into account not only technical and economic factors but also social and political dynamics.

Irawan emphasised the importance of robust stakeholder engagement and strong partnerships in ensuring that gas projects are both successful and sustainable in the long term. This, he suggested, is vital in navigating the complex landscape of gas development in Africa and delivering value for all stakeholders, from investors to local communities.

"It is insufficient to just bring a commodity to the doorstep," Irawan explained. "You also need to unlock that value chain," he added.

The panel discussion clarified that Africa, with its rich gas reserves and ambitious aspirations, has the potential to become a formidable player in the global gas market.

However, realising this potential demands a concerted effort by Africa to cultivate a stable, attractive investment climate, harnessing the power of technology and innovation, and fostering regional cooperation.

Democratic governance as effective solution to Nigeria's challenges

SUNNY CHUBA NWACHUKWU

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NIGERIA'S PRACTISE OF democracy involves participatory campaign efforts that allows everyone in the loop, but ends the inclusivity of committed electorates who work tirelessly at the polls immediately after voting is completed. This is often after the electorates fulfil their own part of the social contract involving the voting for candidates on trust with high hopes for democracy dividends from elected politicians.

It happens that shortly after the election victory, hapless citizens disappointingly start observing strange attitudes, often with sudden unfriendly countenance, signifying breach of trust, from these elected politicians who distance themselves from their constituents. They find that they are no longer given a say or allowed to contribute their views on how governance proposals and decisions are made, especially as may have been earlier agreed upon. This method of relating with those that voted them in, and this disappointing engagement style used by some politicians does not essentially ensure deliverance of democracy for the people. Democracy that is practised in Nigeria is defrocked of its full definition and attributes because, the political leaders in this country, deceitfully, do not walk their talk. Theirs is a catalogue of unfulfilled, vain political promises, which has remained a trend plaguing the nation's political space. Once they grab power after they are voted in, they automatically turn their backs on the electorates and refuse to fulfil their campaign promises. These are the politicians that "whether you vote or don't vote they will find a way of getting into power," in the words of Elo Amucheazi, the Nigerian political science professor.

The above experience has been a recurring decimal in the relationship between Nigerian electorates and most political candidates from different political parties. Major causes of this unwholesome behaviour of most political office holders are traceable to the desperation to hijack elective positions through a do-or-die approach. Another is rooted in the rush-to-bottom syndrome that ends up producing mediocre people that are not fit to handle top, responsible positions that demand professional expertise. Peaceful transfer of power can never be achieved through thuggery or electoral violence but by democratically observed electoral processes (from start to finish). That is the only way effective, responsive and responsible governance (equipped with rule of law, human rights and civic participation by the electorate) could be realised. In the current circumstance where laws are hardly obeyed, which is political corruption, Nigerian politicians are enjoined to retrace their steps and recognise that it cannot always be a do-or-die affair, if Nigeria must survive and grow. The right electioneering campaign only demands mobilising and sensitising the electorate with genuine and deliverable campaign promises. It is the only approach that can sustain the reassuring belief of the electorates in political leaders, especially for the corporate existence of the country. It is on this note that the right structure and the right leadership required for democratic governance can yield promising interest for the people, with an overwhelming cohesion of national values.

Practical solutions to social problems demand humane attention and not the manifesting of insensitivity over issues that bother on socio-economic challenges that trouble the entire citizenry. The resourceful contribution and the competence of our democratically elected politicians through free, fair and credible elections shall chase away every semblance of economic recession because they shall produce carefully elected capable hands to lead the nation, where the citizenry shall effectively benefit from the right solutions provided through democratic governance.

We need to push the boundaries by setting the standards that shall reestablish a federation with a model suitable to our indigenous circumstances, that shall be patriotically run on fiscal federalism terms, where we respectively control our resources and contribute to the centre in this pluralistic society with 389 ethnic groups. Nigeria's challenges may not get any better if the federal government insists on controlling 68 policy areas in her exclusive list, with the existing states left with just a few in the concurrent list. Let's be visionary, and think as patriots who sincerely desire a formidable and stable nation.

The health and the future of the national economy of this country significantly lies at the mercy of the political leaders of Nigeria. Head or tail, it is the political leaders that shall determine the direction of the nation's economic growth because the final buck stops at their table. Good governance is simply what every average Nigerian craves for. Majority of Nigerians are, on the average, very independent creatures that are capable of fending for themselves and catering for their families. All they demand from the governments at all tiers is provision of the basic amenities, preparation of an enabling environment to enable them take care of their respective daily commercial and economic activities. Our political leaders are therefore urged to render the enabling support for Nigerians to go about their respective daily businesses, assignments and duties, without undue hindrances and socioeconomic challenges.

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Resignation letter sparks debate on toxic work culture

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IN TODAY'S DIGITAL WORLD, personal stories often catch fire, spreading across the globe in a matter of hours. Recently, a viral resignation email from a 24-year-old employee has done just that. Released just days before World Mental Health Day, this email has sparked a widespread conversation about the toxic realities of modern workplaces. It underscores the deteriorating state of work-life balance, the exploitation of employees, and the significant toll such environments take on mental health.

In his resignation, the young employee shared his frustration at being overworked, disrespected, and dehumanised in a toxic work setting. While his decision to quit was an act of personal courage, it also brought to light a larger societal issue that millions of employees face daily.

The timing: World Mental Health Day and its theme

This year, the World Health Organisation (WHO) has centred World Mental Health Day around the theme "Mental Health at Work," emphasising the importance of well-being in professional environments. Coincidentally, this viral resignation email emerged just before the day, amplifying the urgent need for change in how workplaces handle mental health. The situation described in the letter offers a vivid example of why workplace reform is needed to prioritise employee well-being.

Boundary violations and toxic expectations

In his email, the employee recounts how his employer repeatedly crossed personal boundaries by questioning his activities outside of work hours — whether it was exercising, reading, or spending time with family. The employer's dismissal of work-life balance as a "fancy term" and a "Western-developed behaviour" reflects a broader cultural misunderstanding. It's a mindset that trivialises personal time and fosters an unhealthy work culture where overwork is glorified.

1: Toxic workplaces are a global crisis

The reason this resignation has resonated with so many is because toxic workplaces aren't isolated. Across the globe, employees face unreasonable demands, demeaning treatment, and the erosion of their personal time. For those in regions with high unemployment or weak labour protections, quitting isn't an option — making them endure hostile environments just to survive. This is not just an individual crisis; it's a systemic failure to protect workers' mental and physical health.

2: Leadership as the catalyst for change

While stronger labour laws are often seen as a solution, they won't be enough to tackle this crisis on their own. Dr. Ruma Bhargava, WEF Global health executive, argues that enforcing accountability and fostering a cultural shift within organisations is the real challenge. Leaders set the tone for workplace culture, and when they prioritise mental health and work-life balance, the organisation follows suit.

The resignation letter highlighted a common issue: employees being forced to work beyond their contracted hours without compensation. This practice, while widespread, is avoidable. Leaders should model healthy work habits and promote respect for personal time. When executives take mental health days or set clear boundaries, it establishes a culture that values balance and well-being.

3: Changing the global mindset on overwork

The resignation letter also reflects a belief held by many employers: overwork equals dedication. This mindset needs to change. Burnout, stress, and mental health issues are widespread in today's workforce, and ignoring them comes with serious consequences, including lower productivity, high turnover, and long-term harm to both employees and organisations.

Companies that prioritise mental health, offer flexible working conditions, and provide resources for stress management see higher employee satisfaction and retention. Studies show that organisations with supportive mental health policies foster a more engaged, productive workforce. Shifting the narrative from exploitation to empowerment benefits everyone.

4: A call for change on World Mental Health Day

The timing of the viral resignation email — just before World Mental Health Day — underscores the urgency of addressing mental health in professional settings. The theme for 2024, "Mental Health at Work," is especially timely. This resignation letter serves as a call to action for employers and policymakers alike, urging them to reassess workplace cultures that allow toxicity to thrive.

Proactive measures, such as implementing mental health policies, training managers to recognise burnout, and encouraging open conversations about well-being, are essential. Mental health resources must be accessible to all employees, and organisations must be held accountable for fostering a culture of respect and care.

Moving forward: The road to workplace reform

As we reflect on this viral resignation and its message, one thing becomes clear: employees deserve more than just a paycheck — they deserve workplaces that support their mental, emotional, and physical well-being. Let this moment serve as a catalyst for change, not only within one company but across industries and borders.

In a world where the lines between work and personal life are becoming increasingly blurred, it's time for companies, leaders, and governments to step up. Together, they can create systems that prioritise mental health in the workplace, fostering environments where employees feel valued, respected, and, most importantly, human.

Conclusion

The viral resignation letter highlights an ongoing crisis in workplace culture that needs urgent attention. As we commemorate World Mental Health Month, we must recognise that fostering a healthy work environment is not just about preventing burnout, but about respecting employees as whole individuals. It is time for companies, leaders, and governments to rise to the challenge and create systems that support mental well-being in the workplace.

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Economics Commentary

Naira-4-crude deal holds hope for macroeconomic stability

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THE LATEST OF SOME OF THE policies of the Bola Ahmed Tinubu-led federal government that has the potential to stimulate Nigeria's economic progress is the Naira-for-Crude deal. Under this initiative, the federal government would ensure that crude oil is supplied and sold to all local refineries (including Dangote Refinery) in naira; and their refined products (in particular, premium motor spirit, PMS) would also be sold in naira. No longer in dollars!

The pilot phase of the deal is to run for six months (effective October 1, 2024) during which the Nigerian National Petroleum Company Limited (NNPCL) would be supplying crude oil to Dangote Refinery and others in naira. Sequel to this would be a review of the initiative by the technical sub-committee on Domestic Sales of Crude Oil in Local Currency.

Before the naira-for-crude deal, Nigeria had been importing almost one hundred percent of its PMS needs, using the ruling exchange rate of the naira-to-dollar per time. And because of the huge depreciation of the naira in the foreign exchange (FX) market, since the floatation of the local currency in June 2023, humongous sums are deployed to acquire the dollar for the importation of PMS.

Specifically, data from the National Bureau of Statistics (NBS) show that a whooping N3.22 trillion was expended on PMS importation in the first quarter 2024. This marked a one hundred percent increase in the value of PMS import compared to the same period of 2023 which stood at N1.6 trillion. The cost of PMS imports was N1.8 trillion in the fourth quarter of 2023; and for the whole year, it stood at N7.5 trillion, according to the NBS data.

Since all PMS importation transactions were done in dollars, it could be deduced that the dollar equivalent of the trillions of naira expended till date were sourced from the FX market. It also follows that the demand for dollars in the FX market backed up by those huge sums has been a key source of the unrelenting pressure on the naira. In other words, the aggregate demand for dollars in the FX market for the importation of PMS has been a major contributory factor to the persistent paucity of dollars in the forex market.

And the more the naira depreciates against the dollar, the more the quantum of naira that would be deployed to importing the essential commodity — PMS. Also, the higher the price of crude oil (and refined products) in the international market, the more trillions of naira that would be spent to procure dollars for continued PMS importation. And this goes on ad infinitum, warranting the lingering fuel subsidy imbroglio in Nigeria.

It is therefore a flicker of light at the end of the tunnel that the federal government has come up with the naira-for-crude deal which will, all things being equal, 'de-link' the purchase of crude and sale of PMS from the volatility of the FX market and the vagaries of the global oil market. Again, all things being equal, the new initiative would lead to not only stability of the naira in the forex market but also lead to gaining of strength by the local currency against the dollar and other hard currencies.

Since the local refineries would be saved from the hassles of sourcing dollars for their operations, it also follows that they could begin to increase their refining capacity. This is likely to lead to an end to PMS importation; thus, saving billions of dollars that Nigeria could invest in other critical sectors of the economy. Also, boosting local refining capacity would enhance Nigeria's energy security — by ensuring a more reliable and self-sufficient refined products supply.

Already, according to some media reports, in anticipation of the positive fallouts of the naira-for-crude deal, three new refineries plan to produce PMS in the country. The three refineries include the 11,000 barrels per day (bpd) capacity Aradel Refinery in Rivers State, 20,000 bpd-capacity Clairgold Refinery in Delta State, and 12,000 bpd-capacity Azikel Refinery in Bayelsa State.

A consortium of investors from South Korea is also reported to have concluded plans to build four 100,000-barrel capacity refineries in various locations in Nigeria. Speaking in Lagos at a summit organised by the Crude Oil Refineries Owners Association of Nigeria, Heineken Lokpobiri, minister of state for petroleum resources (oil), who gave the information, said the federal government was encouraging investors to build refineries by providing an 'open environment' for all.

The minister noted that the approval for the four refineries was recently granted to invite the consortium. "A recent approval was granted to invite to Nigeria a consortium of investors from South Korea, which intends to establish four 100,000 barrels-modal refineries in four different locations in Nigeria," he said.

"We have adopted the public-private partnership model to unlock investment in the midstream and downstream segments of the oil and gas sector, which will lead to the establishment of more modular and mega refineries," he narrated, adding that this would yield results "because the federal government is open to equity investment in modular refineries and other upcoming refineries as a step to ensure energy security."

Lokpobiri said: "The Nigerian Upstream Petroleum Regulatory Commission has developed and published the domestic crude supply obligation guidelines to ensure transparency in the oil industry and ensure access to feedstock by our local refineries." The minister summed up by saying: "We will ensure the deregulation of the downstream sector is 100 percent and put in place a necessary framework that will ease the impact on the poor masses."

However, as these lofty ideas are beginning to unfold, the NNPCL appears to be taking steps that could constitute a cog in the wheel of the process. In yet another bizarre move, the public-owned oil behemoth (NNPCL) has suddenly relinquished its 'sole off-taker' role in the sales value chain of PMS from Dangote Refinery. This has unleashed another round of PMS pump price increases nationwide; in most places the price far exceeds N1000 per litre, effective October 9, 2024.

Obviously, this has manifested as another contrived fuel scarcity, as most petrol stations have opted to keep their stock and recalibrate their product prices. At present, transportation costs that had since gone through the roof have gone haywire once again. This will again feed into soaring prices of practically all goods and services: eventually resulting in sustaining the runaway inflationary trend.

This hyperinflationary milieu will, in several ways, act as counterpoise to the intended outcomes of the Economic Stabilization Bill (Law) and other policies of the Federal Government. High inflation connotes more impoverishment of the citizenry; lowering of purchasing power, as well as the standard and quality of life. It reflects an increasing cost of operations for businesses; and a worsening operating environment.

However, since the naira-for-crude deal is just kicking-in, the next six months pilot phase of the initiative is most likely to smoothen whatever 'rough edges' there are around the process. The multiplicity of committees and subcommittees set up by the federal government to ensure the successful effectuation of the new initiative must be made to function well. The usual red tapes in the officialdom must be curtailed to achieve the objectives of the new deal.

In this regard too, every obstacle must be pulled down to facilitate and fast-track the take-off of the six or so new refineries that are already in the pipeline. With these, the local production and supply of PMS (all in naira) would be enhanced and entrenched. This increase in the number of refineries, and their improved production and supply of PMS, will bring about some competition in the market — leading to likely downward price adjustment. The forces of demand and supply (as expected in a fully deregulated market) will come into play.

Also, the usual pressure on the naira in the FX market owing to PMS importation would disappear — leading to stability in the forex market. In all, the much desired macroeconomic stability would begin to materialise. The naira-for-crude deal surely has the potential to be a catalyst for Nigeria's economic recovery, growth and development.

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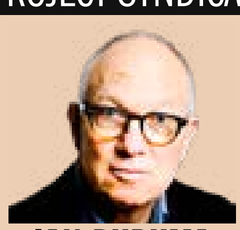
PROJECT SYNDICATE

Warrior Nations of the Middle East

The desire to act tough to overcome the humiliation of the Jews under the Nazis is useful in understanding the belligerence of Israeli Prime Minister Binyamin Netanyahu. But as the country's "Jewish warriors" fight phantoms of the past, they are sowing the seeds of Palestinian shame that will perpetuate violent conflict.



IAN BURUMA

Ian Buruma is the author of numerous books, including Murder in Amsterdam: The Death of Theo Van Gogh and the Limits of Tolerance, Year Zero: A History of 1945, A Tokyo Romance: A Memoir, The Churchill Complex: The Curse of Being Special, From Winston and FDR to Trump and Brexit

NEW YORK – The French leftist Pierre Goldman was a revolutionary fantasist and a criminal. Charged with killing two women during a holdup in a Paris pharmacy and robbing various other stores, he admitted to the thefts but denied the murders, and received a life sentence in 1974.

Goldman was acquitted in a 1976 retrial, which is the subject of The Goldman Case (2023), a fine film directed by Cédric Kahn. By then, Goldman had become a hero to the French left, and many supporters, including luminaries of the Parisian literary and cultural worlds, attended the court sessions. When he was gunned down in murky circumstances in 1979, Jean-Paul Sartre was among the mourners.

This unlikely hero was born in Lyon to Polish-Jewish immigrants, who fought in the communist resistance against the Nazi occupation of France. The genocide of the Jews was a permanent stain marring Goldman's life. Obsessed with anti-Semitism, he wanted to be a resister, too, like his father, and travelled to Cuba and Venezuela in the hopes of seeing revolutionary action before returning to France, where he became a thief. During his trial, Goldman declared that he had always wished to be a "Jewish warrior," for this was, in his view, the only way to eradicate "Jewish shame."

The desire to project toughness to overcome the humiliation of centuries of persecution, culminating in the Holocaust, is not unique to Goldman. It is also useful in understanding the history of Israel and the belligerence of Prime Minister Binyamin Netanyahu. Of course, there are many reasons why Netanyahu has continued to escalate the war against Hamas and Hezbollah. If he relented, the hardliners in his government would abandon him, and once out of power, Netanyahu could end up in prison.

But there is more than a little of Goldman in Netanyahu's rhetoric. He frequently invokes the Holocaust, when the Jews were forced to suffer their fate alone, to justify fighting the Palestinians. Pressed to stop the war in Gaza, Netanyahu said: "We will defeat our genocidal enemies. Never again is now."

Military prowess has been part of the Israeli ethos since the state's creation in 1948. A new type of Jew – a warrior – would populate the new country. But in the 1940s and 1950s, invoking the Nazi genocide was never done. David Ben-Gurion, Israel's first prime minister, wanted to move on from this European past. Holocaust survivors were an embarrassing reminder of an historic humiliation.

Ben-Gurion changed his mind only after the 1961 trial of Adolf Eichmann, the Holocaust's chief engineer, in Jerusalem. The Holocaust was no longer treated as a symbol of shame, but rather as proof of Israel's destiny to ensure that Jews would never again be the victims of mass murder. Israeli schoolchildren, on visits to the death camps in Poland, are told that if the Jewish nation-state had existed when Hitler came to power, six million lives would have been saved.

Netanyahu prided himself on carrying that burden. He was "Mr. Security." Under his tough leadership, Israeli Jews would be safe. The brutal attack on October 7, 2023, when Hamas murdered, raped, and kidnapped Jews, was thus a moment of deep humiliation – for the Israel Defense Forces, which were unprepared; for the intelligence agencies, which had largely ignored the warning signs; and, above all, for Mr. Security himself.

Netanyahu had to lash out, and keep on lashing out, first and foremost to stay in office and out of jail, but also to expunge the shame and to show that Jews would fight back, even on their own if need be. The enemy is real: Hamas and Hezbollah are terrorist organisations dedicated to wiping Israel off the map. But with October 7 resurfacing old Jewish traumas, Israel is also fighting phantoms of the past, hence the repeated claims that the Islamist groups are today's Nazis.

The continuing cycles of violence can easily spiral out of control, precipitating a wider war involving nuclear powers. Moreover, Netanyahu's goal of "total victory" against an ideological movement cannot be achieved by military means alone. But, most importantly, war and oppression generate more shame. However justified and necessary the founding of Israel may have been, Palestinians have been humiliated over and over as a result.

The routes to individual and state wealth creation

Business, Governance & Enterprise

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THE PRINCIPLE BEHIND individual and state wealth creation is in efficient human capital development, efficient natural resource utilisation, efficient capital market, efficient economic policies and financial prudence. Various financial coaches and experts like Pastor Sam Adeyemi *(Build Real Wealth: Practical Steps to Regain Financial Stability), Robert Kiyosaki and Sharon Lechter (Rich Dad Poor Dad), Todd Tresidder (18 Essential Lessons from a Self-Made Millionaire), Steve Siebold (How Rich People Think), J. L. Collins (The Simple Path to Wealth), Michael W. Zisa (The Early Investor: How Teens and Young Adults Can Become Wealthy (Investing Fundamentals for Wealth Creation)* etc, opined that wealth can be created by individuals. The summary of their various books is that individuals can plan and work towards being wealthy. Wealth can be achieved through one or two or all of the following means.

One is through determination and working hard towards becoming wealthy. Numerous wealthy people like Bill Gates, Paul Allen, siblings Richard and Maurice McDonald, Razak Akanni Okoya, Tiwa Savage, David Adeleke (Davido), and J. K. Rowling started business or wrote books or sang at a very early age with the aim of becoming wealthy.

Two is through sheer providence. Some people are not set out in business to be wealthy but became one through amazing grace. KFC (Kentucky Fried Chicken) was founded by Colonel Harland Sanders, an entrepreneur who began selling fried chicken from his roadside restaurant in Corbin, Kentucky, USA, during the Great Depression, at the age of 40. Sanders turned his hobby into business so as to get regular income. He identified the potential of restaurant franchising, and the first "Kentucky Fried Chicken" franchise opened in Salt Lake City, Utah, in 1952.

KFC popularised chicken in the fast-food industry, diversifying the market by challenging the established dominance of the hamburger. Branding himself "Colonel Sanders", the founder became a prominent figure of the American fast food industry, and his image remains widely used in KFC advertising. The company's rapid expansion made it too large for Sanders to manage, so in 1964 he sold the company to a group of investors led by John Y. Brown Jr and Jack C. Massey. Sanders became a multi-billionaire at the age of 88 in 1974.

Three is through lottery like Brad Duke or inheritance like Yang Huiyan. Brad Duke's life changed when he scooped the eight figure sum 19-years-ago. Brad won $85m (£67 million) in the lottery in 2005 and has now become a billionaire after learning from past winners' mistakes.

With a net worth of some $34 billion credited to her and family, 39-year-old Yang Huiyan – the vice-chairwoman of Chinese real estate firm, Country Garden – easily takes the crown as the richest woman in China. All the way back in 2007, Yang was pronounced the richest woman in the country after her farmer-turned-entrepreneur father transferred 70 percent of the company's shares to her, making her the majority shareholder of the business he founded. More people, especially youths, are looking for their fortune in 'Grace of God', lottery and inheritances because they were not taught to believe in hardwork. These youths are aware that politicians are the richest class in most developing nations and not manufacturers or farmers despite foods being more important than politics.

Adam Smith, in his book, "An Inquiry into the Nature and Causes of the Wealth of Nations", published in 1776, stated that individuals, groups or nations can make money by spending less than the amount they made in a given period. Adam Smith's writings influence economies today as he believed wealth is created via labour, and self-interest spurs people and state to use their resources like land, including its mineral resources, labour and human capacity, to earn money. Smith's theories that economies thrive with competition, capitalism, and a free market are alive and well accepted up till today. What Smith opined was that to make wealth, individuals, organisations and states should first identify which sector they have "comparative advantage" and concentrate on the products or services which they can produce better than others to earn maximum 'profit.'

According to Smith, the sole purpose of holding money is to facilitate the circulation of goods and services. When individuals are aware and ready to engage in a business including farming, investment, manufacturing and trade, the poverty in the state will reduce. Wealth is created when as many people as possible in a society have access to money. It is the primary function of any good government to create avenues for people to make money. The good news is that there is no individual that is useless in any given society! The principle behind mass wealth creation is for the government to reduce corruption and practice rule of law. When there is level playing ground in any nation, that is, meritocracy is adopted and favouritism is jettisoned, citizens will innovate and invent services, goods and products that can earn them and government income.

A situation where those in leadership positions are also government contractors will not yield sustainable wealth in any nation! The worst economic situation that can happen to any nation is to have a corrupt leadership class or symbol of corruption in leadership position. Every team member of a corrupt leader will believe corruption is a way of life! Those that are supposed to till the ground as farmers and earn income for living will rather become indolent and beg for money or go into crime to survive. Nigeria remains the capital of poverty in the world not because it has no human and natural resources but because of a leadership gap. Relative higher expenditure on public governance against food security, education and health is pseudo-wealth creation.

To make more people wealthy like the USA, Switzerland, Norway, Sweden, Luxembourg, and Hong Kong, developing nations must reduce their incidences of corruption, create efficiency in the system; that is, look for means of putting more people to work, especially the youths and young people. Those that cannot be put to work should be on maintenance salaries (social investment). Developing nations must also balance the budget so that there will be equity between the expenditures on compulsory education of children and youths, defence and infrastructure development. Youth development should be given more priority because it is sustainable. Cost of governance, which in private sector parlance is 'administrative cost', is damn too high and cannot reduce the poverty level in Nigeria. The expenditure on defence which is higher than for education in a country with low literacy level is anti-development. Education is a sure means of financial breakthrough!

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Confronting emotional tags, restrictive tendencies that push boundaries

Women Policy & Society

LILIAN CHUDEY PRIDE

Lilian Chudey Pride, "The Childless Woman's Coach", is author of "Life Beyond Motherhood"; "Dignity of Womanhood", and the publisher of iwriteafrica.com, an online magazine. Her books can be found on amazon.com and she can be reached on email: liliancpride@gmail.com; and lilian@iwriteafrica.com

CONFRONTING TAGS AND TAGGERS is fundamental to our mental health, personal wellbeing, and survival. Tags demean and defeat people's vision, aspiration and focus. Gladly, many aspects of social life and community life are transforming, and many people are becoming more inclined towards self-expression, self-sufficiency and personal lifestyle choices. Many people, young and old, are more empowered now to face challenges, including tags and taggers, head on, deriving means and strategies to confronting tags decisively. Technology has played a big role in exposing the limiting tendencies of tagging as well as providing avenues for confronting tags and taggers in private and public spheres locally, and internationally. Similarly, generational and ideological shifts, education and individual aspiration have empowered more people to stand up for themselves thereby defying denigrating tags that hitherto limited them.

What method should I apply in confronting tags?

1) *Uprooting method*

Tags come with intensity to occupy with impunity. Therefore, the uprooting method means systematically, consistently and intentionally applying force to the root of tags, making sure that you monitor daily until its roots are in your hands.

2) *Clearing method*

This is removing and cleaning everything that is surrounded by tags, ensuring that there are no contaminated areas around the area where tags took root. Applying substance and taking action that will deter tags from growing and taking further roots is described here as a clearing method. For example, if you were called/tagged a never-do-well, and you apply discipline with intentionality to what makes you happy, doing well in those areas and living your best happy life, no longer allowing tags of never-do-well to define who you are, no longer waiting for anyone to validate you, you have indeed cleared the root cause of what limited you in time past.

3) *Blocking method*

This is closing every way by which tags and taggers gained access into your life in the past, for example, some family members who never saw anything good in what you do, some colleagues who envy you in secret, but speak ill of your contributions to make you dependent on their validation; and the list goes on. Blocking method helps you find yourself, embrace yourself, believe in yourself and accept that you are phenomenal.

Whatever names that tags may come with, they come to steal the joys of their host, to kill, demotivate and destroy the self-esteem of whosoever gives them room to cohabit. Tags may be more dangerous to our lives than some scientifically diagnosed and pronounced killer diseases; emotional tags dismantle, dehumanise and destroy a person's willpower and strength to stand.

What to do to tags

1) *Hate tags:* When you hate something, you don't want to be around it or have anything to do with it, you show resentment for it, you don't want it around you.

2) *Reject tags:* Rejecting something means dismissing that thing as inadequate or faulty. This means that if you see or hear someone labelling or placing a tag on another, you quickly reject it and stop them from bringing tags around you.

3) *Rise above tags:* If you have been tagged or labelled, replacing the negative words labelled on your personality with positive words which reflects who you are plus developing a growth mindset, embracing learning opportunities to further place you in limelight, will boost your self-esteem the most. Practising self-care and self-compassion can be additional helpful strategies. Rising above it means that you do not allow its stings to define who you are anymore.

4) *Don't give room to tags and don't let tags take root.* Tags take root when we encourage taggers. Taggers tell woe stories about other people, they label people and stick on them, ugly tags that may be hard to erase. Therefore, sitting with taggers to label people will mean that you are in support of their malicious tendencies.

5) *Keep long distance from tags*

Do not form alliances with taggers, do not make friends with them, maintain a long distance from them. Be on the lookout for tags and avoid them at first glance. Look out for those that live by tagging other individuals, recognise them and have no association with them, could mean you are following their objectives to limiting others.

6) *Make yourself "un-taggable"*

By staying focused and being appreciative of yourself, celebrating your wins, you will become "untaggable". Your mindset speaks volume of how you do not agree to the label that taggers try to place on your personality. You know who you are and you do not need anyone's validation or the things they say to define you.

7) *Celebrate your win over tag*

Flaunt your wins, celebrate your achievements and make your voice loud.

8) *Warn your friends and family about tags*

Speak up against tags and taggers. Warn the people around you about the limiting power of tags.

Continues on page 9

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PROJECT SYNDICATE

Is Capitalism Really the Cause of Global Inequality?

KENNETH ROGOFF

Kenneth Rogoff, a former chief economist of the International Monetary Fund, is Professor of Economics and Public Policy at Harvard University and the recipient of the 2011 Deutsche Bank Prize in Financial Economics. He is the co-author (with Carmen M. Reinhart) of This Time is Different: Eight Centuries of Financial Folly (Princeton University Press, 2011) and the author of The Curse of Cash (Princeton University Press, 2016).

CAMBRIDGE – In 2014, the French economist Thomas Piketty's Capital in the Twenty-First Century became an international sensation, reshaping the inequality debate and launching its author into superstardom. Piketty was right to point out that the political case for income redistribution is almost entirely focused on domestic concerns. But his central argument – that capitalism inevitably leads to growing inequality – falls apart when comparing the situation of impoverished farmers in Vietnam with the relative comfort of middle-class French citizens.

In reality, the trade-driven rise of economies in Asia and Central and Eastern Europe over the past four decades has led to what may be the most dramatic reduction in cross-country disparities in human history.

Despite this, Western observers rarely pay more than lip service to the roughly 85% of the world's population living in the Global South. While philanthropists like Bill Gates devote significant resources to improving lives in Africa, most foundations and institutions remain focused on reducing within-country inequality. Although both causes are admirable, political analysts often ignore the fact that, by global standards, poverty is virtually nonexistent in advanced economies.

Farmers in India, of course, have no influence over US or European elections, where the focus has increasingly turned inward in recent years. Nowadays, candidates do not win by pledging to help Africa, let alone South Asia or South America. This shift helps explain why Piketty's framing of inequality as a domestic issue has resonated strongly with American progressives – and, indirectly, with former President Donald Trump's Make America Great Again movement.

But this interpretation overlooks the hundreds of millions of people living in climate-vulnerable developing countries. Moreover, despite the lasting impact of colonialism, there is little appetite in Europe's welfare states or Japan for paying reparations to former colonies.

To be sure, there is a strong case for strengthening social safety nets in developed countries, especially when it comes to education and health care. From a moral standpoint, though, it remains highly debatable whether this outweighs the urgent need to address the plight of the 700 million people around the world living in extreme poverty.

To their credit, the World Bank and the International Monetary Fund have taken significant steps to assist developing countries. But their resources and mandates are limited, and rich countries tend to support policies and initiatives that align with their own interests.

One area where there seems to be broad consensus is the need for climate action. With this in mind, I have long advocated the creation of a World Carbon Bank that would support developing countries' green transition by providing technical assistance and offering large-scale climate financing, preferably through grants, not loans.

As I recently argued, grant financing is especially important in view of another crucial way to reform global capitalism: barring private lenders from suing defaulting sovereign debtors in developed-country courts. In order to attract private financing, developing countries would have to build credible courts and other institutions of their own. Until they do, the financing gap will need to be bridged.

Ultimately, reducing global poverty requires greater openness and fewer trade barriers. The global economy's fragmentation, fueled by geopolitical tensions and populist politicians pushing for trade restrictions, poses a serious threat to the economic prospects of the world's poorest countries. The risk that political instability in these regions will spill over into wealthier countries is escalating at an alarming pace, already reflected in these countries' increasingly fraught debates about immigration.

Developed economies have three options, none of which focuses solely on domestic inequality. First, they can strengthen their ability to manage migration pressures and confront regimes that seek to destabilize the global order. Second, they can increase support for low-income countries, particularly those capable of avoiding civil war. Lastly, they can send citizens to assist low-income countries. Many governments have already experimented with domestic programs that encourage recent college graduates to spend a year teaching or building homes in underprivileged communities.

At the very least, sending Western students to developing countries – even for short periods – would enable privileged campus activists to learn about the economic hardships faced by much of the world's population and see for themselves how people live in countries where capitalism has yet to take hold. Such experiences could foster a deeper awareness of global challenges and give young people a clearer understanding of the crises that may eventually affect their own lives.

This is not to suggest that within-country inequality is not a serious issue. But it is not the greatest threat to sustainability and human welfare. The most urgent task facing Western leaders is finding the political will to enable countries to access global markets and bring their citizens into the twenty-first century.

Confronting emotional...

Continued from page 8

9) Expose tags

When you speak up against tags and taggers, it becomes easy for people to recognise them from afar, making it difficult for tags to cause so much harm to you or your loved ones.

Tags blur the vision of their host, dissipate energy, cause one to question one's credibility, competence, personality, steal one's focus and destroy one's confidence. Highly placed people in society should be mindful of tagging and labelling in different settings including political, religious, economic, social, communal, and academic environments, among others, because society members are watching and are impacted on by their words and actions which can influence the personal lives of those who see leaders as role models.

PROJECT SYNDICATE

Who Needs a New Economic Paradigm?

ANDRÉS VELASCO

Andrés Velasco, a former finance minister of Chile, is Dean of the School of Public Policy at the London School of Economics and Political Science.

LONDON – Demand for new economic paradigms is fast outrunning supply. On the left, the Institute for New Economic Thinking claims that "mainstream economics has demonstrated blind spots that have impaired its effectiveness and credibility – and failed society at large … We need a new vision of the economy that aims to serve society."

The more than 500 economists who signed the Berlin Declaration, including such luminaries as Dani Rodrik, Laura Tyson, Thomas Piketty, Mariana Mazzucato, and Angus Deaton, told the world that "we are living through a critical period. Markets on their own will neither stop climate change nor lead to a less unequal distribution of wealth. Trickle-down has failed … What is needed is a new political consensus addressing the deep drivers of people's distrust."

Not to be outdone, the right also calls for a new agenda that the president of the Heritage Foundation says should be "based on the principles of limited government, economic freedom, a robust civil society, and a strong national defense." The new agenda's goal? To counter "woke totalitarianism's escalating culture war."

And just last week, Argentina's libertarian president Javier Milei told the General Assembly that instead of the UN's "supranational program of a socialist nature," the world needs a "freedom agenda."

Most economists are allergic to grandiose calls for new agendas and paradigms. Over the last quarter-century, the profession has been moving in exactly the opposite direction, hoping to tiptoe its way to prosperity one small policy intervention at a time: give villagers a micro loan, provide bed nets to people at risk of contracting malaria, measure the results, see what works. "One big advantage of focusing on clearly defined interventions," claim the Nobel laureates Esther Duflo and Abhijit Banerjee, is that "we can experiment with them, abandon the ones that do not work, and improve the ones with potential."

When asked whether a policy is desirable, economists' most likely answer is "it depends." What works in one place at one time may not work in another. That is why Rodrik is on record counseling "beware of economists bearing paradigms." And, back in 1970, the great development economist Albert Hirschman titled an influential essay "The Search for Paradigms as a Hindrance to Understanding."

So, who is right, the skeptics or the gurus?

At first blush, it is hard not to sympathize with the skeptics. Many aspiring agendas, novel narratives, and pioneering paradigms offer little more than hot air. And when a new paradigm does emerge, it can easily become ossified, a repository of yesterday's clichés instead of tomorrow's answers.

Yet, if handled with care, economic paradigms do have an important role to play. The classic in the field is Thomas Kuhn, who defined paradigms as "universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners."

The world is messy, so to understand even small bits of it we need hints. Why are some people poor? Think about productivity, answers the paradigm of conventional (neoclassical) economics.

Wrong, counters the alternative paradigm of Marxian economics. To understand why some people are poor, you have to think about exploitation. Once your paradigm has told you where to look, you can set about gathering evidence and identifying causal links.

Paradigms also save time and effort by identifying those policies that never work. Once you embrace the paradigm of a market for money where demand equals supply, it is hard not to conclude that financing large budget deficits by printing money will, sooner or later, get you into trouble. People who do not want to hold all that money will try to get rid of it by purchasing goods, which in turn will bid up the price of those goods and cause inflation.

Useful paradigms are about principles, not policies. Good policies depend on circumstances. A set of principles, organized around a paradigm, helps policymakers look for answers that are best for their countries, given their unique history. This approach yields the opposite of the common one-size-fits-all recipe.

Helpful policy advice comes in conditional propositions: "If this is your set of circumstances, do this; if not, do that." A paradigm that advocates, say, a universal basic income for all countries, big and small, rich and poor, is not a paradigm; it is an obsession or, worse, a ploy to fleece the naive.

But perhaps the most important role of paradigms is political as well as cognitive. Paradigms give rise to narratives, or accounts that organize the infinite amounts of information out there into something we can understand.

Psychologists have long argued that humans are wired for processing information via narratives. Narratives are only partly evidence-based, because they rely on a combination of logic, data, and imagination. So, they can deal with the big questions of politics – growth and prosperity, equality and justice – and not just with the questions of whether a tiny loan or a bed net will make someone slightly better off. And it is those big questions of politics that inflame passions and mobilize people.

In democracies, leaders must persuade voters of the advantage of a given policy. But voters are seldom interested in the theoretical assumptions or the empirical evidence on which the policy rests. Voters want to know about the big ideas and the values that policy embodies.

Something else psychologists teach is that people are naturally moralistic. Voters will ask the policymaker: is your policy just? Does it give me and my family a fair chance? Does it make us freer? The let-us-test-what-works approach of paradigm-free economics cannot answer such questions.

As calls to arms go, the cry "test broadly, gather sufficient evidence, and then proceed gradually" is not compelling. That is a huge problem for evidence-bound, tinkering-prone reformers. They seem content to call for effectiveness, while most philosophies call for greatness. Christianity vows to deliver salvation forever. Marxism offers a classless society. Populists promise a nation free from the influence of egoistic elites and foreign rogues. The conclusion is unavoidable: to succeed in politics and policymaking, get yourself a paradigm. Just make sure it is a good one!

Agwunobi Joy

Dividends, optimism seen fueling stock market in Q4'24 — Cowry Asset

● Suggests short-term fixed income strategy
● Cautious approach to equities

ANALYSTS AT COWRY ASSET Management Limited are projecting a robust rebound for Nigeria's equities market in the remaining months of 2024, with the market expected to witness a significant recovery driven by impressive interim dividend declarations and renewed optimism, particularly in the oil and gas, and financial services sectors.

The Nigerian equities market ended the month of September on a positive note, as the banking sector experienced strong buying interest in response to the release of big banks' H1-2024 audited financial reports, observed the analysts.

The positive momentum, Cowry Asset noted, was further strengthened by impressive earnings results across the banking sector, with companies demonstrating significant growth in both revenue and profits.

Moreover, the interim dividend announcements made by these banks were particularly noteworthy, setting new records for dividends in the sector.

Cowry Asset Management's projections for the Nigerian equities market were presented in a recent webinar titled, "A Comprehensive Analysis of Nigeria's Economy in Q3 2024: Challenges and Emerging Opportunities."

Johnson Chukwu, founder and chief executive officer of the investment banking group, shared valuable insights on the current state of Nigeria's economy.

Chukwu highlighted the challenges that have persisted in the economy throughout the third quarter of 2024, while also identifying the emerging opportunities that can be leveraged to drive economic growth and recovery.

According to him, Nigeria's GDP growth rate had modestly improved to 3.91 percent in Q3 2024, a slight increase from 2.98 percent in the first quarter of the same year. This positive development, however, was not uniformly reflected across the economy, as only 10 sectors recorded growth while a staggering 36 sectors contracted.

"The GDP growth was not balanced in the sense that only 10 sectors grew while 36 sectors contracted. That should signal to the government the challenges that the Nigerian economy is going through, because we can't say the Nigerian economy has grown to 3.91 percent but fail to recognise that out of the 46 sectors we have in the economy, 36 contracted, which is an indication of what Nigerians are feeling," he stated.

L-R: Oluseun Onasoga, Southern Africa subsidiary country executive, Access Bank PLC; Kauna Ndilula, representative of Kula Financial Solutions (Pty) Limited, (local partner); Oluseyi Kumapayi, executive director, African subsidiaries, Access Bank PLC; and Leonie Dunn, deputy governor, Bank of Namibia, shortly after Access Bank PLC secured 'Approval-in-Principle' to establish Access Bank subsidiary in Namibia, recently.

Chukwu identified the service sector as the primary driver of the Q3 GDP growth, with telecommunications and financial services accounting for 58.76 percent of the total contribution. He attributed the telecommunications sector's robust expansion to the implementation of forward-looking policies that nurtured it from its infancy to one of the largest contributors to Nigeria's economy.

The Cowry Asset chief continued his analysis by pointing out that the oil sector experienced a 10.2 percent rebound in Q3 2024, providing a much-needed boost to the overall GDP growth. The recovery in the sector, he explained, helped to mitigate the negative impact of the naira's depreciation on the industrial sector.

"However, when the Q2 2024 volume is compared with the Q1 2024 average production volume of 1.57 barrels a day, the oil sector's performance indicates a quarter-on-quarter decline in oil sector productive activity, and that also shows the reason for why the pressures have sustained in our foreign exchange because this is basically the source of our foreign exchange earnings," he noted.

Chukwu also observed that the agricultural sector, despite contributing a significant 22.61 percent to the GDP, experienced an anaemic growth rate of only 1.41 percent, falling short of the 1.50 percent recorded in Q2 2023. He expressed concern over the sector's sluggish performance, asserting that it was the main reason for the high rate of food poverty in the country.

Moreover, Chukwu identified the reliance on subsistence farming as a major factor behind the agricultural sector's stagnation, adding that the displacement of farmers from their homes and farms due to insecurity was further exacerbating the situation.

"We are seeing reduction in agricultural activities because these farmers are still dealing with subsistence farming and those who have industrial farms cannot go to their farmers principally as a result of insecurity," he stated.

Chukwu also discussed Nigeria's foreign trade report for Q2 2024, which revealed a total trade figure of N31.89 trillion. While imports amounted to N12.47 trillion, exports reached N19.42 trillion, resulting in a positive balance of trade of N6.95 trillion, according to the National Bureau of Statistics (NBS).

Chukwu explained that this trade balance was driven by the slowdown in local consumption as Nigerian consumers' purchasing power had been weakened by inflationary pressures. He noted that many households were struggling to afford imported goods and maintain their previous consumption levels, leading to a reduction in imports.

In his analysis of the foreign trade data, Chukwu highlighted that while the total value of trade, exports, and imports increased significantly between Q2 2024 and Q2 2023, this growth was largely a reflection of changes in the value of the naira rather than an increase in trade volumes.

He explained that when measured in terms of volume, trade actually declined due to the weakening purchasing power of consumers, but the naira's devaluation resulted in an artificial inflation of the total trade value.

Chukwu observed a slight moderation in Nigeria's consumer price inflation (CPI) from 33.40 percent in July to 32.15 percent in August 2024. He attributed this decline to the decline in food prices during the harvest season, which reduced pressure on food inflation.

The Cowry Asset chief executive emphasised that this moderation in CPI was primarily driven by the reduction in food prices, as the harvest season led to increased supply and consequently lower prices for food products. He also suggested that the decline in food inflation was a temporary reprieve, as inflationary pressures are likely to resurface once the harvest season ends and food supply dwindles.

Chukwu opined that the recent increase in the MPR by the Central Bank of Nigeria (CBN) was a move to curb the persistent rise in core inflation, which has been significantly impacted by increasing energy prices and the continuous growth of money supply. According to him, the CBN's decision was largely reactive to the trend of inflation, as the impact of the recent increase in pump prices would exacerbate inflationary pressures in the coming months.

Chukwu added that the CBN's aggressive monetary policy tightening approach to taming inflation, which included hikes in the MPR, the CRR, and higher yields on fixed-income securities, would inevitably lead to a high-interest rate environment for depositors.

He further noted, "This aggressive stance appears to have positively impacted investment inflows into Nigeria, as higher interest rates typically attract foreign capital seeking better returns.

"We predict that the CBN will likely maintain this hawkish posture in the short term, especially with expectations of rising inflation in the months ahead."

Regarding the needed investment strategy for investors, Cowry Asset suggested investments in short-term fixed income instruments with strong liquidity to ride the benefits of the current high interest rates and position for the opportunities of possible further increase in rates in Q1 2024.

Onome Amuge

Financial experts champion digital finance to fuel Nigeria's capital market

EXPERTS IN NIGERIA'S FINANCIAL landscape have identified the need for enhanced investor education and digital finance to fuel the increasing interest in financial technology (Fintech) and foster broader market participation.

According to the Securities and Exchange Commission (SEC), investor education and digital finance initiatives are essential for creating an environment where the benefits of Fintech can be fully realised and where investors are equipped with the knowledge and tools needed to make informed decisions in a rapidly evolving financial landscape.

Emomotimi Agama, director general of the Securities and Exchange Commission (SEC), disclosed the need for investor education and digital finance at the IOSCO World Investor Week, held recently in Lagos.

The event, hosted in collaboration with AFEX Commodities Exchange Limited, gathered a diverse group of stakeholders including representatives from the financial and investment sectors, government officials, amongst others.

Bola Ajomale, the executive commissioner of operations at the Securities and Exchange Commission, highlighted the need to empower Nigerian investors with the knowledge and tools to safely navigate the ever-changing financial landscape.

Speaking on behalf of the SEC DG, Ajomale explained that investor education is a crucial component of enabling Nigerians to effectively engage with the financial markets and protect themselves from potential risks, particularly in the context of the growing role of Fintech in the Nigerian economy.

"With the increasing role of technology in financial services, it's essential that investors are empowered with the right information to avoid risks such as scams and unregulated schemes.

"The future of Nigeria's capital market depends on an educated and engaged investor base," he stated.

In addition to discussing the importance of investor education, Ajomale highlighted the commission's commitment to fostering greater participation in the capital market, particularly among historically marginalised groups such as rural farmers.

He noted that by promoting initiatives such as the IOSCO World Investor Week, the SEC is seeking to bring investors into the capital market, enabling them to benefit from financial opportunities and drive economic growth in Nigeria.

Also speaking at the event, Ayodeji Balogun, the chief executive officer of AFEX Commodities Exchange, echoed the importance of digital finance in reshaping the financial landscape in Nigeria.

Balogun, who was represented by Oluwafunto Olasemo, vice president, financial market, AFEX, also highlighted the company's commitment to bridging the gap between rural communities and small-scale producers, and the broader financial markets.

"At AFEX, our vision has always been to create transparent, efficient and robust commodities exchange that empowers the economy and transforms lives, we recognize that none of this is possible without dedication, insights, collaboration with key stakeholders like the SEC, whose role in shaping Nigeria's capital market is invaluable, and today's event is a testament to a collective commitment to fostering innovation, trust and growth within the commodities ecosystem," he said.

The event marked a significant milestone with the launch of a comic book, "Tradevers", which aims to educate investors in a more engaging manner.

In addition, Yomi Ogunleye, co-founder of HerVest, addressed the pressing issue of the financial gender gap and HerVest's mission to bridge it by providing women with access to vital services such as savings and impact investments.

STOCKS MARKET

	NSE	NSE 30	FTSE 100	DOW JONES	S & P 500	FTSE/JSE	NASDAQ
	97,606.63	3,652.69	8,164.12	39,118.86	5,460.48	79,707.11	17,732.60
CURRENT	0.09	0.61	-0.19%	-0.12%	-0.41%	0.93%	0.71%
YEAR TO DATE	30.54	30.91	5.57%	3.79%	14.48%	3.66%	11.16%

TOP TRADERS

Company	Volume	Value
CAVERTON	8856522	24304456.7
GTCO	7402282	354777274.3
FIDELITYBK	5319835	76073640.5
UBA	3938539	108697370.6
ELLAHLAKES	3483687	17068114.75

TOP GAINERS

No	Equity	Opening	Closing	%Change
1	RTBRISCOE	N 3.50	N 3.85	10.00%
2	FIDELITYBK	N 13.00	N 14.30	10.00%
3	LIVESTOCK	N 3.28	N 3.60	9.76%
4	DEAPCAP	N 1.46	N 1.59	8.90%
5	ELLAHLAKES	N 4.50	N 4.90	8.89%

TOP LOSSERS

No	Equity	Opening	Closing	%Change
1	SCOA	N 1.90	N 1.71	-10.00%
2	CAVERTON	N 2.62	N 2.43	-7.25%
3	VERITASKAP	N 1.68	N 1.60	-4.76%
4	GTCO	N 49.10	N 47.15	-3.97%
5	TRANSCORP	N 11.20	N 11.00	-1.79%

COMMODITIES

SYMBOL	PRICE	CHANGE	%CHANGE	VOLUME
OIL	80.12	-0.01	-0.01	540
BRENT	82.64	0.01	0.01	91,282
NAT GAS	2.182	0.054	2.54	10,501
RBOB GAS	2.451	0.001	0.04	1,658
GOLD	2,402.90	3.8	0.16	51,560
SILVER	29.24	-0.059	-0.2	16,227
COPPER	968.6	-5.3	-0.54	7,361
PALLADIUM	4.231	-0.006	-0.14	20,751
WHEAT	900	-2.3	-0.25	1,493
SOYBEAN	501.5	UNCH	UNCH	0
CORN	551	8.25	1.52	6,825
SUGAR	1,112.25	15	1.37	3,621
COFFEE	411	6.25	1.54	21,948
COTTON	18.65	-0.01	-0.05	3,867
ROUGH RICE	238.7	0.5	0.21	1,412
COCOA	71.06	0.36	0.51	1,828
	14.39	0.15	1.05	54

Nigerian equities wrap up volatile week with investors' gain of N49.53bn

● Tantalizer, Coronation, Fidelity top in volume trades

Onome Amuge

INVESTORS IN THE NIGERIAN equities market experienced a rollercoaster week of trading, with a modest overall gain of N49.53 billion, as the market capitalisation of the Nigerian Exchange Group (NGX) inched up from N56.03 trillion to N56.08 trillion.

The marginal increase comes on the heels of a much larger dip in the previous week, when investors recorded a N539.09 billion loss.

The Nigerian bourse saw a fluctuating performance over the course of the week, with just two of the five trading days resulting in gains.

The All-Share Index (ASI), which measures the performance of listed equities, also mirrored this trend with a slight uptick of 0.09 percent, closing out the week at 97,606.63 points, up from 97,520.54 in the previous week.

The market had kicked off the week on a high note, with investors pocketing N107.03 billion at the end of the first day's trading session on Monday, October 7, 2024.

The celebration was short-lived, however, as the market took a dive on Tuesday, October 8, 2024, resulting in a loss of N70.04 billion for investors.

The downward spiral of the Nigerian equities market persisted on Wednesday, October 9, 2024, as investors experienced a loss of N56.12 billion at the end of the day's trading session.

L-R: Olawale Anifowose, managing director, GEN Nigeria; Tomi Davies, advisory board member, GEN Nigeria; Nneka Okekearu, director, Enterprise Development Centre, Pan-Atlantic University; Jonathan Ortmans, president, Global Entrepreneurship Network (GEN); and Deoye Ojuroye, executive director, Providus Bank, during the conversation with GEN president at Providus Bank headquarters in Lagos recently.

The bearish trend continued unabated, with Thursday, October 10, 2024 bringing further despair as investors suffered yet another setback, losing N5.72 billion at the close of trading.

After three consecutive days of losses, the Nigerian equities market finally showed signs of recovery on Friday, October 4, 2024, with investors breathing a sigh of relief as they regained N74.38 billion at the close of the trading session.

In contrast to the previous week's trading activity, which saw a total turnover of 2.872 billion shares valued at N132.811 billion changing hands in 39,867 deals, investors on the Nigerian equities market were more active this time around, with a total turnover of 2.966 billion shares worth N31.508 billion being traded in 42,482 deals.

The Financial Services Industry proved to be the most active sector on the Nigerian equities market, both in terms of volume and value traded.

During the week under review, the industry dominated the activity chart, exchanging 1.485 billion shares valued at N17.965 billion in 19,613 deals. This represented 50.05 percent of the total equity turnover volume and 57.02 percent of the total equity turnover value.

The Services Industry emerged as the second most active sector on the Nigerian equities market.

Over the course of the trading week, the Services Industry saw a turnover of 1.108 billion shares valued at N775.258 million, transacted in 2,675 deals.

Following behind was the Agriculture Industry, with a turnover of 93.904 million shares worth N1.250 billion in 2,517 deals.

The top three equities by volume traded on the Nigerian equities market were Tantalizer Plc, Coronation Insurance Plc, and Fidelity Bank Plc, contributing a combined total of 1.625 billion shares worth N3.908 billion in 1,814 deals.

This volume represents 54.80 percent of the total equity turnover volume and 12.40 percent of the total equity turnover value.

Investors flocked to Mecure Industries Plc, driving its share price up by 19.53 percent, making it the standout performer of the week among listed companies.

Not to be outdone, University Press Plc. and Lasaco Assurance Plc also put in commendable performances, with respective share price increases of 17.51 percent and 17.39 percent.

The flip side of the coin saw Tripple Gee and Company Plc suffer the greatest decline in share price percentage, falling 59.56 percent and leading the pack of companies that witnessed significant price erosion.

Daar Communications Plc and Africa Prudential Plc also saw significant declines in their share prices, losing 25.00 percent apiece.

African farmers' get export boost in IFC, Absa $50m Valency deal

Busayo Samuel

THOUSANDS OF AFRICA'S smallholder farmers and local commodities traders in Cote d'ivoire, Nigeria, Ghana and Tanzania are in line for an export boost on the back of a recent $50 million trade finance facility deal that the International Finance Corporation (IFC) and Absa Group Limited have signed for the benefit of Valency International Pte Limited.

The International Finance Corporation (IFC), a member of the World Bank Group, and Absa Group Limited, the South Africa based bank, acting through its Corporate and Investment Banking division (Absa), will provide the commodity trade finance facility to Singapore-based Valency International Pte Ltd, a key player in Africa's agricultural commodities market, to support the company's pre-export of agricultural commodities in West and East Africa.

The $50 million facility will provide Valency with working capital for the purchase of agricultural commodities including cashew nuts, sesame seeds, shea nuts, ginger, and soya beans. These products will be sourced from Valency's network of an estimated 150,000 smallholder farmers and local traders in Cote d'Ivoire, Nigeria, Ghana, and Tanzania.

An estimated 80 percent of Africa's farmland is managed by smallholder farmers and agriculture is an industry on which they rely for jobs and livelihoods. However, many smallholder

farmers lack access to financing.

Absa and IFC will each commit $25 million to the facility, which will allow Valency, through its procurement activities, to provide much-needed working capital financing to cooperatives and local buying agents to support sourcing from smallholder farmers, which in turn provides the farmers better access to the market. IFC's investment is part of the Global Warehouse Finance Programme envelope of IFC's $1 billion Africa Trade and Supply Chain Recovery Initiative, which is supported by the IDA Private Sector Window.

Sérgio Pimenta, IFC's vice president for Africa, noted that as one of the largest global investors in agribusiness in Africa, IFC sees a tremendous opportunity to support economic growth and job creation in this critical industry.

"We are pleased to work with Absa and Valency to help ensure that farmers across the region are better integrated into the marketplace and have the opportunity to grow and thrive," Pimenta added.

Tshimbi Ntuli, head of structured trade and commodity finance for Absa's regional operations at Absa Corporate and Investment Banking, remarked that IFC and Valency share the company's strategic vision of supporting Africa's growth and development.

"At Absa, we believe that partnerships like these are crucial in driving the continent's economic transformation and are excited to collaborate with the IFC and Valency to drive sustainable impact in the African agricultural sector. Together, we are making a meaningful impact on the continent's agricultural sector and the communities we serve.

"Valency is excited to work with partners like IFC and Absa as we continue to develop the West and East Africa agricultural sectors," said Sumit Jain, Valency's group chief executive officer.

"This facility will enable us to engage more directly with thousands of farmers, further integrating them into the value chain and bringing their produce to more markets," Ntuli added.

CitiBank, StanChart rule the roost in Nigeria's foreign capital importation

Business a.m.

THE NIGERIAN BANKING sector's prowess in attracting foreign capital was on full display in the second quarter of 2024, led by CitiBank Nigeria Limited and Standard Chartered Bank Nigeria, as the industry accounted for 43.15 percent of the total capital importation recorded by the National Bureau of Statistics (NBS) during the three-month period.

The total capital imported into Nigeria rose sharply by 152.8 percent in the second quarter of 2024 compared to the same period in 2023, reaching $2,604.50 million. However, this figure represents a 22.85 percent decline from the previous quarter's capital importation figure of $3,376.01 million recorded in Q1 2024.

The banking sector gained a dominant position in the Nigerian economy in Q2 2024, as it attracted an inflow of foreign capital totaling $1,123.95 million, representing 43.15 percent of the total capital imported during the period.

The banking sector was followed by the production/manufacturing sector, which brought in $624.71 million, accounting for 23.99 percent of the total.

The trading sector secured the third spot, attracting $569.22 million, making up 21.86 percent of the total capital imported.

L-R: Abba Abubakar Aliyu, managing director/CEO, Rural Electrification Agency of Nigeria; Nkemdilim Uwaje Begho, chief executive officer, FutureSoft; Tony Okpanachi, managing director/CEO, Development Bank of Nigeria PLC; Joseph Nnanna, chief economist, Development Bank of Nigeria PLC; Ajuma Atagbua, managing director, Founder Institute; Ajayi Oluwatobi, chairman/CEO, Nord Automobiles Limited, at the DBN annual lecture series, with the theme: "Empowering Nigeria MSMS in a Challenging Global Landscape", held in Abuja recently.

The Nigerian banking sector boasted some heavy hitters during Q2 2024, with Citibank Nigeria Limited, Standard Chartered Bank Nigeria, Rand Merchant Bank, Stanbic IBTC Bank, Access Bank, Zenith Bank, Ecobank Nigeria Plc, Ecobank Nigeria Plc, and FirstBank of Nigeria topping the charts for capital importation.

According to the data provided by the NBS, Citibank Nigeria Limited dominated the foreign capital inflow into Nigeria during Q2 2024, experiencing a 31.4 percent rise to $818.46 million, up from $547.7 million in the previous quarter. Close on its heels was Standard Chartered Bank Nigeria Limited, which saw a 25.14 percent increase in its capital importation to $654.79 million from $399.4 million.

In contrast to the upward trajectory of Citibank Nigeria Limited and Standard Chartered Bank Nigeria Limited, Rand Merchant Bank Plc experienced a decline in capital importation during Q2 2024, dropping 18.8 percent from $528.7 million to $488.59 million. Similarly, Stanbic IBTC Bank also saw its capital importation decrease to $409.9 million from $1,257.4 million

The downward trend in capital importation also affected Access Bank and Zenith Bank in the second quarter of 2024, as both financial institutions recorded significant drops in their respective figures.

Access Bank saw its capital importation dip by 71.4 percent, dropping from $278.18 million in the first quarter of the year to $80.14 million in the second quarter. Also, Zenith Bank's capital importation experienced a 23.3 percent decline, falling from $98.7 million in Q1 to $78.1 million in the second quarter of 2024.

The overall trend of declining capital importation was also reflected in the figures recorded by Ecobank and FirstBank during the second quarter of 2024.

Ecobank saw its capital importation decrease by 21.4 percent, falling from $32.9 million in the previous quarter to $25.89 million in Q2 2024.

Similarly, FirstBank recorded a relatively modest capital importation figure of $21.3 million in the second quarter of the year.

Access Bank continues African expansion drive with Namibia incursion

Busayo Samuel

ACCESS BANK PLC, the flagship subsidiary of Access Holdings Plc, is making an incursion into the Namibian banking landscape.

The holding company, one of Africa's leading corporations, informed the Nigerian Exchange Limited and the investing public, through a letter, that it has obtained a provisional licence from the Bank of Namibia to establish a commercial bank in Namibia.

Roosevelt Ogbonna, managing director/chief executive officer, Access Bank Plc, commenting on the development, said: "This expansion represents an important milestone towards establishing a railroad in Namibia for intra-African trade within the Southern African region, Africa, and the rest of the world. It cements our commitment to building a robust Southern African banking network to deliver shared prosperity and advance financial inclusion thereby empowering many to achieve their dreams.

"Our entry into the Namibian market also represents a pivotal step in our broader ambition to build a strong global franchise and will unlock new opportunities for businesses and individuals alike. We look forward to partnering with local stakeholders to drive innovation, empower communities, and contribute meaningfully to the prosperity of the region.

"We remain confident that our investments towards diversifying and strengthening the Bank's long-term earnings profile will deliver significant value to our shareholders, customers, and wider stakeholder groups," Ogbonna added.

Access Bank's operation in Namibia is expected to stimulate the local economy and strengthen its position as a leading regional player.

The bank already has its presence in other Southern African countries like Angola, Botswana, Mozambique, South Africa and Zambia.

"The bank is well positioned to offer stakeholders seamless access to diverse opportunities for expansion and collaboration across the region," Ogbonna noted.

Sunday Ekwochi, company secretary, Access Holdings hinted that the bank will be working in the coming months to fulfil the conditions precedent to the grant of final licence and will keep the market informed.

Ecobank closes $400m 10.125% bond offering

Highest bond issued by a financial institution in sub-Saharan Africa Since 2021

Business a.m.

ECOBANK TRANSNATIONAL INCORPORATED (ETI) has completed the successful pricing of its $400 million 10.125 percent notes, which will mature on October 15, 2029. The notes will pay interest every six months, on April 15 and October 15 of each year, with the first interest payment due on April 15, 2025.

Ecobank stated that it plans to deploy the net proceeds from the successful issuance of the notes for general corporate purposes, with a primary focus on repaying the outstanding $350m Senior Bridge-to-Bond Loan Facility, which was entered into in March 2024.

With the successful issuance, Ecobank marks its third foray into the international bond markets, further solidifying its reputation as a major player in the financial sector.

In addition, the move represents the first public Eurobond issuance by a financial institution in sub-Saharan Africa since 2021

According to Ecobank, the transaction was well-received with solid demand from international and African investors achieving a final order book oversubscription rate, reflecting the trust and confidence investors have in the financial institution's growth transformation and returns strategy.

The bank, in a statement concerning the move, said: "We are thankful for the support and partnership from Absa, Africa Finance Corporation, African Export-Import Bank, Mashreq, and Standard Chartered Bank, who acted as Joint Lead Managers and Joint Bookrunners, and Renaissance Capital Africa, who served as the Financial Adviser for the transaction.

"We deeply value and appreciate the strong support from our Development Finance Institution partners, including the Africa Finance Corporation, PROPARCO, and the Eastern and Southern African Trade and Development Bank, who helped anchor the transaction."

NCRIB-LAC brings insurance awareness to Lagos high schools with new clubs

Business a.m.

THE NIGERIAN COUNCIL OF REGISTERED Insurance Brokers Lagos Area Committee (NCRIB-LAC) has embarked on a visionary mission to elevate insurance education to new heights by inaugurating insurance clubs in Lagos-based secondary schools.

Speaking at the inauguration ceremony of the insurance clubs in Lagos, Ademola Olutusin, chairman, NCRIB-LAC, expressed the committee's commitment to promoting insurance education and awareness among the younger generation.

The initiative, which kicked off in nine schools, was envisioned to expand to all secondary schools in the state, he said, emphasising the committee's ongoing engagement with the government to achieve this goal.

Olutusin commended Lagos State for approval of the initiative, stating that it would enhance insurance knowledge among the younger generation.

According to Olutusin, the Lagos area committee, in partnership with an insurance expert, plans to embark on a training programme for insurance teachers in the state by January 2025.

He also revealed that the committee intends to print and distribute 2,000 copies of past West African Examination Council (WAEC) insurance exam questions spanning a period of five years, providing students with valuable resources to aid their understanding and preparation for the exams.

Concerning the significance of collaboration and communication, Olutusin announced the creation of a Whatsapp platform exclusively for insurance teachers in the state.

He encouraged all insurance teachers to join the platform to facilitate the sharing of knowledge, best practices, and other relevant information.

Olutusin further urged the insurance teachers present from the nine participating schools to quickly elect student officials for each school, stressing the importance of immediate commencement of the insurance clubs in their respective schools.

Dapo Owoeye, public relations officer of the Lagos Area Committee of the Nigerian Council of Registered Insurance Brokers, highlighted the significance of the insurance clubs for both the insurance teachers and the students.

Quoted Insurers

Security	P/close	Open	High	Low	Close	%Change	Volume	Value
AIICO	1.13	1.13	1.15	1.1	1.12	0.88	8,279,352	9,303,879.55
CORNERST	2.11	2.11	2.32	2.11	2.32	9.95	2,423,416	5,510,742.85
LINKASSURE	0.95	0.95	1	1	1	5.26	605,923	601,058.77
MANSARD	5.41	5.41	5.46	5.36	5.46	0.92	1,719,208	9,345,573.53
NEM	7.7	7.7	-	-	7.7	0	136,486	1,061,142.05
SUNNUASSUR	1.18	1.18	-	-	1.18	0	111,164	140,714.92

Nigeria's pension pot swells to N21trn in August 2024

Business a.m.

NIGERIA'S CONTRIBUTORY PENSION assets experienced a substantial surge in August 2024, climbing N345.65 billion to reach a total of N21.14 trillion, reflecting a marked increase from the N20.79 trillion recorded in the preceding month of July 2024, according to the latest data from the National Pension Commission (PenCom).

The contributory pension sector in Nigeria also reported an uptick in the number of registered contributors, commonly known as Retirement Savings Account (RSA) holders, during the month of August 2024.

According to the latest data, the total number of RSA holders grew to 10,457,073, recording an increase of 37,553 from the 10,419,520 recorded in the previous month of July.

The Nigerian government continued to be the leading borrower of pension funds in August 2024, commanding an allocation of N13.40 trillion for the month. Of this figure, federal government bonds, widely regarded as a stable and reliable investment option for pension funds, constituted the largest portion, with a total allocation of N12.59 trillion.

L-R: Nonso Asobe (DonFlexx), judge, dance category, FUZE Talent Show; Funke Adepoju, judge, fashion category, FUZE Talent Show; Olumide Oyetan, chief executive, Stanbic IBTC Pension Managers; Akorede Bello, judge, music category, FUZE Talent Show; and Akinwande Akinsulire, judge, tech category, FUZE Talent Show, during the Stanbic IBTC Pension Managers' FUZE Talent Show 3.0 media parley at Stanbic IBTC Towers, Lagos, recently IMAGE BY PIUS OKEOSISI

Following closely behind the federal government bonds in the allocation of pension funds in August 2024 were money market instruments and domestic ordinary shares, commanding allocations of N2.04 trillion and N1.94 trillion respectively.

These investment options, typically regarded as stable and liquid, provide pension funds with diverse opportunities for generating returns and diversifying their investment portfolios.

According to a recent compilation of data by analysts at the Pension Fund Operators Association of Nigeria (PenOp), total contributions made into individual Retirement Savings Account (RSA) holders reached N377 billion during the second quarter of 2024.

The public sector contributed significantly to this figure, accounting for N217 billion, while the private sector contributed N160.83 billion, showcasing the ongoing commitment of both sectors to support the growth and development of the pension sector in Nigeria.

During the second quarter (Q2) of 2023, both the public and private sectors in Nigeria made noteworthy contributions to the retirement savings accounts (RSA) of individual holders, marking a significant increase from the previous year.

While public sector contributions amounted to N286.69 billion, the private sector contributed N234.47 billion, highlighting the strong performance and ongoing commitment of both sectors to support the growth of the pension industry.

Although the contributions made to individual RSA holders in Q2 2022 reflected a steady upward trend, the growth was more modest compared to the impressive figures witnessed in Q2 2023.

In the second quarter of 2022, public sector contributions stood at N136 billion, while the private sector contributed N101.96 billion, representing a steady increase from previous quarters but a more conservative trend when compared to the growth observed in Q2 2023.

In the second quarter (Q2) of 2021, the public and private sectors in Nigeria made almost equal contributions to individual Retirement Savings Account (RSA) holders, demonstrating a balanced distribution of funds across both sectors.

While the public sector contributed N97.17 billion, the private sector contributed a slightly higher figure of N97.91 billion

The second quarter of 2020 marked a period when both public and private sectors made comparable contributions to individual Retirement Savings Account (RSA) holders, with the gap between their contributions being minimal.

Heirs Insurance Group sees 59% premiums boost amid record growth

Joy Agwunobi

HEIRS INSURANCE GROUP (HIG), consisting of Heirs Life Assurance (HLA), Heirs General Insurance (HGI), and Heirs Insurance Brokers (HIB), recorded a 59.3 percent increase in gross written premium (GWP) for the 2023 financial year, surging from N19.9 billion in 2022 to N31.7 billion, as indicated by its financial performance across all key indicators.

In addition, HIG's earned insurance revenue for the year hit N20.5 billion, representing an 80 percent increase from N11.3 billion in 2022, solidifying HIG's status as one of Nigeria's fastest-growing insurance groups.

HGI, the non-life segment of the company, exhibited a 77 percent increase in GWP, climbing from N8.5 billion in 2022 to N12 billion in 2023. The company's total assets also rose by 27.4 percent from N14.2 billion to N18.1 billion.

According to the company's financials, profit before tax (PBT) saw a 203 percent growth, leaping from N791 million (restated) in FY2022 to N2.4 billion in FY2023, showcasing effective cost management and strategic growth initiatives.

HGI reported a net investment income of N1.4 billion, a 45 percent increase from the previous year. In addition, the company disbursed N1.6 billion in claims, up from N471 million in the prior year, highlighting its commitment to timely and transparent claims processing.

In a similar trajectory, Heirs Life Assurance,the group's life insurance arm, posted a 71 percent growth in GWP, rising from N11.5 billion in 2022 to N19.7 billion in 2023.

Heirs Life Assurance further showcased a solid financial discipline in FY2023 as evidenced by a 143 percent growth in its investment income from N1.1 billion in 2022 to N2.8 billion. This outstanding performance was further solidified by a 395 percent leap in profit before tax, which rose from N379 million (restated) in 2022 to N1.8 billion in 2023. HLA also reportedly disbursed N2.5 billion in claims in 2023, a 119 percent increase from the previous year's N1.1 billion, demonstrating its dedication to providing timely financial relief to customers.

In just three years, Heirs Insurance Group has emerged as the fastest growing insurance underwriting company in the country, with numerous impressive accomplishments to its name.

The group recently marked its third anniversary by releasing an impact documentary, which chronicled its growth and pioneering initiatives in the sector.

The documentary, which was unveiled earlier this year, showcased the group's innovative strides in the industry, ranging from its strong digital presence across various channels to its customer-centric rewards and loyalty program.

Tony Elumelu, the group chairman of Heirs Holdings, commented on the group's growth, noting its unwavering commitment to democratising access to insurance and delivering enduring value to stakeholders. He highlighted that Heirs Insurance Group had achieved remarkable year-on-year growth in just three years of operation.

Elumelu added: "We set out to transform the insurance industry, and I am pleased to see the remarkable growth the group has achieved and the innovations it has rolled out. We are optimistic about the future and remain committed to meeting the evolving needs of our customers while driving financial inclusion for everyone."

Providing insight into the progress made by Heirs Insurance Group, Niyi Onifade, managing director, explained that the insurance outfit is fulfilling its promise to revolutionise the insurance industry.

Reiterating the company's position as an industry game-changer, Onifade emphasised the group's robust financial capacity, which has enabled it to pay out N5.7 billion in claims to policyholders. He further underscored the group's commitment to bringing succour to its customers, acknowledging their role in the group's success.

PenCom's new service charter targets more confidence in pension system

Busayo Samuel

THE NATIONAL PENSION COMMISSION (PenCom) has unveiled a revised service charter and framework with the target of enhancing confidence and trust in the Nigeria pension system.

According to the commission, the service charter represents its commitment towards its stakeholders and is aligned with the "Service Compact with all Nigerians" and ease of doing business initiative of the Presidential Enabling Business Environment Council.

Designed to address key issues such as service standards, information dissemination, availability of choice and consultation, non-discrimination and accessibility to service, grievance redress mechanism, and expectations from stakeholders, the charter serves as a comprehensive guide to enhancing the quality and efficiency of service delivery within the Nigerian pension system

Omolola Bridget-Oloworaran, PenCom's acting director-general, presented the service charter recently at the commission's headquarter in Abuja.

"The Service Charter we are presenting today is designed to define clear service delivery expectations, both for us at PenCom and for the Pension Fund Administrators (PFAs) and other operators we oversee.

"It sets the benchmarks that will govern our interactions and ensure that the trust placed in us by the Nigerian public is maintained and continually enhanced.

"As we roll out these initiatives, I want to emphasise that excellent service delivery is not just a regulatory requirement—it is a key driver of confidence in the pension system," she stated.

Recognising the critical role that trust and confidence play in ensuring the security of retirement savings, Bridget-Oloworaran underscored the importance of PenCom's commitment to maintaining the highest standards of professionalism, transparency, and responsiveness in its service delivery.

VETIVA CAPITAL MANAGEMENT LIMITED

MARKET COMMENTARY FOR THE WEEK ENDED 1 1TH OCTOBER, 2024

Focus for the week: Agriculture 9M'24 Earnings Preview

IN Q2'24, GROWTH in the agricultural sector remained positive, expanding by 1.41% y/y (Q1'24: 0.18% q/q), driven by the commencement of the harvest period, amid growth in Crop production (+1.65%), Forestry (+2.77%), and a slower decline in the Livestock sub-segment (-1.71%). However, the growth pace slowed compared to the corresponding period (Q2'23: 1.50% y/y), as rising farm input costs, widespread flooding, and ongoing insecurity in key food-producing regions continue to hinder substantial expansion of the sector.

In the first half of the year, the global palm oil industry faced a complex interplay of factors affecting production, prices, and trade dynamics. The industry struggled to find a delicate balance between supply, demand, and sustainability concerns. In the period under review, Indonesia and Malaysia, the world's largest palm oil producers, faced production challenges due to ageing palm trees, weather conditions, and government regulations, leading to a decline in production compared to the previous year. On the other hand, the growing demand for palm oil as a feedstock for biodiesel production provided a significant boost to the market. As a result of lower production and increased demand, global palm oil prices have increased by 10% YTD. In the third quarter of the year, the industry continued to grapple with sustainability issues, including deforestation and environmental impacts, which have caused trade restrictions between major palm oil producers and consumers. However, efforts to significantly improve palm oil production remain a big global focus.

In the third quarter, domestic demand for palm oil remained robust, driven by its widespread use in cooking, food processing, and other industries. This steady demand has been a significant factor in supporting the sector's overall performance. While global market trends played a role in price movements, domestic factors such as production levels and demand, also influenced pricing. In general, prices remained relatively elevated, with periods of volatility. Positive indicators like interventions to increase production, rising domestic demand and global market movements were pivotal to growth in the palm oil sector. Considering this, we expect the third quarter print for publicly listed Agric counters to come in very strong, as increased pricing and strong demand is expected to support revenue from core operations.

Indicators	WK CLS	WK OPEN	WTD (%)	YTD (%)
EQUITIES				
NGX 30	3,652.69	3,630.48	0.61	30.91
NGX All Share Index	97,606.63	97,520.54	0.09	30.54
Market Cap (NGN bn)	56,088.00	55,165.00	1.67	37.07
FEDERAL GOVERNMENT SECURITIES (%)				
91-Day T-Bill	21.89	20.75	5.53	18.98
182-Day T-Bill	24.19	23.33	3.70	10.76
364-Day T-Bill	23.46	22.30	5.20	13.25
2-Year FGN Bonds	19.51	19.42	0.48	7.36
3-Year FGN Bonds	18.79	18.94	(0.82)	6.64
5-Year FGN Bonds	10.48	10.46	0.09	6.18
7-Year FGN Bonds	18.06	18.05	0.06	4.26
10-Year FGN Bonds	18.79	18.79	0.03	4.29
20-Year FGN Bonds	17.70	17.70	0.00	3.50
INTERBANK MARKET RATES (%)				
NIBOR OPR	32.36	32.23	0.13	17.30
NGN EXCHANGE RATES (N)				
USD/NGN	1641.27	1631.21	(0.62)	(87.57)
GBP/NGN	2125.37	2125.37	0.00	(86.04)
EUR/NGN	1776.88	1776.88	0.00	(79.25)
CNY/NGN	230.84	230.84	0.00	(82.25)
ZAR/NGN	92.68	92.68	0.00	(88.95)
USD/NGN FORWARDS				
1M	1673.94	1689.10	0.90	(71.63)
3M	1745.22	1770.68	1.44	(75.53)
6M	1855.46	1870.30	0.79	(81.46)
1Y	2086.30	2095.43	0.44	(91.92)

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

SECTOR	INDEX VALUE	WoW Δ	YTD Δ
BANKING	931.18	0.47%	3.29%
CONSUMER GOODS	1,550.61	-1.25%	38.29%
INDUSTRIAL GOODS	3,579.83	-0.13%	31.99%
OIL & GAS	2,169.47	1.57%	107.99%
VETIVA 30 ETF	36.05	0.70%	33.52%
INSURANCE	437.59	0.08%	36.04%

Weekly Top 5 Gainers

Stock	Closing Price (₦)	% Change
REGALINS	0.72	56.52%
MECURE	10.10	19.53%
UPL	2.55	17.51%
LASACO	2.70	17.39%
FIDELITYBK	14.70	13.08%

Weekly Top 5 Losers

Stock	Closing Price (₦)	% Change
DAARCOMM	0.57	-25.00%
TRIPPLEG	2.01	-19.28%
AFRIPRUD	9.25	-13.15%
TANTALIZER	0.60	-10.45%
UPDC	1.51	-10.12%

Source: Vetiva Research

What shaped the past week?

Equities: The local market witnessed a rebound this week, fueled by increased investor interest in the Oil and Gas and Banking sectors. Notably, the Oil & Gas sector emerged as the top performer, rising by 1.57% w/w. This was driven by interest in SEPLAT, which gained (+5.09% w/w). Similarly, buy-side activities in FIDELITYBK (+13.08% w/w), and FBNH (+4.00% w/w) drove the Banking sector higher. However, selling pressure prevailed in the Consumer Goods and Industrial Goods sectors, with both sectors experiencing declines of 1.25% and 0.13% w/w respectively. In the Consumer goods sector, INTBREW (-8.16% w/w) and HONYFLOUR (-6.45% w/w) recorded the most losses. Similarly, in the Industrial Goods sector, bearish sentiment impacted on the likes of BERGER and WAPCO, leading to declines of 9.95% and 2.03% w/w.

Fixed Income:

This week, liquidity opening balance was mostly negative, opening the last trading day at c.₦703 billion negative, owing to borrowings via the Standing Lending Facility (SLF). Consequently, this led to tightening pressure at the interbank window as the OPR rate rose 13bps to 32.36% w/w. Earlier this week, the CBN held an NTB auction, offering only ₦81.90 billion compared to ₦228 billion in the last auction, and at the end of the auction, the full amount was allotted. Stop rates on the 91-, 182-, and 364-day bills printed at 17.00%, 17.50%, and 19.86%, respectively. Additionally, the CBN held an OMO auction, offering ₦300 billion and selling ₦905 billion only on the long-end tenor. Stop rates offered at the auction closed at 24.30% for the 357-day tenor. Meanwhile, in the secondary market, we saw mixed trading activities dominate, as investors majorly focused on the events in the primary market. Yield movements were seen on the 91-Day bill (+553bps) and 3-year note (-82bps). Meanwhile, muted trading activity dominated the bonds market throughout the week as investors remained on the sidelines, anticipating higher yields.

Currency: At the NAFEM, the Naira depreciated by ₦10.06 w/w to close the week at ₦1641.27 per dollar.

Domestic Economy: Nigeria recorded a total foreign capital inflow of $2.6 billion in the second quarter of the year. This comes 22% short of the outturn in Q1, but represents a 152% improvement over last year's Q2 numbers. Foreign portfolio investors were responsible for half of the total inflows in Q2'24, which is above the 30% contribution for the whole of 2023 and less than the 61% contribution in Q1'24 to overall capital inflow. Most of these flows were invested in money market instruments, following a hawkish monetary policy that led to the surge in short-term interest rates. Provisional data indicates that foreign portfolio investment fell to $730 million in Q3'24. Thus, foreign capital inflow could be much lower in Q3'24. This underscored the need for further tightening by the monetary authorities, given the passthrough of foreign portfolio inflows to exchange rate stability.

Global: Financial stocks rallied hard on Friday, following strong earnings from J.P. Morgan Chase & Co., Wells Fargo & Co., BlackRock Inc., BNY and others.

The Dow and S&P 500 hit a record high on Friday and was driven by gains in these major banks following third-quarter results, while mixed producer price data backed expectations for a 25-basis-point rate cut by the Federal Reserve in November. The Dow Jones Industrial Average climbed 0.8% to 42,775, the S&P 500 gained 0.6% to 5,807.63, and the Nasdaq was up 0.4% to 18,326.25. European stocks reversed early losses and ended Friday at more than a one-week high, as investors shifted their focus to updates on China's stimulus plans, corporate earnings and an interest rate decision by the European Central Bank. The continent-wide STOXX 600 index (. STOXX), ended positive at 0.5%, and was on track for weekly gains of 0.6%. Britain's FTSE 100 (.FTSE), inched up 0.2%, while Germany's DAX (. GDAXI), and Spain's IBEX (.IBEX), closed positive at 0.7% and 0.5% respectively. Finally in Asia, stocks showed a mixed performance on Friday, as Chinese markets slipped amid investor anticipation of a key policy announcement concerning economic stimulus. Chinese equities saw a downturn during Friday's trading session, with the Shanghai Composite Index dropping by 1.6%, settling at 3,249.14. In Japan, it's benchmark Nikkei 225 closed 0.6% at 39,605.80, while Hong Kong's Hang Seng index was up 2.98% to 21,241.98 points.

What will shape markets in the coming week?

Equity market: With the market pushing through to the end of the week in the green, we are cautiously optimistic that today's positive sentiments will filter into Monday's session as investors pursue fundamentally sound names across the ASI.

Fixed Income: In next week's trading session, we anticipate that system liquidity will remain constrained, following today's OMO auction, and we expect this to shape trading activities in the NTBs market. Meanwhile, we expect increased activity in the Bonds market next week due to the release of the bonds calendar for Q4.

MONEY Nuggets

TUNDE OYEDOYIN

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Here's your opportunity to get something out of World Investor Week

AS NIGERIANS GRAPPLE WITH THE rising costs of living, especially the price of fuel, this year's World Investor Week, WIW (October 7-13th) could not have come at a better time. Reason being that it gave everyone the opportunity to enhance their financial literacy and lay down the marker for the year ahead.

With three main campaign themes of: technology and digital finance, crypto assets and sustainable finance, and another three complimentary themes on: fraud and scam prevention, investor resilience and basics of investing, there was more than enough to chew for everyone.

However, I'm going to tweak things around the complimentary theme of 'basics of investing'. It's always a good idea getting to the basics and building on from there.

But first things first, who's an investor? Secondly, can anyone become an investor? Also worth considering is: how do we prevent ourselves from scammers and fraudsters?

When the word 'investor' is mentioned , some people's minds might quickly race in the direction of a Tony Elumelu, Mike Adenuga, Jnr, or that of a Femi Otedola. But nothing could be further from the truth. While those are obviously the 'A listers,' a secondary school boy saving his pocket money and a nursery teacher with a side hustle may equally have a seat at the investors' table.

Just think of investing as a game of football. It's not just the players who lace their boots for the English Premier League or Championship clubs who are footballers. There's: League One, League Two and other divisions down in the pecking order of the game.

In order words, just as it's not just the Mo Salahs of Liverpool Football Club or Bukayo Sakas of Arsenal Football Club of this world who are footballers, anyone who puts money in a venture with the aim of getting a decent return on it is an investor. So, if you had moved ten thousand Naira from your salary or savings account to buy a thousand units of First City Monument Bank (FCMB) shares in August, you've joined the exclusive club of investors. If you've even merely left as little as twenty thousand Naira in your account at the end of last quarter, you may as well toot your own horn as a club member.

Of course, you're way down there in the league, but you're still an investor. Here's the thing, if you can figure out how to put your money to work for you, you're in the club.

Now that we know who's an investor, the next part of the WIW I'll be touching is how to prevent ourselves from fraudsters and scammers. The simple way to do that is to continually top up your financial literacy level. Besides, if something appears too good to be true, then it probably isn't.

Do you own Sterling Financial Holding Services shares?

Folks, if you own the shares of Sterling Financial Services, take advantage of the rights issue offer to grab a few more.

You don't have forever, though. So, pop over to your bank or give your stockbroker a ring.

Do something to mark WIW:

Although it ended on Sunday, I'll urge you to do something to mark this year's edition. Anything you'll remember when WIW comes around again next year is worth doing.

It could be just putting fifty thousand Naira in your savings account or simply stacking twenty five thousand away under the pillow for the business you hope to start in 2025. Just ensure you get something out of this year's World Investor Week.

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CAREER

Manfred F. R. Kets de Vries

Distinguished Clinical Professor of Leadership Development and Organizational Change

Seven Keys to a Happy Retirement

BEFORE EXITING YOUR full-time career, laying serious groundwork is essential.

Nicolas, a busy senior executive, really enjoyed working in the construction industry. He knew his company had a mandatory retirement age, but he didn't give it much thought. He figured that retirement would give him more time to perfect his golf game and travel with his wife.

On the day he retired, he was delighted to see how his colleagues had gone out of their way to celebrate his achievements. Immediately after, he embarked with his wife on a long, wonderful cruise in Southeast Asia.

Unfortunately, Nicolas's upbeat mood didn't last upon his return. Playing golf didn't provide the same satisfaction as making deals in the office. Deep down, he missed being at work. After a while, his former colleagues didn't seem so interested in catching up to talk shop. Watching the news and reading the newspapers grew tedious. As his wife was busy with her own pursuits, Nicolas felt quite lonely.

Soon, Nicolas spent most of his days feeling either morose or angry. Then one morning, he killed himself. What happened? Could his suicide have been prevented?

Retirement isn't always a bed of roses

Of course, many people love retirement. Suddenly, the world is their oyster, especially if they have accumulated enough wealth. Had Nicolas taken the time to plan his retirement, he might have discovered countless ways to spend his time and energy meaningfully.

As Nicolas's case illustrates, retirement isn't without its challenges. Work provides structure, purpose and meaning. Without it, we can become lost and sense a deep void. It can also become harder to maintain social connections. In addition, some retirees have financial worries. What's more, age-related physical decline can arouse feelings of anxiety and heighten deep-seated concerns about death.

Given all these worries, it should not come as a surprise that retirement can strongly impact mental health. Various studies have shown that early retirement can cause a decline in memory and other brain functions. In all, retiring completely when we are still physically and mentally fit requires careful consideration.

Had Nicolas disengaged from work gradually, he could have explored his passions, skills and interests. He could have pursued a mix of part-time jobs, freelance work or consulting to continue using his talents. With his financial security, he could have enjoyed work-life balance.

For those in good mental and physical health, retirement need not lead to loss or withdrawal. Instead, it can be an opportunity to explore new interests and identities. As we live longer, there is no need to stick to one career. A portfolio approach, involving multiple roles, offers benefits like flexibility, variety, diverse income streams and the chance to pursue personal passions. With this in mind, here are a few suggestions:

1.Strengthen relationships: Be more present with family and friends. Retirement can allow you to strengthen your relationships with family and friends, as well as create cherished memories with children, grandchildren and other loved ones.

2. Pursue hobbies: Pursue fun activities that you neglected during your working years. Whether it's painting, gardening, cooking, writing or playing a musical instrument, you can stay mentally active by focusing on the things you've always loved to do. Physical fitness should also become a priority. You can join fitness classes, walk, swim or explore other sports.

3. **Travel:** Retirement opens up opportunities to explore the world. You now have the time to visit far-flung places and encounter different cultures.

4. Volunteer: Many retirees find fulfillment by giving back to society through volunteering for charitable organisations, schools, hospitals or causes they care about. You can serve as a mentor or coach to the younger generation. You can also make a positive impact on the world through direct philanthropy.

5. Lifelong learning: You may also pursue new educational avenues. Universities, colleges and online learning platforms now offer classes or workshops on countless subjects. Other learning paths may be more emotional or spiritual in nature, such as meditation, yoga or faith-based gatherings.

6. Part-time work or entrepreneurship: If you wish to continue working, consider part-time or freelance options, including in the field of teaching. You could also become a non-executive director of companies interested in your expertise. Or, could retirement be when you finally start that small business you've always dreamt of?

7. Join clubs: Engage in social activities by joining an association. Whether it's a book club, a hiking group or an interest-based community, it can lead to new friendships.

Deciding on your next step should involve a reflection on what brings you joy, satisfaction and fulfillment. When retirement approaches, craft a plan that aligns with your values, desires and those of your significant other. Explore your inner world to identify the activities that energise you and bring meaning to your life.

Simultaneously, nurture strong social relationships with family and friends as those are vital for mental health. By laying this groundwork, you can enjoy the fruits of your labour while continuing to lead a purposeful and rewarding life.

Taming the World's Affordable Housing Crisis

PIERRE MABILLE
Assistant Professor of Finance

EVERYONE DESERVES A ROOF OVER their head. On this year's World Habitat Day, we outline a roadmap for getting there.

The world is knee-deep in a housing crisis. According to the United Nations, 1.6 billion people – one in every five – lack adequate housing, and the number could rise to 3 billion by 2030. It is a problem that plagues rich and poor countries alike, from Burundi to the United States, damaging well-being, distorting economic choices and worsening inequality.

The crisis impacts not only individuals but also weakens economies and social cohesion. When a large chunk of the population is priced out of areas with desirable amenities and well-paying jobs, inequality and resentment inevitably rise. Businesses suffer, too, since secure and accessible housing is often the wellspring of a stable, quality workforce.

At the heart of the problem lies a fundamental mismatch between supply and demand. Decades of rural-urban migration around the world has created a situation of too little affordable housing for too many who need it. Increasing supply may seem like the laughably easy solution, but making this happen requires a multilayered, nuanced approach that is anything but simple.

For starters, the solution ought to balance short-term relief with long-term sustainability. Targeted rent stabilisation measures such as capping rental hikes can provide immediate relief, but it's not a panacea. To address the root causes and create lasting change, we need to focus on three areas: promoting investment in new affordable housing, improving incentives for developers and landlords, and coordinating housing and other policies.

Affordable housing as impact investing

Building more affordable housing requires money. Yet, these projects, typically perceived as low-yield and high-risk, often struggle to attract capital.

How can we get around this roadblock? By taking a leaf out of the playbook of ESG (environmental, social and governance) investing. Although ESG considerations entered mainstream investment strategies only in the 1990s, global ESG assets surpassed US$30 trillion in 2022 and are on track to top US$40 trillion by 2030, or over 25 percent of total assets under management.

Such tremendous growth could not have happened without sustained marketing and communication efforts. Asset managers, seizing the zeitgeist of rising climate awareness and social responsibility, have successfully marketed green investments and ESG stocks by highlighting their positive social and financial impact. Doing well while doing good has become very lucrative.

Affordable housing deserves similar treatment. By framing investment in these projects as impact investing and emphasising its potential for long-term financial gains, we could unlock significant capital flows from a wider range of investors, from institutional to retail players. An accessible entry point for the latter could be real estate investment trusts (REITs).

That said, improving transparency and helping investors understand the risk-return profile of these projects is crucial to sustaining interest and confidence in the long run. Educating investors about the opportunities outside major cities could further attract investment.

Sweetening the deal for developers and landlords

Further down the supply chain, developers and landlords hold the keys to increasing the stock of affordable housing. What policymakers can do is nudge them with targeted incentives. For example, the US and Germany offer tax breaks and incentives to developers of low-cost housing. A more targeted approach might be to link rewards to creating a specific number of cheap units or building in more desirable areas. This would also help enhance supply where it's most needed.

Meanwhile, landlord insurance guarantees and other innovative programmes could nudge property owners to open their doors to lower-income and other precarious tenants. France's Visale scheme, for instance, is a free rental deposit scheme that guarantees rent and utility payments in case of non-payment. Talk about win-win: On the one hand, the scheme protects landlords and property owners against unpaid rent and possible rental damages; on the other, it helps tenants in precarious situations to have a home.

Devising policies that work (together)

Whatever measures policymakers propose, one thing is for sure: We can't consider housing policies – or any policy for that matter – in isolation. All too often, well-intentioned policies work at cross-purposes. Take central banks' moves to cool inflation by raising interest rates. Higher rates can inadvertently worsen housing affordability. How? People with low fixed-rate mortgages become reluctant to move, reducing housing supply and driving up prices – the opposite of what monetary policy intends for most goods.

Housing in turn affects people's choices about where to live, work and even whether to have children, which is a key element of social policies. Understanding interactions among policy measures is crucial for crafting effective solutions. Policymakers should coordinate among housing agencies, central banks and other government bodies to optimise policy outcomes and avoid unintended consequences.

Learning from Paris

Besides the three long-term solutions outlined above, there are other ways to boost affordable housing supply. Relaxing zoning regulations to accommodate low-cost housing remains a powerful tool. But, as always, the devil is in the implementation.

To preempt not-in-my-backyard backlash from existing residents, it is important that municipal authorities strike a balance between increasing housing supply and respecting the unique characteristics of each neighbourhood.

Paris has done a little more than most major cities in this regard. Since the 1990s, the City of Light has built or renovated more than 82,000 apartments for families with children. Buildings such as the former offices of the defence ministry and a police barracks constructed during the French Revolution have been converted into public housing. Rents for a two-bedroom apartment in the city centre can go for as little as 600 a month.

The affordable housing crisis is a complex puzzle, but it's not unsolvable. By combining short-term relief measures like targeted rent stabilisation with long-term strategies such as investing for impact and incentivising developers and landlords, we can create a future where everyone has a place to call home.

MARKETING

The Trick to Boosting Customer Referrals

Wharton's Zhenling Jiang breaks down the value of referred customers and the psychological motivation behind referrals.

ZHENLING JIANG

Assistant Professor of Marketing, Dorinda and Mark Winkelman Distinguished Faculty Scholar

Why Are Customer-to-Customer Referrals So Effective?

Angie Basiouny: Back in the mid-'80s, there was a shampoo commercial starring a young Heather Locklear, who would look into the camera and say, "I love this shampoo so much, I told two friends, and they told two friends, and so on, and so on." Forty years later, that commercial is pretty dated, but the concept behind it is timeless: word-of-mouth marketing.

Zhenling Jiang is a marketing professor here at Wharton, and we're going to talk about her co-authored paper on the topic. It's called "Referral Contagion: Downstream Benefits of Customer Referrals." Dr. Jiang is also going to give us a free, simple intervention that marketers can use to start their own referral contagion.

Zhenling, there is a lot of literature on word-of-mouth marketing. There's nothing new about that, but you wanted to look specifically at customer-to-customer referral. Why?

Zhenling Jiang: Referrals are a long-established phenomenon, as the example you were talking about earlier. For companies, it's a very nice way to leverage the existing customer base to use their social network to grow their customer base. For individual customers, you and me, they also have this intuitive appeal. We trust recommendations coming from, say, our friends or families more so than maybe an ad I'd happen to see online. So, it's a very nice way for companies to just grow the customer base. And because it's a behavior that they really want to incentivize, companies very, very often have incentives to encourage these types of referrals.

If I refer a customer to this company, and they indeed make a transaction, very often the existing customer will get some sort of bonus or incentive for their referral behaviors. We see this very often in practice, and we wanted to look at what the value is coming off these referrals. How much should we invest in encouraging customer referral behaviors? Where are these values coming from, these referred customers, as opposed to other, regular customers?

Basiouny: How did you go about studying this?

Jiang: If we think about customer value to a company, very often we start thinking about the value that they bring to the company themselves. If it's a shopping platform, that means how many purchases I make. What is the margin on those purchases? And how long do I stay as a customer? It's the very typical CLV or customer lifetime value concept. What we know from the previous work, it's well-established that referred customers actually tend to be more valuable from their interaction with the firm, so they tend to buy more, they tend to stay longer. Overall, it makes them a more valuable customer.

What we add in this research is to say that they are not only more valuable because of their own interaction with the companies — not only in more purchases, staying longer — but they also refer more customers. It's that aspect of the social value that has been overlooked by previous research. Combined altogether, if we think about what the value of a customer is to a company, part of that is coming from my own interaction with the company — how much I purchased, how long I stay. The important part is my social value. Do I bring in more customers by being in the company?

What we established in this research is that we also need to consider this second component, the social value, this refer-other-customers component, as my total value as a customer to the company.

Basiouny: I want to make sure we get in that number that was in your paper. Referred customers can bring in almost 57% more of their referred customers than non-referred customers. Can you explain that just a little bit?

Jiang: The empirical study leveraged a very, very large customer base with over 40 million customers. Using that large customer base, we're able to quantify exactly how much higher this social component is. Exactly as you mentioned, we find that for referred customers, they will bring in 30% to 50%, depending on exactly what the controls are, more customers than a similar-looking, non-referred customer. Just to look at very similar customers from other angles, then if they were referred, then you are pointing at ballpark 50% more new customers to the company, which comprise a very large social value.

Basiouny: That is a really significant number. That's something for companies to pay attention to. What is it that makes referred customers want to refer other customers? What is the mechanism there?

Jiang: Yes, that's a great question. That's something that we've been trying to decipher ourselves when looking at the studies. The first reaction we have is it's just because maybe they like it more, so they use it more, they tend to buy more, they engage with the company more, which makes them more likely to refer. That's something, indeed, we see, and we control for that.

Beyond that, we still find that they still tend to refer more, given how much interaction they have with the company. That's when we uncovered a new mechanism of why they refer more, and that is the social appropriateness. What I mean by that is for a referred customer, which means that this customer has joined the company from a referral. Their friend referred them in the first place, so they would find that it's appropriate for me to also refer my friends, and I may get some incentives from the companies.

Because they have experienced the act of referring themselves, they would, in turn, feel it's more appropriate. Of course, this is not something we are going to be able to test out using these 40 million customers that I mentioned before. This is something that we actually get at with the help of lab experiments. Everything is controlled for. Whether you are referred or not referred are perfectly randomized, so people are exactly in the same conditions. And then what we find is that for the people who are just randomly assigned to be in the referred condition — they were told that they join a company through a referral — compared to a customer who was told that they joined the company through seeing an ad. We compare how appropriate and how likely they are to refer other customers.

We exactly replicate this phenomenon that we saw in this large dataset. For the customers who are randomly assigned to be referred, they also say they are more likely to refer others. They consistently feel that it's more appropriate. They experience less psychological cost for referring other friends. We think this is a very important phenomenon. The psychological barrier is something that is an important phenomenon that prevents people from making more referrals in practice. Having experienced being referred, then they feel it's an appropriate thing to do. It's perfectly fine for me to refer others and maybe get a benefit for myself.

Basiouny: That social appropriateness, that feeling good about referring other people, that's that contagion part, right?

Jiang: That's exactly right. If you encourage someone to refer more, and these people have experienced the act of being referred, which then, in turn, are more likely to refer even more people. Once you start encouraging more, the contagion starts from there.

How Can Companies Encourage More Customer Referrals?

Basiouny: That gets us to the freebie here, for the companies, that comes in your paper. What is that intervention you're recommending that companies do?

Jiang: After we find out this mechanism, we're thinking, "How can we leverage this? What's the takeaway here?" One easy takeaway is to say, "You should just do more referrals." Referrals of customers are great. That's nice to know, and it's nice to determine how much incentive we should be offering, and this and that. But then we want to look for other types of actionable interventions that a company can have when it comes to referrals.

In the end, we come up with intervention, and it's a freebie. It's costless. It doesn't need companies to invest even in higher incentives. I'll first talk about what intervention is, and then talk about the rationale behind it.

The intervention is when you send referral invitations to your referred customers, you have a very simple reminder, telling them that they themselves have been referred before. "You have joined from referral, now refer others." We were able to test this in a large-scale field experiment with more than 10 million referred customers. What we found is that this very simple reminder intervention leads to 20% higher referrals, compared to the control conditions, who also get this invitation to refer, but without that reminder.

It works because by reminding customers that they also joined from this referral, it becomes very salient to them that they have experienced this act of referring, which again makes them feel it's more appropriate to refer their friends. Companies very often have either emails or push notifications inviting customers to refer. But for the referred customers, if you simply add this reminder, again costless, what we have shown is that it resulted with a large, 20% increase in referred customers.

Basiouny: That's a big return for what's simply a change in language. You're just adding that sentence that says, "You were a referred customer, now it's your turn to refer others."

Jiang: Yes, and I think what's really powerful about this is that we think that the psychological barrier is worrying that, "I shouldn't be doing this to get an incentive for myself." It's an important way to start more customers to engage in this type of behavior. So if we're thinking more broadly, any type of interventions that help people lower the psychological cost will be an effective strategy. For the referred customers, simply reminding them acts as an effective strategy. But I actually believe there are more different types of interventions that can be done by getting at a core concept of feeling it is an appropriate thing to do for them.

Dignify Your Customers: Three Levers to Pull

In this Nano Tool for Leaders, experts from Wharton, Yale, and IDinsight explain how protecting the dignity of your customers can secure their loyalty.

CAIT LAMBERTON

Alberto I. Duran President's Distinguished Professor, Professor of Marketing, Co-Editor, Journal of Marketing, Author, "Marketplace Dignity," published by Penn Press (2024)

NANO TOOLS FOR LEADERS® — A COLLABORATION between Wharton Executive Education and Wharton's Center for Leadership and Change Management — are fast, effective tools that you can learn and start using in less than 15 minutes, with the potential to significantly impact your success and the engagement and productivity of the people you lead.

Goal

Gain and retain loyal customers by affirming their marketplace dignity.

Nano Tool

Marketers have long tried to crack the code of consumer behavior, yet the mystery endures — why do even the most outstanding products sometimes fail to capture consumer interest? Most theories acknowledge the role of reason and emotion in purchasing decisions but fail to take into account a third dimension of customers' behavior and decision-making: dignity.

Research shows that when consumers have a marketplace experience that compromises or denies their dignity — being valued and respected by others for who they are — they are less likely to return for future transactions. And they're more likely to share their negative experience with others.

Alternately, marketplace dignity can significantly increase the likelihood of repeat business, while also elevating your brand and its reputation. And advancing dignity doesn't conflict with effective business practices. But respecting your customers' dignity at every touchpoint with your brand can be trickier than it sounds — having a vision, articulating a purpose, driving for sustainability, or broadening your social impact don't guarantee it. And many brands have learned the hard way that doing the right thing in the wrong way can backfire dramatically (as Burger King found out in 2021 with its "Women Belong in the Kitchen" tweet on International Women's Day, designed to draw attention to the gender disparity in the culinary industry).

To affirm marketplace dignity to every customer throughout their journey with your brand, implement three distinct levers in your marketing and customer-care practices. Strengthening your focus on dignity can help you ensure that you truly deliver on your purpose in ways that bring value not only to your target consumers, but to the marketplace as a whole.

Action Steps

The three levers in the Marketplace Dignity Framework were identified through 25 large-scale studies conducted over seven years in the U.S., Africa, Latin America, and India. They are intended to be applied throughout the customer journey.

Representation: Making people feel seen and heard can be as simple as using their name (as long as you pronounce it correctly), employing people who look and sound like your customer base, or representing your customers in advertising. But to work it has to be done authentically (LGBTQ representation only during Pride Month, for example, is often seen as inauthentic). Representation has relevance in every stage of the customer journey, from product design to customer service to marketing.

Agency: When your customers feel they have options and a meaningful chance to consent about their experiences with your brand, they feel empowered, enfranchised, and in control. Require consent when you collect data about people, give them control over their subscriptions, and don't overload them with choices.

Equality: Customers want to know you see them as peers, and that everyone receives the same even-handed and nondiscriminatory consideration and treatment regardless of traits such as age, sex, size, or race. Loyalty programs and premiums for different customer segments can still work, but your explanation of differential treatment must be seen as fair.

How Leaders Use It

Southwest Airlines recently announced it was doing away with its open seating policy, which had been framed as offering consumers choice. In reality, unassigned seating creates a stressful and chaotic boarding process, which makes consumers feel as though they don't have control over their experience. By moving choice farther up the consumer journey to time of booking, and offering additional options like extra legroom, Southwest is actually doing more to affirm their consumers' dignity than under the former plan.

Specialty retailer and staple of U.S. malls for decades, Spencer's is known for its edgy, novelty product offerings that cater to a youthful demographic. CEO Steven Silverstein says the company affirms its customers' dignity by stocking an eclectic assortment of items that provide real choice with no judgment from its employees (who are referred to as "party hosts" to their customer guests). "Because we've been here for such a long time … people understand our brand [and] they can opt in. They can choose to be part of Spencer's. And once they cross the threshold, we accept them — and they can control their experience."

Contributors to this Nano Tool

Cait Lamberton, Alberto I. Duran Distinguished Professor of Marketing at the University of Pennsylvania's Wharton School; Neela A. Saldanha, Executive Director at the Yale Research Initiative on Innovation and Scale (Y-RISE) and a behavioral scientist; and Tom Wein, Director at IDinsight, a mission-driven global advisory, data analytics, and research organization that helps global development leaders maximize their social impact. This Nano Tool is based on their book Marketplace Dignity: Transforming How We Engage with Customers Across Their Journey (Wharton School Press, 2024).

Share Price List as @ Friday 11 October, 2024: The Nigerian Stock Exchange

COMPANY	PCLOSE	OPEN	HIGH	LOW	CLOSE	CHANGE	% CHANGE	TRADES	VOLUME	VALUE
ABBEYBDS	2.75	2.75	2.78	2.78	2.78	0.03	1.09 %	10	215,840	599,447
ABCTRANS	1.32	1.32	1.32	1.32	1.32	0.00	0.00 %	26	167,805	216,934
ACADEMY	2.86	2.86	2.86	2.86	2.86	0.00	0.00 %	6	1,705	4,970
ACCESSCORP	19.45	19.45	19.80	19.60	19.70	0.25	1.29 %	338	68,257,590	1,339,888,209
AFRIPRUD	9.00	9.00	9.25	9.00	9.25	0.25	2.78 %	63	1,061,852	9,630,907
AIICO	1.18	1.18	1.18	1.15	1.17	-0.01	0.85%	97	7,577,642	8,847,284
AIRTELAFRI	2200.00	2200.00	2200.00	2200.00	2200.00	0.00	0.00 %	13	2,580	5,675,804
ALEX	7.15	7.15	7.15	7.15	7.15	0.00	0.00 %	2	35,326	246,382
BERGER	19.00	19.00	19.00	19.00	19.00	0.00	0.00 %	10	2,862	50,887
BETAGLAS	48.95	48.95	48.95	48.95	48.95	0.00	0.00 %	8	6,734	303,000
BUACEMENT	110.00	110.00	110.00	110.00	110.00	0.00	0.00 %	70	93,114	9,249,315
BUAFOODS	394.90	394.90	394.90	394.90	394.90	0.00	0.00 %	24	3,510	1,252,085
CADBURY	18.20	18.20	18.20	18.20	18.20	0.00	0.00 %	37	150,854	2,617,950
CAP	35.00	35.00	35.00	35.00	35.00	0.00	0.00 %	9	20,159	662,707
CAVERTON	2.48	2.48	2.65	2.30	2.60	0.12	4.84 %	112	7,078,072	17,653,885
CHAMPION	3.11	3.11	3.11	3.11	3.11	0.00	0.00 %	15	210,692	659,159
CHAMS	2.10	2.10	2.10	2.05	2.05	-0.05	-2.38%	39	5,327,798	10,987,893
CHELLARAM	3.70	3.70	3.70	3.70	3.70	0.00	0.00 %	3	840	2,821
CILEASING	3.72	3.72	4.00	3.70	3.98	0.26	6.99 %	32	2,465,864	9,710,991
CONHALLPLC	1.27	1.27	1.39	1.39	1.39	0.12	9.45 %	22	1,660,480	2,307,973
CONOIL	168.00	168.00	168.00	168.00	168.00	0.00	0.00 %	91	189,285	30,360,403
CORNERST	2.55	2.55	2.60	2.60	2.60	0.05	1.96 %	17	671,885	1,733,757
CUSTODIAN	12.80	12.80	12.80	12.80	12.80	0.00	0.00 %	37	279,245	3,323,706
CUTIX	2.52	2.52	2.59	2.58	2.59	0.07	2.78 %	39	974,003	2,502,341
CWG	6.00	6.00	6.00	6.00	6.00	0.00	0.00 %	13	69,055	428,332
DAARCOMM	0.63	0.63	0.68	0.57	0.57	-0.06	9.52%	42	1,777,790	1,117,667
DANGCEM	478.80	478.80	478.80	478.80	478.80	0.00	0.00 %	55	10,076	4,342,756
DANGSUGAR	32.00	32.00	31.00	31.00	31.00	-1.00	3.13%	154	1,032,418	32,575,428
DEAPCAP	1.51	1.51	1.36	1.36	1.36	-0.15	9.93%	38	1,366,753	1,860,457
ELLAHLAKES	4.21	4.21	4.18	4.09	4.18	-0.03	-0.71%	45	933,234	3,857,413
ENAMELWA	19.30	19.30	19.30	19.30	19.30	0.00	0.00 %	2	15	299
ETERNA	24.70	24.70	24.70	24.70	24.70	0.00	0.00 %	73	343,409	8,315,288
ETI	24.00	24.00	24.00	24.00	24.00	0.00	0.00 %	19	68,629	1,657,621
ETRANZACT	7.50	7.50	7.50	7.50	7.50	0.00	0.00 %	8	21,540	146,826
FBNH	25.55	25.55	26.00	25.60	26.00	0.45	1.76 %	166	3,925,714	100,784,969
FCMB	8.50	8.50	8.50	8.50	8.50	0.00	0.00 %	76	524,116	4,434,925
FIDELITYBK	14.40	14.40	14.90	14.50	14.70	0.30	2.08 %	220	43,156,633	630,123,286
FIDSON	13.95	13.95	15.10	15.10	15.10	1.15	8.24 %	56	357,448	5,167,098
FLOURMILL	62.05	62.05	62.05	62.00	62.00	-0.05	0.08%	65	1,572,686	97,583,074
FTNCOCOA	1.89	1.89	1.89	1.89	1.89	0.00	0.00 %	37	355,798	673,914
GEREGU	1150.00	1150.00	1150.00	1150.00	1150.00	0.00	0.00 %	44	10,430	10,795,050
GOLDBREW	3.40	3.40	3.40	3.40	3.40	0.00	0.00 %	3	42,000	147,940
GTCO	47.95	47.95	50.05	47.65	49.00	1.05	2.19 %	322	10,187,410	502,617,262
GUINEAINS	0.47	0.47	0.49	0.48	0.49	0.02	4.26 %	23	1,111,324	538,271
GUINNESS	65.00	65.00	65.00	65.00	65.00	0.00	0.00 %	56	309,895	19,148,170
HONYFLOUR	4.30	4.30	4.35	4.30	4.35	0.05	1.16 %	65	1,371,731	5,927,162
IKEJAHOTEL	7.00	7.00	7.00	7.00	7.00	0.00	0.00 %	9	33,370	239,338
IMG	35.00	35.00	35.00	35.00	35.00	0.00	0.00 %	2	400	12,600
INFINITY	7.00	7.00	7.00	7.00	7.00	0.00	0.00 %	1	3	20
INTBREW	4.05	4.05	4.05	4.05	4.05	0.00	0.00 %	24	187,988	778,453
INTENEGINS	1.57	1.57	1.57	1.57	1.57	0.00	0.00 %	6	42,152	61,968
JAIZBANK	2.42	2.42	2.41	2.41	2.41	-0.01	0.41%	79	1,208,054	2,910,808
JAPAULGOLD	2.41	2.41	2.45	2.39	2.41	0.00	0.00 %	120	7,420,580	17,923,356
JBERGER	164.00	164.00	164.00	164.00	164.00	0.00	0.00 %	55	84,613	12,626,112
JOHNHOLT	3.05	3.05	3.05	3.05	3.05	0.00	0.00 %	5	32,985	91,800
JULI	10.30	10.30	10.30	10.30	10.30	0.00	0.00 %	5	5,366	49,743
LASACO	2.56	2.56	2.70	2.53	2.70	0.14	5.47 %	97	6,233,379	16,234,295
LEARNAFRCA	3.25	3.25	3.25	3.25	3.25	0.00	0.00 %	7	8,725	27,110
LINKASSURE	0.93	0.93	0.93	0.93	0.93	0.00	0.00 %	9	37,815	35,403
LIVESTOCK	3.10	3.10	3.28	3.13	3.28	0.18	5.81 %	133	4,174,079	13,366,195
MANSARD	5.74	5.74	5.74	5.74	5.74	0.00	0.00 %	26	213,706	1,213,929
MAYBAKER	7.00	7.00	7.00	7.00	7.00	0.00	0.00 %	29	241,182	1,646,520
MCNICHOLS	1.42	1.42	1.42	1.42	1.42	0.00	0.00 %	17	427,060	559,582
MECURE	9.25	9.25	10.10	9.60	10.10	0.85	9.19 %	39	542,930	5,359,638
MEYER	8.52	8.52	8.52	8.52	8.52	0.00	0.00 %	12	23,908	206,455
MORISON	4.45	4.45	4.45	4.45	4.45	0.00	0.00 %	2	257	1,031
MRS	132.70	132.70	132.70	132.70	132.70	0.00	0.00 %	22	11,559	1,432,441
MTNN	190.00	190.00	191.00	191.00	191.00	1.00	0.53 %	153	1,006,308	192,082,544
MULTIVERSE	8.80	8.80	8.80	8.80	8.80	0.00	0.00 %	13	65,760	525,568
NAHCO	34.85	34.85	34.85	34.85	34.85	0.00	0.00 %	73	449,077	14,889,938
NASCON	30.40	30.40	30.00	30.00	30.00	-0.40	1.32%	75	282,292	8,559,423
NB	28.85	28.85	29.00	29.00	29.00	0.15	0.52 %	79	592,944	17,159,251
NEIMETH	1.90	1.90	1.98	1.98	1.98	0.08	4.21 %	35	758,963	1,484,651
NEM	8.75	8.75	7.90	7.90	7.90	-0.85	9.71%	26	377,438	2,987,670
NESTLE	890.00	890.00	890.00	890.00	890.00	0.00	0.00 %	40	12,344	10,430,496
NGXGROUP	20.55	20.55	21.40	20.30	21.40	0.85	4.14 %	29	1,590,392	33,199,027
NIDF	111.70	111.70	111.70	111.70	111.70	0.00	0.00 %	15	3,602	390,713
NNFM	34.80	34.80	34.80	34.80	34.80	0.00	0.00 %	11	60,596	1,899,685
NOTORE	62.50	62.50	62.50	62.50	62.50	0.00	0.00 %	1	3,220	221,375
NPFMCRFBK	1.57	1.57	1.57	1.57	1.57	0.00	0.00 %	16	264,342	407,043
NSLTECH	0.65	0.65	0.65	0.65	0.65	0.00	0.00 %	10	411,514	267,669
OANDO	71.95	71.95	70.00	70.00	70.00	-1.95	2.71%	450	4,114,987	288,838,320
OKOMUOIL	363.00	363.00	363.00	363.00	363.00	0.00	0.00 %	57	379,777	129,367,954
OMATEK	0.70	0.70	0.70	0.70	0.70	0.00	0.00 %	17	233,655	159,085
PRESCO	485.40	485.40	485.40	485.40	485.40	0.00	0.00 %	63	114,609	50,812,617
PRESTIGE	0.53	0.53	0.54	0.52	0.53	0.00	0.00 %	28	2,241,397	1,186,560
PZ	19.20	19.20	19.70	19.70	19.70	0.50	2.60 %	34	715,320	13,803,845
REDSTAREX	4.08	4.08	4.10	4.10	4.10	0.02	0.49 %	10	216,787	888,043
REGALINS	0.66	0.66	0.72	0.66	0.72	0.06	9.09 %	106	10,894,263	7,618,880
ROYALEX	0.75	0.74	0.74	0.73	0.73	-0.02	2.67%	34	1,651,854	1,210,304
RTBRISCOE	3.34	3.34	3.31	3.01	3.31	-0.03	0.90%	34	1,387,723	4,371,188
SCOA	1.71	1.71	1.71	1.71	1.71	0.00	0.00 %	3	1,650	2,917
SEPLAT	5217.20	5217.20	5217.20	5217.20	5217.20	0.00	0.000 %	89	22,318	111,396,796
SFSREIT	179.45	179.45	179.45	179.45	179.45	0.00	0.00 %	9	2,755	495,717
SOVRENINS	0.58	0.58	0.58	0.58	0.58	0.00	0.00 %	11	296,075	173,317
STANBIC	57.00	57.00	57.00	57.00	57.00	0.00	0.00 %	25	152,781	8,757,626
STERLINGNG	4.55	4.55	4.98	4.55	4.98	0.43	9.45 %	160	12,451,756	60,075,541
SUNUASSUR	1.58	1.58	1.70	1.70	1.70	0.12	7.59 %	18	425,738	723,342
TANTALIZER	0.66	0.66	0.61	0.60	0.60	-0.06	-9.09%	37	4,182,169	2,512,105
THOMASWY	1.94	1.94	1.94	1.94	1.94	0.00	0.00 %	5	11,302	21,700
TIP	2.00	2.00	2.00	1.95	1.95	-0.05	2.50%	22	12,002,729	23,992,185
TOTAL	673.90	673.90	673.90	673.90	673.90	0.00	0.00 %	34	31,040	19,196,266
TRANSCOHOT	90.00	90.00	90.00	90.00	90.00	0.00	0.00 %	6	92,242	7,472,626
TRANSPOWER	301.70	301.70	301.70	301.70	301.70	0.00	0.00 %	57	50,916	14,317,914
TRIPPLEG	2.01	2.01	2.01	2.01	2.01	0.00	0.00 %	22	398,339	760,034
UACN	21.00	21.00	21.00	20.15	20.60	-0.40	1.90%	70	3,753,906	76,954,722
UBA	26.55	26.55	26.95	26.25	26.50	-0.05	0.19%	790	25,437,150	675,934,301
UCAP	18.05	18.05	18.30	18.25	18.25	0.20	1.11 %	93	3,777,002	68,984,017
UNILEVER	19.25	19.25	19.25	19.25	19.25	0.00	0.00 %	17	97,202	1,862,244
UNIONDICON	8.00	8.00	8.00	8.00	8.00	0.00	0.00 %	1	250	1,800
UNIVINSURE	0.35	0.35	0.36	0.35	0.36	0.01	2.86 %	23	2,113,801	748,494
UPDC	1.51	1.51	1.51	1.51	1.51	0.00	0.00 %	23	142,132	216,295
UPDCREIT	5.20	5.20	5.15	5.15	5.15	-0.05	-0.96%	16	125,287	644,921
UPL	2.55	2.55	2.55	2.55	2.55	0.00	0.00 %	10	49,773	126,905
VERITASKAP	1.57	1.57	1.64	1.57	1.60	0.03	1.91 %	55	1,728,329	2,745,620
VFDGROUP	45.00	45.00	45.00	45.00	45.00	0.00	0.00 %	12	2,084	84,402
VITAFOAM	22.00	22.00	22.00	22.00	22.00	0.00	0.00 %	17	20,015	402,656
WAPCO	36.20	36.20	36.25	36.25	36.25	0.05	0.14 %	73	640,974	23,295,698
WAPIC	0.80	0.80	0.84	0.80	0.80	0.00	0.00 %	31	1,819,296	1,519,360
WEMABANK	7.80	7.80	7.85	7.80	7.85	0.05	0.64 %	80	1,098,861	8,501,415
ZENITHBANK	37.50	37.50	37.70	37.40	37.45	-0.05	0.13%	325	19,733,057	739,183,229
							Total	6,950	304,430,135	5,599,374,821

Stories by Onome Amuge

SAPZ stakeholders tackle value addition, industrialisation headwinds in agro-industry

THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES (SAPZ) steering committee, committed to directing Nigeria's agro-industrial drive to fruition, has reaffirmed its dedication to ensure the full implementation and success of the ground-breaking initiative.

With eyes fixed on the horizon, the committee has vowed to pivot from the export of raw agricultural produce and instead orient towards value-addition, determined to unlock the sector's potential and harness its full economic development potential.

The commitment was made during the SAPZ-1 implementation acceleration dialogue and state steering/technical committee workshop, hosted recently in Abuja, Nigeria's capital city.

The SAPZ programme, considered a visionary investment initiative to fast-track the industrialisation of Nigeria's agricultural sector for greater economic prosperity and inclusiveness, has somewhat faced critical implementation challenges.

One of the major problems facing the most populous African country is that, despite the potential for agricultural exports to diversify its economy, most agricultural commodities are not processed. This has led to loss of billions of dollars that could have been earned through value-addition, as stated by experts in the field.

In other words, while the promise of agricultural exports offers an exciting opportunity for the Nigerian economy, the untapped potential of processing these commodities domestically represents a missed opportunity to maximise returns and fuel sustained growth.

Despite agricultural exports totalling N973.69 billion in the second quarter of 2024, a substantial portion of these exports consisted of raw materials, amounting to N366.91 billion, or 37.7 percent of total agricultural exports, according to data presented by the National Bureau of Statistics (NBS).

In response to this challenge, the high-level executive dialogue/steering & technical committee workshop brought together key stakeholders to address this issue and seek a durable solution that would propel the SAPZ programme forward, towards its goal of transforming the agricultural sector into a driving force for sustainable growth and development.

The importance of value addition in Nigeria's industrialisation journey cannot be overstated, as experts believe that processing agricultural produce locally could provide an economic boost, empower farmers, and position the country as a leading exporter of value-added agricultural products in Africa.

Value addition, therefore, is considered not just a concept but a critical piece of the puzzle that could help Nigeria fully realise the potential of its agricultural sector and transform the country into a powerhouse of innovation and economic prosperity.

AfDB puts Nigerian state govts on notice over indolent approach to agro-industrial development

In a major stride towards fostering the development of Nigeria's agro-industrial sector, the African Development Bank (AfDB) and the Arab Bank for Economic Development in Africa (BADEA) announced a landmark collaboration, amounting to a $300 million facility for the co-financing of the second phase of the Special Agro-Industrial Zones (SAPZ) initiative in the country.

Banji Oyelaran-Oyeyinka, the senior special adviser on industrialisation to the AfDB, confirmed the development on the second day of the SAPZ event.

Despite concerted efforts by the AfDB to facilitate the timely disbursement of funds for the initial phase of the SAPZ initiative, Oyelaran-Oyeyinka, expressed concern that several participating states were not demonstrating the necessary responsiveness.

"So, in the first phase of the Special Agro-Industrial Processing Zone, the bank's contribution was about $220 million. We raised $540 million. The rest came from Islamic Development Bank (IsDB) IFAD, and there's also an organisation called Africa Go Together Fund (AGTF). So, as you can see, we were able to raise considerable financing.

"And as we speak here now, for the phase two, we have also attracted additional co-financing of $300 million from BADEA, that is the Arab Bank for International Development.

So, the goodwill is there, and the co-financing support is there. But people will not bring you financing when you have not disbursed the one they gave to you in the first place," he stated.

Oyelaran-Oyeyinka highlighted the disenchantment among the AfDB ranks resulting from the lackadaisical approach of certain states to the SAPZ programme's implementation.

While acknowledging the difficulties inherent in such a large-scale initiative, he noted that even an 80 percent success rate would be a major victory for the AfDB.

The AfDB's senior special adviser on industrialisation acknowledged the concerns of some states that found the programme's guidelines too complex, emphasising that the word "hard" was indeed relative, given the variability of experiences across the states.

To help states address the processes required for disbursement, Oyelaran-Oyeyinka urged them to consider hiring consultants, yet emphasising that the AfDB would maintain its integrity by refusing to bend the rules in favour of any one state.

Stakeholders address critical role of value addition in Nigeria's agricultural sector

Danjuma Mahmud, Kano State agriculture commissioner, underscored the critical importance of value addition in the export-commodity market while speaking with journalists on the sidelines of the SAPZ-1 implementation acceleration dialogue.

As Mahmud highlighted the need for Nigeria to transition from exporting raw agricultural produce to value-added products, he emphasised the potential benefits of this shift for the sector and the economy at large, including increased economic growth, farmer empowerment, and enhanced competitiveness in the global export market.

The agriculture commissioner advocated for the creation of more agro-industrial hubs to ensure food security and bolster Nigeria's economy.

One of Mahmud's chief aims is to ensure that crops, such as ginger, which are abundant in Kaduna State, are processed locally to extract ginger oil and resin, thus increasing their value.

In his remarks to journalists, Mahmud expressed his dismay that Nigeria exports crops, including ginger and cocoa, in their raw form, thereby forfeiting the economic advantages of processing these goods domestically.

"Take Kaduna, for instance. We are the largest producers of ginger, mostly for export, but we export it raw, either dry or fresh. When we establish these agro-industrial hubs, industries will be able to extract ginger oil and oil resin, which will bring far more value to the country and to the farmers," Mahmud stated.

Mahmud also brought to light the same situation with cocoa production in the southwest region of Nigeria. He stressed the importance of developing industries to enable Nigeria to reap the full benefits of its agricultural value chains.

By establishing these agro-industrial hubs, Mahmud believes that Nigeria will not only be able to address its high import bills for food items but also eliminate the need to import many food products that are currently being brought into the country.

Mahmud believes that the creation of these industries will not only increase productivity among smallholder farmers but also enable them to sell their produce directly to these industries, strengthening the agricultural value chain. "We should not be importing most of these things," Mahmoud stated.

According to Mahmud, as these agro-industrial hubs become functional, they will reduce Nigeria's dependence on imported food items, increase the country's foreign exchange earnings, and improve the livelihoods of smallholder farmers.

Building upon Nigeria's quest towards value addition in agriculture, the AfDB initiated a partnership with the nation to increase the level of value-added to raw materials, from the current rate to 60 percent by 2028.

The initiative was revealed by Uche Nnaji, the minister of science and technology, during a presentation and dialogue session hosted by the Raw Materials Research and Development Council (RMRDC) in Abuja.

Nnaji explained that the 10-year development roadmap, backed by the AfDB, is designed with the goal of elevating Nigeria's raw material value-addition level to 60 percent before their export.

This vision, he emphasised, is not a mere numerical target but an aspiration that speaks to the heart of Nigeria's future—a future where raw materials are no longer exported in their raw form, but rather enhanced and processed domestically, maximising their value for the nation.

Gold surges on bets of impending rate cut as U.S. PPI data offers support

GOLD PRICES SURGED by over one percent on Friday, as U.S. inflation data confirmed expectations of a potential rate cut in the coming month, keeping the dollar in check. The weakening dollar, combined with the safe-haven appeal of gold due to geopolitical tensions in the Middle East, propelled the precious metal higher.

Spot gold prices soared 1.1 percent to $2,658.42 per ounce, marking its second consecutive day of gains, as investors sought safe-haven assets amid geopolitical tensions and increasing prospects of an impending rate cut.

This upward momentum was reflected in U.S. gold futures, which ended the day 1.4 percent higher at $2676.30, as investors piled into gold, betting on lower interest rates and a weaker dollar to brighten the metal's appeal. As the U.S. Federal Reserve faces a challenging balancing act between supporting a slowing economy and controlling inflation, Daniel Pavilonis, senior market strategist at RJO Futures, highlighted the central bank's paradoxical position, stating: "The economy is still relatively strong, and the Fed is still in a paradox where they're looking at cutting rates because some sectors have slowed down significantly, like housing."

Inflation fears were soothed by the latest U.S. producer price index (PPI) report, which showed prices remaining stable in September, signaling that inflationary pressures may be under control.

The benign PPI data fueled expectations of a rate cut by the Federal Reserve in the coming month, adding to the upward momentum in gold prices.

The dollar wavered below a two-month high against its major peers, reflecting the recent moderation in inflation and the potential for a more dovish Federal Reserve policy stance. In physical markets, Indian gold dealers observed a turnaround from recent weakness, levying premiums on gold for the first time in two months. This resurgence in demand was attributed to the upcoming festive season, which traditionally sees a spike in gold purchases for jewellery and other ceremonial uses.

Commerzbank reported a notable shift in gold demand dynamics during the third quarter of the year, as Gold Exchange-Traded Fund (ETF) holdings witnessed a significant increase.

According to the bank, ETFs added almost 95 tonnes of gold to their holdings during the quarter, marking the first net positive contribution from ETFs to overall gold demand in the past ten quarters. This trend suggests that investors are once again turning to gold as a safe-haven asset amidst market uncertainty and a potential shift in central bank policies.

Stories by Onome Amuge

Brazil's crop woes spell trouble for global sugar supply

THE SUGAR INDUSTRY is poised for a major upheaval as the world's largest producer, Brazil, faces production challenges that are forecasted to result in a shortfall of nearly two million metric tonnes for the 2024/25 season.

According to Sucres et Denrées (Sucden), a prominent sugar trading company, the market is bracing for a potential deficit in the coming year, as Brazil struggles with issues such as adverse weather conditions, crop diseases, and logistical obstacles.

Brazil's sugar industry is struggling to keep pace with the effects of adverse weather conditions, which have resulted in a significant drop in raw sugar availability in the Center-South region, one of the country's primary sugarcane-growing areas.

According to industry reports, the Center-South region is anticipated to experience a 40 percent decrease in raw sugar availability during the fourth quarter of 2024 and the first quarter of 2025.

The sugar market has been severely impacted by prolonged droughts and wildfires in Brazil, causing extensive crop damage and raising serious concerns about future yields.

Although there have been positive trends in sugar production in the Northern Hemisphere, the increase in production from countries such as Thailand, India, China, and Mexico is not enough to offset the projected shortfall in Brazil's output.

L-R: Emmanuel Audu, permanent secretary, Ministry of Agriculture and Food Systems, Lagos State; Abisola Olusanya, commissioner of agriculture and food systems, Lagos State; Ibijoke Sanwo-Olu, wife of the Lagos State governor; Omolara Abimbola-Oguntuyi, state coordinator, Federal Ministry of Agriculture and Food Security, Lagos State Office; and Olabode Agoro, head of service, Lagos State, during the Lagos Agric Scholars Quiz Competition and Young Farmers Club induction, in Lagos , recently

The global sugar industry relies heavily on Brazil's production to meet worldwide demand, and the country's current production challenges have already begun to reverberate throughout the market, with industry analysts predicting higher prices and potentially tighter supplies in the coming year.

The global sugar market may be left without a safety net as India, the world's second-largest sugar producer, faces its own limitations in boosting exports to compensate for Brazil's shortfall.

India's export potential remains restricted, placing further strain on already tight global supplies. This has resulted in raw sugar futures prices soaring to six-month highs in September 2024, with prices expected to remain elevated throughout the 2024/25 season.

The U.S. Department of Agriculture (USDA) has revised its estimates for Brazil's sugar production for the 2024/25 season, downgrading its initial forecast of 44 million tonnes to a more conservative projection of 43 million tonnes.

Despite Brazil's production challenges, the USDA expects global sugar production to rise by 2.5 million tonnes in the 2024/25 season, reaching an estimated total of 186.0 million tonnes.

Global sugar consumption is forecast to hit a record high, driven by robust demand in markets like India and Pakistan, adding to the pressure on already strained global supplies.

Unfortunately, sugar exports are expected to decrease due to reduced shipments from major producers, further exacerbating the tightness in the market and potentially driving up prices for consumers and producers alike.

Raw sugar prices continued their upward trajectory in early October 2024, reaching approximately $23 per pound, representing an 11.47 percent increase since the beginning of the year.

This price surge is a significant factor for traders, consumers, and food manufacturers worldwide, adding to the challenges of managing sugar-related costs and risks.

The sugar market remains highly sensitive to weather conditions in Brazil, with rainfall patterns during the coming months playing a crucial role in determining the potential yield of the country's sugarcane crop.

As the sugar market navigates the ongoing production challenges in Brazil, market participants are closely monitoring weather patterns, well aware of their potential to swing the global sugar balance.

This volatility underscores the delicate and dynamic nature of agricultural commodity markets, emphasising the importance of diverse production sources and resilient supply chains in promoting market stability and mitigating the impact of such disruptions on the global food system.

Aluminium rises as Guinea's bauxite export disruption threatens supply chain

CONCERNS OVER POTENTIAL supply disruptions from Guinea, a major exporter of feed material for aluminium production, have sent aluminium prices soaring.

In a recent statement, Emirates Global Aluminium (EGA), the world's largest 'premium aluminium' producer, revealed that its subsidiary Guinea Alumina Corporation (GAC) has been suspended from exporting bauxite, the raw material used to produce alumina.

EGA is currently in communication with customs officials in Guinea to seek an explanation for this unexpected development, which has the potential to disrupt the supply chain for alumina, a key component in the production of aluminium.

The turbulence in the aluminium market was reflected in the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE), with aluminium prices soaring by 2.5 percent on the LME to reach $2,650 per metric tonne.

Meanwhile, alumina prices on the SHFE hit an all-time high, signalling the severity of the supply concerns and the potential for further disruptions in the alumina market.

StoneX analyst Natalie Scott-Gray offered insights into the market dynamics at play, saying, "With China being the largest delivery point for bauxite in the world, it's not surprising to see this latest disruption causing prices to surge on the SHFE for alumina."

With alumina supply facing headwinds due to disruptions in China and Australia earlier this year, the export restrictions imposed on Guinea, the world's largest exporter of bauxite accounting for 70% of global seaborne exports, added to the strain on the market, according to Scott-Gray.

Despite the recent export restrictions, Guinea has seen an uptick in bauxite exports this year, with a 23 percent increase compared to the same period in the previous year. This was largely driven by an increase in exports from Guinea Alumina Corporation, which shipped 14 million tonnes of bauxite in 2023.

On the other hand, copper prices on the London Metal Exchange rose on Friday, but the rebound was overshadowed by the commodity's largest weekly decline in five weeks.

The downward pressure was driven by reduced physical demand for copper as buyers shied away from the metal in the wake of its recent price rally, as well as an increase in copper inventories in China, the world's largest consumer of the metal.

The LME copper contract gained 0.2 percent, closing at $9,746 a tonne. Despite this uptick, the metal was still trading 2 percent lower compared to its price at the start of the week, as investors weighed the potential impact of the recent price rally on physical demand.

The 21-day moving average, at $9,724, served as a support level for the copper market, preventing further downward pressure on the metal's price.

In other markets, nickel prices inched up by 1.6 percent to $17,820 per tonne. Zinc, lead, and tin prices also saw increases, rising by 1.0 percent each to $3,118.50, $2,086.50, and $33,085 per tonne respectively.

Oil markets remain cautious amidst ongoing supply uncertainty

DESPITE ONGOING WORRIES over supply disruptions, oil prices dipped lower, with traders evaluating the impact of Hurricane Milton on U.S. oil production and the effects of persistent tensions in the Middle East.

Oil prices retreated on Friday, with Brent crude futures dropping by 0.5 percent to settle at $79.04 a barrel, while West Texas Intermediate (WTI) crude futures declined by 0.4 percent, ending the day at $75.56 a barrel.

In the aftermath of Hurricane Milton's devastation in Florida, the United States is grappling with the loss of life, widespread power outages, and damage to infrastructure.

As authorities work to assess the full extent of the destruction, fears are growing that the hurricane's impact could significantly dampen fuel consumption in the world's largest oil producer and consumer.

Despite the decline on Friday, both Brent and WTI were on track for a positive week, with weekly gains of roughly 1 percent, marking the second consecutive week of price increases.

These gains were largely driven by concerns over the potential escalation of Israel's conflicts with Hamas and Hezbollah, which have stoked fears of further geopolitical instability in the region and potential disruption to oil production and supply.

The week saw an escalation of tensions between Israel and Hezbollah, with Israel launching devastating strikes on Hezbollah targets in Lebanon, dashing any immediate hopes of a ceasefire.

As reports indicated that Hezbollah was seeking de-escalation, investors remained on edge, fearing that a potential conflict could disrupt oil supplies in the already volatile region.

Oil markets are on tenterhooks as they await any potential retaliatory action by Israel against Iran, following missile attacks by the latter.

Analysts at ING cautioned that, while the U.S. and other Gulf nations have urged Israel to refrain from targeting oil infrastructure, it cannot be completely ruled out, adding to the market's uncertainty.

On the data front, Baker Hughes reported a modest increase in the U.S. rig count to 481, as the country's oil production continues to recover from Hurricane Milton's impact.

Despite some support from heightened geopolitical tensions, oil prices came under pressure this week, as a surprisingly strong U.S. consumer price index (CPI) report fueled concerns over the Federal Reserve's inflation-fighting efforts.

The dollar's resilience in the face of elevated inflation data cast doubt on the prospects for further rate cuts by the Fed, dampening investor sentiment towards oil and other risk-sensitive assets.

The prospect of relatively higher U.S. interest rates for a more extended period of time heightened fears of slower economic growth in the world's largest oil consumer, dimming the outlook for demand and weighing on oil prices.

Julius Berger's N19bn asset sale rescues profit from red zone in H1'24

Onome Amuge

JULIUS BERGER NIGERIA PLC, one of the country's leading construction firms, staved off a significant loss in profits during the first half of the year, buoyed by a N19 billion windfall from the sale of assets that rectified a cost-income imbalance that had been a drag on the company's financial performance.

A key challenge facing Julius Berger during the first six months of the year has been the company's inability to keep pace with the growth in costs relative to income. While cost of sales increased by 11.6 percent to almost N205 billion, revenue grew only seven percent to N243.8 billion.

The pressure exerted by rising cost of sales on the company's bottom line was clearly evident in its most recent half-year interim financial report, which showed that cost of sales had grown to represent 84 percent of turnover, resulting in a 12.5 percent decline in gross profit to N38.8 billion at the end of June 2024.

The tide of dwindling gross profits appeared to be turning against the construction giant, until two revenue inflows from non-core sources stepped in, salvaging the company's bottom line and ushering in a period of substantial financial growth.

A cash injection of over N19 billion into the company's coffers, more than six times the amount generated in 2023, was the first non-core revenue influx that effectively arrested the company's descent into a gross profit contraction.

L-R: Uaboi Agbebaku, company secretary/legal director, Nigerian Breweries (NB) Plc; Jan Paul Boon, senior director, supply chain, AMEE, Heineken; Hans Essaadi, managing director, NB Plc; Pradeep Pursnani, chief executive officer, Konexa; and Joel Abrams, director, Konexa, during the signing ceremony for the power purchase agreement between Nigerian Breweries Plc and Konexa on Lagos and Aba Breweries at NB Plc corporate head-office in Lagos recently.

The fortuitous windfall from the sale of property, plant, and equipment (PPE) not only rectified the slide in gross profit but also powered a 41.7 percent increase in operating profit to N17.8 billion at the halfway mark of the year.

Buoyed by an investment income of N9.2 billion, Julius Berger's good fortune continued beyond the increase in operating profit, catapulting the company's pre-tax profit to a heady 122.7 percent rise to over N25 billion at the end of June 2024, eclipsing the full-year pre-tax profit of N22 billion for the 2023 financial year with six months to spare.

Although a hefty income tax expense of N13.5 billion somewhat dented Julius Berger's financial performance at the halfway point of the year, the company still managed to deliver an enviable bottom line of N11.6 billion, representing a 72 percent jump from the N6.7 billion recorded in the same period in the previous year.

Despite the overall positive trajectory of Julius Berger's financial performance at the halfway point of the year, the company's operations during the second quarter of the year were marred by a disproportionate growth in costs, outpacing the growth in revenue.

The second quarter of the year witnessed a disproportionate allocation of cost of sales, with 56 percent of the total costs of N205 billion racked up during the six-month period, while simultaneously outpacing the turnover growth rate by almost twofold—20 percent compared to 10.6 percent.

Notwithstanding these challenges, the second quarter still accounted for 54.5 percent of the total turnover for the half year.

The sharp rise in cost of sales during the second quarter of the year acted as a drag on gross profit, which plummeted by 26.6 percent year-on-year to N17.9 billion, further compounded by escalating operating costs across the board.

Though the proceeds from the asset sale provided some respite, the company's operating profit for the quarter dipped by 45.7 percent from N8.3 billion to N4.5 billion over the same period, reflecting the severity of the challenges faced during the quarter.

A shift in financial fortunes during the second quarter saw the company's investment income multiply nearly seven times to N4.7 billion, while finance costs decreased by 44.8 percent to around N802 million.

The two developments jointly reversed the downward trend in operating profit, ultimately resulting in a 12 percent rise in pre-tax profit to N8.4 billion for the quarter, providing a much-needed relief to the company's balance sheet.

Despite recording a sizeable pre-tax profit of N8.4 billion in the second quarter, Julius Berger was hit with N6.8 billion in income tax expenses, diminishing the company's after-tax profits to N1.6 billion. This represented a contraction of 64 percent compared to the same period in 2023, as well as a plunge from the after-tax profit of over N10 billion recorded in the first quarter.

While Julius Berger's financial performance in the second quarter left much to be desired, the company's robust bottom line in the first half of the year provided a reassuring counterpoint to the challenging quarter.

The company's half-year after-tax profit of N11.6 billion came remarkably close to the full-year figure of N12.5 billion in 2023, representing an improvement of 54 percent compared to the corresponding figure in the same period last year.

The strength of Julius Berger's financial performance during the first half of the year was further evidenced by a significant increase in earnings per share, rising from N4.20 in the same period last year to N7.17 for the current half-year.

Access Bank champions climate action with sustainable finance accelerator programme

Joy Agwunobi

ACCESS BANK PLC HAS OFFICIALLY launched its Sustainable Finance Accelerator Programme. The initiative, aimed at empowering corporates, micro, small, and medium enterprises (MSMEs), and nano businesses, focuses on critical areas such as climate change mitigation, health care, and various social impact projects.

The Sustainable Finance Accelerator Programme is structured to nurture innovative concepts within the sustainable development sector, offering a comprehensive suite of training, mentorship, and essential resources to participants, and aims to transform promising ideas into impactful businesses that contribute to a sustainable and resilient future for Nigeria.

As part of the programme, aspiring entrepreneurs are encouraged to register and take advantage of the opportunities provided.

Chizoma Okoli, the deputy managing director of Access Bank Plc, shared insights on the initiative during the launch. She stressed the growing need for sustainable finance amidst escalating climate risks, social inequalities, and resource scarcity.

Okoli emphasised the crucial role the financial sector plays in facilitating a transition to a low-carbon and inclusive economy.

She noted that Access Bank's mission has evolved beyond traditional banking, positioning sustainability as a core business principle.

"Sustainable finance is not merely a niche or passing trend—it represents the future of finance," she stated.

On his part, Gregory Jobome, executive director of risk management at Access Bank Plc, highlighted the collaborative aspect of the program, stressing the bank's commitment to equipping participants with valuable resources.

"This initiative is not solely about Access Bank; it's about fostering a collaborative environment where we come together to create innovative solutions and scale sustainable initiatives throughout Nigeria and Africa," Jobome stated, underscoring the bank's dedication to providing capacity building, funding, and professional networking opportunities to aspiring entrepreneurs.

In addition, the federal government is increasingly showing its dedication to sustainable finance and climate action.

Acknowledging the severe impact of climate change on Africa despite the continent's relatively low contribution to global emissions the government has launched various initiatives to tackle these issues with programmes like the Carbon Market Activation Committee and Sustainable Energy for All play a vital role in both reducing emissions and combating energy poverty, paving the way for a more sustainable future.

According to Temitope Akinyemi, the special adviser on climate change to the minister of finance, the urgency of the climate situation cannot be overstated, noting that while Africa contributes less than three percent to global climate change, the effects are significantly felt across the continent, especially in Nigeria.

Geregu Power boosts pre-tax profits 107% to N36.2bn in 9 months

Business a.m.

GEREGUPOWER PLC. recorded a 107.3 per cent rise in its profit before tax from N18.1 billion to N36.2 billion within the nine months period ending September 30, 2024, as revealed in its unaudited financial statements presented recently on the Nigerian Exchange Limited (NGX).

Riding the wave of impressive profitability, the power generation company reported a 113 percent increase in profit after tax to N24.1 billion during the period under review, compared to N11.36 billion in the corresponding period in 2023.

A closer look at the company's financial statements revealed that Geregu Power's total revenue surged toN112.58 billion in the first nine months of 2024, representing a 102 percent year-on-year growth from N55.75 billion reported in the same period in 2023.

Geregu Power demonstrated commendable financial performance for the third quarter of 2024, with revenue increasing by 18 per cent year-on-year to N31.9 billion, up from N27 billion in the same period of 2023.

A review of the company's revenue breakdown showed that N71.4 billion was generated from energy sales while N41.1 billion was derived from capacity charges.

Furthermore, Geregu Power's shareholders approved a dividend payout of N8.00 per share for the 2023 fiscal year, reflecting an improvement in the company's profitability.

Speaking at the company's 12th annual general meeting (AGM) held in Lagos, Chairman Femi Otedola remarked that despite encountering challenges in the preceding year, the company remains confident in its growth prospects and is adopting a prudent approach moving forward.

"In 2024, Geregu Power aims to align our business operations with the global trend toward affordable, clean and efficient energy systems. This involves incorporating renewable energy sources into our power generation portfolio, a move that not only aligns with our sustainability goals but also positions us to capitalise on emerging market opportunities.

"Our commitment to innovation and sustainability, along with our strategic initiatives, positions us well to navigate the challenges and seize the opportunities that lie ahead," Otedola stated.

Geregu Power, a major player in Nigeria's power industry, contributes nearly 10 percent of the nation's total electricity generation.

Boasting three Siemens gas-fired turbines, the power plant has an installed capacity exceeding 435 megawatts (MW), consistently producing between 260 MW and 270 MW of electricity in practice.

Geregu Power is currently pursuing the acquisition of an additional power plant—Geregu Power Plant II. This ambitious undertaking aims to add 434MW to the company's generating capacity, bolstering power production across the country and providing a much-needed boost to the Nigerian economy.

Infrastructure, demand boom to boost cement manufacturers' profits in H2'24- Report

Business a.m.

THE NIGERIAN cement industry is expected to experience an upswing in revenue during the second half of 2024, largely driven by increasing public sector demand and government-backed infrastructure projects, according to a recent report by CardinalStone Research.

While this upward trend suggests a positive outlook for the sector, the report also cautions that persistent cost pressures and foreign exchange volatility may undermine the projected growth, potentially having an adverse impact on the broader Industrial Goods Index on the Nigerian Exchange (NGX)

L-R: Pade Durotoye, managing director, Savannah, Nigeria; Ekperikpe Ekpo, minister of state, petroleum resources (gas); Nkoyo Etuk, head of stakeholder relations and regional manager, South East, Savannah, Nigeria; and Chukwudoziem Umunna, operations superintendent, Savannah, Nigeria, during the visit of the minister of state, petroleum resources (gas) to Savannah's gas processing facility in Uquo, Akwa Ibom State, recently.

The CardinalStone Research cement report, titled " Public demand to boost topline amid cost pressures", cited the federal government's ambitious capital expenditure initiatives as the primary catalyst for growth in the sector.

The report emphasised the government's N10 trillion allocation in the 2024 budget and an additional N6.2 trillion supplementary budget, collectively signalling a strong commitment to driving public sector spending into infrastructure projects, which will likely fuel demand for cement.

The report projects that the federal government's strong spending, funnelled through programmes such as the Renewed Hope Infrastructure Development Fund (RHIDF), will not only boost demand for cement but also strengthen the performance of the Industrial Goods Index on the NGX. The index, which tracks the performance of the cement sector with leading players such as Dangote Cement, BUA Cement, and Lafarge Africa, is expected to ride the wave of growing demand and benefit from the sector's projected growth, as government spending drives more infrastructure development and increases cement consumption in the country.

"The cement sector's revenue outlook is skewed to the upside in H2'24, driven primarily by public sector demand through large-scale infrastructure projects," the report stated.

Despite the promising revenue growth projected for the cement sector, the report identified challenges that could restrain profitability and investor confidence. The report highlighted persistent energy cost pressures, foreign exchange losses, and an anticipated increase in effective tax rates as significant impediments to the sector's profitability.

"Rising production costs and FX losses are major challenges for the sector, significantly undermining profitability despite higher pricing," CardinalStone analysts stated.

The cost of cement in Nigeria, with 50kg bags selling at a high of N15,000 early in 2024, has failed to decrease despite efforts by the federal government and industry players to bring down prices.

The price of diesel, a key energy source for cement manufacturing in Nigeria, has been steadily rising, with year-on-year inflation reaching 79.3 percent.

This increase has placed a heavier financial burden on cement manufacturers, leading to an estimated 48.0 per cent of total production costs being directly attributable to energy costs.

The report highlighted that BUA Cement may adopt a more conservative approach to price increases, given its recent expansion in plant capacity, which could provide a competitive advantage in market share.

Meanwhile, DanCem's 6.0MMt Itori plant is expected to come online in 2025, augmenting the company's Nigerian capacity to a substantial 41.25 MMt.

On the other hand, Lafarge seems to be focusing on optimising its existing capacity at its Ewekoro and Ashaka plants, which may provide a competitive edge in production efficiency.

"The price of Automotive Gas Oil (AGO) surged by 79.3 per cent year-on-year, averaging N1,462.98 per litre in H1'24. This has put immense pressure on margins, contributing to a sector-wide decline in profitability.

"The industry average gross and EBITDA margins dropped to 44.2 percent and 30.5 per cent, respectively, in H1'24, down from 53.3 percent and 41.7 per cent in H1'23," the report noted, signaling potential downside risks for the Industrial Goods Index," the report indicated.

According to the report, foreign exchange volatility has added to the cement industry's woes in Nigeria, with the naira depreciating by 39.74 percent against major currencies in the first half of 2024 at the official window.

This currency depreciation has resulted in foreign exchange losses amounting to N269.19 billion for the sector's leading players, further denting their profitability.

The report noted that the cement industry's substantial exposure to foreign currency-denominated debt and payables leaves it vulnerable to the impact of further naira depreciation.

It added that with the potential for the naira's value to continue to decline against major currencies in the coming months, cement manufacturers' earnings could be further eroded, negatively affecting the performance of the Industrial Goods Index on the NGX.

The report further warns of the potential for higher effective tax rates to negatively impact the contribution of the cement sector to the NGX Industrial Goods Index.

Following the expiration of pioneer tax incentives across multiple cement plants in Nigeria, the sector is projected to likely experience a reversion to higher effective tax rates, which could diminish earnings and profitability for cement manufacturers such as Dangote Cement and Lafarge Africa.

While the cement industry faces a multitude of challenges, its strong alignment with the government's infrastructure drive could provide a critical buffer against these headwinds, the report stated.

The completion of major projects such as the Lagos-Calabar Coastal Road, the Abuja-Kano Expressway, the second Niger Bridge, and the Lagos-Ibadan Expressway,all slated for completion in 2024, are expected to fuel demand for cement, mitigating the impact of any seasonal slowdown and supporting stable sales volumes.

Despite the challenges confronting the sector, the cement industry's capacity is projected to increase significantly, with total industry capacity set to rise to 62.75 million metric tonnes (MMT) in FY'24, up from 57.0 MMT in 2023.

CardinalStone projected that the expansion in capacity is expected to translate into a sector-wide capacity utilisation rate of 51.3 percent in FY'24, representing an improvement from 49.4 percent in the previous year.

Nigerian Breweries extends Rights Issue acceptance window following SEC approval

Business a.m.

NIGERIAN BREWERIES PLC., the country's largest brewing company, has announced an extension of the acceptance period for its ongoing Rights Issue, moving the original closing date from October 11, 2024, to October 18, 2024.

A statement released by Uaboi Agbebaku, Nigerian Breweries Plc's Secretary, explained that the extension was approved by the Securities and Exchange Commission (SEC), with the aim of accommodating investors who may have been unable to submit their subscriptions during the initial subscription period due to the disruptions caused by public holidays, during the initial Rights Issue subscription period which commenced on September 2, 2024.

The statement noted that the extension is intended to provide shareholders with adequate time to participate in the Rights Issue.

"Nigerian Breweries Plc is pleased to notify its esteemed shareholders and the Nigerian Exchange Limited (NGX) that the Acceptance Period for its Rights Issue, originally scheduled to close on 11th October 2024, has been extended to 18th October 2024, following approval from the Securities and Exchange Commission.

"The extension allows us to accommodate the normal working days impacted by public holidays observed during the initial Acceptance Period," the statement read.

Nigerian Breweries Plc emphasised that during the extended Rights Issue subscription period, the restrictions on insider trading would still apply.

The company stated that insiders are allowed to participate in the Rights Issue in accordance with the non-dealing period rules established by the Nigerian Exchange (NGX) in relation to the company's unaudited financial statements for the period ended September 30, 2024.

Nigerian Breweries Plc is embarking on a Rights Issue to raise a total of N599.1 billion.

The plan consists of 22.6 billion ordinary shares, which will be offered to existing shareholders at a price of N26.50 per share. The offering ratio is structured so that for every five shares a shareholder currently holds, they will be entitled to subscribe to an additional 11 new shares.

At a recent "Facts Behind the Rights Issue" presentation in Lagos, Uaboi Agbebaku, the company's secretary, provided details on how the proceeds from the Rights Issue will be utilised.

Agbebaku explained that the N599.1 billion raised through the Rights Issue will be used to address significant financial obligations, including repaying N328bn in foreign exchange (FX) debt and N263 billion in local repayments.

Agbebaku emphasised the importance of using the proceeds from the Rights Issue to eliminate foreign exchange losses from the company's balance sheet and reduce its interest burden on local debt, citing Nigeria's 26 percent Monetary Policy Rate (MPR) as a key factor.

"Our FX losses have been considerable, and settling these obligations will stabilize our profit and loss accounts. Additionally, reducing local bank debts will eventually lower our interest burden, which has posed a substantial financial strain," Agbebaku added.

The year 2024 has been a turbulent one for Nigerian Breweries, as evidenced by its loss after tax of N85.3 billion in the first half of the year.

This loss was largely driven by a combination of factors, including the impact of rising inflation, foreign exchange costs, operational expenses, and the wider economic pressures facing the country.

Despite these challenges, the company remains optimistic about its future and has taken steps, such as the Rights Issue, to address its financial obligations and strengthen its operations in order to weather the current economic headwind.

Inside the Virgin Atlantic's network of luxurious Airport Clubhouses

THE BRITISH CARRIER OPENED its first lounge, the Clubhouse, in the early 1990s. Since then, Virgin Atlantic has opened and closed several Clubhouse lounges. Nevertheless, throughout its history, Virgin's highly-rated lounges have set the standard for others to follow, writes Simple Flying

Currently, **Virgin Atlantic** operates five Clubhouse lounges at major global airports across three continents. Clubhouse locations include London, New York, San Francisco, Washington DC, and Johannesburg.

In recent news, Virgin Atlantic is set to open its newest lounge at Los Angeles International Airport (LAX) in the first quarter of 2025. Located in the Tom Bradley International Terminal, the Clubhouse will offer customers a premium, personalised experience, allowing passengers to relax before their flights to London and beyond.

Clubhouse at London Heathrow

The Clubhouse at **London Heathrow Airport** is considered

the original Virgin Atlantic lounge. This lounge boasts dedicated relaxation areas, a cocktail hour, shower suites, and breakfast, lunch, and dinner menus available throughout the day. Vegan, vegetarian, and kosher options are also available at the Heathrow Clubhouse.

Location

The lounge is located at the Upper Class Wing of LHR's Terminal 3. It is open from 6 AM to 10:30 PM, or the time of the last departure.

Eligibility

Passengers can access the Clubhouse at LHR by travelling in an eligible cabin:

- Upper Class on Virgin Atlantic + guest travelling with Virgin Atlantic or Delta
- Delta One on Delta
- Clase Premier on Aeroméxico

The carrier runs a loyalty programme called the **Virgin Atlantic Flying Club.** Passengers can also access the Clubhouse by having qualifying frequent flyer status:

- Flying Club Gold Card members + a guest travelling with Virgin Atlantic, Delta, or Aeroméxico
- Delta SkyMiles Diamond and Platinum Medallions + a guest travelling in premium on Virgin Atlantic or Delta premium
- Flying Blue Platinum members + a guest travelling in premium on Virgin Atlantic or Delta premium

Clubhouse at New York JFK

The Clubhouse at **New York JFK Airport** is the newest of Virgin Atlantic's lounges. It offers a complimentary à la carte menu featuring five-star dining, free alcoholic drinks, showers, and luggage storage. The JFK Clubhouse also has an entertainment zone with the iconic red ball sofa, a pool table, and other games.

Location

The lounge is located beyond the TSA checkpoint, in the A-Concourse, and above boarding gates A4 and A5. It is open daily from 05:00 to 08:00 and 15:00 to 23:30.

Eligibility

Passengers can access the Clubhouse at JFK by travelling in an eligible cabin:

- Upper Class on Virgin Atlantic + guest travelling with Virgin Atlantic or Delta
- Delta One on a Delta international flight
- First or Business Class on China Airlines

Passengers are eligible with the following frequent flyer status:

- Flying Club Gold Card members + a guest travelling internationally with Virgin Atlantic or Delta
- SkyTeam Elite Plus members travelling on Virgin Atlantic or Delta + a guest travelling on an international flight operated by a SkyTeam carrier
- Virgin Australia Velocity Club Gold, Platinum, and The Club cardholders travelling on Virgin Atlantic
- Singapore Airlines KrisFlyer Gold, Solitaire PPS Club, and PPS Club members travelling on Virgin Atlantic

Clubhouse at San Francisco Airport

The lounge at San Francisco International Airport (SFO) offers West Coast-inspired dishes, a complimentary signature cocktail from the bar, a local beer or a glass of California wine, shower suites, and work areas with free WiFi.

Location

The Clubhouse at SFO is located after security on level 5. It is open around four hours before Virgin Atlantic flights depart.

Eligibility

Passengers can access the Clubhouse at SFO by travelling in the following cabins:

- Upper Class on Virgin Atlantic + guest travelling with Virgin Atlantic or Delta
- Delta One on a Delta international flight

Passengers with the following loyalty status can also access the SFO Clubhouse:

- Flying Club Gold Card members + a guest travelling internationally with Virgin Atlantic or Delta
- SkyTeam Elite Plus members travelling on Virgin Atlantic or Delta + a guest travelling on an international flight operated by a SkyTeam carrier
- Virgin Australia Velocity Club Gold, Platinum, and The Club card holders travelling on Virgin Atlantic
- Singapore Airlines KrisFlyer Gold, Solitaire PPS Club, and PPS Club members travelling on Virgin Atlantic
- Air New Zealand Gold or Elite members travelling on Virgin Atlantic

Clubhouse at Washington DC

Virgin's Clubhouse at Washington Dulles International Airport (IAD) delivers the signature VIP experience and amenities found in its other locations but with an added touch of tranquillity and relaxation through the minimal design of the lounge area.

Location

The Clubhouse at Washington Dulles International Airport (IAD) is located in Terminal A, across from Gate A32. It is open from around four hours before the departure time of Virgin Atlantic flights.

Eligibility

Passengers can access the Clubhouse at IAD airport by travelling in the following cabins:

- Upper Class on Virgin Atlantic + guest travelling with Virgin Atlantic or Delta
- Delta One on a Delta international flight

Passengers can also access the IAD Clubhouse with the following Flying Club status:

- Flying Club Gold Card members + a guest travelling internationally with Virgin Atlantic or Delta

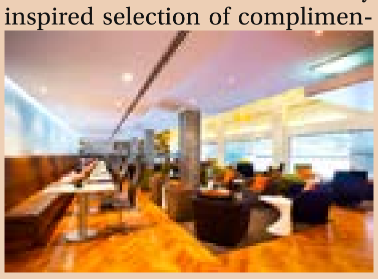
SkyTeam Elite Plus members travelling on Virgin Atlantic or Delta + a guest travelling on an international flight operated by a SkyTeam carrier

Virgin Australia Velocity Club Gold, Platinum, and The Club card holders travelling on Virgin Atlantic

Singapore Airlines KrisFlyer Gold, Solitaire PPS Club, and PPS Club members travelling on Virgin Atlantic

Clubhouse at Johannesburg

The unique interior design of the Clubhouse at Johannesburg OR Tambo International Airport (JNB) captures the spirit of South Africa. The Clubhouse at JNB offers a range of services, including shower suites, luggage storage, a work area, and dining services. The Clubhouse menu features a locally inspired selection of complimen-



tary meals and drinks, including a choice of South African wines.

Location

The lounge is located on the mezzanine level of the international retail area within international departures.

Eligibility

Passengers can access the Clubhouse at JNB airport by travelling in the following cabins:

Upper Class on Virgin Atlantic + guest travelling with Virgin Atlantic or Delta

Passengers can also access the Clubhouse at JNB airport with the following Flying Club status:

Flying Club Gold Card members + a guest travelling with Virgin Atlantic

SkyTeam Elite Plus members travelling on Virgin Atlantic or Delta + a guest travelling on an international flight operated by a SkyTeam carrier

Virgin Australia Velocity Club Gold, Platinum, and The Club cardholders travelling on Virgin Atlantic

Singapore Airlines KrisFlyer Gold, Solitaire PPS Club, and PPS

Why flights are allowed to be oversold

OVERSELLING FLIGHTS IS a global industry practice. On its face, overselling a flight might appear negligent if not fraudulent, and the travelling public is rightfully sceptical of the practice. In reality, the number of passengers displaced by oversales is minimal (as discussed later), according to this report in Simple Flying.

Overselling flights allows airlines to keep prices lower by offering more seats than otherwise would be available. It also allows more passengers to book a flight at the time they prefer rather than be forced into a more inconvenient travel schedule.

Overselling flights

Route scheduling departments at airlines have distilled incredibly accurate information regarding misconnecting and "no-show" passengers for every departure, to every city, and every flight frequency. Essentially, because a small percentage of passengers will end up as no-shows on most flights, airlines are happy to oversell seats on a flight knowing that it will likely balance itself out on the day of the flight.

Based on their analysis for each route, airlines oversell flights to generate an actual load factor that most closely resembles 100 percent. As a theoretical example, Lufthansa scheduling might know that selling 107 percent of the available seats on a Tuesday afternoon departing Frankfurt will probably result in a 99.5 percent load factor. Their Airbus A320 has 126 economy seats, so Lufthansa might make 135 economy seats (107% of 126) available. They will make these seats purchasable up to a pre-determined cut-off point before departure.

A rule of thumb for airlines is that they can more affordably (and more efficiently) oversell flights originating at one of their hubs. This gives airlines more options for reaccommodating bumped passengers on other services, as they will likely have more flights departing later in the day.

Airlines generally have smaller margins for overselling the last flights of the day from their hubs. Flights that arrive late at night are usually flown exclusively by "terminating" passengers, or those who will not connect since no late-night flights are left to take. Accordingly, load factors on flights arriving after 22:00 local time are significantly lower than their earlier counterparts.

This is good for the airlines, particularly on days that saw many passengers misconnect or were involuntarily denied boarding. The airlines use the last flights of the day to catch up on scheduling issues and ensure that passengers are not stranded at the hub airport overnight. Paying for hotel rooms for misconnecting passengers is an expense that always loses the airline money and also hurts its reputation.

The reality of overselling flights

It's difficult to determine the exact number of passengers involuntarily denied boarding due to oversales. In 2016, the International Air Transport Association (IATA) estimated that 0.09 percent of passengers in the US were denied boarding, but this can be down to other reasons too, such as disruptive behaviour.

IATA has set standards for the world's airlines to follow when flights are overbooked. Asking for volunteers is the first measure listed, and offering compensation for voluntarily giving up a seat is a standard industry practice. Likewise, governments have established strict regulations limiting the amount of overselling (both as a figure and a percentage) airlines can do.

As an additional tool in their belt, airlines sell "revenue standby" tickets to passengers. Not only is this an effort to make ticketing more transparent, but it also allows passengers to make a flight that the airlines could not legally (or otherwise) offer as an option.

After reaching the oversale ticketing limit, an airline might sell five additional revenue standby tickets in case more confirmed passengers miss the flight than historical figures indicate — this happens somewhat regularly since historical statistics are an average rather than a rule. It's a useful ticketing option, but it can also be a bit stressful due to the uncertainty of the standby ticket.

How to avoid being denied boarding

There are three simple measures travellers can take to make themselves less susceptible to being denied boarding on an oversold flight.

Be on time

First, be at the gate on time. Passengers who are away from the gate and do not respond to their name the first time it's called will likely have their reservation removed as gate agents hustle to accommodate people on a busy flight.

Loyalty status

Second, hold some sort of status with the airline. A measure as small as signing up for a rewards account with the airline you're flying will advance your status off the bottom of the traveller list. Make sure that your rewards number is associated with your booking. It costs you nothing and presents you in the airline's system as having status with them, even if it's your first time flying.

Check in early

Lastly, try to check in as early as you can online before your flight if you can. When determining who will not fly, passengers without any status at the airline are often eliminated by how early (or late) they checked in. The same applies for airport check-ins, so getting to the airport early can pay off.

Should airlines oversell flights?

Overselling flights makes sense for the airline, particularly when considering the realities of air travel and how many no-shows there are. Ultimately, seats on planes are a perishable commodity, so airlines need to optimise their capacity to fill as many seats as possible per flight. Unfilled seats are lost revenue for airlines and lost opportunities for passengers as soon as the boarding door closes.

Most people come out on top when the maximum number of tickets is offered — prices decrease, airlines enjoy the extra revenue, and the maximum number of travellers make it to their destination. The downside is that the middle seat next to you with its coveted second armrest is now occupied, and, on rarer occasions, could see you bumped from a flight.

The Airport Customer Experience

On emergency communication and passenger experience

TRAVELLING RECENTLY within Nigeria, the plane encountered air turbulence, and from the passengers seated behind me in the flight, prayers began. Since my seat was nearer the cockpit, I saw the cabin crew as they sat safely chatting without any signs of anxiety. To a frequent flyer, such air turbulence is no cause for anxiety. However, not everyone is a frequent flyer and may be experiencing such for the first time.

Flying today is safer than it has ever been. As the plane experienced turbulence, I felt that the pilot was likely to take the plane to a higher altitude as I had checked out the type of plane while leaving the boarding gate towards the tarmac. Whether one is in a two-seat fixed–wing training aircraft, a four-seat commercial helicopter, a single–seat microlight, a turboprop engine commercial flight carrying less than 50 passengers and crew, or an Airbus A380 carrying 500 passengers and crew, the industry has always continually paid attention to safety and will continue to do so.

There are various emergency situations aircraft experience on a regular basis. While some are minor, some others can endanger the safety of the aeroplane as well as those onboard. However, pilots go through regular training for the most common incidents that might pose a threat to an aircraft. They are able to handle these incidents whether they are due to technical reasons or some other event occurring during flight. They are also well trained to handle these types of events even if they take place in the air or on the ground.

Not only are pilots able to deal with emergencies as they occur, but they are also trained to seek assistance as soon as possible when they meet with such a situation. There are also standardised communications for emergency situations such as "pan pan" and "mayday".

Crews also use standardised checklists to make sure that necessary steps are taken during an emergency. These cabin crew are trained to handle emergency situations which includes communication with passengers. For instance, they use pre-flight briefings as well as safety demonstrations to prepare passengers for emergency procedures. So passengers are advised to pay attention to the demonstration by the crew before the plane is airborne while noting too that effective communication among crew members is vital in situations of emergency.

One primary concern of passengers is safety. Airlines and airports and all members of the airport community should collaborate for effective emergency communication as this will alleviate the anxiety of the passengers on board a plane, as well as their friends and family. In Africa, airports will do well to include in their passenger planning process, not only the passenger and his or her journey, but also the friends and family they will be coming to the airport with.

This also does not rule out the fact that clear and timely communication from the crew during an emergency is crucial. In that case, the language of communication is important. English is not the native tongue of Africans so approaching such communication leveraging on a multilingual approach will be helpful to the passenger as well as friends and family.

While crews work towards minimising passenger discomfort during emergencies such as providing oxygen masks or evacuating the aircraft if it comes to such, passengers as well as friends and family and other members of the airport community may need to give feedback during and after emergencies. These will help improve response by the crew in an emergency and the airport community when other emergencies take place.

Some other means of communication such as the use of visual aids like safety videos, diagrams, and signage will supplement verbal communication. The need for frequent updates on the situation and any action being taken should also not be lost on the airport community and cabin crew during an emergency. It will also pay off to leverage digital platforms such as mobile apps, to pass across information and make available two-way communication. While doing so, being able to walk in the shoes of the customer, which is empathy is very important.

When the airport community effectively handles emergency communication and passenger experience, this will go a long way to improve safety, reduce anxiety and also enhance the overall travel experience.

EKELEM AIRHIHEN

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Leading from the inside out: must make time for self-refl

The authors of a new book on the journey of leadership explain why this era of unprecedented global change demands a new style of leadership—one that reflects the inner world of the CEO along with the needs of organisations and employees.

The greatest CEOs are necessarily driven, decisive, and confident. But McKinsey senior partner Ramesh Srinivasan, senior partner emeritus Hans-Werner Kaas, and coauthors of their new book, The Journey of Leadership: How CEOs Can Learn to Lead from the Inside Out, say CEOs must weave in a layer of soft skills like self-awareness, humility, and compassion to inspire their workforce. On this episode of The McKinsey Podcast, Srinivasan and Kaas speak with editorial director Roberta Fusaro about taking on the challenge of reinvention for the greater good of the company.

Leader, know thyself

Roberta Fusaro: You and your coauthors just released a new book, The Journey of Leadership: How CEOs Can Learn to Lead from the Inside Out. Put simply, what is inside-out leadership?

Ramesh Srinivasan: The world is changing rapidly. The geopolitics have become quite complex, technology is having a huge impact, and climate change is here to stay. In this context, we felt the world needed a new paradigm of leadership. We call it human-centric leadership. Our belief is that leaders need to reflect on their purpose, who they are, how they show up in the world, and how they can inspire their teams and the institutions they're leading.

Hans-Werner Kaas: Human-centric leadership provides the permanent guidepost for leaders of all backgrounds and levels. That guidepost, plus the actions leaders take to get to it, is central for colleagues and external stakeholders to look up to.

The inside-out notion means that any change starts with ourselves. We need to have the ability to be self-aware—of our words, our behaviours, and actions, and then reflect upon where our strengths and weaknesses are. You can call it self-development, which requires adopting human behaviours such as empathy, care, compassion, humility, and vulnerability—and at times, determination, confidence, and resilience. Balancing these different behavioural sets really depends on the situation you're in as a leader.

Why this, why now?

Roberta Fusaro: Why this, why now? Ramesh, you answered it a little bit. The challenges for today's leaders in 2024 are very different. But can you talk a little bit about what exactly has changed?

Ramesh Srinivasan: The geopolitics in the world have become much more complicated. Technology, AI, and gen AI [generative AI] are also having a huge impact. So amid all these changes, leaders need to have a sense of who they are, what their purpose is, and what motivates them. How do they show up in the world? What do they talk about? How do they understand their team members even more deeply as human beings, so they can inspire them in the spirit of their team purpose? And use all of that to inspire organisations and institutions that they're part of.

Roberta Fusaro: Hans-Werner, you'd mentioned that this inside-out approach is very personal. The book prompts leaders to take a closer look at their vulnerabilities, perhaps their insecurities—and that can be scary. I'm curious, how can the book help ease this process for CEOs and other leaders?

Hans-Werner Kaas: There are stories of 24 former and active CEOs in the book. They're very personal stories, in which they reveal their insecurities, their struggles, how they've addressed them, and how they tried to overcome them. None of those 24 CEOs said they have achieved or reached a destination point, but all of them said they're on a good trajectory to become more effective and more human-centric leaders.

The book also has a step-by-step "reinvention guide" that really helps you to transform yourself.


Ramesh Srinivasan, senior partner, McKinsey's New York office


Hans-Werner Kaas, senior partner emeritus, McKinsey's Detroit office

A series of balancing acts

Roberta Fusaro: The book is helpfully divided into two parts: the psychological and emotional aspects of leading yourself, and then the human side of leading others. Among the chapters that talk about humility, confidence, selflessness, vulnerability, resilience, and versatility, Ramesh, is there any one of those traits or a focus area that is more important or harder to get right than the other?

Ramesh Srinivasan: We find that all of them are quite important. The one trait I want to start with is the balance between courage and curiosity. There's the example of Stéphane Bancel, who shares in the book how, at the peak of the pandemic, he had to make a bold decision to develop and manufacture a vaccine, something that Moderna had never done before.

He had the courage to set a bold vision and inspire his team. At the same time, he brought an incredible level of curiosity because he knew there were many things they did not have capabilities for, like

> *"Leaders need to have a sense of who they are, what their purpose is, and what motivates them."*
> — Ramesh Srinivasan

: Why CEOs
lection

manufacturing a vaccine—and also a billion doses of them.

The other trait is a balance between confidence and humility. Lynn Elsenhans is another inspiring leader, who balances confidence and humility. When she was CEO, she sometimes had to be in rooms where she was the only woman, and she carried with her a sense of confidence that she belonged there. As a leader, she brings amazing confidence; I've seen it in all my interactions with her. And yet she is extremely grounded and humble in the way she operates, and in the way she inspires her team.

Hans-Werner Kaas: Another example that comes to mind is that of Mark Fields, the former CEO of Ford Motor Company. When he became CEO of Mazda Motor Corporation, which was part of the Ford group in the year 2000, he decided it would be much better for the first six months or so to show humility. He then went on a mission to listen and be humble. He did not pretend to have all the answers, even though he did have clear views and hypotheses on the solutions for the company. He engaged in that balance of showing confidence and humility, as well as vulnerability, because he admitted that not all the answers are obvious to him, and that it would take a co-creative team effort to develop them.

One additional example is about deep learning. Admiral Eric Olson, the former head of the US Special Operations Command and a Navy SEAL, talks about the notion of fearless learning in the book. He says it's such an important ability to not fear that your assumptions can be wrong. On the contrary, be willing to abandon your assumptions if needed. Olson says that no single plan survives the first enemy contact. In that context, he talks about how important it is that, when the terrain differs from the map, you follow the terrain. It means make a new plan, change your assumptions, so that you have a higher probability of succeeding in your mission.

The journey inward

Roberta Fusaro: Hans-Werner, you mentioned the notion of self-awareness is critical to succeed in this inside-out journey. But CEOs, leaders, and military leaders have such a packed agenda. How do they find the time to break from the day-to-day patterns, and practise some self-awareness and reflection?

Hans-Werner Kaas: It's very hard. We all experience it in our own roles and professions. I would point to what we describe in the book as micro practices.

As it relates to making time to be self-aware, we have to first understand our situation. Why is it so hard for us to set aside time for it? Then, consider practical things you can do. You might decide to not touch any digital device in the first hour you're awake in the morning. Instead, you use the time to mentally go through your day and not interact with anybody. You are just alone with your thoughts, alone with your priorities. Reflect on what you have done in the recent past, the past day, the recent week, and what impact your words and behaviours had on others.

This is very important because self-awareness means you understand the implications of your words and thoughts on others. It's fundamental in leadership. The second step is to self-reflect, which is the exercise of developing behaviour practices to improve. So that's the sequence.

Ramesh Srinivasan: I'd add one more thought. In the book, a former media company CEO talks about finding truth tellers in the organisation. As you become senior, people often don't come and tell you the truth or give you specific suggestions for how you can evolve as a leader. So putting in place a culture where people feel safe, and taking the time to meet junior people and those at the front line who meet your customers, is critical to have a pulse on what is happening in the company. And that can also be a great source for insight and subsequent self-reflection.

Humans are still in the driver seat

Roberta Fusaro: Ramesh, you mentioned gen AI as one of the bigger changes that leaders are facing nowadays, and pointed to the importance of human-centred leadership amid all the changes that are happening. Can both of you say a little bit more about this notion of leadership alongside gen AI and other technologies?

Ramesh Srinivasan: I see technology having a massive impact on the world. Yet, in all our research and our work, we feel the value of humans in the loop is not going to go away. The challenge for leaders is they need to understand how the technology is impacting themselves, their teams, and their businesses.

On how the role of the leader and the human being is evolving, Hans-Werner talks about the value of empathy, deep listening, and creativity. We don't see those dimensions going away. So the question for leaders is, how do they bring some of those skills to bear so that the institutions they're leading can use technology in service of society, in service of their customers, and in service of employees?

Hans-Werner Kaas: As Ramesh said, in our view, there are two things gen AI will not accomplish. It cannot develop the emotional human touch. Second, gen AI can be a helpful tool to all different leaders, but leaders need to be very cognizant of where those most profound applications are, and not hype or exaggerate it, as if it's the solution to many leadership problems. It is not.

A new era of business means a new era of leadership

Roberta Fusaro: Hans-Werner, another point in the book is this notion of the imperial CEO. Folks like Jack Welch and Lee Iacocca, the larger-than-life leaders, are essentially no more. When did that change and why did it change?

Hans-Werner Kaas: As Ramesh outlined at the beginning of our conversation, the forces at work, whether it's in geopolitics, societal movements, environmental sustainability, or technology, have dramatically changed compared with where we were in the '80s and '90s.

The age of the imperial CEO has long passed, and it all comes back to what we said about inside-out leadership and displaying human-centric leadership. Only then will you invite stakeholders and colleagues to provide ideas in a proactive manner and be engaged, versus being in a more commanding or controlling environment, as if they are managerial subjects.

Roberta Fusaro: If you're looking out a year, two years ahead, what impact do you hope this book will have in the business community?

Ramesh Srinivasan: Our hope is that both business leaders and social-impact leaders benefit from the ideas in the book. We hope that leaders of all genders and of all kinds will also benefit from what we have in the book. That's our first hope.

We also want to add to the debate on leadership. We're hoping our knowledge and research will be additional contributions. We hope to use the book as a catalyst to engage with leaders and institutions on this topic, to help them at an individual level, to help their teams, and to help institutions in the world.

Hans-Werner Kaas: Let me pick up on the third point of what Ramesh said. The aspiration is that everybody who reads the book, or even only a portion of the book, becomes more human-centric. Not only in their personal life but also in their professional life and in different sectors.

Then there is the process itself in "The Journey Never Ends," the concluding chapter. Every reader should indeed define their own self-reflection and reinvention process and methodology. And that can happen in confidence within your family circle or with your spouse. It could be with one or two trusted individuals on your executive team, or trusted people in your organisation. It can also happen with external coaches. Find your own what we call self-reflection and self-reinvention forum.

*** Hans-Werner Kaas is a senior partner emeritus in the Detroit office. Ramesh Srinivasan is a senior partner in McKinsey's New York office. Lucia Rahilly is the global editorial director of McKinsey Global Publishing and is based in the New York office, and Roberta Fusaro is an editorial director in the Boston office.

The 'inside out' leadership journey: How personal growth creates the path to success

In a new book, four McKinsey senior partners show why leaders must connect with themselves first before they can inspire and empower their organisations.

Thousands of hours spent working closely with CEOs and other leaders of top corporations and nonprofits have revealed a fascinating business phenomenon: many leaders who have mastered all the right executive skills, including financial acumen, strategic and operational management, and system thinking, still struggle to link their aspirations with the actual performance of their organisations.

AFTER A CAREFUL ANALYSIS of what was holding back these otherwise talented executives, we concluded that on a deep psychological level they were not reflecting enough about how to become a more human-centric leader who is able to connect authentically with themselves and their teams. That core insight is what led us to write our new book, The Journey of Leadership: How CEOs Learn to Lead from the Inside Out (Portfolio, September 2024).

Our experience and research demonstrate that leading from the "inside out" is the key ingredient to making a lasting impact with teams and the broader organisation. This inside-out journey is nuanced and complex. It calls for personal growth, which means you must constantly be learning, listening, inspiring, and caring. Leadership is not only about those seemingly endless business-related tasks you need to take care of when you're an effective CEO. It's just as important to be aware of who you are, and what your shortcomings are, so that you can first change yourself and then lead others.

For over a decade, we have worked with more than 500 CEOs (including leaders of Fortune Global 500 corporations who have participated in our Bower Forum CEO leadership program.) We've discovered that leaders have no trouble defining or acquiring the logical, tangible skills of leadership. However, when we asked how they can use these hard skills along with soft skills—being more self-aware, humble, vulnerable, resilient, confident, and balanced—they are less sure.

We're not suggesting that leaders abandon their hard-nosed leadership skills. The challenge is to balance those attributes with their so-called soft leadership skills (sometimes the most difficult to muster). This is a journey often travelled without much help or guidance. Some of the best leaders we have worked with said they were simply born with those qualities, while others said they were fortunate to meet some great personal coaches along the way. But no one could point to a clear road map to becoming a more human and authentic leader.

While most executives don't spend enough time thinking about how their personal attributes inform their leadership skills, when they do, the results can be remarkable. Over the years, we've seen that the best leaders learn to become more self-aware and reflective. They realise that what's holding them back as they push themselves and their organisations ahead is their own psychological conditioning, which is rooted in the very habits and behaviours that got them where they are.

A new kind of leadership

Of course, for many of the CEOs we've spoken with over the years, the world is likely a very different place from when they started their careers. There was a time in business when investors, boards, and the business press worshipped the imperial CEO. Larger-than-life leaders such as GE's Jack Welch or Chrysler's Lee Iacocca were household names. These all-knowing, tough-minded individuals made frequent appearances on television talk shows and wrote best-selling books. Their employees expected them to have all the answers.

The imperial CEO is no more. The world is now so complex and uncertain, and the pace of change so furious, that today's leaders can't possibly have all the answers. They are the nexus through which all business tensions flow—short-term goals and long-term strategy, social purpose, sustainability commitments, and financial performance, cultivating talent but letting people move on when the time is right, to name a few.

It is therefore imperative for leaders to develop the inner resources to navigate the demands of their many stakeholders in a fast-changing world. When leaders work on their resilience, empathy, humility, versatility, and authenticity, they are pursuing that inside-out personal growth that leads to human leadership. The challenge is to develop these attributes in tandem yet call on them in the right combination for whatever situation arises.

The essential prerequisites for this journey are self-awareness and self-reflection, which enable leaders to engage and inspire their colleagues and teams. Only then can they jointly navigate competing views and choices and find the confidence and clarity to make the right decisions. This is the kind of step-by-step reinvention of leaders that we practise in our Bower Forum CEO development programme.

Sooner or later, every leader encounters a moment when they realise that success has as much to do with leading themselves as it does with leading others. At that crucial moment, they switch from the traditional leader they thought they should be to one who adopts a human leadership approach. They start learning and growing to meet the demands of their position and to fulfil their boldest aspirations for their organisation, their teams, and themselves.

Continues on page 29

STRATEGY & CORPORATE FINANCE

Better together: Thre boost board–CEO coll

As the board's role becomes ever more complicated, strong partnership with management, especially the CEO, can help directors create the most value for their organisations.

By Celia Huber and Frithjof Lund with Nina Spielmann

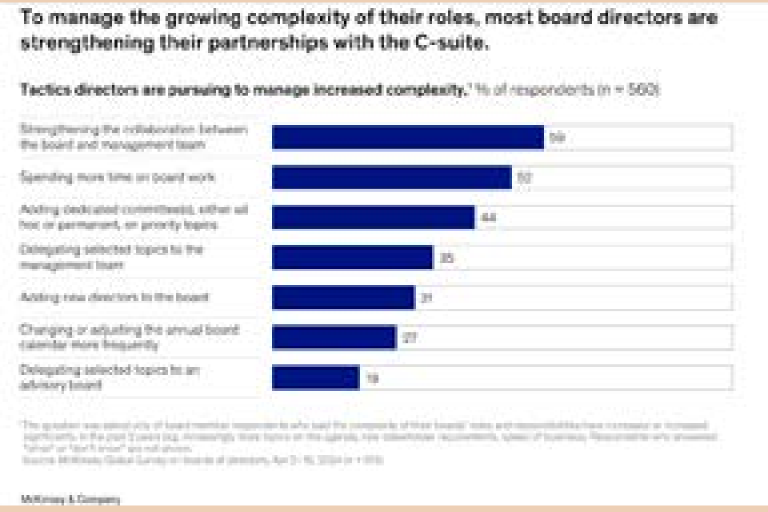
BEING A BOARD DIRECTOR has never been easy. But the confluence of disruptions and uncertainties in today's business environment has made the job more and more demanding in recent years. In our experience, the role has also become increasingly consequential. As directors' agendas and responsibilities expand, their perspectives and decisions have a growing impact on their organisations. The results from our newest McKinsey Global Survey on boards confirms that directors' roles and responsibilities are increasingly complex.

In the survey, most board member respondents say they're dealing with this pressure by strengthening collaboration with their management teams. This can help directors align more meaningfully on their organisations' priorities, better clarify their own roles, and focus their time on the most value-adding activities. While we know that the board's relationship with the CEO is especially critical, just one-third of respondents say their boards and CEOs collaborate very effectively. The results from directors whose boards are best at working with company leaders suggest three ways to enhance collaboration: establishing efficient and effective board processes, communicating more often and openly with CEOs, and fostering a strong board culture.

The complexity challenge for directors

The survey results echo our experience: board members' work is increasingly complex, and their time and expertise are increasingly in high demand. Not only is the business environment more unpredictable than before, but the range of topics that directors must prioritise continues to expand. Two-thirds of surveyed directors say the complexity of their boards' role and responsibilities has increased in the past two years. What's more, many of the topics on today's board agenda, from generative AI (gen AI) and cybersecurity to the net-zero transition, were rarely discussed ten years ago. Meanwhile, directors are still responsible for the general oversight and strategic direction–setting aspects of their role.

How have directors been managing this growing complexity? When asked in the survey about the specific tactics they use, the largest share of directors (59 percent) say they're strengthening the collaboration between the board and management team (Exhibit 1). This is followed by the 52 percent who say they're spending more time than before on their board work. Indeed, the average number of days per year that directors dedicate to board-related activities increased from 25 in 2019 to 30 in 2023.



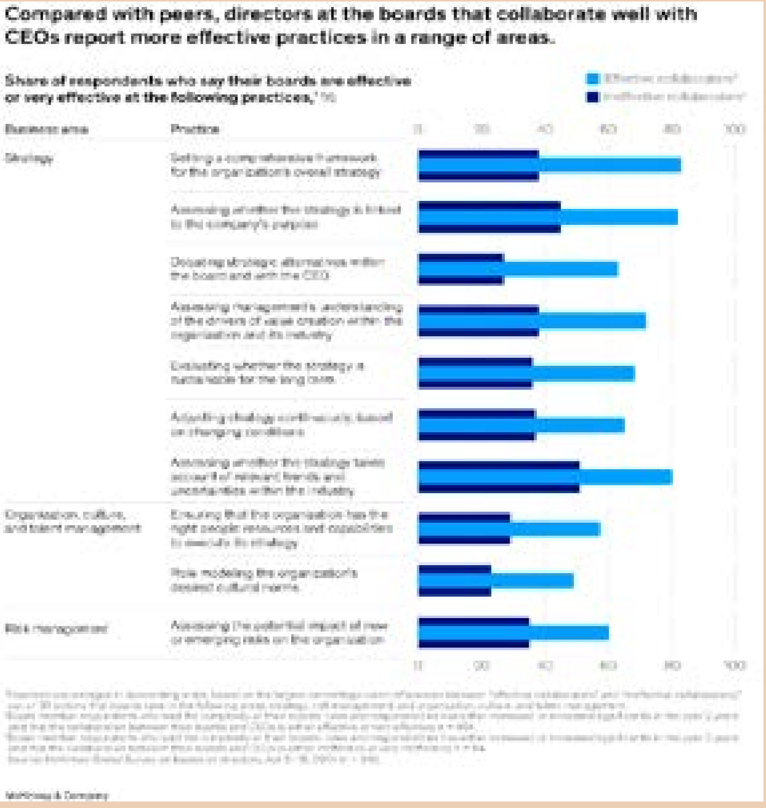
The value of strong collaboration

While most surveyed board members agree that collaboration is important to their success, only one-third of all respondents (including directors and executives) say their boards and CEOs collaborate very effectively. So the majority of directors and corporate leaders stand to benefit from stronger overall collaboration. In our experience, effective collaboration among directors and CEOs can free up boards' capacity to focus on companies' most pressing issues. Good collaboration can also keep boards better informed about the environment in which their organisations operate, including the competitive landscape and the stakeholder environment.

CEOs, too, benefit from better collaboration in various ways. According to McKinsey's research on CEO excellence, successful CEOs get the most useful perspective from their boards, build trust, and delineate management versus board responsibilities. They focus on developing strong, transparent relationships with their chairs or lead independent directors, as well as on interacting with individual board members.

To better understand how collaboration benefits boards in this time of increasing demands, we looked closely at the responses from a group of directors who report increasing complexity and effective collaboration with CEOs. Compared with the directors who report more complexity and ineffective collaboration, the effective collaborators are twice as likely to say their boards have very high impact on long-term value creation and much more likely (85 percent versus 47 percent, respectively) to say their boards are effective overall. What's more, the effective collaborators rate themselves as more effective on a range of critical board activities, from strategy to talent to risk management (Exhibit 2).

Notably, the biggest areas of divergence are on strategic activities that require more active and regular board involvement—for example, debating strategic alternatives with the board and CEO, adjusting strategy continually, assessing whether a strategy is linked to the company's purpose, and assessing management's understanding of the drivers of value creation within the organisation and its industry. In contrast with fiduciary activities,



such as formal approvals, these other activities require boards to partner with management teams by actively engaging with, discussing, and providing constructive challenges to organisational strategy. In our experience, the boards that do well on these more involved, collaborative activities are comparatively more agile, have a better understanding of their organisations, and are better prepared to manage the complexity of their roles and their organisations' overall situation.

Three ways to work better together

When we asked survey participants about specific board prac-

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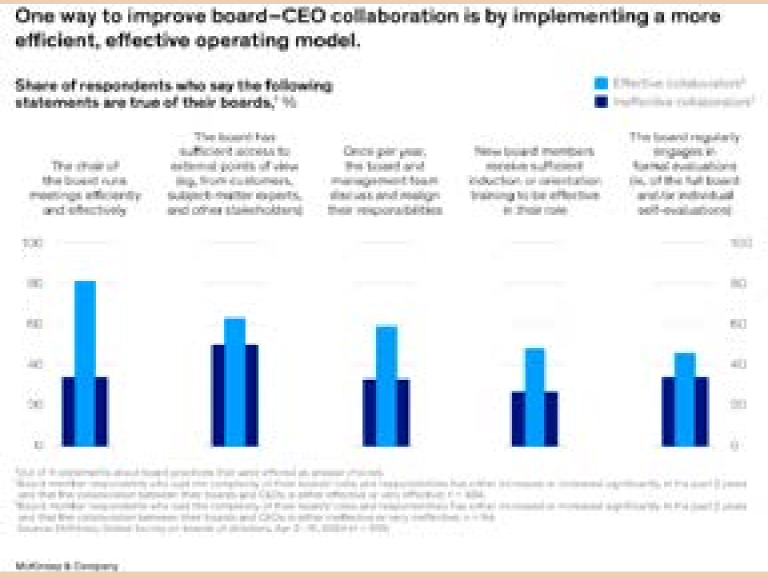


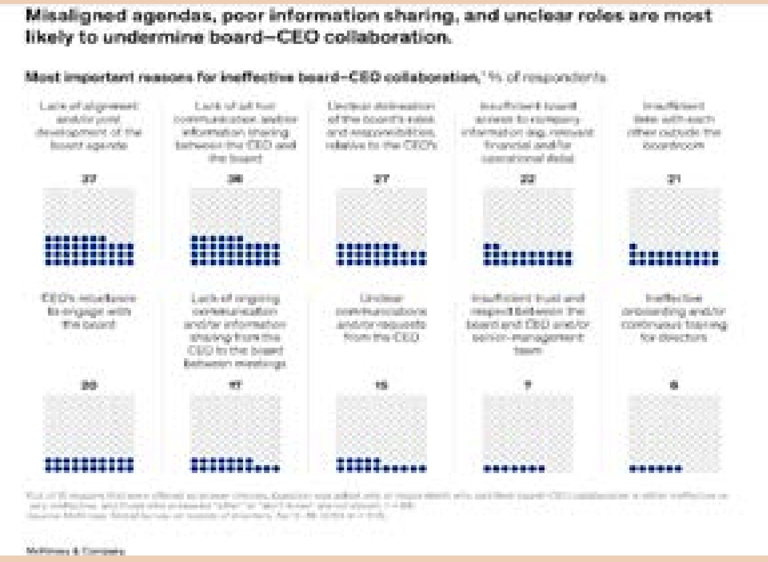
tices and operations, the results suggest a few ways in which the effective collaborators differ from other boards. These can serve as lessons for others to follow. First is establishing efficient and effective board processes. When boards are well run, with clear processes and touchpoints in place, directors can avoid time traps, such as discussion of the same topic multiple times in different forums, unproductive meetings, and lack of access to company information. This can free up their capacity for value-adding activities.

According to the survey results, effective collaborators are significantly more likely than others to have smoother overall operations (Exhibit 3). For example, they're 2.4 times more likely than other respondents to say their chairs run meetings efficiently and effectively and 1.8 times more likely to provide new board members with sufficient induction or orientation training to be effective. Other ways to ensure efficient, effective operations include setting up a yearly cadence for realigning responsibilities, creating a formal process for decision making (which helps chairs run meetings more efficiently), and ensuring alignment on agenda items so that both the board and management are focused on the same priorities.

The second way to improve collaboration is by prioritising board–CEO communication. In the survey results, the top reasons for ineffective collaboration include lack of clarity on the agenda, unclear roles and responsibilities, and poor information sharing (Exhibit 4). All of these can undermine the relationship between CEOs and their boards.

In previous McKinsey research, we saw that boards that communicate better with CEOs are more likely to provide more effective support. These boards are better informed about their organisations, so they can align as a group and respond to changes and crises more quickly than others can. When boards and CEOs communicate well, directors are also more aligned with management on the board agenda, as well as on roles and responsibilities, so directors' time and efforts are better used.

To keep the conversations going, CEOs should stay connected with their boards between meetings—which doesn't have to be a time-consuming endeavour. The survey results suggest that effective collaborators spend the same share of their time as other respondents do on management team communications, suggesting that how the time is spent matters more than how much time they spend communicating.



It's important for both boards and CEOs to focus on frequent and concise communication, especially through multiple channels (for example, real-time messaging apps and monthly CEO reports) and through transparency from the CEO. When chief executives are in doubt, it's always best to share.

Finally, directors should foster a culture of trust and respect in the boardroom. The survey results show that effective collaborators are more likely than others to put this into practice, both by creating a strong culture (87 percent versus 44 percent, respectively) and by spending enough time on team building. In our experience, management teams and boards most often need advice on how to create a good team dynamic in the boardroom, sometimes with support from a coach, and many CEOs aren't clear enough about what insights and expertise they need from their boards.

A strong team culture, as well as a positive board–CEO dynamic, helps overcome these challenges by enabling boards to take more timely action on their organisations' pressing issues and encouraging more open, constructive discussions among directors and CEOs. Spending more informal time together—for example, by sharing meals, periodically combining meetings with field trips to production facilities or service centres, and having board chairs and CEOs make time for regular one-on-one check-ins—can help these cultural habits stick. These activities can improve the interpersonal dynamics between the board chair and chief executive and, by extension, improve relationships across the broader board and management team.

As board director roles continue to become more complex and demanding, with continually expanding responsibilities, effective collaboration between the board and the CEO and management team is increasingly critical. Strengthening these partnerships shouldn't be seen as yet another task on the expanding list of directors' activities but rather as a natural and fundamental way for boards to become more effective—especially on the activities that create the most value for their organisations.

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The 'inside out...

Continued from page 27

This shift to a more open form of leadership is happening because circumstances demand it. Today's leaders must master complex issues such as digital transformation, inflation, disrupted global supply chains, scarce talent, a lack of diversity, cybersecurity, and climate change, as well as an awakened search for purpose among employees. This means that no one person, no matter how brilliant or capable, has the experience, knowledge, or temperament to tackle all these challenges alone.

Leading alongside AI and gen AI

There's another reason why human leadership has become so crucial to organisations these days. With the rapid onset of artificial intelligence (AI) and generative AI (gen AI) in the workplace, an increasing number of routine and analytical management tasks such as market analysis, project management, budgets, customer service, decision making, and fact-finding will be completely or partially handled by AI algorithms, assuming the software keeps improving. If you are a leader with strong soft skills who is also great at numbers, planning, and analysis, your contribution as a leader might be threatened.

From now on, the differentiating factor will be human leadership that gives people a sense of purpose, inspires them, and cares about what they want to achieve. Many employees today believe that much of the technical and analytical guidance they need is more easily obtained from AI solutions. Indeed, a survey conducted by the research firm Potential Project found that employees already have more confidence in AI than in their human bosses in certain areas of leadership and in the management of certain tasks. Why not, if they can get the job done without feeling neglected by their manager?

Tapping into AI and its various aspects alone, however, will not lead to high and sustained performance. What employees long for in their leaders is development, experience, care, empathy, authentic engagement, and wisdom.

The best companies will combine the analytical advantages of AI with leaders who have excellent people skills to propel their organisations to new heights. AI can offer a twofold benefit. By supporting or replacing analytical and technical tasks, it can free up more time for leaders to spend on human leadership. Second, AI can provide analytical and results-oriented insights on the effectiveness of human, hard-skills-centric leadership, giving leaders constant feedback on the effectiveness of their leadership style.

A leadership approach that embraces a human-centric model, while leveraging AI, gen AI, and advanced leadership development offerings, can help CEOs succeed in their jobs and pay off financially. That's because when human capital is managed the right way, the results translate straight to the bottom line.

According to a McKinsey Global Institute study of 1,800 large companies across sectors in 15 countries, businesses that focused on human capital development in addition to financial performance were roughly 1.5 times more likely than the average company to remain high performers over time and have about half the earnings volatility.2 In fact, when the COVID-19 pandemic hit, they maintained profitability and increased revenues twice as fast as companies that focused mainly on financial performance.

Cultivating inner and outer worlds

Learning, growth, and self-reinvention start with introspection.

Leaders first need to examine their inner selves and overcome their own barriers and biases. What is it you really want to accomplish? What behaviours do you want to model? What assumptions are you making—including about yourself—that stand in the way? This introspection requires leaders to assess situations in an unbiased manner, which will mean listening deeply to a network of stakeholders, including coaches, who can reflect the leader's own needs back to them and offer advice.

With that inner work done, leaders can then more effectively navigate the competing demands on them to unleash the potential of individuals, teams, and systems.

They can engage teams in a thoughtful and aspirational plan for change, get them to speak truth to power, enable them to be flexible when unexpected circumstances hit, help them feel a sense of purpose, and encourage them to go the extra mile to make the business a success.

In our work with CEOs, both at the Bower Forum and in other engagements, we've witnessed many success stories of leaders who followed this inside-out approach and reinvented themselves as human-centric leaders. These personal stories, which we go into more detail about in the book, include the following:

- the president of a media company who cultivated "truth tellers" at every level of the organisation
- the head of a pharmaceutical company who used a deep learning technique to predict the severity of the COVID-19 pandemic, which gave his company a jump on producing a new vaccine
- an admiral, leading US special-operations forces, who trained his teams to respond to changes in the terrain rather than stick to a preconceived plan
- the head of a major hospital who succeeded in leading his employees by connecting with them on an emotional level
- the CEO of a global automotive company who took the time to learn more about his top executives—their life stories and personal issues—before coaching them

Our ultimate goal is to encourage CEOs and other leaders who focus on financial performance to unleash their leadership potential in broader ways—to become someone who can see multiple possibilities for personal and organisational growth and generate holistic impact for all stakeholders.

We invite command-and-control-minded executives to see the possibilities of acting as more human leaders and partners who collaborate in empowered networks.

We hope to help leaders who rule and control through their own sense of certainty switch to a mindset of self-awareness and self-reflection, combined with deep and fearless learning and discovery. And, finally, we'd like to persuade them to see the world in all its wonderful diversity and to be their best, authentic selves.

Stories by Joy Agwunobi

Global eCommerce risks $107bn devastation by 2029 over rising AI-powered fraud

THE GLOBAL eCommerce industry is facing an alarming escalation in fraud, as Artificial Intelligence (AI) drives increasingly sophisticated schemes that evade traditional security measures..

A recent study by Juniper Research projects that eCommerce fraud will rise dramatically to $107 billion by 2029, a 141 percent increase from $44.3 billion in 2024.

As AI becomes an increasingly indispensable weapon in the cybercriminal's arsenal, businesses worldwide, including those in Nigeria's rapidly expanding eCommerce market, are finding themselves on the front lines of an escalating battle against AI-driven fraud.

The report links the rise in eCommerce fraud to the increasing utilisation of AI by fraudsters, which has facilitated more sophisticated and large-scale attacks throughout the eCommerce ecosystem. It emphasises that AI, particularly through the generation of deepfakes, poses a considerable threat to online merchants by circumventing verification systems.

In addition, the findings raise concerns about the growing incidence of "friendly fraud," where customers engage in fraudulent activities, such as refund scams, which further jeopardises merchants' profitability.

"With rising levels of 'friendly fraud,' where fraud is committed by the customer themselves, such as refund fraud, is increasingly threatening merchant profitability," the report stated.

According to Juniper, AI is enabling fraudsters to remain ahead of security measures and commit sophisticated attacks on a greater scale.

L-R: Biodun Shobanjo, chairman, Troyka Group; Ayodele Subair, executive chairman, Lagos State Internal Revenue Service (LIRS); Abiola Salami, convener, The Peak Performer Festival (TPP Fest); and Jimi Aina, director, new growth areas, LIRS, at the Peak Performer (TPP) Fest held at the MUSON Centre, Lagos recently.

By creating credible messages and a large number of synthetic identities, AI is facilitating higher quality attacks with an unprecedented frequency.

It added that these technologies are also highly scalable; empowering fraudsters to heavily automate their attacks and overwhelm rules-based prevention systems.

The report also noted that online marketplaces have become prime targets for fraud, particularly after the global pandemic, which accelerated the shift toward digital transactions. With the surge in online shopping, businesses have been scrambling to adjust their fraud detection systems. Unfortunately, many traditional measures are no longer sufficient to fend off these increasingly sophisticated cyberattacks.

Moreso, sensitive customer data are seen to have increasingly become primary targets for fraudsters, particularly as businesses continue to expand their online operations.

The proliferation of artificial intelligence (AI) has opened the doors for cybercriminals to create more believable fraudulent messages and identities, making it increasingly difficult for both businesses and consumers to differentiate between genuine transactions and nefarious ones.

The growing sophistication of fraud techniques, combined with the automation of these attacks, allows fraudsters to launch a barrage of assaults that quickly overwhelm traditional, rule-based prevention systems. As a result, merchants are increasingly exposed to financial losses as they struggle to combat this onslaught of AI-driven fraud.

While Nigeria's eCommerce sector has experienced explosive growth in recent years, propelled by factors such as the increased availability of mobile and internet services, the proliferation of digital payment platforms, and the unprecedented surge in online shopping following the COVID-19 pandemic, this growth has also transformed the sector into a prime hunting ground for increasingly sophisticated fraud schemes.

With cybercriminals becoming ever more adept at exploiting the vulnerabilities inherent in the digital economy, Nigeria's eCommerce merchants, as well as its consumers, are increasingly vulnerable to AI-driven fraud attacks that threaten the continued growth and stability of the sector.

Industry experts have also identified fraud as a major obstacle to eCommerce growth in the country, highlighting that this issue deters many Nigerians from making online purchases. According to them, the loss of confidence in payment systems ultimately hampers the expansion of eCommerce as customers are increasingly worried about their payment information being compromised, while merchants are faced with challenges such as identity theft and chargeback fraud.

To address the growing threat of AI-driven fraud, Juniper Research underscores the necessity of implementing advanced fraud detection and prevention measures. The report highlights that AI-driven systems are becoming crucial for merchants, who should also integrate biometric identification into their checkout processes to enhance transaction security.

"By employing techniques like liveness detection, merchants can better safeguard their businesses and customers from increasingly sophisticated deepfake fraud attempts powered by AI,' the report stated.

Thomas Wilson, the lead author of the Juniper Research report, emphasised the critical importance of incorporating artificial intelligence capabilities into fraud prevention systems.

He stated, "eCommerce merchants must seek to integrate fraud prevention systems that offer AI capabilities to quickly identify emerging tactics."

Wilson further noted that the rapidly evolving landscape of eCommerce requires merchants to stay one step ahead of sophisticated fraud techniques. According to him, in developed markets, where larger merchants are particularly vulnerable to cyber threats, this need is even more pressing.

He also pointed out that these larger retailers are often prime targets for fraudsters who may engage in activities such as testing stolen credit cards, adding that by leveraging AI-driven solutions, merchants can enhance their ability to detect fraudulent activities in real time, thereby minimising potential losses and protecting their customers.

Global funding drought strikes tech startup industry as deals, investments dip to 4-year low

THE GLOBAL TECH startup sector has taken a substantial hit, with funding for emerging tech companies nose-diving to its lowest level in four years.

In the third quarter of 2024, tech startups worldwide raised only $54.7 billion, a considerable decline from previous quarters and a dip to the lowest funding level since 2020, according to CBInsights' latest Global State of Funding report.

The report showed that the $54.7 billion raised between July and September 2024 represents a 19.7 percent decrease compared to the $68.1 billion secured in the second quarter. The decline is even more pronounced when compared to the first quarter of the year, where funding stood at $62 billion, marking an 11.8 percent drop.

As reported by CBInsights, the third quarter of 2024's funding total of $54.7 billion marked a new low for the global tech startup ecosystem, slipping below the previous record of $54.9 billion in the fourth quarter of 2023.

This new low has sparked concerns among industry analysts, who fear that the global startup funding landscape is unable to bounce back from the all-time high seen during the COVID-19 pandemic in the fourth quarter of 2020, when investments skyrocketed to a staggering $97.5 billion.

CBInsights' findings reflect the mounting challenges facing the global tech startup ecosystem, where economic turbulence, eroding investor confidence, and a tightening of capital flows have created an increasingly hostile environment for emerging tech companies seeking funding.

The report underlines a pattern of steady decline in the once vibrant startup ecosystem, as investors exercise greater caution and become increasingly selective in their funding decisions. This has had a detrimental impact on startups globally, making it more challenging for them to secure the capital required for innovation and growth.

As the funding environment for tech startups contracted in Q3 2024, so did the number of deals closed, a worrying trend that has persisted over the last few quarters.

CBInsights' data revealed only 6,056 deals in Q3 2024, a substantial decline from the 6,736 deals closed in Q2 and 7,209 deals in Q1, further highlighting the shrinking investor appetite and more cautious approach to dealmaking.

The data shows that the number of deals recorded in Q3 2024 is significantly lower than the 7,201 deals reported in the final quarter of 2023, which itself was one of the lowest on record.

The report from CBInsights provided a deeper analysis, highlighting the regional distribution of funding in Q3 2024.

The U.S led the pack, as U.S.-based startups raised $29.8 billion during the quarter, representing a lion's share of 55.1 percent of the total global funding. Europe, as the second-highest performer, secured $11 billion, accounting for 20.1 percent of the total funding. In close third place, Asia raised $10.5 billion, which constituted 19.2 percent of the global total.

While the U.S., Europe, and Asia

dominated the global funding landscape, emerging regions such as Latin America, Oceania, and Africa lagged behind in terms of startup financing.

Latin America, which has been emerging as a promising region for startup activity in recent years, only managed to raise $800 million, 1.46 percent of the global total. Oceania, encompassing Australia and New Zealand, attracted only $500 million, representing 0.9 percent of the total funding.

In another stark contrast, the African startup ecosystem was dealt a blow in Q3 2024, with startups only managing to attract $300 million in funding, 0.54 percent of the global total.

Other regions outside of the U.S., Europe, Asia, Latin America, Oceania, and Africa collectively raised $94 million.

While the overall investment figures were disappointing, the report noted some improvement in the size of individual deals.

Q3 2024 saw 98 deals worth $100 million, outperforming the 85 such deals recorded in Q4 2023. The total value of these large deals amounted to $21.5 billion, surpassing the $18.9 billion attracted by similar deals in Q4 2023.

While the startup ecosystem overall may be facing headwinds, larger, more established companies within the sector continue to command significant investor attention. In fact, in terms of deal size, Q3 2024 matched the prior quarter, with a total of $21.5 billion raised across 108 deals involving larger startups, indicating that investors remain willing to back more mature and stable companies even in a difficult funding environment.

MTN, Airtel hit N3.67trn revenue in H1'24 on soaring data demand

Joy Agwunobi

THE NIGERIAN DIGITAL services market, dominated by telecommunications giants MTN Nigeria Communications Plc and Airtel Nigeria, showed immense potential during the first half of 2024, with both companies collectively generating approximately N3.67 trillion in revenue from data and voice services alone, according to their respective financial statements.

MTN Nigeria, the country's leading telecom provider with nearly 80 million subscribers, generated N1.27 trillion in revenue during this period. The growth was primarily driven by the significant rise in data services, which brought in N726.6 billion; a 55 percent jump compared to N469.7 billion in the corresponding period of 2023.

MTN Nigeria's financial report for the first half of 2024 also revealed significant gains in revenue from voice services, which increased by 14 percent from N474.1 billion in the corresponding period of 2023 to N541.3 billion in the first six months of 2024.

The company attributed this growth to its ongoing efforts to enhance service quality and meet the growing demand for data services. Moreover, the effective price optimisation strategies implemented in the final quarter of 2023 contributed to the company's successful revenue growth.

Airtel Nigeria, another key player in the telecommunications industry with over 60 million subscribers, reported revenue of $229 million for the quarter ending June 30, 2024. This figure includes $112 million from voice services and $117 million from data services.

Despite a notable 55.8 percent decline in voice revenue compared to $254 million in the same quarter of 2023, Airtel reported a 21.6 percent increase when evaluated in constant currency terms.

Data services followed a similar trend, with revenue dropping by 48.6 per cent year-on-year from $228 million, but growing by 41.3 percent in constant currency figures, representing an increase in the demand for internet services. For the financial year ending March 31, 2024, Airtel Nigeria reported $711 million in revenue from voice services and $654 million from data services, bringing its total revenue for the period to $1.594 billion.

When converted to naira using the exchange rate of N1500 to $1, Airtel generated approximately N2.4 trillion in revenue for the first half of the year.

Combined with MTN's earnings, the two companies amassed N3.67 trillion from data and voice services over six months, underlining the enormous role they play in Nigeria's telecom sector.

Both MTN and Airtel are strategically capitalising on Nigeria's rapidly expanding digital economy.

As more Nigerians turn to digital services for work, communication, and entertainment, the demand for data services has skyrocketed, creating a lucrative market for telecom operators.

However, the companies are also struggling with substantial operational challenges, especially due to the weakening naira against the U.S. dollar, which has greatly inflated their costs. One major concern is the cost of fuel.

The telecom industry consumes over 50 million litres of diesel monthly to power its infrastructure,which they noted is a significant burden on their operational costs.

Both MTN and Airtel rely heavily on diesel-powered generators to keep their extensive network of telecom towers operational, especially in areas with unreliable electricity supply.

In response to the rising fuel expenses, Airtel has started exploring alternatives, with a particular focus on renewable energy solutions. During a media roundtable in Lagos,

Femi Adeniran, Airtel Nigeria's director of corporate communications and CSR, disclosed that the company currently spends about N28 billion every month on diesel to power its more than 15,000 network sites across Nigeria.

He explained that Airtel consumes roughly 22 million litres of diesel monthly, adding that the environmental impact of this fuel consumption is substantial.

However, he noted that the company has managed to contain some of the costs through infrastructure sharing agreements with other telecom operators, known as collocation, which allows them to share the burden of powering network towers.

He noted "We are deeply committed to reducing our

Data & Information Governance Insight

How DAST and SAST safeguard your privacy

MICHAEL IRENE, PhD

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LET'S TALK ABOUT something we often don't give much thought to — how secure are the apps and websites we use every day? Whether we're shopping, banking, or just browsing online, we assume our personal information is safe. But there's a lot happening behind the scenes to ensure that safety, and it all starts with tools like DAST and SAST.

Now, those might sound like overly technical terms, but they're actually pretty straightforward once you break them down. Think of DAST and SAST as the digital bodyguards for the apps and websites you use. They exist to make sure no one sneaks in and takes your private information.

First, let's talk about what they mean. DAST stands for Dynamic Application Security Testing, and SAST stands for Static Application Security Testing. Both do similar things — they're ways to check that an app or website is secure and doesn't have any easy-to-exploit vulnerabilities. But they work in different ways.

SAST is a bit like inspecting the foundation of a building before the walls go up. When developers are writing the code for an app, they use SAST to check for any weaknesses that could be exploited by hackers. It's an early warning system that helps catch mistakes before the app is even launched. The benefit here is that it's easier to fix these problems before everything is built, saving a lot of time, money, and potential damage later on. Think of it like finding out that your house has a crack in the foundation before you start decorating the rooms. It's always better to catch the problems early.

On the other hand, DAST happens after the app or website is live. Imagine walking around a finished house and checking all the doors and windows to make sure nothing is broken or loose. DAST looks at how the app functions in the real world, identifying any weaknesses that might have been missed during development. It's a real-time check to ensure that everything is secure. If there are any gaps, DAST will find them. This is important because sometimes issues don't show up until the app is being used by real people, just like how a door might not squeak until someone starts using it every day.

So, why does this matter to you? Well, every time you use an app, log in to a website, or enter your personal details online, you're trusting that company to keep your information safe. When companies use tools like DAST and SAST, they're taking steps to protect that trust. They're ensuring that hackers can't easily break in and steal your information. Whether you're booking a holiday, checking your bank account, or just chatting with friends, you want to know that your data is secure. That's where DAST and SAST come in — they help make sure the doors and windows of your digital house are locked tight.

It's not just about avoiding a data breach or cyberattack; it's about privacy. Your data — your emails, passwords, and financial information — should stay in your control. DAST and SAST work together to keep it that way. SAST catches problems early in the coding phase, while DAST makes sure there are no surprises once the app is running. This combined effort helps companies secure their apps from top to bottom. You wouldn't want to discover that your personal information is at risk after using a service for months, so it's crucial to have both types of testing in place.

In a world where data leaks and privacy invasions seem to happen all too often, tools like DAST and SAST are some of the strongest defences we have. When companies use them properly, they help ensure that your personal information stays exactly where it should — safely out of reach of those who might misuse it. Imagine you're locking your front door at night. You'd want to double-check that it's secure before going to bed, right? That's essentially what these tools do — they double-check that everything is secure before anything bad can happen.

It might seem like these are issues only big businesses need to worry about, but in reality, the security of the apps and websites we use every day is something that affects us all. Whether you're 4 or 80, the apps and websites you rely on are doing a lot behind the scenes to keep your data safe. And that's thanks in large part to tools like DAST and SAST, which make sure that the software we use is secure, functional, and above all, trustworthy. So the next time you use an app or log in to a website, remember that there's a whole team of digital bodyguards working behind the scenes to protect your privacy.

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OPay launches Large Transaction Shield to boost user security, control

Joy Agwunobi

OPAY, ONE OF NIGERIA'S leading fintech firms, has unveiled its innovative Large Transaction Shield, a feature aimed at enhancing user control and security over their financial transactions. This development comes in response to the increasing significance of secure digital payments in today's fast-paced financial landscape.

According to OPay, the Large Transaction Shield is designed to help users protect themselves from unauthorised transactions by implementing advanced facial recognition authentication.

The company emphasised that as digital payments continue to grow in importance, there is a need to prioritise the security of these transactions. The Large Transaction Shield is part of OPay's commitment to innovation and user protection, offering customers a range of benefits, including the ability to set personalised transaction limits and enhance their financial safety.

According to the firm, users can configure individual, daily, and monthly transfer limits, ensuring that any transaction exceeding these set limits will prompt additional verification steps, including facial recognition to confirm the user's identity. This added layer of security is designed to provide confidence and peace of mind to users by protecting them from unauthorised access.

Dauda Gortring, the chief executive officer of OPay, stated that the introduction of the Large Transaction Shield reflects the company's ongoing efforts to provide a secure and reliable platform for its customers.

According to Gortring, requiring facial verification for large transactions further reinforces the company's defence mechanisms against fraud and ensures that all payments are authorised by the rightful account holders.

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TOWARDS MORE EFFICIENT MARKETS

PROJECT SYNDICATE

The Beggar-Thy-Neighbor Test

DANI RODRIK

Dani Rodrik, Professor of International Political Economy at Harvard Kennedy School, is President of the International Economic Association and the author of Straight Talk on Trade: Ideas for a Sane World Economy (Princeton University Press, 2017).

CAMBRIDGE – With all major trading countries increasingly resorting to unilateral action to advance their own social, economic, environmental, and security goals, the world economy desperately needs a clear normative framework to determine the rules of the road. A useful starting point is for everyone to agree, in principle, not to deploy beggar-thy-neighbor policies.

This may sound reasonable, but is it feasible? Aren't countries relying on such policies too often to be dissuaded from changing their ways?

Actually, no, they are not. The perception that they are is rooted in a conceptual confusion between policies with adverse cross-border spillovers and policies that truly are beggar-thy-neighbor. It would indeed be hopeless – and counterproductive – to try to discipline all policies of the former type. Fortunately, beggar-thy-neighbor actions constitute only a small subset of such policies.

Hyper-globalization floundered largely because of its ambition to overregulate policies with international spillovers. By focusing on genuinely beggar-thy-neighbor policies, we can target the real source of the problem and make more headway in international negotiations.

To understand the significance of this distinction, consider the classic case in which one country's policy produces harms abroad, specifically by weakening another country's terms of trade (prices of exports relative to imports). Initially formalized by Jagdish Bhagwati, this "immiserizing-trade" scenario was later used by Paul Samuelson to argue that China's economic growth could hurt the United States.

Consider two policies in particular. First, when the Chinese government subsidizes research and development that enhances the country's competitiveness in high-tech products and lowers their prices on global markets, the US and other advanced economies are hurt, because these are the areas of their comparative advantage. Despite the harm, however, we would not consider it proper to ask China to remove such subsidies, because our intuition tells us that supporting R&D is a legitimate tool to promote economic growth, even if others incur losses.

The second policy is an export ban on rare earths or other critical minerals for which China is the principal global supplier. China benefits by increasing prices on world markets and making its exporters more competitive, owing to their access to cheaper inputs. But this is a clear instance of a beggar-thy-neighbor policy. China's gains are the result of an exercise of global monopoly power that forces losses onto foreign producers.

A policy is beggar-thy-neighbor when the benefit provided to the domestic economy is made possible only by the harm that it generates for others. Joan Robinson coined the term in the 1930s to describe policies such as competitive devaluation, which, in a situation of generalized unemployment, shifts employment from foreign countries to the domestic economy. Beggar-thy-neighbor policies are generally negative-sum for the world overall.

Distinguishing beggar-thy-neighbor policies may be difficult in practice, because no country is likely to own up to them. But clarifying the kinds of actions that are truly objectionable, and narrowing the scope of disputes accordingly, would likely lead to better economic outcomes. It also would make for better politics, because governments would be encouraged to engage in a more productive discussion about what they are doing, why they are doing it, and the likely consequences.

Applying this perspective to the real world, one finds that the bulk of industrial policies in China and the US today are not beggar-thy-neighbor. In fact, many should be considered enrich-thy-neighbor.

The clearest example is the broad range of green industrial policies that China has deployed over the last couple of decades to bring down the price of solar and wind power, batteries, and electric vehicles. These policies have been doubly beneficial to the world economy. They generate innovation spillovers, reducing costs for the world's producers and lowering prices for consumers. And they accelerate the transition from fossil fuels to renewables, partly compensating for the absence of carbon pricing.

When industrial policies appropriately target externalities and market failures – as in the case of green subsidies – they are not something to worry about. Moreover, while we can raise legitimate concerns about cases where these conditions are not met, the fact remains that the costs of inefficient industrial policies are borne primarily at home. It is domestic taxpayers and consumers who pay in the form of higher taxes and prices. Bad industrial policies are less beggar-thy-neighbor than beggar thyself.

Of course, other countries may face costs as well. But that doesn't mean it is desirable for trade partners to have a say. It is neither realistic nor reasonable to expect governments to be more responsive to other countries' arguments about what is good for them than to their own convictions. Trade partners are always free to impose their own safeguards, even when the policies they are responding to are not beggar-thy-neighbor.

For example, if a government is worried about national security or adverse consequences for local labor markets, it should have the freedom to introduce export restrictions or tariffs to address these concerns. Ideally, such responses will be well-calibrated and targeted narrowly at the stated domestic goal, rather than being designed to punish countries that are not engaged in beggar-thy-neighbor policies.

Distinguishing the small number of beggar-thy-neighbor actions from the vast array of other policies with cross-border spillovers is an important first step to easing trade tensions. Doing so would allow international negotiations to focus on the real problems, leaving governments free to pursue legitimate policy goals at home. Working toward a world of self-help is largely good economics and good politics.

PROJECT SYNDICATE

Building a Buffer Against Food-Price Shocks

ISABELLA M.WEBER,

JAYATI GHOSH

SUDEEP JAIN

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BOSTON – Of the 17 Sustainable Development Goals to be achieved by 2030, eliminating hunger used to be seen as the most feasible. But in the wake of the COVID-19 pandemic and Russia's invasion of Ukraine, 15 years of progress on improving access to food have been lost. Despite global agricultural production being more than sufficient to meet the world's nutritional needs, food insecurity is significant and rising everywhere, even in rich countries. Especially worrying are the significant increases in hunger in lower-income countries.

Soaring food prices are to blame for this damaging reversal. Worse, more such shocks are likely to emerge as climate change worsens and geopolitical tensions mount. The G20, under Brazil's presidency this year and South Africa's in 2025, must devise a new stabilization playbook to address these risks.

Although food prices have fallen globally from their 2022 peaks, they have remained high or continued to rise in many countries, with the sharpest increases often occurring in the poorest economies. By September 2023, the food-price index produced by the Food and Agriculture Organization of the United Nations had fallen by around 11.5% from the previous year. During that same period, average food prices in low-income countries rose by 30% – an alarming situation, given that people in these countries spend 30-60% of their disposable income on food.

One major reason for persistent food-price inflation in the Global South, despite cooling agricultural prices worldwide, is currency depreciation, which has made imported food and fuel more expensive. The influx of capital into developing countries after the 2008 global financial crisis, driven by quantitative easing in advanced economies, has reversed in recent years, following interest-rate hikes in the United States and Europe. These capital outflows have weakened developing-country currencies, forcing their own central banks to raise interest rates even at the risk of triggering an economic downturn. At the same time, the interest-rate hikes have led to high debt-servicing costs, depleting these countries' foreign reserves and impeding their ability to pay for food imports.

Developing countries' dependence on global commodity and capital markets is undermining their efforts to ensure food security. To counter this, advanced and developing economies should work together to develop international strategies aimed at regulating financial and commodity markets and addressing sovereign-debt problems. But even in the absence of such cooperation, developing countries can reduce the destructive effects of this dependence by forging partnerships to accumulate buffer stocks of essential commodities and coordinate capital-account-management policies.

Public buffer stocks of certain staples – especially grains – can help prevent price spikes, which hurt consumers, and avoid price collapses, which hurt farmers. Some countries, including India and China, have long used buffer stocks to enable such countercyclical open-market operations, as well as to guarantee supplies during emergencies. Another advantage of buffer stocks is that they allow governments to establish public procurement policies that incentivize sustainable cultivation practices and crop diversification.

Countries that lack the fiscal space to build substantial buffer stocks could work with regional partners to create joint stockpiles. For example, South Africa, as the continent's largest economy, could lead a regional buffer-stock initiative in coordination with the African Union.

Developing countries should also consider implementing macroprudential and capital-account-management policies to prevent destabilizing capital flows. Such policies could include setting limits on and establishing minimum lock-in periods for foreign investment in local financial assets, imposing reserve requirements for inflows, and using differential tax rates for domestic and foreign asset holdings. Global South governments successfully used this approach in the 1990s, and they should do so again.

Rich-country central banks have begun cutting interest rates, owing to cooling inflation. The anticipated increase in global liquidity should make it easier to introduce capital-account-management policies, whereas doing so now, when financial conditions are tighter, risks exacerbating capital flight. Moreover, developing countries are less likely to face backlash from global financial centers if they coordinate their efforts to manage capital accounts, rather than go it alone. As large middle-income countries, Brazil and South Africa are well-placed to spearhead this effort.

Lastly, commodity markets, the most important of which are based in the US and Europe, must be more tightly regulated. Governments there should require all commodity trading to take place on regulated exchanges, with strict capital and margin requirements and position limits for individual traders. They should also eliminate the "swap-dealer loophole" to restrict commodity-market speculation by investors with no interest in producers or consumers.

In addition to demanding such changes to financial regulation in advanced economies, developing countries should also consider systematic and coordinated interventions in commodity futures markets to complement their buffer-stock initiatives.

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