## NEWS

### Afreximbank $2bn 4 Africa's creatives

PRESIDENT AND CHAIRMAN of the Board of Directors of Afreximbank, Professor Benedict Oramah, has announced that Afreximbank will increase its funding to the Creative Africa Nexus (CANEX) programme from $1 billion to $2 billion for the next...

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## FINANCE & INVESTMENT

### Domestic investors' NGX dominance

DOMESTIC TRANSACTIONS on the Nigerian Exchange Limited (NGX) have seen a significant uptick in the first eight months of 2024, surging to N2.82 trillion. The notable increase in domestic activity stands in sharp contrast to the comparatively low...

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## COMMENT

### Govt, people comms disconnect

THE RELATIONSHIP BETWEEN the government and the governed is pivotal for the progress and growth of any society. When the government fails to effectively communicate its policies, programmes, and initiatives to the citizens, it only deepens the distrust and...

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Nigeria's Financial & Business Newspaper
Monday, October 21 - Sunday, October 27, 2024 www.businessamlive.com
business a.m.
TOWARDS MORE EFFICIENT MARKETS

# FG seeks N1.1bn private sector funding to boost power sector

BUSINESS A.M REPORTER

THE NIGERIAN GOVERNMENT has disclosed plans to crystallise N1.1 billion private sector funding for the country's power sector.

Abba Aliyu, managing director, Rural Electrification Agency, disclosed this in Lagos during the Informa Markets organised Nigeria Energy Summit.

The theme of the summit was "Breaking Barriers to the New Energy Era: Clean, Reliable and Sustainable".

He said, "In as much as we know there are lots of challenges in terms of the electricity aspect, the Federal Government is committing a lot of resources and a lot of strategies to be able to address this electricity gap.

"Apart from the $750m that has already been provided by the President's government, we expect that the $750m would crystallise N1.1bn private sector funding as a co-financing requirement because we do not finance the entire infrastructure cost. We provide grants and subsidies as a way of catalysing this private sector funding, and we are also working towards catalysing N100bn as local financing for the developers, and this process has already started."

The REA boss asserted that exploring other sources of power generation was critical, describing solar as easy to deploy.

He added, "However, the Minister of Power has asked us to look at how we can leverage on small hydro, micro-hydro, biomass, and wind, and we are working in that direction. In the next two to three weeks, you will have seen a notice of tender that will be sent out for a micro mini grid that we are partnering with which is about 336-kilowatt micro hydro plants that we are about to start implementing.

Page 2

# Nigeria's inflation rebound stokes concerns of worsening economic woes

ONOME AMUGE

THE BATTLE AGAINST soaring inflation seems to be far from won in Nigeria, with analysts warning of even darker days ahead as the country struggles to emerge from its economic crisis.

Amidst this mounting crisis, President Bola Tinubu's pledge of "renewed hope" seems to offer little but empty promises, leaving citizens disillusioned and frustrated as they battle exorbitant cost increases and unprecedented levels of inflation.

With economic relief nowhere in sight, Tinubu's words ring hollow, offering little more than false optimism in the face of an ongoing financial catastrophe.

In the latest Consumer Price Index (CPI) report released by the National Bureau of Statistics (NBS) for September 2024, the inflation rate jumped to 32.70 percent, a steep incline of 0.55 percent from the previous month's rate of 32.15 percent, undoing two months of declines in inflation figures and marking a new high watermark for food prices and transportation costs.

The CPI report showed that the year-on-year inflation rate surged by 5.98 percent to 32.70 percent, a stark contrast to the 26.72 percent recorded in the same month in 2023.

The report further revealed that, on a month-on-month basis, the headline inflation rate accelerated in September 2024 to 2.52 percent, up from 2.22 percent in August 2024, signalling a rapid rise in average price levels. Driven by the double-edged sword of a depreciating Naira and rise in the cost of petrol, which surged past the N1000/litre benchmark (a historic high), Nigeria's financial woes continue to deepen, leaving the average citizen gasping for financial air amidst a sea of rising costs and ongoing economic instability.

As inflation continues to grip the Nigerian economy, households and businesses alike remain under intense pressure, contending

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Olayemi Cardoso (left), governor, Central Bank of Nigeria (CBN); and James Dimon, chairman/CEO of JPMorgan Chase & Co., when the latter led a team from JPMorgan Chase & Co on a strategic visit to the head office of the CBN, in Abuja, recently.

## TRAVELLER & HOSPITALITY

### Rwandair East Africa ambitions

THE EAST AFRICAN NATION of Rwanda has long been touted as one of the continent's fastest-growing centres for business and commerce, having made impressive leaps forward over the past few decades to get to

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## TECHNOLOGY & INNOVATION

### Yellow Card's $33m fund raiser

YELLOW CARD, AFRICA'S LEADING and first licensed Stablecoin on/off ramp, has successfully closed its Series...

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## COMMODITIES & AGRICULTURE

### Agriculture loses ground in FDI inflows

FOREIGN DIRECT INVESTMENT (FDI) into Nigeria's agricultural sector declined by 41 percent year-on-year during the second quarter (Q2) of 2024, according to the latest...

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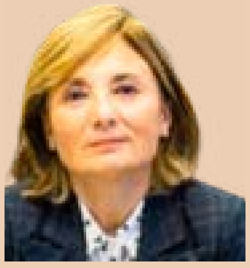
## PROJECT SYNDICATE

### Financing Food Security Will Yield High Returns



LUXEMBOURG/ROME – Although enough food is produced to feed the global population, hunger and malnutrition due to conflict, poverty, economic slowdowns, and climate change still threaten millions of lives. In 2023, around 2.3 billion people faced moderate or severe food insecurity and more than 730 million people ...

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## Nigeria's inflation...

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with the combined challenges of escalating PMS/energy costs, elevated borrowing costs, weak exchange rates, and increasing supply chain and logistics expenses, amid other uncertainties.

The overall confidence in Nigeria's macroeconomic outlook remained frail in September 2024, a reflection of the persistent inflationary risks that analysts attribute to structural factors, including insecurity, climate risks, fuel scarcity, and rising energy costs. These factors are expected to continue to exert pressure on the economy in October 2024, hindering economic growth and stability.

Prior to the NBS inflation report, the Central Bank of Nigeria (CBN),in its September 2024 Inflation Expectations Survey (IES), revealed that Nigerians continue to be deeply concerned about inflation, as about 58.5 percent of respondents described the country's inflation rate as high, with both businesses and households reporting a negative outlook.

The CBN survey which solicited feedback from 1,750 businesses and 1,665 households across the country, identified several key drivers of inflation, including surging energy costs, rising transportation expenses, currency exchange rate volatility, and security challenges. These factors were identified by respondents across all sectors as significant contributors to the steep increase in the cost of living for Nigerians.

Commenting on the recent rise in inflation rate, Tope Adaramola, the executive secretary of the Nigerian Council of Registered Insurance Brokers (NCRIB), remarked that the surge in inflation will hit ordinary Nigerians the hardest.

Adaramola noted that with their limited economic leeway, the rising cost of living will intensify the financial struggles already faced by the majority of Nigerians, especially those who receive fixed incomes.

Adaramola stated that those who receive fixed salaries, such as civil servants and low-income earners, will bear the brunt of the rising inflationary pressure. He explained that, due to their fixed income, these individuals have limited means to counteract the effects of inflation and will, as a result, be disproportionately affected by the surge in prices.

"The worst hit will be pensioners because there will be a serious diminution in their disposable income," he added.

Olutoyin Ayoade, managing director of financial services firm, MBC Securities, anticipated that the inflation rate for October, due to be released on November 15, will exceed the September rate.

L-R: Modupe Kadri, chief financial officer, MTN Nigeria; Olaniyi Yusuf, chairman, Nigerian Economic Summit Group (NESG); Nkechi Obi, group managing director, Techno Oil; Nancy Iloh, anchor, African Independent Television (AIT; Oyeyimika  Adeboye, managing director, Cadbury West Africa; and Courage Obadagbonyi, chief financial officer, APM Terminals, during the NESG CEO roundtable discussion in Abuja recently.

In response to this prediction, Ayoade asserted that given the sustained inflationary pressures, the firm does not foresee a rate cut at the next monetary policy committee (MPC) meeting.

Furthermore, Ayoade noted that, if the MPC decides to raise interest rates, it could lower rates on fixed income instruments to reduce the debt management office's obligations and the money supply, or opt for a marginal increase in rates.

Concerning the impact of the inflation in the equity market, he stated, "We still expect a bullish run and increased buying interest in the equity market. We expect investors to position themselves for final year dividends."

Samuel Sule, CEO of Renaissance Capital Africa, concurred with the sentiment that inflation will remain the primary determinant of activity in the fixed income markets and will continue to dictate the MPC's conventional policy responses.

Amidst the mounting economic challenges posed by rising inflation, the Centre for Promotion of Private Enterprise (CPPE) has advocated for a comprehensive government-led approach to tackling inflation in Nigeria.

The CPPE underscored the urgency for government intervention in addressing the numerous economic hurdles that are hampering production, productivity, and security across various sectors, in order to alleviate the financial strain placed on the average Nigerian and create a more conducive economic environment for growth and prosperity.

The non-governmental organisation, which is dedicated to the advancement and protection of private enterprise in Nigeria, also identified the importance of incentivising the real sector of the economy, enabling businesses to lower production costs and boost profitability, thereby offsetting the debilitating effects of inflation.

Muda Yusuf, the chief executive officer of CPPE, presented the recommendations  in response to the plummeting purchasing power of Nigerians, as inflation continues to wreak havoc on the country's economy.

Reacting to the news, Yusuf stressed that the revival of high inflationary pressures is an alarming development, undermining the efficacy of monetary policy measures to curb inflation.

The former director general of the Lagos Chamber of Commerce and Industry ( LCCI), in his analysis, stated: "It is troubling that we are witnessing a resurgence of high inflationary pressures after some few months of respite despite policy measures to tame inflation, especially on the monetary side. Purchasing power had continued to plunge over the past few months.

The situation had been further exacerbated by the surging petrol price. After three months of deceleration, the inflation numbers had returned to a spiraling path. Headline inflation rose to 32.7% in September 2024 as against 32.15% in August 2024, an increase of 0.55%. There was also a marginal increase of 0.30% in month-on-month inflation between August and September. Food inflation maintained its uptrend rising to 37.77% from 37.52% after decelerating a few months ago."

Yusuf also discussed the numerous factors contributing to the inflationary pressures, stating that these factors are predominantly supply-side issues that have yet to be adequately addressed.

According to Yusuf, the depreciating exchange rate, surging fuel prices, rising transportation costs, supply chain disruptions, high energy costs, climate change-induced flooding, insecurity in farming communities, and structural bottlenecks to production are all contributing to the persistent inflationary pressures in Nigeria.

Furthermore, he noted that seasonal fluctuations in agricultural outputs also play a role in the seasonal price fluctuations that exacerbate inflation.

Yusuf highlighted the adverse ripple effects of inflationary pressures on the Nigerian economy, emphasising that the escalation of production costs, coupled with weak profitability and investor confidence, has had detrimental repercussions on the manufacturing sector and the economy at large.

He also mentioned the limitations faced by investors in their ability to transfer cost increases to consumers, a phenomenon that further erodes their profit margins.

This adverse scenario, he cautioned, results in a vicious cycle where weakened profitability diminishes investors' confidence, exacerbating the already precarious situation of the economy.

The CPPE chief further underscored the necessity for the government to provide financial relief to domestic industrialists by offering concessionary import duties on intermediate products.

"The effects of high energy cost and exchange rate on inflation is quite significant. It will be very difficult to tame inflation if we do not substantially fix power, logistics and forex and security issues.

"Regrettably,  there are no quick fixes in these areas.  But it is important to prioritize these issues and drive accelerated progress with the right strategies.

"Hopefully the proposed economic stabilization measures embodied in a bill currently before the national assembly would substantially address these concerns from the fiscal side," he added.

While advocating for the critical role of the federal government in curbing inflation, Yusuf also emphasised the importance of the sub-national governments' involvement in addressing the issue of food insecurity and food inflation.

According to him, the state governments possess a comparative advantage in mitigating these challenges due to their close proximity to the stakeholders in the agricultural and food value chain.

As a result, he asserted that they are well-positioned to enhance agricultural productivity and ensure food security by leveraging their unique insights and access to the local communities.

## FG seeks N1.1bn...

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"Also, we have earmarked small and micro hydros in Katsina, Ondo, Ekiti, Cross River, Nassarawa, and Sokoto, and we are also about to start that. This is in our effort to integrate the other sources of renewable energy into our energy access drive."

According to Aliyu, 1.5 million Nigerians grew interconnected mini-grids to enhance electricity reliability.

"Three million of them grew isolated mini-grids to create electricity access for the first time, and about 12 million of them grew a mesh grid, stand-alone system, and solar home system. This is what the country is doing, and this programme is starting next month.

"We are also improving the commercial viability of the players, and this has started even before the outcome of the World Bank report," he said.

The REA boss called for an improvement in the commercial viability of the players.

"The private sector must improve their financial viability. The entire sustainability of the mini-grid, as with any project finance infrastructure, is reliably computed upon the financial viability of the player that is implementing this. Whether it is mini-grid, off-grid, or any infrastructure financing, that viability is subject to the commercial viability of the implementing app, whether it's the private sector or public sector.

"So, in the off-grid, that financial viability is contingent upon howith,nancially lucrative and capable are the private sectors that are deploying this infrastructure app," he said.

Meanwhile, the co-founder of Lihon Energy, Hakeem Disu, lauded the Nigerian energy transition.

He stated that it was the most advanced compared to other African nations because of the opportunities to go through some of the energy transaction plans.

He said, "The mini green and solar system that is coming from the rural electrification agency is the way governments pointed out that we can use it to improve the livelihood and economic activities of the people in rural areas.

"The net project improves investors' confidence in Nigeria; it is like a World Bank reward grant, like a carbon credit for businesses that are improving or providing electricity to people in rural areas. Over 75 per cent of negotiations are very much interested in renewable energy.

"Over less than 20 per cent of the Nigerian population are into agriculture and most of these people live in rural areas. There are so many ways this project can improve the lifelong activities of people living in rural areas by providing solar power irrigation to improve some sort of water irrigation and solar power dryer to preserve agriculture produce."

Earlier in his opening remarks, the Exhibition Director of Energy Portfolio-MEA, Informa Markets, Ade Yusuf, said the African region was increasingly becoming a supply house for global economic growth, driven by its rich natural resources and the growing appetite for innovation and investment.

"Being in the market for 11 years now, the event has adapted to this new reality of the global conversation on sustainability, energy transition, and climate change. Across this dynamic region, energy markets are transforming at an unprecedented pace.

"In recent years, we have shifted our focus to reflect the growing importance of renewable energy, energy efficiency, and the digitalisation of the energy sector. We aim to create a conducive environment for policy development, investment attraction, technology adoption, and the renewable energy sector," he said.

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Africa's Global Bank

# World Bank recommends NNPC audit, tasks FG on alleviating poverty

**Onome Amuge**

THE WORLD BANK HAS urged the federal government to undertake an audit to accurately determine the debts owed by the Nigerian National Petroleum Company (NNPC) Limited to the nation.

This call to action, as outlined in the latest Nigeria Development Update (NDU) report launched recently in Abuja by the international financial institution, is seen as a key step in sustaining and deepening ongoing economic reforms.

Building on its call for greater accountability in the oil and gas sector, the World Bank also urged the federal government to improve the reporting of oil revenues to the Federation Account Allocation Committee (FAAC).

It noted that this measure, coupled with the maintenance of market-reflective pricing for petrol, would ensure that the benefits of the recent removal of petrol subsidy are fully realised by the country.

The report, titled "Staying the Course: Progress Amid Pressing Challenges", further called for reform of the Value Added Tax (VAT) regime and a rationalisation of tax expenditures.

The bank equally urged the federal government to ensure that all FX-related transactions occur at the market-determined exchange rate and cut wasteful expenditures that are not essential, including the purchase of vehicles, and external training, among others.

L-R: Jonny Baxter, British deputy high commissioner to Nigeria; Abimbola Salu-Hundeyin, representative of the governor of Lagos; and Mohammed Marwa (retired Brig.-Gen.), chairman, National Drug Law Enforcement Agency (NDLEA), during the inauguration of the NDLEA Maritime Headquarters, P4, Victoria Island in Lagos recently.

While the NDU report acknowledged the significant strides taken by Nigeria since May 2023 to stabilise its economy, resulting in modest economic growth, improved fiscal health, and increased foreign exchange reserves, it also drew attention to the short-term difficulties these measures have imposed on households and businesses.

According to the report, the country's economic reforms, while vital in averting a fiscal crisis and positioning Nigeria for long-term growth, have inevitably caused some short-term challenges for individuals and businesses.

The World Bank's NDU report highlighted the importance of persevering with these economic reforms while addressing the underlying structural issues that have exacerbated inflation and hindered long-term investment, growth, and job creation.

The report observed that while the initial results of these reforms have been encouraging, as evidenced by positive trends at the macroeconomic level, it was still premature to draw definitive conclusions about the reforms' long-term effectiveness.

The report noted that positive results from these reforms are starting to show at the macroeconomic level. For example, output growth has remained modest overall, but inched higher through mid-2024 as oil sector output has stabilized and activity in some services has been robust.

"The fiscal position is also improving, with the Federal Government's fiscal deficit narrowing to 4.4% of GDP in the first half of 2024 from 6.2% in the first half of 2023, helping to mitigate debt-related risks. Foreign exchange reserves – a buffer against external shocks – have risen from $32.9 billion at the end of 2023 to more than $38.8 billion by mid-October 2024. However, inflation remains high, and inched up again in September 2024, mainly due to the most recent gasoline price increases and recent floods."

In light of the positive developments, the NDU report advocated for the maintenance of the current macroeconomic policy direction, including the Central Bank of Nigeria's (CBN) tight monetary policy stance.

It noted that these policies, coupled with structural reforms targeting longstanding constraints, would provide a solid foundation for accelerated progress in the fight against inflation and the promotion of investment, growth, and job creation.

The report also highlighted the counterproductive nature of previous policies that distorted market forces, undermined fiscal stability, and hindered Nigeria from realising its full potential.

Ndiame Diop, World Bank country director for Nigeria, asserted; "Nigeria took the bold and courageous move to undertake difficult but critical reforms. This is against the backdrop of an already fragile economic position, high food and transport inflation, and other heightened uncertainties.

"If these reforms were not done, Nigeria would have fallen into a serious fiscal crisis that would have made it difficult for the government to meet its obligations to citizens."

Going forward, Diop suggested that it will be important to consolidate the improving fiscal outlook and scale up support for the poorest households to cope with purchasing power losses and hardships, while expanding opportunities for growth and productive jobs, especially for young Nigerians, which he considered most urgent and crucial.

# Dangote's wealth doubles to $28bn on Nigeria refinery project

**Business a.m.**

AFRICAN BILLIONAIRE, Aliko Dangote, is wealthier than ever now that his long-awaited Nigerian oil refinery is up and running as it's more than doubled his net worth to $27.8 billion, according to the Bloomberg Billionaires Index.

He said he wouldn't wish the experience on his worst enemy.

"I didn't know what we were building was a monster," Dangote, 67, said during a recent visit to New York.

"The pressure was coming from different directions, people confusing us, disturbing us every day with different media stories that it will never work, it will never work, it will never work."

Since the refinery started running in January, there have been disagreements with the government and the state oil company, as well as concerns over its impact on locals and the environment.

Dangote is smarting from the blowback, his tone quickly shifting from warm to bitter as he runs through the challenges.

For Dangote, who made his first billions in cement, the refinery was the most audacious undertaking of his 46-year career.

Building it took 11 years and $20 billion, three-and-a-half times as long and more than twice as much as initially planned.

He financed most of it himself.

MoneyCentral in July 2024 was the first to bump up the estimated net worth of Africa's richest man Aliko Dangote to $54 billion reflecting his now confirmed 92.8 percent ownership stake in Dangote Oil Refinery after state oil company NNPC was unable to fully pay for its 20 percent stake.

The Refinery expected to be listed in early 2025 will push Dangote-listed companies to make up about 65 percent or two-thirds of Nigeria's total public market value, according to MoneyCentral calculations.

Firms listed on Nigeria's stock market (including heavyweight Dangote Cement) had a total market capitalization of $37.7 billion (N56 trillion) as of July 17th.

However, the Refinery which began operations late last year has since ramped up in 2024.

Dangote oil Refinery's annual revenue is projected to exceed $26 billion, according to Dangote during a media tour of the Refinery this week at the Lekki Free Trade Zone Lagos.

The Dangote Refinery would garner an enterprise value of up to $42.6 billion, according to MoneyCentral's analysis of comparable global refiners, helping to push Aliko Dangote up more than 100 spots to 23rd position on the Bloomberg Billionaires Index.

# FAAC allocation rises 7.9% as FG,states,local councils share N1.298trn September revenue

**Onome Amuge**

THE FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) has disbursed a total sum of N1.298 trillion as federation allocation for September 2024 to the federal and state governments, as well as the country's 777 local government councils, representing a 7.9 percent increase from the N1.203 trillion shared in the previous month.

The figures were disclosed in a press statement issued by Bawa Mokwa, the director of press and public relations at the Office of the Accountant-General of the Federation. Mokwa noted that the FAAC meeting held in Abuja in October 2024 was the source of these figures.

The statement noted, "The N1.298tn total distributable revenue comprised distributable statutory revenue of N124.716bn, distributable Value Added Tax revenue of N543.518bn, Electronic Money Transfer Levy revenue of N18.445bn, Exchange Difference revenue of N462.191bn and Augmentation of N150.000bn."

According to the FAAC report, the total revenue generated for September 2024 was N2.258 trillion. After deducting N80.993 billion in collection costs and N878.946 billion for transfers, interventions, and refunds, the net amount of revenue available for distribution stood at N1.298 trillion.

From this net figure, the federal government received a total of N424.867 billion, state governments were allocated N453.724 billion, and local governments received N329.864 billion.

Also, N90.415 billion, representing 13 percent of mineral revenue, was allocated to oil-producing states.

The breakdown of revenue allocation from the N124.716 billion statutory revenue showed that the federal government received N43.037 billion, the states N21.829 billion, and the local governments N16.829 billion. In addition, the 13 percent derivation principle was applied, with oil-producing states being allocated a total of N43.021 billion.

The distribution of revenue from the N543.518 billion VAT revenue saw the federal government receiving N81.528 billion, the states receiving N271.759 billion, and the local governments collecting N190.231 billion.

Also, the Excess Marginal Tax (EMTL) revenue of N18.445 billion was shared among the different levels of government, with the federal government receiving N2.767 billion, the states getting N9.222 billion, and the local governments receiving N6.456 billion.

The exchange difference revenue of N462.191 billion was also shared among the three tiers of government, with N218.515 billion allocated to the federal government, N110.834 billion to the states, and N85.448 billion to the local governments. Following the 13 percent derivation principle, N47.394 billion was allocated to the oil-producing states.

The N150 billion augmentation was also shared among the different levels of government, with N79.020 billion going to the federal government, N40.080 billion to the states, and N30.900 billion to the local governments.

The FAAC statement noted that while there were increases in Oil and Gas Royalty, Excise Duty, Electronic Money Transfer Levy, and CET Levies in September 2024, the Value Added Tax and Import Duty showed only marginal growth. Meanwhile, Petroleum Profit Tax, Companies Income Tax, and others recorded significant decreases.

# CBN verifying disputed $2.4bn FX claims – Cardoso

Business a.m.

THE CENTRAL BANK OF NIGERIA has commenced a re-validation exercise to ascertain complaints of manufacturers and importers over foreign exchange claims worth $2.4bn.

Olayemi Cardoso, the CBN governor, disclosed this while speaking to the business community at a special summit dinner organised recently by the Nigerian Economic Summit Group (NESG), in Abuja.

Cardoso said the bank has finalised its first stage of verification and is currently going through a second stage to authenticate claims by manufacturers.

This new development comes eight months after the apex bank claimed to have cleared fx forwards worth $7 billion, effectively eliminating a legacy burden.

But the real sector under the auspices of the Manufacturers Association of Nigeria complained of the apex bank's failure to clear unredeemed FX forward contracts incurred under the administration of the former governor, Godwin Emefiele.

The association in August said the continued failure to resolve the issues was piling pressure on industries, causing them to declare huge losses.

Segun Kadir, the MAN DG, said, "There is still the issue of the unsettled $2.4bn FX Forwards contract that the CBN, for inexplicable reasons, is still holding.

"Most of our big industries are declaring losses and some of these losses are traceable to this issue of not honouring FX Forwards contracts."

L-R: Abraham Aziegbe, group head, retail operations, Access Bank; Omolade Fagboyegbe, deputy commander general of narcotics and director, seaport operations and marine services; Ibrahim Abdul, deputy commander general, narcotics and director, assets and financial investigation; and Femi Jaiyeola, group chief conduct and compliance officer, Access Bank, at the award and decoration of Access Bank as partner in the War Against Drug Abuse (WADA) by NDLEA, at Access Bank's headquarters in Lagos, recently.

Although Cardoso at several fora had maintained that the bank had cleared all claims, the new announcement of cross-checking the claims was received with a round of applause from seated guests.

He said, "Our view is focused on managing inflation, and focus on stabilising prices, focus on foreign exchange management.

"In respect to the forwards, You know, at the time I spoke about this when I was going for my clearance at the Senate. All I knew was that there was a huge backlog, and there seemed to be a problem with the finances of the central bank.

"It was very clear to me that it was something that needed to be tackled immediately. And when I say it needed to be tackled, it's giving confidence to international investors and others that as a central bank, we would meet our obligations. It was important to do so.

"We went through the process of verifying the claims, and we began to have a better understanding of the claims and the appropriateness of the claims.

"I know that as of now, there are still some which have been unverified. We are working on those. We are at a particular stage now where we have gone through stage one, and we are back to stage two to verify those claims as it is now.

"But more important and very important, we had to ensure that we could walk the talk because that clearly and truly is the way to build credibility. No point in saying you do one thing and not do it. You have to be transparent in the way you undertake your operations."

Cardoso explained that policy initiatives by the bank on the foreign exchange market have led to a diaspora remittance of $600m between January and September 2024.

He said this is from an annual remittance of $200 million.

"With the limitations from other sources of foreign exchange, we took it upon ourselves to engage with the IMTOs. When I was in Washington for the spring meetings, I called the different IMTOs and let them feel it from different parts of the world. And we engaged them extensively and understood what the problems were. "I would say that when we started, the volumes that were going through the remittances of policies were in the region of maybe about $200m and as at the end of last month, we were almost $600m, " he stated.

Speaking further on his core mandate, Cardoso said taming inflation is key in stabilising the economy, noting that the CBN's goal continues to be that of stabilising the economy and stabilising the macroeconomic fundamentals.

The CBN governor also said the bank has made significant strides, nevertheless, "it is a journey".

"I believe that the progress that we have made as a central bank of Nigeria, and as the entity that is given the responsibility of managing, monitoring, the policy of the country today, is certainly one that has taken the country in the right direction. I believe there is a lot more that needs to be done," he added.

On recapitalisation, Cardoso said the policy was necessary to revamp banks.

"I think it is more than clear to the banks that there was a need to increase capital to pay profits and ensure we have a strong banking system," he said.

"We have not made it a draconian and difficult regulation.

"We are convinced that it is important to support the banks and from what I have seen so far, the road towards recapitalisation is going in the proper direction."

He also said with this move, banks will be able to withstand any potential shocks.

# UBA Foundation unveils 2024 national essay competition

Joy Agwunobi

UBA FOUNDATION, THE CORPORATE Social Responsibility arm of United Bank for Africa (UBA) Plc, has officially kicked off the 2024 edition of its highly anticipated National Essay Competition (NEC), offering an enhanced first-place prize of N7.5 million. The competition, now in its 14th year, continues to provide a platform for senior secondary school students across Nigeria to showcase their intellectual abilities while gaining access to significant educational opportunities.

According to  a statement issued by the Foundation, " This year's NEC promises to be the most competitive yet, with the launch of an upgraded digital submission portal allowing students to easily submit their essays from the comfort of their homes or schools. The theme for the 2024 competition is: "Discuss the Impact of Carbon Emission on Climate in Nigeria: Challenges and Solutions." Students are expected to thoroughly research the topic, and write, scan, and upload their handwritten essays by November 8, 2024."

The essay competition is a key component of UBA Foundation's extensive educational initiatives aimed at promoting literacy, intellectual development, and academic excellence across Nigeria and the wider African continent. Through its various educational projects, like the Read Africa program, UBA Foundation has donated hundreds of thousands of books to students, helping to foster a love for reading and intellectual growth across Africa.

The National Essay Competition is open to students across the country, with plans to expand participation to other African nations where UBA operates.

According to the foundation, the essays will be evaluated by a panel of distinguished English professors, who will select the top 75 essays, each of which will receive N75,000 as a cash prize. These top 75 students will then proceed to compete in regional finals held across four Nigerian cities including Abuja, Enugu, Lagos, and Port Harcourt. The students who make it through to the regional finals will then battle for a spot among the final 20, who will have the opportunity to take part in the third stage of the competition.

In the grand finale, the 20 finalists will be required to submit another essay, with the top three winners selected based on their performance. The first-place winner will receive the grand prize of N7.5 million, along with the opportunity to study at any university of their choice in Africa. Meanwhile, the second and third-place winners will be awarded educational grants of N5 million and N3.5 million, respectively, to support their higher education.

Aside from the students, the NEC also rewards teachers for their contributions to education, the foundation noted that teachers from the school with the highest number of entries will receive a special recognition. Furthermore, the 75 top-performing students will also be awarded brand-new laptops and other essential educational tools to assist them in their academic journeys.

Bola Atta, CEO of UBA Foundation, expressed her excitement about the enhanced prize fund and the Foundation's continued dedication to education despite the challenges posed by the global economic environment.

"We are mindful of the economic pressures that families are facing, especially in Nigeria, and by increasing the first-place prize to N7.5 million, we are making a strong commitment to ensuring that deserving students can pursue their academic dreams without financial barriers," Atta said.

She went on to emphasise that the UBA Foundation's efforts to elevate the prize fund reflect their understanding of the rising costs of education and their drive to make a tangible difference in the lives of young people across Africa.

# Afreximbank announces plan to boost Africa's creative economy  with $2 billion

Bamidele Famoofo

PRESIDENT AND CHAIRMAN of the Board of Directors of Afreximbank, Professor Benedict Oramah, has announced that Afreximbank will increase its funding to the Creative Africa Nexus (CANEX) programme from $1 billion to $2 billion for the next three years.

The announcement was made during the CANEX WKND 2024 opening ceremony in Algiers, Algeria, and underscores the Bank's dedication to Africa's growing creative economy.

The decision to double CANEX funding arises from a marked surge in demand across Africa's creative sectors.

Since 2022, Afreximbank has seen a significant increase in opportunities within industries from film production and music to fashion manufacturing and sports. With the newly increased $2 billion fund, Afreximbank aims to fulfil these verticals' growing needs by providing infrastructure, financing, and other resources that will help Africa's creative industries flourish on a global scale.

Professor Oramah observed that this expansion marks a historic progression in Afreximbank's strategy to support the creative economy – from the Bank's initial commitment of $500 million to the sector when CANEX launched in 2020. That figure, the President noted, increased to $1 billion in 2022 to satisfy demand. This upward trend reflects Afreximbank's profound belief in the power of African creativity to drive economic growth and generate employment.

Commenting on the funding decision, Prof. Oramah said:

"As with many things in Africa, opportunities in the African creative industries abound but remain untapped. This is why Afreximbank has adopted a proactive approach to catalysing the industry. Today, I am pleased to announce a further doubling of our creative industry finance window to 2 billion US dollars for the next three years. This will enable us to support significant infrastructure investments for film production, stadia, arenas, manufacturing facilities for fashion, and training centres."  The new funding will primarily focus on infrastructure development, which remains a key challenge in the creative sectors. Afreximbank plans to invest in film production facilities, music arenas, sports stadiums, and fashion manufacturing hubs across the continent. These projects aim to equip African creatives with the necessary tools and spaces to produce content and goods that can compete internationally.

# NGX gains 0.47% as Aradel's listing boosts market cap by N3.34trn

**Bamidele Famoofo**

THE NIGERIAN EXCHANGE (NGX) maintained its positive momentum last week, despite macroeconomic headwinds, particularly the release of September's inflation data, which saw consumer price inflation rise to 32.70 percent.

This increase, largely driven by persistent hikes in the food index that makes up over 51 percent of Nigeria's inflation basket, did little to dampen market sentiment as the All-Share Index (ASI) advanced 0.47 percent week-on-week to close at 98,070.23 points, buoyed by the landmark listing of Aradel Holdings Plc. The NGX market capitalisation rose by 5.95 percent week-on-week to N59.43 trillion.

Despite this impressive rally, market breadth was negative, even as 42 stocks posted losses compared to 34 gainers in the review week. The mixed sentiment reflected the underlying macroeconomic pressures, yet the year-to-date return stood at a solid 31.16 percent.

Aradel's listing of 4.34 billion shares at N702.69 per share through a 'Listing by Introduction' injected fresh optimism into the market. The positive momentum, propelled by Aradel's addition, helped maintain investor confidence, reinforcing the oil and gas sector's participation in the equity market.

L-R: Kofo Alada, director of legal services, Central Bank of Nigeria (CBN); Muhammad Abdullahi, deputy governor, economic policy, CBN; and governor of CBN, Olayemi Cardoso, during a stakeholder meeting by the House of Representatives Committee on Banking, at the National Assembly Complex in Abuja recently.

However, trading activity showed some signs of caution with market momentum relatively weak in the face of lower traded volumes this week, fuelled by rebalancing activities across small, mid, and large-cap stocks. As a result, the weekly trade value uptrend by 134.5 percent week-on-week to N73.89 billion, while the traded volumes this week maintained another week of decline by 51.2 percent week on week to 1.45 billion shares, all executed in 39,546 deals—a 6.91 percent decrease from the previous week.

Across the sectoral front, performance was largely in the positive region as three out of the five sectors tracked closed northward. Leading the gainers was the Consumer Goods index with 1.42 percent weekly gains and was followed by the Oil & Gas and the Industrial index which recorded gains of 1.08 percent and 0.04 percent week on week. The oil and gas sector benefitted significantly from Aradel's entry, reinforcing investor confidence in the sector. These positive performances were driven by TRANSPOWER, MECURE, DANGSUGAR, OANDO, ETERNA and SCOA respectively.

On the other hand, investors continued their portfolio rebalancing in the week as they dumped financial stocks from the mix. Consequently, the Banking and Insurance indices were the laggards for the week as they declined by 0.51 percent and 1.23 percent week on week. These negative performances come on the back of sell-off in REGALINS, INTENEGINS, ROYALEX, FIDELITYBNK, UBA, and JAIZBANK.

Looking at the top advancers and decliners for the week, TRANSPOWER (19%), MECURE (19%), DANGSUGAR (13%), SCOA (11%), and GOLDEN BREWERIES (10%) emerged the top spot of attraction for equity investors in the week while stocks such as REGALINS (15%), TRIPPLE GEE (15%), CAVERTON (9%), ABCTRANS (9%) and VITAFOAM (9%) were the top losers in that manner for the week.

Looking ahead, market sentiment is expected to remain positive as investors anticipate more Q3 earnings reports.

Stock analysts at Cowry Asset Limited ted that, "The market has already reacted favourably to several impressive Q3 releases, providing insight into potential year-end performance. Despite the ongoing market corrections and pullbacks, investors are advised to reposition their portfolios strategically, focusing on sectors and companies with strong growth and earnings prospects."

## Average retail prices of petrol, diesel rose by 64.55%, 59.28% in September- NBS

### …North-West records highest price surge

**Onome Amuge**

THE AVERAGE RETAIL PRICE of Petrol rose by 64.55 percent, while diesel rose by 59.28 percent on a year-on-year basis.

Figures obtained by Dailyeconomy from the National Bureau of Statistics (NBS), on Premium Motor Spirit (Petrol) Price Watch (September 2024) and Automotive Gas Oil (Diesel) Price Watch (September 2024) revealed.

The NBS stated that "The average retail price paid by consumers for Premium Motor Spirit (Petrol) for September 2024 was N1030.46, indicating a 64.55 percent increase compared to the value recorded in September 2023 (N626.21).

"Likewise, comparing the average price value with the previous month (.i.e. August 2024), the average retail price increased by 24.08 percent from N830.46.

"On State profile analysis, Katsina State had the highest average retail price for Premium Motor Spirit (Petrol), at N1096.15, Ebonyi and Akwa Ibom States were next, with N1090.94 and N1085.71, respectively.

"Conversely, Yobe, Sokoto, and Kebbi States had the lowest average retail prices for Premium Motor Spirit (Petrol), at N939.38, N961.67, and N986.67 respectively. Lastly, on the Zonal profile, the North-West Zone had the highest average retail price of N1036.52, while the North-East Zone had the lowest price of N1014.55."

The NBS report on diesel noted that "The average retail price of Automotive Gas Oil (Diesel) paid by consumers increased by 59.28 percent on a year-on-year basis from a lower cost of N890.80 per litre recorded in the corresponding month of last year (i.e., September 2023) to a higher cost of N1418.83 Per litre in September 2024. On a month-on-month basis, an increase of 0.91 percent was recorded from N1406.05 in August 2024 to an average of N1418.83 in September 2024.

"Looking at the variations in the State prices, the top three States with the highest average price of the product in September 2024 include Bauchi State (N2061.67), Gombe State (N1615.00), and Akwa Ibom State (N1592.86).

"Furthermore, the top three lowest prices were recorded in the following State namely, Ekiti State (N1241.46), Abuja (N1262.25), and Oyo State (N1276.47). The Zonal representation of the average price of Automotive Gas Oil (Diesel) shows that North East Zone has the highest price of N1581.97 while South West Zone has the lowest price of N1333.06 when compared with other Zones."

## ITE Group projects 30% growth in Russia's industrial sector by 2030

**Joy Agwunobi**

ITE Group, a leading business-to-business exhibition organiser in Russia and the Commonwealth of Independent States (CIS), has forecasted that Russia's industrial sectors will experience a significant 30 per cent growth by 2030, particularly in the building, design, and construction industries.

This growth is expected to unlock over $250 billion in business opportunities, offering substantial benefits to companies from the BRICS+ nations which include Brazil, Russia, India, China, South Africa, and partner countries including Egypt, Iran, Saudi Arabia, and others.

As Russia deepens its economic ties with BRICS+ nations, ITE Group's exhibitions have become a vital platform for fostering international business connections. These events serve as gateways for companies looking to enter one of the world's fastest-growing markets. Through its diverse portfolio of exhibitions, ITE Group plays a crucial role in driving economic growth, promoting cross-border trade, and strengthening partnerships between Russia and BRICS+ countries.

The Group's exhibitions span various industries, including building and interior design, chemicals and pharmaceutical production, food and agriculture, commercial and urban transport, and IT and technology. These sectors are central to Russia's long-term economic growth and are expected to benefit significantly from the expanded business opportunities brought by BRICS+ partnerships.

One of ITE Group's flagship events, MosBuild, Russia's largest exhibition for construction and interior design, is a prime platform for businesses from BRICS+ countries to gain direct access to Russia's expanding market through which the Group facilitates vital trade and collaboration, bridging the gap between international companies and Russia's growing industrial landscape.

According to ITE Group's data, the 2022-2023 period saw a 36 per cent increase in visitor numbers, with participants from more than 100 countries. This growth in global interest reflects the expanding appeal of Russia's industrial potential, particularly among businesses from BRICS+ nations. The rising attendance highlights the increasing influence of ITE's exhibitions, which continue to attract both established industry leaders and emerging players eager to explore new opportunities in Russia's market.

In September 2024, ITE Group's World Food Moscow, held at the Crocus Expo, brought together manufacturers, service providers, and innovators from the food and beverage (F&B) industry. The event served as a meeting ground for retail giants, wholesale distributors, and industry leaders to explore new products and discuss the latest trends in the sector.

Dmitry Zavgorodniy, CEO of ITE Group, emphasised the importance of these exhibitions, stating, "BRICS+ nations are carving out larger roles in the Russian market through greater collaboration and trade. Our exhibitions are pivotal in facilitating these vital business connections."

He added, "By hosting 26 events each year, we provide businesses from various sectors with the opportunity to connect, collaborate, and grow. With over 500,000 visitors annually, we are proud to be at the heart of Russia's economic transformation and in helping businesses establish meaningful connections across borders."

Yaseem Saif, the development and foreign markets manager at Bawabt Liwa Group, shared his experience at ITE Group's events, noting, "Our participation at the World Food Moscow was nothing short of extraordinary. Exhibiting at such a prestigious event opened doors to unparalleled networking opportunities, connecting us with leaders and innovators from around the world. The connections and exposure we have gained have been instrumental in our expansion plans, and we're confident that the relationships developed here will propel our business to new heights."

# Solutions on the road towards the 4th Industrial Revolution

SUNNY CHUBA NWACHUKWU

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INNOVATION IS KEY, Science is knowledge, Technology is skillful craft, and Energy is source, while Entrepreneurship creates business ideas. Wikipedia introduced the triple helix model of innovation as "a set of interactions between academia, industry and government, to foster economic and social development, as described in concepts such as the knowledge economy and knowledge society". When goals, strategies and tactics are reevaluated for economic success at a place like the market (in whatever form), then innovations involve innovative creativity, innovative adaptability and imaginative tendencies for creation of new business plans and programmes, actualised after new trainings and updates on things like software; generated from novel initiatives. No one should lose sight of Plato's quote on innovation, when he said that "necessity is the mother of invention", which invariably qualifies Thomas Edison as the father of all modern innovation. Going down the memory lanes on how, when, what the evolution of industrialisation meant and its impact in the global community; the historical background and overview through the first industrial revolution, all through to the present technological third generation, they give full account on how the global community has fared economically up to this transiting stage that involves concepts such as Artificial Intelligence (AI), Block-chain and more towards the fourth industrial revolution.

In today's modern society, the triple helix model of innovation involves every intellectually active and socially productive people of the world to contribute towards proffering solutions needed to improve life as the globe inches closer into the fourth industrial revolution. Hence the advocacy on the involvement of academia, industry and government. This is the current clarion call from within the circles of every vocational calling in all human endeavours to contribute towards making the world a better place with healthy living. In industry, businesses realise the simple fact, through the marketing of products and services, that no business shall survive or reasonably succeed by remaining competitive, if innovative ideas and ability are not introduced in our constantly changing world. Business promoters and facilitators at all levels, need to enable their business concerns succeed by the enablement of creation of new products, and improving on the existing ones, if they really mean it and wish to move their business forward (this is because they are constantly poised to challenge the status quo by thinking outside the box and taking very carefully calculated risks to drive the aspired and desired progress, in achieving breakthroughs and business success). Economically, such a concept, which involves vital elements of innovation, thus value creation, collaboration, creative ideas, and implementation, eventually resulting in increased productivity.

In academia too, moving forward, modern technology involves research from deeper studies on computer technology with the knowledge of the artificial intelligence in today's information technological knowhow, along with the trending impact the block-chain system is already having on businesses all over the world. Block-chain comes with various records of transactions like those in crypto currency that are maintained across computers that are linked in a peer-to-peer network. The academia is hereby charged with the responsibility to carry on deeper research studies on how this initiative could favourably rub off on the positive side of the fourth industrial revolution, globally. On the aspect of the government involvement, a given economy expected to grow, needs the ruling government to responsively and effectively provide a conducive and attractive business environment through creation of a level playing ground that may attract investors to operate and contribute to the economic progress of the state. It is also the responsibility of the government to encourage investors through her monetary and fiscal policies that aid the ease of doing business with the possible attractive financial support to all legitimate, genuine and credible business organisations in accessing working capitals and bank loans from the commercial banks within the economy. The regulatory agencies and the other arms of government that have their respective primary functions to promote, control or monitor commercial activities and equally standardise the acceptable global best business practices should always be efficiently operational, liaising with academia and industry towards achieving the government's economic goals for growth and development.

Just recently, the sub-regional government of Anambra State of Nigeria, and the Faculty of Physical Sciences of Chukwuemeka Odumegwu Ojukwu University (COOU) organised and practicalised this feat at their just concluded annual international conference and exhibitions (FAPSCON) on Wednesday the 16th of October at the Igbariam campus of the institution. Notable captains of industry actively participated as guest speakers/thought leaders at a panel (notable among them were DG/CEO of NBTI, Dr Uchenna P. Chukwu; Professor Joe Ezigbo of Falcon Corporation; Felix Ekundayo of Asiko Energy/President NLPGA; Abdul Malik Halilu of NCDMB Yenagoa; Mma Okezie of Geomarine Systems Ltd; and Engr. Dr Oluwaseyi A. Ogungbenro, Ag. DG Electronics Dev. Institute, ELDI) that spoke on the thematic areas that were directed by the moderator (Chinwe Okoli, SSA to the Governor of Anambra State on Innovation and Business Innovation).

Outside the exchange of high level thoughts at the gathering, the annual event also saw the investiture of Dr Nonye Soludo, wife of Governor Soludo, and founder of "Healthy Living Foundation", after she presented a thought provoking speech. The acting vice chancellor of COOU, Prof Kate Azuka Omenugha; the DVC (academics)/LOC chairman, Prof Osita Igwebuike Chiaghanam; and the dean of Faculty of Physical Sciences, Prof K.K. Nwozor equally gave deep, professorial pontifications (along with the chairman of the event, Prof Charles Ofoegbu; in addition to numerous special awards given to notable Nigerians and worthy recipients. Government functionaries, including commissioner for education, Ngozi Chuma-Udeh, and commissioner for industry, Christian Udechukwu, who respectively spoke very powerfully to catching them young from all levels of schools for solutions towards the 4th Industrial Revolution, also graced the occasion.

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# Mental health – At the heart of leadership

The Coaching Psychologist

JOSHUA AWESOME, PHD

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IN A RECENT AND heart-wrenching announcement, a Chief Human Resources Officer (CHRO) shared the tragic news of a Standard Bank Group staff member's death by suicide. This devastating event serves as a stark reminder of the critical importance of mental health in the workplace. The CHRO poignantly stated, "As HR professionals and Senior Management, we need to do more to prevent such heartbreak."

This incident underscores the need for a profound reflection on what truly defines success in HR leadership. Despite the accolades, such as Standard Bank Group's CHRO recently winning the prestigious CHRO of the Year award, the reality of workplace mental health demands a deeper, more empathetic approach.

As highlighted on my X account @theawesomecoach, this year's World Mental Health Day theme, "Mental Health at Work," emphasises the urgent need for genuine and active listening. The signs of struggle are often present long before a tragedy unfolds, and it is our responsibility to recognise and address them.

*Leadership reflection 1*

**Prioritising human lives over metrics**

The first and foremost reflection for HR leaders is the necessity to prioritise human lives over policies and metrics. While policies and metrics are essential for organisational success, they should not overshadow the well-being of employees. HR leaders must ensure that their strategies and actions reflect a genuine concern for the mental health of their workforce.

***Actionable advice:*** Implement regular mental health check-ins and create a culture where employees feel safe to express their concerns. Encourage open dialogues about mental health and provide resources for support.

*Leadership Reflection 2*

**Creating supportive environments**

A supportive work environment is crucial for the mental well-being of employees. This involves more than just having policies in place; it requires creating a culture of empathy and understanding. Employees should feel seen, heard, and supported in their workplace.

***Actionable advice:*** Train managers and leaders to recognise signs of mental distress and to respond with empathy. Establish employee resource groups and mental health champions within the organisation to provide peer support.

*Leadership reflection 3*

***Active and genuine listening***

Active and genuine listening is a critical skill for HR leaders. It involves paying close attention to employees' concerns and taking meaningful action to address them. This approach helps in identifying issues early and preventing them from escalating into crises.

***Actionable advice:*** Conduct regular surveys and feedback sessions to understand the mental health needs of employees. Act on the feedback received and communicate the steps taken to address their concerns.

*Leadership reflection 4*

***Continuous education and awareness***

Continuous education and awareness about mental health are essential for creating a mentally healthy workplace. HR leaders should stay informed about the latest trends and best practices in mental health and ensure that their organisations are equipped to support their employees effectively.

***Actionable advice:*** Organise workshops and training sessions

Continues on page 9

# Can African countries avoid digital currency adoption? (1)

Business, Governance & Enterprise

**OLUFEMI ADEDAMOLA OYEDELE**

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WHAT IS THE HULLABALOO about digital currency and why should governments of African nations be concerned with it? Digital currency is a form of currency that exists only in digital or electronic form and that can operate independently of a country's central bank. Digital currency is any currency, money, or money-like asset that is primarily managed, stored or exchanged on digital computer systems, especially over the internet. Types of digital currencies include cryptocurrency, virtual currency, Stablecoins and central bank digital currency (CBDC). Jamaica launched its CBDC known as "Jam-Dex" in July 2022, with its central bank recognising the Jam-Dex as a legal tender. This made Jamaica the first country in the world to legalise CBDC. A cryptocurrency is a type of currency that uses digital files as currency based on an open, distributed ledger that records transactions in codes called blockchain technology. Typically, in cryptocurrency, the files are created using the same methods as cryptography (the science of hiding information).

Cryptocurrency uses "decentralised control", which means that it is not controlled by a single authority (person, group or government). This new currency technology is not bound by geography because it is internet-based. Some of the most renowned digital currencies include Jam-Dex, Ripple, Bitcoin (BTC), Dogecoin, Ethereum, Litecoin, XRP, Cardano, Binance, Accrue, EOS, Monero, etc. Bitcoin leads the pack worldwide and is particularly popular in Africa. The digital currency for Africa is relatively very small but it is growing despite a majority of people expressing concerns about its security and tough government regulations in different African countries. According to BitcoinAfrica.io, the top five African countries whose communities are adopting Bitcoin, according to degree of adoption, are South Africa, Nigeria, Kenya, Zimbabwe and Ghana. They have the most demand for digital currency as well as the most active local cryptocurrency communities. In addition, according to Bitcoin.com, South Africa, Nigeria and Kenya appear in the top ten countries by Cryptocurrency Adoption worldwide.

Nigeria has one of the most dynamic peer-to-peer Bitcoin trading markets in the world, but so far the country has banned cryptocurrency and warned its citizens that Bitcoin investments had no legal standing. On January 12, 2017, the Central Bank of Nigeria (CBN) warned all the banks and financial institutions in Nigeria never to use, hold, trade, or transact any virtual currency. On the 5th of February 2021, the CBN ordered banks across the country to close the accounts of anyone who deals in cryptocurrency for safety concerns. Not only Nigeria but also Algeria, Egypt, Libya, Morocco, Namibia, Zambia and Zimbabwe have banned the use of cryptocurrency.

In Kenya, the government is neither receptive nor prohibiting cryptocurrency. However, they also warned their citizens that it is not a legal tender, so they do not provide any protection for any failure that may occur in the cryptocurrency business. South Africa's view is that crypto is a financial product and should be regulated. It also recognises cryptocurrencies as an investment and taxable asset but not as a legal tender.

In South Africa, there are no specific laws or regulations that address the use of virtual currencies. The Intergovernmental Fintech Working Group (IFWG) established in 2016 to review the country's position on crypto assets, through the Crypto Assets Regulatory Working Group (CARWG), stated in 2021 that crypto assets will be brought to South Africa. The economic instability in Africa, especially the highly volatile foreign exchange rates, is one of the reasons Africans are transitioning to cryptocurrency. Companies like Bitcoin do not have a single domain. The money traded by the company is not affected by inflation rates of a single country, which allows citizens of African countries to protect their earnings from a failing economy. Besides, cross-border payment is easier with Bitcoin. This however, makes digital currency susceptible to money laundry. Paypal was once banned in Nigeria as a result of fraudulent and money laundering activities. The lack of key transaction policies is also a major drawback of cryptocurrencies.

Cryptocurrency companies use blockchain technology that stores public records in a decentralised system. This means that they cannot ban the transaction from a single country. In addition, cryptocurrency transactions are fast with lower transaction costs and there are no intermediaries as they are decentralised.

Finally, they are cryptographically secure. Business owners in Africa often want to run their businesses on an international scale. Some of these businesses started to use blockchain and cryptocurrency in order to grab the international market's attention and protect businesses against currency devaluation. So, the banning of cryptocurrency by the government cannot stop the online transactions of virtual currency. Government can only ask commercial banks not to be a party to the transactions.

The disadvantages of cryptocurrencies include their price volatility. As a digital technology, cryptocurrencies will be subject to cybersecurity breaches, and may fall into the hands of hackers. Some popular digital currencies platforms in Africa are:

Akoin: Eager to improve financial stability in Africa while providing a secure monetary system and boost African economies, the popular Senegalese singer Aliaune Damala Akon Thiam (Akon) launched a new cryptocurrency branded Akoin in 2018. This currency aims to represent the economical basis of the Akoin Ecosystem, a future smart city project close to Dakar on 2,000 hectares of land. As part of the Akoin Ecosystem, consumers will be able to buy, save and spend their Akoin directly with their application available on each mobile phone. Surrounded by computer engineers, the worldwide singer ensures the cryptocurrency Akoin will be based on cryptography to secure and verify transactions and make it impossible to counterfeit. This initiative is the continuation of Akon's actions in Africa, which provided solar energy solutions in eighteen African countries already, through his Akon Lighting Africa Foundation.

Bankymoon: Bankymoon is a software and consulting firm with expertise in Blockchain technologies from South Africa. They develop bespoke solutions for clients who require Bitcoin and other crypto-currency integrations. Bankymoon has launched prepaid blockchain smart metre technology as a solution to electrical utilities struggling to collect revenue and African consumers lacking formal banking facilities. They integrated Bitcoin payments into smart metering systems that allow users anywhere in the world to send electricity, water, and gas to any recipient to top up their utility metres.

Helicarrier (formerly BuyCoins): Created in 2017, Helicarrier is the only exchange platform in Nigeria that allows Nigerians to buy and sell cryptocurrencies (Bitcoin, Ethereum, Litecoin, and Bitcoin Cash) directly with their local bank account or debit card, instantly with no wait time. Helicarrier was developed by the Y Combinator Summer 2018 programme.

Continues next week.

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# Nigerian government and the people: Disconnect in strategic communication

**OMOLARAENI OLAOSEBIKAN, PHD**

*Omolaraeni Olaosebikan, PhD, a strategic communications expert, is the chief executive officer, McEnies Global Communications, a strategic integrated marketing communications agency in Nigeria.*

THE RELATIONSHIP BETWEEN the government and the governed is pivotal for the progress and growth of any society. When the government fails to effectively communicate its policies, programmes, and initiatives to the citizens, it only deepens the distrust and disconnect between them.

Studies have shown that most African citizens don't trust their leaders as the news of corruption allegations and other vices seem to be the order of the day. This is not different in Nigeria, a country regarded as the giant of Africa. The lack of trust in leadership can have far-reaching consequences, affecting the country's socio-economic development and political stability. Addressing corruption and restoring faith in government institutions is crucial to building a better future for all Nigerians. Leaders need to demonstrate transparency, accountability, and integrity to regain the trust of their people and work towards a more prosperous and equitable society.

The lack of strategic communication in government activities across all levels in the country is a concerning issue. While funds are being released by ministries and agencies to support businesses and citizens, the intended beneficiaries are not effectively reached due to inadequate messaging. This communication gap creates opportunities for corrupt individuals and officials to exploit the situation for personal gain. Addressing this communication inefficiency is crucial to ensuring the effective and transparent distribution of resources to those in need, ultimately preventing misuse and corruption. A more coordinated and targeted approach to communication can help bridge this gap and ensure that government support reaches its intended recipients efficiently and fairly.

Unfortunately, due to economic challenges, some businesses have been forced to shut down, leading to a mass exodus of citizens, especially the youth, who are seeking better opportunities abroad. This phenomenon has been termed the 'Japa syndrome,' as individuals are opting to leave their homeland in search of greener pastures. The increasing trend of young people leaving the country in pursuit of better prospects reflects the struggles and limitations faced by businesses and individuals within the local economy. It highlights the need for reforms and support to retain talent and foster growth within the community.

At every stage, Nigerian political leaders must take a cue from developed countries that many young individuals aspire to live in. By examining what sets these countries apart and makes them attractive to their citizens, Nigerian leaders can gain valuable insights. While direct comparisons may not always be relevant due to differing contexts, conducting a thorough study of successful practices in developed nations can serve as a guide for the Nigerian government in making informed decisions. Looking at what these countries have done right can provide a yardstick for measuring progress and implementing positive changes for the benefit of Nigerian society.

To renew the hope of the citizens and business community in line with President Bola Ahmed Tinubu's 'Renewed Hope' mantra, strategic communication plays a pivotal role. It is crucial to bear in mind that the hallmark of good governance lies in maintaining an accountable, transparent, fair, and efficient system. By effectively communicating government initiatives, policies, and progress, trust and confidence can be fostered among the people and businesses. This transparent and open dialogue ensures that stakeholders are well-informed and engaged, promoting a sense of inclusivity and collaboration. Ultimately, strategic communication is instrumental in building a stronger foundation for a prosperous and sustainable future for all.

Fundamentally, strategic communication plays a crucial role in averting crises like riots or protests that may arise when new policies are introduced. Take, for instance, the tragic outcome of the #EndBadGovernance protest in some regions – it could have been prevented with effective communication strategies. Through strategic communication, governments can sway citizen opinions towards endorsing national objectives, fostering a closer relationship between the government and its people. In this way, a symbiotic connection is established, benefiting both parties involved.

Emphasising the importance of strategic communication is essential, as the failure to do so has been a contributing factor to the rise of fake news and misinformation. Research shows that there is a lack of public knowledge about the government's continuous endeavours, as they usually only announce their projects, plans, and achievements during specific occasions. President Tinubu's speech at the 64th Independence Day festivities exemplifies this ongoing problem.

Citizens feel the government doesn't value or see them as key stakeholders aside from election time. They feel that news disseminated is not completely true or has hidden facts. The case of Dangote Refinery and Nigerian National Petroleum Company (NNPC) Limited is an example. Aliko Dangote, chief executive officer of Dangote Refinery, had to address the media before his concerns were addressed. It also shows that the government often waits for citizens' outbursts before responding to critical issues.

Another issue is the lack of transparent communication regarding developments in the oil and gas sector, leaving citizens uninformed. An example of this is the Port Harcourt refinery in Rivers State, which

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Economics Commentary

MARCEL OKEKE

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# Unattractive Nigerian economy faces diminishing foreign direct investment

THE LATEST DATA FROM the National Bureau of Statistics (NBS) on capital importation show that Foreign Direct Investment (FDI) inflow into Nigeria dropped by a whopping 75 percent between the first and second quarters of this year. Between the second quarter 2023 and the second quarter this year, the drop amounted to 65.3 percent; resulting in only $29.8 million FDI inflow in the second quarter 2024 (Q2 2024) —the lowest in over a decade.

The NBS data showed that much of the FDI in Q2 2024 came from equity investment — amounting to $29.8 million — representing a sharp decrease of 75 percent compared to $119.17 million recorded in Q1 2024. On a year-on-year basis, the FDI declined by 65.33 percent from $86.02 million in Q2 2023. These significant declines depict the challenges the Nigerian economy faces in attracting long-term investment in a very tough global economic environment and numerous domestic issues.

In the whole of 2023, FDI inflow into Nigeria fell by 26.7 percent to $3.9 billion, from $5.3 billion in 2022. This was essentially due to political risks and elevated uncompetitive operating environment. Ten years ago, in 2013, Nigeria recorded FDI inflow of $5.56 billion; it attained a 'peak' of $8.84 billion in 2011 — and has kept recording declines.

Globally, FDI flow has come to be an unofficial vote of confidence (or otherwise) on various economic jurisdictions — with more inflow depicting a healthier and more attractive investment climate. Thus, FDI by definition, could mean an ownership stake in a foreign company or project made by an investor, company, or government from another country.

Unsurprisingly, while FDI inflow into Nigeria has kept declining, the Foreign Portfolio Investment (FPI) component of capital importation into the country has been regaining buoyancy. Indeed, with the virtual drying up of FDI in the first half 2024 (H1 2024), FPI and 'other' components beefed up the overall capital importation. Thus, in H1 2024, total capital importation into Nigeria stood at $6.0 billion.

However, further decomposition of this figure only suggests a strong recovery in "hot money" or FPI flows. This trend being a function of improvement in sentiment spurred by improving yield environment, sequel to consistent hikes in interest rates by the monetary authorities. Thus, in Q2 2024, FPI alone accounted for 54 percent of total capital importation. Foreign currency loans also came in to push up capital inflows, despite the downturn in FDI.

This reflected in Q2 2024 where Nigeria recorded a total capital importation of $2.60 billion of foreign currency loans, which include portfolio investments; and direct loans contributed $2.55 billion, representing 98.08 percent of the total inflows. The preference for loans is obviously as a result of investor caution, with foreign investors choosing safer financial instruments (e.g. FGN Treasury Bills) rather than committing to long-term projects via FDIs.

It is a no-brainer therefore that Nigeria's capital importation is dominated by foreign currency loans (in dollars and others) and short-term investments and debt instruments. These inflows provide only temporary liquidity (since FPIs are 'hot money') but do not offer the macroeconomic stability that makes for economic growth and development.

In truth, the Nigerian investment climate is yet to be competitive vis-à-vis other economic jurisdictions. It is still a highly volatile milieu, underlined by uncertainty borne out of subsisting policy somersaults, prevarications and tergiversations on the part of the officialdom. This ominous trend is amply reflected in the state of virtually all economic indicators — which are showing outcomes contrary to the government's expectations.

In a space of one year, the rate of inflation, for instance, has assumed a runaway trend: jumping from 22.70 percent in June 2023 to over 34 percent in June 2024. The dynamics driving this trend remain yet unsubdued; which is why despite a marginal drop to 32.15 percent in August, the inflation rate resumed an upward jump in September — hitting 32.70 percent. One of the core drivers of the high inflationary trend, namely food inflation — rose from 37.52 percent in August to 37.77 percent in September.

This high and yet rising inflationary trend has not only thoroughly weakened consumer purchasing power, it has also led to huge (unsold) inventories on the part of producers/manufacturers. The high inflation is essentially owing to the 'cost-push' effect arising from high cost of funds: either as loans due to high interest rates regime or imported inputs procured with dollars from the forex (FX) market where the Naira is badly hit.

In point of fact, the government would appear to have come to its wits end in the efforts to attain (even if only) stability in the FX market. In a space of one year, the market has seen the good, the bad and the ugly, and yet the Naira rate against the dollar keeps moving like a yo-yo. Today, in the 'official' market, the exchange rate is about N1,700/$. This is very troubling; and remains a critical disincentive to businesses and investors — both local and foreign.

Fuel subsidy removal — and its attendant unending surging fuel prices (from below N200 per litre in May 2023 to now over N1000 per litre) has become an existential threat to not only businesses but also all economic agents. As the rising fuel prices feed into cost of transportation, high electricity tariff and sundry taxes and levies: all lead to more impoverishment, pain and hardship for all economic agents.

At the background of all these is the lingering insecurity in all nooks and crannies of the nation; a worsening condition that has sent millions of citizens into internally displaced peoples (IDPs) centres across the country. Farming and farmers have practically become endangered species, especially in many of the places widely referred to as the 'food baskets' of the nation. Bandits and banditry loom large.

Same phenomenon affects the mainstay of the nation's economy — crude oil sector — where massive theft has come to leave only a little of that national 'common asset' for national use. And this is why for quite a while, rather than improving, the level of production of crude has been either stagnant or declining. Despite the fact that Nigeria's 2024 budget is based on the assumed crude oil production level of 1.78 million barrels per day (mbpd), as of September 2024 the country could only produce 1.32 mbpd!

In all, the poor investment climate and low-ranking 'Ease of Doing Business', accentuated by the horrible outcomes of recent economic policies, are sure ways of scaring away both local and foreign investors. All these qualify as 'how not to attract FDIs' in a world that is a global village. At best, Nigeria's volatile environment qualifies only as a very temporary domain for 'hot money'; which is why some modicum of FPIs have been attracted. But in the end, to what end?

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## Nigerian government...

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has yet to start operations despite assurances from the Federal Ministry of Petroleum Resources and NNPCL. This lack of clarity raises concerns about the government's ability to deliver on its promises and effectively manage the oil and gas industry. Citizens deserve more transparency and accountability to understand the status of crucial projects like the Port Harcourt refinery and the overall state of the sector.

In another vein, citizens are always told to be patient by the government but are not told what to do to complement the government's effort through effective communication campaigns. So, communicating ways citizens can mitigate the effects of climate change and natural disasters; and ways to support security agencies in reducing terrorism, kidnapping; and others could boost citizens' engagement in contributing to nation-building. This includes the government being transparent in communicating its plans and programmes.

I am very certain that the governments of developed nations prioritise proactive communication with their citizens rather than waiting for crises to unfold. By fostering transparency and open dialogue, they have successfully garnered the trust of their people. This approach has cultivated a generation of patriotic individuals who are committed to safeguarding the integrity and stability of their nations at all costs. This proactive communication strategy not only ensures a sense of unity and shared responsibility but also lays the foundation for a strong bond between the government and its citizens, ultimately contributing to the overall well-being and prosperity of the country.

The key to success for government at all levels lies in prioritising strategic communication. It is essential for them to take a proactive approach to communication rather than simply reacting to problems. It is time to shift focus away from propaganda and instead concentrate on transparent communication methods that encourage citizen participation. By collaborating closely with the citizens, Nigeria can reach its true potential and flourish. The political leaders must accentuate open, honest communication to establish trust and encourage collaboration between the government and the people in order to make Nigeria great.

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## Mental health – At...

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on mental health awareness and stress management. Provide access to mental health resources and encourage employees to take advantage of them.

**Practical steps for HR leaders to improve workplace mental health**

Improving workplace mental health is a multifaceted challenge that requires a proactive and compassionate approach. Here are some practical steps HR leaders can take:

**1. Promote open communication**

- *Encourage dialogue:* Create a culture where employees feel comfortable discussing mental health without fear of stigma or repercussions.
- *Regular check-ins:* Implement regular one-on-one meetings where employees can discuss their well-being.

**2. Provide mental health resources**

- *Employee assistance programmes (EAPs):* Offer access to counselling services and mental health professionals.
- *Resource libraries:* Provide materials on stress management, mindfulness, and mental health awareness.

**3. Train managers and leaders**

- *Mental health training:* Equip managers with the skills to recognise signs of mental distress and respond appropriately.
- *Leadership workshops:* Conduct workshops on empathetic leadership and active listening.

**4. Foster a supportive environment**

- *Peer support groups:* Establish groups where employees can share experiences and support each other.
- *Mental health champions:* Appoint employees who can advocate for mental health and provide peer support.

**5. Implement flexible work policies**

- *Remote work options:* Allow flexible working arrangements to help employees manage their work-life balance.
- *Flexible hours:* Offer flexible working hours to accommodate personal needs and reduce stress.

**6. Promote work-life balance**

*Encourage breaks:* Ensure employees take regular breaks and use their vacation time.

- *Workload management:* Monitor workloads to prevent burnout and ensure a healthy work-life balance.

**Conclusion**

The tragic loss of a Standard Bank Group staff member is a sobering reminder of the importance of mental health in the workplace. As HR professionals and senior management, it is our duty to create environments where employees feel valued and supported. By prioritising human lives over metrics, creating supportive environments, actively listening, and continuously educating ourselves and our teams, we can make a significant difference in the mental well-being of our workforce.

Let us commit to making mental health a priority in our workplaces. This is not just about policies or metrics; it is about human lives. Together, we can create a culture where employees feel seen, heard, and supported — because that can make all the difference.

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# Escaping the New Gilded Age

**DARON ACEMOGLU**

*Daron Acemoglu, Institute Professor of Economics at MIT, is co-author (with Simon Johnson) of Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity (PublicAffairs, 2023).*

BOSTON – Tech billionaires such as Bill Gates, Mark Zuckerberg, and Elon Musk are not just among the richest people in human history. They also are exceptionally powerful – socially, culturally, and politically. While this is partly a reflection of the social status that our society attaches to wealth in general, that is not the whole story.

What matters even more than simple wealth is that these particular billionaires are viewed as entrepreneurial geniuses who exhibit unique levels of creativity, daring, foresight, and expertise on a wide range of topics. Add the fact that many of them control major means of communication – namely, the key social-media platforms – and you have something almost unparalleled in recent history.

The image of the rich, brave businessman who transforms the world can be traced back at least to the robber barons of the Gilded Age. But one of the main sources of its contemporary popular appeal is Ayn Rand's novel Atlas Shrugged, whose protagonist, John Galt, strives to re-create capitalism through the sheer force of his idealism and will.

While Rand's novel has long held canonical status in the minds of Silicon Valley entrepreneurs and libertarian-leaning politicians, the influence of its central archetype is hardly confined to those circles. From Bruce Wayne (Batman) and Tony Stark (Iron Man) to Darius Tanz in the TV series Salvation, rich, technologically savvy innovators who save the world from impending disaster are a staple of our popular culture.

### The Power of the Purse

Some individuals will always have more power than others, but how much power is too much? Once upon a time, power was linked to physical strength or military prowess, whereas now its perquisites usually stem from what Simon Johnson and I call "persuasion power," which, as we explain in our book Power and Progress, is rooted in status or prestige. The greater your status, the more easily you can persuade others.

The sources of status vary greatly across societies, as does the extent to which it is unequally distributed. In the United States, status became firmly linked to money and wealth during the Industrial Revolution, and income and wealth inequality skyrocketed as a result. While there have been periods in which government intervention sought to reverse the trend, American society has always been structured around a steep status hierarchy.

This structure is problematic for several reasons. For starters, the constant competition for status – and the persuasion power it confers – is largely a zero-sum affair, because status is a "positional good." More status for you means less status for your neighbor, and a steeper status hierarchy implies that some people will be happy while many others are unhappy and dissatisfied.

Moreover, investments in zero-sum activities tend to be inefficient and excessive compared to investments in non-zero-sum activities. Is it better to spend a million dollars on gold Rolex watches or on learning new skills?

Both may have intrinsic value – the beauty of the watch versus the pride of acquiring new knowledge – but the first investment merely signals that you are richer and more capable of conspicuous consumption than others. The second, by contrast, increases your human capital and may also contribute to society. The first is largely zero-sum, and the second is largely non-zero-sum. Worse, the first can easily get out of hand as everyone spends even more on conspicuous consumption to stay ahead of others.

Commentators often ask why someone with hundreds of millions of dollars would ever need hundreds of millions more. There are few things that you cannot afford if you already have $500 million, so why long for $1 billion? Because "billionaire" is a rank of status. What matters is not the spending power but the prestige and power that it confers relative to one's peers. Under a "wealth-is-status" equilibrium, a mad dash by the ultra-wealthy to amass ever more wealth becomes inevitable.

### The Dictatorship of Dilettantism

There are both evolutionary and social bases for linking persuasion power to status and prestige. After all, it is individually rational to learn from people who have expertise, and it is reasonable to link expertise to success.

Moreover, this form of learning is good for communities, because it facilitates coordination and a convergence toward best practices. But when status is linked to wealth, and wealth inequality grows very large, the foundation underpinning expertise starts to crumble.

Consider the following thought experiment. Who has greater expertise on carpentry – a good, master carpenter or a hedge-fund billionaire? It seems natural to choose the former; but the more that wealth confers status, the greater the weight attached to hedge-fund billionaires' views, even on carpentry. Or consider a more relevant contemporary example. Whose views on freedom of speech carry more weight today, a tech billionaire or a philosopher who has long grappled with the issue, and whose evidence and arguments have been subjected to scrutiny by other qualified experts? Millions of people on X (Twitter) have implicitly chosen the former.

The deeper we are drawn into the "wealth-is-status" equilibrium, the more we may come to accept the supremacy of tech billionaires. Yet it is difficult to believe that wealth could be a perfect measure of merit or wisdom, let alone a useful proxy for authority on carpentry or freedom of speech. Moreover, wealth is always somewhat arbitrary. We can argue endlessly about whether LeBron James is better than Wilt Chamberlain was at the peak of his basketball career, but in terms of wealth, there is no contest. While Chamberlain had an estimated net worth of $10 million at the time of his death in 1999, James's net worth is estimated at $1.2 billion.

These different outcomes are not about each player's respective talent or work ethic. Rather, Chamberlain happened to live at a time when sports stars were not compensated as much as they are today. This is partly about technology (everybody can watch James today thanks to TV and digital media), partly about norms (paying hundreds of millions to cultural superstars has become more acceptable), and partly about taxes (if the US still had a top marginal income tax rate above 90%, James would have less money, and the country would have less wealth inequality).

Similarly, if the tech sector had not become so central to the economy, and if it was not driven by such strong winner-take-all dynamics (which is partly a matter of choice about how we organize certain markets), today's tech tycoons would not have become so rich. The fact that Gates and Musk have been taxed less does not make them any wiser, but it certainly has made them wealthier, and thus more influential under the prevailing "wealth-is-status" equilibrium.

### Power Corrupts

Such figures also benefit from an even more pernicious dynamic that Johnson and I explore in Power and Progress, using the example of Ferdinand de Lesseps. Lesseps gained tremendous status in late-nineteenth-century France, where he was known as "Le Grand Français," owing to his success in completing the construction of the Suez Canal in the face of longstanding British opposition to the project.

Lesseps had foresight, and he demonstrated great skill in convincing politicians in Egypt and France that maritime international trade would become very important. But he was also tremendously lucky: the hoped-for technologies that he needed to build the canal without locks (which was initially impossible because of the amount of excavation and digging involved) were developed just in time to save the project.

With his Suez victory, Lesseps gained great prestige. But what he did with his new status is instructive. He became reckless, unhinged, and cocky, pushing the Panama Canal project in an unworkable direction that ultimately led to the deaths of more than 20,000 people and the financial ruin of many more (including his own family). Like all forms of power, persuasion power can make one hubristic, unrestrained, disruptive, and socially obnoxious.

Lesseps's story remains relevant, because it clearly has echoes in the behavior of many billionaires today. While some of America's wealthiest individuals do not use their wealth-derived status to influence critical public debates (think Warren Buffett), many do.

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VISIONARY VOICES

# Financing Food Security Will Yield High Returns

**GELSOMINA VIGLIOTTI**

**MAURIZIO MARTINA**

*Gelsomina Vigliotti is Vice President of the European Investment Bank. Maurizio Martina is Deputy Director-General of the Food and Agriculture Organization of the United Nations.*

LUXEMBOURG/ROME – Although enough food is produced to feed the global population, hunger and malnutrition due to conflict, poverty, economic slowdowns, and climate change still threaten millions of lives. In 2023, around 2.3 billion people faced moderate or severe food insecurity and more than 730 million people suffered from hunger, with undernutrition linked to almost one-half of deaths of children under age five.

Beyond the profound human toll, hunger costs developing countries billions of dollars in lost productivity and consumption. With such staggering costs, food insecurity is at the top of the agenda at this week's World Food Forum in Rome.

We urgently must address the roots of hunger and malnutrition, and one of the most effective ways to do that is to invest in making our agrifood systems more efficient, fair, and sustainable. That means improving the infrastructure and services that help farmers access markets; mobilizing investments to enhance storage and port facilities, irrigation systems, and other sources of productivity; and expanding the use of climate-conscious production techniques. Each would have a huge impact on food security, both now and in the future.

But every component of this agenda requires more financing. According to The State of Food Security and Nutrition in the World, a regular report produced by the five leading UN agencies working on this issue, trillions of dollars are needed to end hunger and malnutrition. Given the complex links between hunger, poverty, and development, the latest report calls for a more efficient use of innovative financing tools such as green or social bonds, and for reforming how we finance food security more broadly. We must do more to ensure that marginalized groups – such as women, indigenous peoples, and small-scale farmers and agribusinesses – have access to finance.

The European Investment Bank, the bank of the European Union, has deep experience in financing investments all the way down the agriculture and bioeconomy value chain. Each year, it lends about €5 billion ($5.5 billion) to the sector globally.

For example, the EIB recently invested in infrastructure in Tunisia to strengthen food-storage systems and mitigate the risk of cereal shortages triggered by Russia's invasion of Ukraine. It works with local banks to support smallholder farmers and provide microfinance in countries such as Uganda. It has deployed risk-sharing facilities in Malawi and Zambia, and provided guarantees to financial institutions that lend to companies sourcing raw materials from smallholders. And it is supporting a social enterprise in Madagascar that will help promote environmental sustainability and food security, while ensuring that farmers get decent incomes.

The problem is that countries with the highest levels of food insecurity often have the hardest time accessing financing. Among the biggest obstacles are high transaction costs, fragmented agriculture markets, insecure land rights, poor administrative capacity, weak governance, and political instability.

One of the keys to overcoming these hurdles is to pursue stronger international partnerships. That is why the EIB, the Food and Agriculture Organization of the United Nations, and other international organizations are working together closely to promote food security, environmental sustainability, and climate resilience. By pooling resources and experience, especially in Sub-Saharan Africa, we can overcome the chronic financing challenges.

For example, by drawing on the expertise and convening power of FAO, we can provide more funding for agrifood and bioeconomy activities. In 2023 alone, the FAO Investment Centre helped mobilize $6.6 billion in new investment by designing 38 public investment projects backed by financing partners in 26 countries. And this came on top of implementation support to ongoing projects, representing a total of around $46.7 billion.

But scaling up such financing requires the right kind of tools, not least financial products that reduce risk for the private sector. For example, blended finance – which combines public and private funds – and innovative financing mechanisms like climate bonds can make these investments more attractive to capital that is still sitting on the sidelines.

Feeding the world is not just a moral responsibility; it is a strategic imperative. Hunger is an immediate global crisis that demands massive investments. Fortunately, the potential rewards are well worth it. Sustainable agrifood systems do far more than simply reduce poverty and hunger. They also create jobs, promote economic growth, reduce gender inequality, improve health, and build stronger communities. The return is enormous, and the cost of doing nothing is even greater.

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# JP Morgan calls for regulatory consistency in Nigeria's quest for capital

Onome Amuge

JP MORGAN, A LEADER IN GLOBAL finance with expertise in investment banking, commercial banking, financial transaction processing, and asset management, has advised countries, including Nigeria, to uphold consistency in their regulatory frameworks, stressing the significance of stability, predictability, and transparency in regulatory environments to attract foreign investment.

Speaking at the 30th Nigerian Economic Summit, Jamie Dimon, chairman and CEO of JP Morgan, emphasised the importance of regulatory consistency in attracting foreign investment.

Dimon asserted that predictable laws, regulations, rules, legislation, and legal environments are essential in securing capital inflow. He also pointed out that many countries experience fluctuations in their legal environment, with governments periodically altering course.

In his analysis of how to draw in investment, the JP Morgan chairman underscored that the key to success is quite straightforward, given that capital flows to countries where it will be secure and productive. He also noted that countries with inconsistent policies often fail to attract investors, though he was quick to note that he wasn't referring to Nigeria specifically.

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L-R: Ifeoluwa Adekunle, vice president, product and engineering, Zest Payment Limited; Akeem Lawal, managing director, Interswitch Purepay; Stanley Jacob, president, Fintech Association of Nigeria (FintechNGR); and Babatunde Obrima, chief operating officer, Fintech Association of Nigeria (FintechNGR), at the Nigeria Fintech Week 2024 in Lagos recently.

"I think we in America do a much better job than I call development finance. If you look at our development institutions, we could double, or triple that, and I think we should, and as they grow. JP Morgan will double, or triple our investment in the development banks, but the real capital is private capital companies around the world that might be sovereign wealth funds, and they want to come here for investment opportunities.

"So to do that, requires consistent laws, consistent regulations, consistent required rules, consistent legislation, consistent legal environments, you will get plenty of capital here, but it's got to be consistent, because a lot of countries in the legal environment flip back and forth, and the government flips back and forth," he stated.

Jamie Dimon also revealed that investors are reluctant to put money into countries with inconsistent policies.

"People are just afraid to make those investments, and our investment when we try to do it, at least, since I've been to JP, we've never left the country. Once we go we get better and smarter, and then we try to enhance what we do here. But those rules to get capital are pretty basic everywhere," he stated.

JP Morgan, which has a longstanding presence in Nigeria, having opened its representative office in the country in 1982 after operating there since 1960, made its observations about the relationship between capital, investment, jobs, and a country's economic health.

The company noted that capital, investments, and jobs are essential for any country's development, but emphasised that good leadership, built on trust and good administration, is critical to managing businesses successfully.

Furthermore, the firm asserted that regulations do not inhibit companies from growing, but are instead necessary to ensure fair and ethical business practices.

# Stockbrokers seek capital market boost to achieve $1trn economy goal

Business a.m.

CONCERNED WITH THE CHALLENGING economic conditions in Nigeria, the Chartered Institute of Stockbrokers (CIS) is aiming to harness the strong financial expertise of its members to devise strategies for achieving the federal government's ambitious $1.0 Trillion economic target.

The institute is poised to leverage its upcoming 28th annual stockbrokers conference as a platform to demonstrate innovative solutions that will catalyse capital market expansion and drive economic growth and development in Nigeria.

The two-day Conference, themed : "Capital Market as a Catalyst for the $1.0 Trillion Economy", is slated to be held at the International Conference Centre, Ibadan, on November 7th and 8th, 2024. It aims to explore the critical role of the capital market in driving Nigeria's economic growth and achieving a trillion-dollar economy.

The event will bring together policymakers, industry leaders, and finance experts to share insights and proffer solutions to the challenges facing the Nigerian economy.

A statement issued by Josiah Akerewusi,the Institute's registrar and chief executive, stated that the conference aims to provide a platform for participants to analyse the current state of the Nigerian economy, identify areas for improvement, and brainstorm innovative strategies to boost the capital market's contribution to economic growth. The conference will also promote collaboration among stakeholders to drive policy reforms and regulatory enhancements, fostering an environment that supports the development of a robust and resilient capital market in Nigeria.

"As we all know, the Federal Government under the leadership of President Bola Ahmed Tinubu has articulated the vision of attaining a $1 trillion economy during his tenure and we firmly believe that Nigerian Capital being a key driver of the economy is well positioned to drive the actualisation of the vision. We are convinced that the Nigerian Capital Market can generate up to half of the envisaged $1 trillion. "The choice of Ibadan for this year's Conference is intentional. Ibadan is an ancient city with lots of attractions that will create great memories for every participant. It is an avenue for stockbrokers to take time out of the hustling and bustling of Lagos and be in a relaxed atmosphere to network and connect with each other. Ibadan has a beautiful scenery and some of the listed companies have their factories in Ibadan," said Fiona Ahimie, the 1st vice president of the institute.

Corroborating her, Simisola Ojumu, the vice chairman, Annual Conference Committee, highlighted the uniqueness of the 2024 Conference, saying: "The panel sessions have been carefully structured to address critical issues about making the Nigerian business environment attractive for doing business to attract more domestic and foreign investment. The sessions will address policy and regulatory framework for optimal capital market performance.

"There will also be deliberations on how digital innovation can be harnessed for overall growth and development of the capital market ecosystem."

# United Capital reports 93% pre-tax profit increase to N18.73bn in 9 months

Onome Amuge

UNITED CAPITAL PLC, a leading investment banking group in Nigeria has recorded a 93 percent year-on-year increase in profit before tax to N18.73 billion for the nine months ended September 30, 2024.

United Capital's unaudited financial results for Q3 of 2024 further revealed an 89 percent year-on-year increase in profit after tax, rising from N8.47 billion in 2023 to N15.98 billion in 2024.

This strong performance was reflected in the company's earnings per share, which grew from N1.88 in the nine months of 2023 to N3.55 in the same period of 2024

United Capital Plc also reported a 61 percent year-on-year growth in gross earnings for the nine months of 2024, rising to N28.17 billion compared to N17.51 billion in the same period of 2023.

This revenue spike, according to the company, was driven primarily by significant increases in three key areas: Fee and commission income, net trading income, and other income, which collectively contributed to the company's overall growth and solid financial position.

In addition to its strong revenue and earnings growth, United Capital Plc also reported a notable increase in its total assets, which rose by 36 percent year-to-date to N1.26 trillion in September 30, 2024, compared to N931.95 billion at the end of December 2023.

While United Capital Plc recorded revenue growth and asset expansion during the nine months ended September 30, 2024, the company's operating expenses also increased significantly, rising by 35 percent to N11.14 billion, up from N8.26 billion in the corresponding period of 2023.

United Capital Plc

United Capital's shareholders' funds experienced notable growth in the review period, increasing by 27 percent to N115.03 billion compared to N90.71 billion at the end of December 2023.

The significant growth in shareholders' funds was primarily driven by a 44 percent increase in the company's fair value reserve, a key component of shareholders' equity that reflects the company's unrealised gains and losses from its investments in financial instruments.

Peter Ashade, the group chief executive officer of United Capital Plc, expressed his satisfaction with the company's performance during the third quarter of 2024, stating that the company achieved an impressive performance in Q3, 2024 despite the challenging and uncertain business environment characterised by rising inflationary trends, volatile currency exchange rates, and a rapidly shifting macroeconomic landscape.

The company's performance, he stated, is a testament to the resilience of its business model, strong risk management culture and effective execution of its well-crafted strategies.

Commenting further on the company's performance during the period under review, he said, "The group delivered gross earnings of N28.17 billion with 61 per cent year-on-year growth, profit before tax of N18.73 billion on the back of strong year-on-year growth of 93 percent, and shareholders' value improved by 27 per cent from N90.71 billion to N115.03 billion.

"In September, we successfully led the historic issuance of Nigeria's first-ever Domestic FGN US Dollar Bond, raising over $900 million and achieving an outstanding 180 per cent subscription rate."

He also remarked that the company, through its focused business development initiative, was able to launch UCee Microfinance Bank, making the business its seventh subsidiary.

"As we proceed into the last quarter of the year, we are determined to sustain this performance with a focus on delivering superior value to our shareholders. We remain committed to our vision of being the leading investment and finance hub across Africa, deploying innovation and technology to exceed client expectations.

"Finally, I would like to sincerely appreciate our Board, shareholders, customers and staff for their unwavering support and strong dedication," he concluded.

## STOCKS MARKET

| | NSE | NSE 30 | FTSE 100 | DOW JONES | S & P 500 | FTSE/JSE | NASDAQ |
|---|---|---|---|---|---|---|---|
| | 98,070.23 | 3,654.70 | 8,164.12 | 39,118.86 | 5,460.48 | 79,707.11 | 17,732.60 |
| CURRENT | 0.47 | 0.06 | -0.19% | -0.12% | -0.41% | 0.93% | 0.71% |
| YEAR TO DATE | 31.16 | 30.98 | 5.57% | 3.79% | 14.48% | 3.66% | 11.16% |

### TOP TRADERS

| Company | Volume | Value |
|---|---|---|
| JAPAULGOLD | 136559886 | 327051778.4 |
| UBA | 38596765 | 965090464.5 |
| ZENITHBANK | 27915357 | 1046814306 |
| ACCESSCORP | 27426015 | 558307342.9 |
| FCMB | 11910456 | 98967768.65 |

### TOP GAINERS

| No | Equity | Opening | Closing | %Change |
|---|---|---|---|---|
| 1 | MCNICHOLS | N 1.30 | N 1.43 | 10.00% |
| 2 | UPL | N 2.55 | N 2.79 | 9.41% |
| 3 | DAARCOMM | N 0.55 | N 0.60 | 9.09% |
| 4 | TRANSPOWER | N 330.90 | N 359.90 | 8.76% |
| 5 | CILEASING | N 3.50 | N 3.79 | 8.29% |

### TOP LOSSERS

| No | Equity | Opening | Closing | %Change |
|---|---|---|---|---|
| 1 | ARADEL | N 694.80 | N 625.40 | -9.99% |
| 2 | DEAPCAP | N 1.45 | N 1.31 | -9.66% |
| 3 | CHAMPION | N 3.75 | N 3.42 | -8.80% |
| 4 | NPFMCRFBK | N 1.70 | N 1.60 | -5.88% |
| 5 | JAIZBANK | N 2.39 | N 2.25 | -5.86% |

## 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 |

# NGX: Domestic investors extend dominance as total portfolio investment hits N2.8 trn in 8 months

**Onome Amuge**

DOMESTIC TRANSACTIONS on the Nigerian Exchange Limited (NGX) have seen a significant uptick in the first eight months of 2024, surging to N2.82 trillion. The notable increase in domestic activity stands in sharp contrast to the comparatively low level of foreign transactions, which only reached N655.47 billion over the same period.

The latest August 2024 Domestic and Foreign Portfolio Investment report released by the Nigerian Exchange Limited (NGX), indicated that domestic investors are taking centre stage in the Nigerian capital market, with transactions outpacing foreign investor activity by N2.16 trillion in the first eight months of 2024.

This substantial increase of 330.23 percent highlights the growing dominance of local investors over their foreign counterparts, demonstrating a strong appetite for investment in the Nigerian market among domestic participants.

According to analysts, the marked disparity in investment activity between domestic and foreign investors in the Nigerian capital market can be largely attributed to the declining confidence of foreign investors in the face of economic volatility.

Heightened uncertainty, driven by a range of factors including currency fluctuations, inflationary pressures, and broader macroeconomic instability, is seen to have eroded foreign investor confidence in the Nigerian market. This diminished confidence has resulted in a scaling back of investment activity, as foreign portfolio investors adopt a more conservative approach to risk-taking.

L–R: Bolaji Balogun, chief executive officer, Chapel Hill Denham; Femi Shobanjo, chief executive officer, NGX RegCo; Jude Chiemeka, chief executive officer, Nigerian Exchange Limited (NGX); Umaru Kwairanga, group chairman, NGX Group; Ladi Jadesimi, chairman, Aradel Holdings Plc; Temi Popoola, group managing director/CEO, NGX Group; Adegbite Falade, managing director/CEO, Aradel Holdings Plc, and Adegbola Adesina, chief financial officer, Aradel Holdings Plc, during the Facts Behind the Listing presentation and Closing Gong ceremony commemorating Aradel's listing on NGX in Lagos recently.

IMAGE BY PIUS OKEOSISI

The current economic turbulence in Nigeria has reinforced a historical pattern among foreign portfolio investors, who tend to steer clear of markets characterised by instability.

In particular, foreign participation in the Nigerian capital market has been lacklustre, as investors' concerns about the volatility of returns and the risks of currency devaluation drive them towards safer, more stable investment destinations.

The perception of unpredictability in the Nigerian market, combined with the spectre of potential devaluation of the naira, is believed to have contributed to a general reluctance among foreign investors to make significant commitments to Nigerian assets.

The Nigerian bourse saw a significant decline in total transactions in August 2024, falling by 22.80 percent to N379.52 billion from the previous month's total of N491.61 billion.

While this month-on-month drop is notable, the overall performance in August 2024 reflects a 44.55 percent year-on-year increase when compared to the same month in 2023, when total transactions amounted to N262.56 billion.

August 2024 saw domestic investors maintain their stronghold in the Nigerian capital market, accounting for approximately 70 percent of total transactions. This dominant position, coupled with the waning participation of foreign investors, reflects the ongoing impact of economic uncertainty and regulatory challenges on foreign investor sentiment.

With capital control measures in place and broader economic instability persisting, foreign investors have been cautious in their approach to the Nigerian market, leaving domestic investors to shoulder the responsibility of driving activity in the country's capital market.

The dynamics of the Nigerian capital market, as highlighted by the recent trends in domestic and foreign participation, paint a telling picture of the current state of the economy and its potential trajectory.

The diminished presence of foreign investors, coupled with the sustained activity of domestic participants, suggests that unless there is a marked improvement in economic conditions and investor confidence, foreign investment in Nigeria's capital market may remain subdued.

Examining the total transactions executed in August 2024 in comparison to the prior month (July 2024) reveals a significant decrease of 25.81 percent in total domestic transactions from N434.09bn to N322.05bn.

At the same time, total foreign transactions experienced a marginal decline of 0.09 percent from N57.52 billion to N57.47 billion between July 2024 and August 2024.

Despite a decline in domestic transactions for both retail and institutional investors in August 2024 compared to the prior month (July 2024), retail investors managed to outperform institutional investors by 12 percent.

A closer look at domestic transactions revealed a 33.54 percent decrease in retail transactions, dropping from N271.92 billion in July 2024 to N180.72 billion in August 2024.

Similarly, the institutional component of the domestic market experienced a decline of 12.85 percent, with transactions falling from N162.17 billion in July 2024 to N141.33 billion in August 2024.

# African Development Fund attracts $421m concessional loan from Japan

**Bamidele Famoofo**

THE AFRICAN DEVELOPMENT BANK Group and the Japan International Cooperation Agency (JICA) have signed a landmark 51.67 billion Japanese yen (US$421 million)or N696 billion concessional donor loan (CDL) agreement towards the African Development Fund.

The loan, pledged by the Japanese government at the 16th general replenishment of the resources of the African Development Fund in December 2022, will support much-needed development in Africa's least developed and fragile countries. The country is a top donor to the African Development Fund, having contributed the largest loans to the 14th, 15th and 16th replenishments of the Fund.

Present at the signing ceremony on Tuesday 15 October, Deputy Vice Minister Daiho Fujii of the Finance Ministry expressed optimism that Japan's concessional donor loan, together with grant contributions, would support African countries to address various challenges relating to climate change, lack of infrastructure, fragility, regional integration, private sector development, and debt management and transparency.

"Through fruitful discussions, we reaffirmed that the African Development Fund has been playing a significant role in supporting low-income countries in Africa through its concessional loans and grants. We commit to working together toward a successful ADF-17 replenishment discussion next year," Fujii said.

Japan and other donor countries met in Cotonou last week to review the progress made against operational priorities and policy commitments at the midpoint of the ADF-16 period that ran from 2023 to 2025. Fujii congratulated the African Development Bank Group on the successful mid-term review of the 16th cycle of ADF.

African Development Bank Group President Dr Akinwumi Adesina, who is marking his fifth visit to the Asian nation, commended Japan's government for its unwavering support. He expressed the Bank Group's appreciation for Japan's broader partnership, particularly through JICA's Enhanced Private Sector Assistance for Africa initiative - an innovative multi-component framework for resource mobilisation and development.

Adesina said: "We wouldn't have had a successful ADF-16 replenishment without Japan's continued support for concessional donor lending.

It is important to sign these agreements, but it is the lives we touch that matter. We deliver what we promise. We keep our word".

He highlighted the significant impact of projects completed under the African Development Fund. "This year alone, 500,000 people have been connected to electricity, one million provided with water and sanitation, 2.5 million to improved transport, and 2.7 million to health services."

In her speech, JICA Executive Senior Vice President Katsura Miyazaki described the signing ceremony as symbolic.

She said: "African countries are facing multiple crises. Rising energy and food prices, supply chain disruptions, and worsening debt sustainability are having a serious impact on African countries. The African Development Fund is critical to addressing these challenges.

The African Development Fund (ADF), the concessional lending window of the Bank Group was established in 1972 and became operational in 1974.

Japan joined the Fund in June 1973 and has contributed to all its replenishments, significantly increasing its contributions over time.

Over the past 50 years, the ADF has played a pivotal role in providing concessional resources and knowledge services to low-income African countries, consistently demonstrating clear value for money. The ADF delivers transformative ideas and catalytic financing to these countries, including those in fragile situations. As a major source of financing, the ADF's operations are efficient and deliver a strong development impact, cementing its reputation as a trusted and strategic partner for its stakeholders.

Japan's critical role in supporting the ADF was underscored by its extension of the largest concessional donor loan contributions to both ADF-15 and ADF-16, as well as the largest bridge loan provided to ADF-14. The Mid-Term Review (MTR) of ADF-16, successfully concluded in Cotonou in October 2024, highlighted several key achievements.

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 |

# Insurance, pension sectors urged to drive Nigeria's $1trn economy goal

Onome Amuge

WITH NIGERIA'S ambition to reach a $1 trillion economy by 2030, the onus lies on key players in the insurance and pension sectors to employ innovative strategies and execute carefully devised plans, as advised by experts in the sector.

This shift in focus comes at a time when the country's economy is struggling to contain an inflationary spiral and a weakening naira, making the journey towards the trillion-dollar milestone increasingly challenging.

Olusegun Omosehin, the insurance commissioner, National Insurance Commission (NAICOM), recently highlighted the pivotal role of the insurance industry in achieving the projected $1 trillion economy envisioned by the federal government.

Omosehin underscored the importance of maintaining the financial soundness and stability of the insurance industry to provide the necessary support and stability for businesses, ultimately contributing to the nation's economic aspirations and growth.

Omosehin stated this during the 9th annual conference of the Nigerian Association of Insurance and Pension Editors (NAIPE) in Lagos.

The conference, themed "Towards A $1 Trillion Economy: Roles of Insurance and Pension Sectors", served as a platform for experts and industry leaders to discuss the vital roles of these sectors in contributing to the nation's economic prosperity.

The insurance commissioner, represented by Abba Halil Inuwa, head of corporate affairs, NAICOM, delivered a clear and concise message on the vital importance of adequate capitalisation tailored to insurers' risk profiles as a cornerstone for the industry's development and growth.

L-R: Ike Chioke, managing director, Afrinvest West Africa Limited; Emomotimi Agama, director general, Securities and Exchange Commission (SEC); Rabi Isma, board member, Stanbic IBTC; Lola Adekanye, country director, Center for International Private Enterprise (CIPE); and Tobe Okigbo, chief corporate services and sustainability officer, MTN Nigeria, during the CEO breakfast meeting at Transcorp Hilton, Abuja recently.

He also underscored that the desired and pragmatic support for a $1 trillion economy could only be achieved by leveraging technology to enhance insurance accessibility.

Highlighting the rapidly changing financial landscape, Omosehin noted that consolidated financial solutions and one-stop shops have become the norm in today's world, necessitating the insurance industry to adapt and innovate to remain relevant and at the forefront of the economic ecosystem.

"As the insurance regulator, NAICOM is therefore committed to creating an enabling environment that will consistently enhance the increased capacity of the insurance institutions, as well as ensuring that the insurance industry becomes stronger and more stable in delivering on its responsibilities," he stated.

The NAICOM commissioner underscored the crucial role of the insurance industry as a vital cog in the financial sector, highlighting its pivotal role in mobilising savings, managing risk, ensuring financial stability, creating employment opportunities, and driving long-term projects and infrastructure development.

To realize these objectives, he noted that the commission had implemented various market developmental initiatives designed to improve the sector's competitiveness and robustness.

"In line with the insurance industry roadmap, we have identified five critical areas for immediate implementation.

"These encompass safeguarding policyholders' interests; strengthening supervisory capabilities; improving industry safety and soundness; fostering innovation and sustainability; and enhancing insurance accessibility and penetration. "With the current strategies in place, the Nigerian insurance market is poised for rapid and stable growth, characterized by significant improvements in operational statistics.

"A collaborative effort among sector stakeholders will facilitate seamless growth. Our collective focus must remain fixed on fulfilling obligations to policyholders," he stated.

Afolabi Olowookere, managing director and chief economist of Analysts Data Services and Resources, echoedOmosehin's sentiments, highlighting the crucial role of the insurance sector in the Nigerian economy.

Citing data from the National Bureau of Statistics (NBS), Olowookere noted that while agriculture, ICT, trade, and manufacturing are the leading contributors to the GDP, the finance and insurance sector has continued to drive the economy as the fastest-growing sector in recent times, contributing 6.57 percent to the GDP.

Olowookere pointed out that, despite the negative impact of high inflation and exchange rates on various sectors of the economy, the insurance and pension sectors must embrace these challenges to remain relevant and competitive.

According to him, technological advancements such as Artificial Intelligence (AI), machine learning, and blockchain could revolutionize research, portfolio management, and back-office operations in the sector, leading to greater efficiency and more effective risk management practices. These, he asserted, would be crucial in ensuring the sector's continued growth and relevance in driving the economy towards the $1 trillion target.

"By improving efficiency and reducing costs, they can offer better returns to contributors and attract more funds, driving economic growth through smarter and more sustainable investments," he stated.

Expanding on the topic of capitalisation, Olowookere advised the insurance and pension sectors to capitalise on the opportunity to expand their assets by promoting retirement savings among Nigerians and taking on higher portfolio risks. According to him, the increasing life expectancy and the growing wealth of the population would lead to the growth of these funds, which would then be available for long-term investments in the economy.

Olowookere presented projections from ADSR Research and Estimates, which revealed that the projected total assets of the insurance sector under the $1 trillion GDP target would drop significantly from $3.9 billion in 2023 to $2.2 billion in 2024 due to the depreciation of the naira.

While acknowledging the challenges ahead, Olowookere presented the baseline projection for Nigeria's GDP, forecasting a steady increase from $265.4 billion in 2024 to $681.9 billion in 2030.

Further underscoring the pivotal role of the insurance sector in driving economic growth, Olowookere reiterated that the projected total assets of the insurance sector would be $6.4 billion at the baseline growth rate and likely to hit $20.5 billion if the government's $1 trillion GDP target is met.

## emPLE looks to revolutionise insurance sector with inclusive, accessible, sustainable offerings

Business a.m.

EMPLE, A LEADING financial services company that strives to provide accessible and innovative financial solutions to Nigerians, has recently announced the launch of its insurance businesses, which include its strategic market positioning.

With the recent acquisition of Old Mutual's Life and General Insurance businesses in Nigeria, emPLE has reaffirmed its dedication to providing enhanced financial services and solutions tailored to meet the dynamic needs of Nigerians across various sectors.

Commenting on the development, Rantimi Ogunleye, managing director of emPLE Life Assurance Limited, stated, "We are excited to lead this new chapter in Nigeria's insurance industry.

"At emPLE, we focus on empowering individuals, households and families with accessible insurance products that not only protect their existing lifestyle but also contribute to long-term generational wealth creation. We are here to showcase the peerless benefits and the possibilities that insurance can unlock for Nigerians."

Health
Life
Travel
Insurance
Business
House
Car

In addition to its life insurance solutions, emPLE's general insurance arm is also committed to driving change through its range of products.

These offerings include comprehensive and innovative motor, home, and business insurance solutions tailored to meet the specific needs of modern consumers.

Speaking on emPLE's commitment to providing accessible and innovative insurance solutions, Olalekan Oyinlade, managing director of emPLE General Insurance Limited, remarked, "Our goal is to make insurance more accessible to all Nigerians, their enterprise and industries. From motor to home and business insurance policies, these solutions will protect our customers from unforeseen risks, focusing on tailored products, quick claims processing and personalised service. We are particularly proud of how our offerings cater to existing and emerging needs in rapidly changing global and local microeconomic realities."

emPLE emphasised its dedication to promoting financial inclusion by ensuring that its insurance products are not only affordable but also easily accessible to a wide range of targeted customers.

Furthermore, emPLE recognises the importance of collaboration in driving innovation, pledging to work closely with key stakeholders such as brokers, agents, and tech innovators to develop unique products and deliver exceptional value to the Nigerian insurance market.

## ECONOMICS & FINANCE

**Pierre Mabille**

*Assistant Professor of Finance*

# Taming the World's Affordable Housing Crisis

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.

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one subscription,
more experience
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✓ Access to movie and event tickets
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# How #MeToo and Other Social Movements Sway Consumers

A MULTINATIONAL study reveals that the #MeToo movement shook up gender stereotypes and consumer preferences.

In the digital age, social movements increasingly transcend national and cultural borders. #MeToo, for one, remains a global phenomenon seven years since it burst into the public consciousness. It has increased awareness of sexual offences and challenged traditional gender roles and stereotypes around the world. It may also have had an unexpected impact on firms.

We conducted a study, now published in Management Science, that uncovered how #MeToo changed demand for identity-signalling products in 32 countries at a leading fashion retailer. Among other findings, we found that sales of shoes conforming to traditional femininity fell substantially six weeks after the social movement took off.

Our study flags a key concern for brands at a time when identity is a major driver of purchases. Even when they are not directly targeted, firms can be affected by social movements. Brands, especially those that peddle identity-signalling products, should think of how they could respond to global identity dynamics.

### "Shrink it and pink it"

In the marketplace, many categories are historically gendered. Just look at products targeted at women and girls, from toys and clothes to furniture and shavers. Colours tend towards red and pink; curves predominate over angles.

This branding approach, known in the industry as "shrink it and pink it", builds on traditional, stereotypical markers of femininity. It underlines the role of demographics in the segmentation of consumer markets. Businesses such as Victoria's Secret and Gillette have long capitalised on such strategies, but our research suggests that they need an overhaul in a post-#MeToo world.

### Shopping cart rebellion

Our study focused on demand for footwear, a product category closely tied to gender identity expression, between January 1, 2017, and December 31, 2018. During this two-year period, the #MeToo movement snowballed as sexual assault allegations against Hollywood producer Harvey Weinstein unfolded.

We tracked the prices and daily size availability of an exhaustive catalogue of 1,718 women's shoes (and 1,275 men's shoes) at a leading fashion retailer in 32 OECD countries. To determine the kinds of products most vs. least affected by #MeToo, we surveyed respondents across selected countries to determine the colours, designs and heel heights perceived as feminine. We also used Twitter (now known as X) data, news articles and Google search trends about sexual harassment to assess whether any shifts in consumer preferences would be more pronounced in markets more exposed to #MeToo.

Our analysis shows that six weeks after Oct 15, 2017, when a tweet by actor Alyssa Milano launched #MeToo into the limelight, stockouts (which indicate high demand) fell by 14.4 percent for shoes conforming to female stereotypes – think pink high-heeled pumps or red platforms – relative to non-stereotypical ones (e.g. green sneakers).

Importantly, this drop was concentrated in countries most exposed to #MeToo, such as the Nordic countries and France, where stockouts fell by 25 percent. This impact was akin to imposing an 8-percent sales tax on gendered shoes. The least exposed countries, in contrast, saw no drop in stockouts.

Interestingly, the data showed that women didn't buy more gender-neutral shoes. They simply walked away from the most feminine styles.

### Voting with their feet

One possible explanation may be retailers reacting to #MeToo by tweaking product prices and offerings, or other factors not related to the social movement. However, these were ruled out by further analyses. We also collected data for three women's product categories: lingerie, dresses and handbags. As with feminine shoes, we found consistent declines in stockouts for pink or red items across these categories.

What might explain this drift away from starkly feminine products? To find out, we ran an online experiment involving about 1,000 women that were representative of the United States population.

The respondents were assigned to one of three conditions: write down their feelings, thoughts and engagement with #MeToo; write about a time they felt threatened as women; or share experiences where they felt empowered. A control group of respondents were asked to write about a trip to the grocery store. All participants were also asked to choose between higher vs. lower heels.

The result? Only participants in the #MeToo group exhibited a significant drop in demand for high heels. This suggests that rebellion against stereotypes, rather than identity threat or empowerment, may be behind the effect.

We also analysed the written answers for four core emotions: happiness, sadness, fear and anger. Unlike the threat or empowerment narratives where either fear or happiness dominated, a mix of happiness and sadness infused the #MeToo narratives, accounting for 30 percent each, followed by anger at 25 percent and fear at just 5 percent. This suggests that the complex emotional landscape associated with the social movement may have been one of the drivers of the change in behaviour.

While we cannot determine how emotions ultimately influenced respondents' behaviour, our study reveals the complex imprint of social movements like #MeToo. Not only can they trigger consequential changes by challenging prevailing norms and laws, but they can also effect subtle social shifts, including those related to consumer preferences.

### What this means for brands and consumer markets

The message to brands is clear: relying on stereotypes can backfire, and it's time to incorporate identity dynamics into brand management.

Just ask Victoria's Secret, whose marketing campaigns were perceived as objectifying women and promoting unrealistic body standards. After #MeToo triggered a tumble in sales, the lingerie maker pivoted by signing on a diverse lineup of top athletes and celebrities to be its spokeswomen. But it may be too far behind the curve to reclaim its dominance of the American market.

Our study underscores the importance of brands and product designers keeping tabs on shifts in consumer values and identities. It's not just about staying up to date with trends but also responding to deeper shifts in what consumers feel represents them. Products that might have flown off the shelves yesterday could be gathering dust tomorrow.

Firms could adapt by adjusting their product offerings or supply. They could even decide to take a stance publicly. Done well, this could build up firms' cultural capital in the long run. In fact, managers should go one step further by conducting a brand audit. Assess how their brand DNA intersects with specific consumer identity, stereotypes or roles; how prevailing social movements may be affecting the brand value; and how shifts in social norms and values may put the brand at risk.

Our research suggests that as consumer resistance to stereotypes grows, reliance on traditional gender-based segmentation may be increasingly risky. In a post-#MeToo world, keeping a finger on the pulse of society can protect firms from becoming collateral damage in social movements.

ANALYTICS/TECHNOLOGY

# What Public Discourse Gets Wrong about Social Media Misinformation

*A new study co-authored by Wharton's Duncan Watts shows that while online misinformation exists, it isn't as pervasive as pundits and the press suggest.*

**DUNCAN WATTS**

*Stevens University Professor, Professor of Operations, Information and Decisions, Professor of Communication, Professor of Computer and Information Science*

THE FOLLOWING ARTICLE was originally published by Annenberg School of Communications.

In 2006, Facebook launched its News Feed feature, sparking seemingly endless contentious public discourse on the power of the "social media algorithm" in shaping what people see online.

Nearly two decades and many recommendation algorithm tweaks later, this discourse continues, now laser-focused on whether social media recommendation algorithms are primarily responsible for exposure to online misinformation and extremist content.

Researchers at the Computational Social Science Lab (CSSLab) at the University of Pennsylvania, led by Stevens University Professor Duncan Watts, study Americans' news consumption. In a new article in Nature, Watts, along with David Rothschild of Microsoft Research, Ceren Budak of the University of Michigan, Brendan Nyhan of Dartmouth College, and Emily Thorson of Syracuse University, review years of behavioral science research on exposure to false and radical content online and find that exposure to harmful and false information on social media is minimal to all but the most extreme people, despite a media narrative that claims the opposite.

A broad claim like "it is well known that social media amplifies misinformation and other harmful content," recently published in The New York Times, might catch people's attention, but it isn't supported by empirical evidence, the researchers say.

"The research shows that only a small fraction of people are exposed to false and radical content online," says Rothschild, "and that it's personal preferences, not algorithms that lead people to this content. The people who are exposed to false and radical content are those who seek it out."

### Misleading Statistics about Social Media Misinformation

Articles debating the pros and cons of social media platforms often use eye-catching statistics to claim that these platforms expose Americans to extraordinary amounts of false and extremist content, and subsequently cause societal harm, from polarization to political violence.

**However, these statistics are usually presented without context, the researchers say.**

For example, in 2017, Facebook reported that content made by Russian trolls from the Internet Research Agency reached as many as 126 million U.S. citizens on the platform before the 2016 presidential election. This number sounds substantial, but in reality, this content accounted for only about 0.004% of what U.S. citizens saw in their Facebook news feeds.

"It's true that even if misinformation is rare, its impact is large," Rothschild says. "But we don't want people to jump to larger conclusions than what the data seems to indicate. Citing these absolute numbers may contribute to misunderstandings about how much of the content on social media is misinformation."

### Algorithms vs. Demand

Another popular narrative in discourse about social media is that platforms' recommendation algorithms push harmful content onto users who wouldn't otherwise seek out this type of content.

But researchers have found that recommendation algorithms tend to push users toward more moderate content and that exposure to problematic content is heavily concentrated among a small minority of people who already have extreme views.

"It's easy to assume that algorithms are the key culprit in amplifying fake news or extremist content," says Rothschild, "but when we looked at the research, we saw time and time again that algorithms reflect demand and that demand appears to be a bigger issue than algorithms. Algorithms are designed to keep things as simple and safe as possible."

### Social Harms

There has been a recent trend of articles suggesting exposure to false content or extremist content on social media is the cause of major societal ills, from polarization to political violence.

"Social media is still relatively new and it's easy to correlate social media usage levels with negative social trends of the past two decades," Rothschild says, "but empirical evidence does not show that social media is to blame for political incivility or polarization."

### Improving Public Discourse about Social Media

The researchers stress that social media is a complex, understudied communication tool and that there is still a lot to learn about its role in society.

"Social media use can be harmful and that is something that needs to be further studied," Rothschild says. "If we want to understand the true impact of social media on everyday life, we need more data and cooperation from social media platforms."

To encourage better discourse about social media, the researchers offer four recommendations:

**1. Measure exposure and mobilization among extremist fringes.**

Platforms and academic researchers should identify metrics that capture exposure to false and extremist content not just for the typical news consumer or social media user but also in the fringes of the distribution. Focusing on tail exposure metrics would help to hold platforms accountable for creating tools that allow providers of potentially harmful content to engage with and profit from their audience, including monetization, subscriptions, and the ability to add members and group followers.

**2. Reduce demand for false and extremist content and amplification of it by the media and political elites.**

Audience demand, not algorithms, is the most important factor in exposure to false and extremist content. It is therefore essential to determine how to reduce, for instance, the negative gender- and race-related attitudes that are associated with the consumption of content from alternative and extremist YouTube channels. We likewise must consider how to discourage the mainstream press and political elites from amplifying misinformation about topics such as COVID-19 and voter fraud in the 2020 U.S. elections.

3. Increase transparency and conduct experiments to identify causal relationships and mitigate harms.

Social media platforms are increasingly limiting data access even as increased researcher data and API access is needed to enable researchers outside the platforms to more effectively detect and study problematic content. Platform-scale data are particularly necessary to study the small groups of extremists who are responsible for both the production and consumption of much of this content. When public data cannot be shared due to privacy concerns, the social media platforms could follow the 'clean room' model used to allow approved researchers to examine, for example, confidential U.S. Census microdata data in secure environments. These initiatives should be complemented by academic–industry collaborations on field experiments, which remain the best way to estimate the causal effects of social media, with protections including review by independent institutional review boards and preregistration to ensure that research is conducted ethically and transparently.

**4. Fund and engage research around the world.**

It is critical to measure exposure to potentially harmful content in the Global South and in authoritarian countries where content moderation may be more limited and exposure to false and extremist content on social media correspondingly more frequent. Until better data is available to outside researchers, we can only guess at how best to reduce the harms of social media outside the West. Such data can, in turn, be used to enrich fact-checking and content moderation resources and to design experiments testing platform interventions.

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AI. FINANCE & ACCOUNTING. TECHNOLOGY

# Is AI Making You Spend More Money?

*Wharton's Wendy De La Rosa sounds the alarm about firms using AI to encourage consumer spending, which will harm financial well-being.*

**WENDY DE LA ROSA**

*Assistant Professor of Marketing , Alfred H. Williams Faculty Scholar*

LIKE MANY ACADEMICS, Wharton marketing professor Wendy De La Rosa is excited about the transformative power of generative artificial intelligence. But as a researcher who focuses on financial well-being, especially among the most vulnerable consumers, she's also waving a red flag.

In her latest co-authored paper, she cautions that AI can curb good financial decision-making for many people because it reduces the friction they experience when spending their hard-earned cash.

"We have to think about who is implementing the technology. By and large, that's going to be businesses and retailers whose incentive is to get smarter, faster, and better at getting us to part with our money," she said during an interview with Wharton Business Daily. (Listen to the podcast.)"When you think of individual human beings trying to fight against hundreds, if not thousands, of companies now equipped with artificial intelligence technology, there's room for concern."

De La Rosa's paper centers on "pain of payment," a behavioral economics term that refers to the negative emotions people feel when they spend money and lose financial resources. It's the reason why consumers generally put more thought into purchases made with cash compared with a credit card. But all the tools of gen AI are designed to encourage consumer spending with a click, a tap, a wave, or a fingerprint.

"All of the sudden, we're disassociating this loss of monetary resources from the act of paying, which reduces that pain of payment," De La Rosa said. "When we reduce that pain of payment, we tend to spend more, and our likelihood of purchasing increases."

**Modeling How AI Alters Financial Decision-making**

In the paper, De La Rosa and co-author Christopher Bechler, marketing professor at the University of Notre Dame's Mendoza School of Business, introduce a framework they call the AI-IMPACT model to examine how AI affects the marketplace and consumer decision-making. They note four particular pathways:

**Access:** Algorithms can help consumers by reducing bias and discrimination, which can increase credit access to underserved populations. Or algorithms can exacerbate bias and make financial inclusion even more difficult for people on the margins.

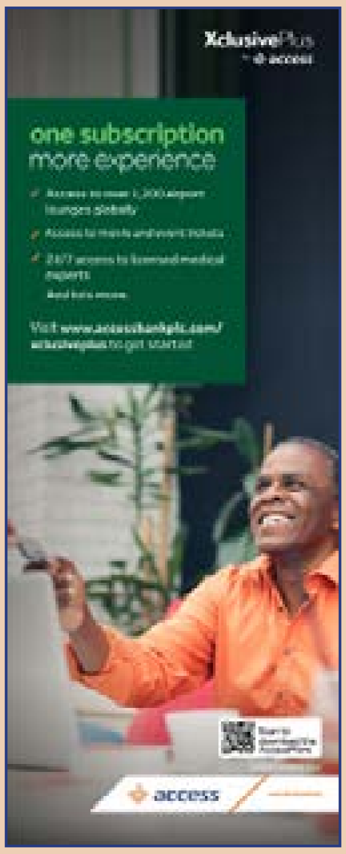
Personalization: AI can help firms target consumers with tailor-made choices, including lower prices for preferred customers. Optimized personalization may seem like a win, but the professors caution that it will lead to greater consumer spending overall, which can decrease financial well-being.

**Flexibility:** AI allows firms to be flexible in their pricing, payment methods, and points of sale. All these decrease barriers to spending.

**Automation:** AI helps consumers automate many of their spending and investing decisions, which can reduce financial literacy over time as people relinquish decision-making. On a larger scale, automation will result in job contraction, affecting incomes and spending.

Humans are wired to adapt and respond to their changing environments, De La Rosa said. That's why she's concerned about how AI will permanently alter the way people think about their money and spending habits. The paper calls for additional research into how AI is reshaping consumer behavior, and De La Rosa thinks public-private partnerships will be critical in solving some of the challenges because very few entities are designed to safeguard financial well-being.

"I don't know that we have a silver bullet or answer, because clearly no one is going to go to industry and say, 'Hey, you need to be less profitable,' or 'You need to focus on less technological advancements that are going to increase consumer spending,'" she said.



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 |

# Leadway-Pula's Pay-At-Harvest insurance scheme offers farmers protection amidst climate risks

Onome Amuge

NIGERIA'S LEADING INSURER, LEADWAY Assurance, has joined forces with insurtech leader Pula Advisors and global development organisation Heifer International to bring a groundbreaking solution tagged "Pay-At-Harvest" to Nigerian crop farmers, enabling them to protect their livelihoods against the devastating impacts of climate change and global warming.

The "Pay-At-Harvest" insurance initiative is considered a protection package for smallholder crop farmers in Nigeria. The innovative scheme offers farmers a unique safeguard against the unpredictable and often devastating impacts of weather-related risks, particularly those driven by climate change.

Under this scheme, farmers can benefit from insurance coverage without the burden of upfront premium payments, as premiums are deferred until the harvest period when the farmers have sold their produce or received insurance compensation for weather-related losses.

By providing coverage against a range of climate-related risks, such as floods, droughts, pest infestations, prolonged dry spells, excessive rainfall, and more, the scheme ensures that farmers can sustain their livelihoods and continue to thrive in the face of the ever-increasing challenges posed by a changing climate.

L-R: Oladele Sotubo, chief executive, Stanbic IBTC Capital; Oyebode Oyetunde, executive director, African Development Bank; Jobson Ewalefoh, director general, Infrastructure Concession Regulatory Commission; and Nyananso Ekanem, managing consultant, Weircapacity Limited, at the panel discussion, "Accelerating Infrastructure Development", which formed part of the 30th Nigerian Economic Summit activities in Abuja recently.

At a recent webinar organised by Leadway Assurance, themed "Climate Change: The Evolving Future of Agribusiness," Ayoola Fatona, head of regional technical services and agricultural insurance at Leadway Assurance, stressed the vital role that insurance plays in safeguarding farmers against the harsh realities of climate change.

According to Fatona, the "Pay-At-Harvest" insurance scheme is a critical lifeline for smallholder crop farmers, offering a financial safety net against the destructive effects of unpredictable weather events.

"Climate change poses significant risks, particularly for those in the agricultural sector.

"Our Pay-at-Harvest model ensures that farmers are covered without the stress of immediate premium payments, allowing them to focus on what they do best, producing food for the nation," Fatona stated.

In a similar vein, Rufus Idris, country director of AGRA, underlined the critical importance of insurance for farmers navigating the challenges posed by climate change.

According to Idris, insurance is no longer a luxury but a necessity for farmers to safeguard their investments and mitigate the risks associated with unpredictable weather events.

He also pointed out that Leadway Assurance's collaboration with Pula Advisors and Heifer International in providing the groundbreaking insurance solution exemplifies the company's dedication to supporting the agricultural sector and fostering resilience among farmers in Nigeria, ultimately contributing to the country's economic growth and food security.

# Understanding Group Life Assurance policy

ANALYST INSIGHT

CHUKWUMA ONONIWU, PHD

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THE LIFE SPAN OF THE Group life Assurance Policy is yearly, subject to the renewal of the policy, upon payment of premium.

A group life assurance policy is not a pension plan. Thus, it is only the stated beneficiaries of the deceased that will be paid.

The premium is paid once a year.

Once again, the death claim will be paid to the stated beneficiaries of the deceased. Once again, a group life assurance policy is not a pension plan. Thus, there is no stated maturity year of the group life assurance policy. The claim is paid to the stated beneficiaries of the group life assurance policy, when a participant in the group life assurance policy passes on.

The group life assurance policy is issued in the name of the group/association/union/club/alumni/old boys'/estate residents' association, community, etc. Those who paid a premium are participants. The death claim cheque will be paid to the association, e.t.c. The association will in turn pay to the stated beneficiaries of the deceased.

You reserve the right to change your beneficiaries, by notifying the insurance broker and the leadership of your association, e.t.c.

Once your beneficiaries are paid, the name of the deceased will be deleted from the group life assurance, by the insurance firm.

Your beneficiary(s) will be paid only once.

Upon attaining the age of 70, the name of the participant, who has attained the age of 70, will be DELETED from the group life assurance policy by the insurance firm.

The overall objective of an insurance policy is PROTECTION.

Insurance is predicated on the following key principles and fundamentals: Utmost Good Faith; Indemnity; Subrogation; Contribution; the insurance firm's right of Salvage; the statistical and the actuarial laws of Large Numbers; the engagement of External Consultants (Actuarial Consultants, Marine Risk Surveyor's, Fire Risk Surveyors, Claim Investigators, Loss Adjuster's, e.t.c.); Reinsurance Treaty; Retrocession Treaty; and the diligent application of Risk Management, which is the germane reason why insurance firms have a Risk Management department.

# AIICO Insurance cultivates ESG principles for sustainable development

Business a.m.

NIGERIA'S LEADING insurance company, AIICO Insurance Plc., has reiterated its commitment to the adoption of Environmental, Social and Governance (ESG) principles in its operations, demonstrating its dedication to contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs) by 2030.

ESG is an essential framework for evaluating various sustainability and ethical issues in a business.

At its core, the environmental aspect assesses a company's impact on the planet, from energy use and waste management to compliance with environmental regulations.

The social component, on the other hand, examines a company's relationship with stakeholders like employees, suppliers, customers, and communities, considering critical issues like human rights, diversity, equity, and employee safety.

Governance, the third pillar of ESG, encompasses a variety of factors that are crucial to ensuring that a company operates in a transparent and ethical manner. This includes the company's leadership, executive compensation, audit practices, internal controls, shareholder rights, and overall governance structures.

The SDGs, established by the United Nations in 2015, comprise 17 global goals aimed at addressing critical issues facing humanity. They form part of the UN's 2030 Agenda for Sustainable Development, which seeks to create a better, more sustainable future for all people on the planet by the year 2030.

Abimbola Shobanjo, head of corporate responsibility and sustainability at AIICO Insurance, presented the company's dedication to ESG principles and its efforts to contribute to the achievement of the United Nations SDGs during a one-day training workshop organised by AIICO Insurance Plc. for members of the Nigerian Association of Insurance and Pension Editors (NAIPE) in Lagos, recently.

According to Shobanjo, AIICO Insurance has taken steps to incorporate environmentally friendly practices in its operations, including the introduction of climate-smart initiatives, green office practices, and sustainable resource management.

She added that the company is committed to social sustainability, ensuring diversity and inclusion in the workplace, enhancing employee engagement, promoting gender diversity, and fostering a supportive work culture.

Shobanjo also revealed that AIICO Insurance is planning to include a diversity and inclusion section in its upcoming employee engagement survey. She added that AIICO Insurance's corporate social responsibility initiatives include community programmes and outreach efforts, focusing on areas such as health, education, and financial inclusion.

Shobanjo noted that AIICO Insurance is devoted to upholding the highest standards of ethical business practices, transparency, and leadership.

VETIVA CAPITAL MANAGEMENT LIMITED

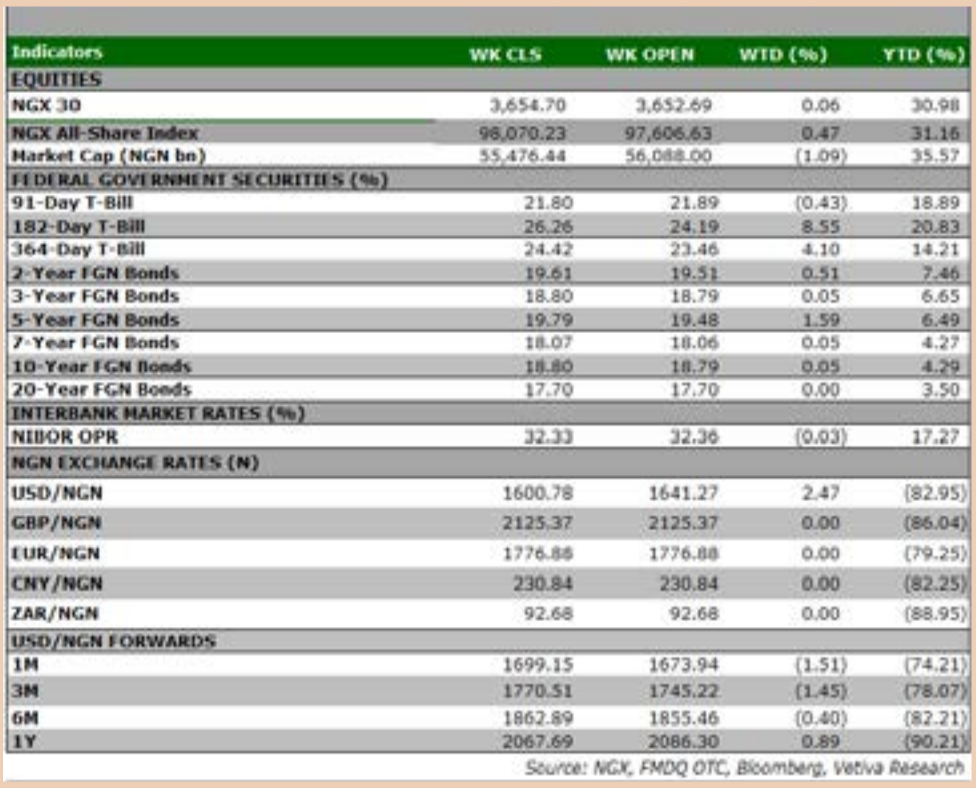
## MARKET COMMENTARY FOR THE WEEK ENDED 1 1TH OCTOBER, 2024

# Focus for the week: Consumer Goods Sector 9M'24 Earnings Preview

THE NIGERIAN ECONOMY CONTINUES to grapple with significant headwinds. At the forefront are currency depreciation and rising inflation, both of which have put immense pressure on consumer goods companies. Inflation has averaged 32.77% so far in 2024, a sharp increase from 22.63% a year ago, with food inflation climbing even higher due to global commodity price pressures and persistent supply chain disruptions. Beyond production costs, the sustained depreciation of the Naira and the hike in benchmark interest rates locally, coupled with still elevated rates on the global front have further impacted profitability.

Following the release of Q2 GDP report, the NBS stated that the manufacturing sector grew by 1.28% y/y, the lowest in the past four quarters. The Food, Beverage & Tobacco segment, which is the largest sub-sector expanded a little faster, by 2.29% y/y, but also its lowest gain in the last four quarters. Despite the generally inelastic demand for staple foods and beverages, economic challenges have caused a decline in overall consumer demand. As consumers tighten their belts, even essential items are becoming more sensitive to price fluctuations.

In Q2'24, supported by price increases, topline growth across the sector remained resilient, with most companies reporting revenue increases of over 50% y/y. However, bottom-line performance was mixed, depending on product type and company structure. Brewers and other commodity-heavy importers experienced faster growth in their cost of goods sold, compounded by foreign exchange losses on payables. Companies with foreign loans, particularly those with foreign parent firms, also faced rising interest costs. Among publicly listed firms, Flour Mills of Nigeria (PAT margin: 0.9%) and Unilever Nigeria (PAT margin: 6.9%) stood out amongst its peers, posting net profits at the end of the quarter.



| Indicators | WK CLS | WK OPEN | WTD (%) | YTD (%) |
|---|---|---|---|---|
| EQUITIES | | | | |
| NGX 30 | 3,654.70 | 3,652.69 | 0.06 | 30.98 |
| NGX All-Share Index | 98,070.23 | 97,606.63 | 0.47 | 31.16 |
| Market Cap (NGN bn) | 55,476.44 | 56,088.00 | (1.09) | 35.57 |
| FEDERAL GOVERNMENT SECURITIES (%) | | | | |
| 91-Day T-Bill | 21.80 | 21.89 | (0.43) | 18.89 |
| 182-Day T-Bill | 26.26 | 24.19 | 8.55 | 20.83 |
| 364-Day T-Bill | 24.42 | 23.46 | 4.10 | 14.21 |
| 2-Year FGN Bonds | 19.61 | 19.51 | 0.51 | 7.46 |
| 3-Year FGN Bonds | 18.80 | 18.79 | 0.05 | 6.65 |
| 5-Year FGN Bonds | 19.79 | 19.48 | 1.59 | 6.49 |
| 7-Year FGN Bonds | 18.07 | 18.06 | 0.05 | 4.27 |
| 10-Year FGN Bonds | 18.80 | 18.79 | 0.05 | 4.29 |
| 20-Year FGN Bonds | 17.70 | 17.70 | 0.00 | 3.50 |
| INTERBANK MARKET RATES (%) | | | | |
| NIBOR OPR | 32.33 | 32.36 | (0.03) | 17.27 |
| NGN EXCHANGE RATES (N) | | | | |
| USD/NGN | 1600.78 | 1641.27 | 2.47 | (82.95) |
| 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 | 1699.15 | 1673.94 | (1.51) | (74.21) |
| 3M | 1770.51 | 1745.22 | (1.45) | (78.07) |
| 6M | 1862.89 | 1855.46 | (0.40) | (82.21) |
| 1Y | 2067.69 | 2086.30 | 0.89 | (90.21) |

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

| SECTOR | INDEX VALUE | WoW Δ | YTD Δ |
|---|---|---|---|
| BANKING | 926.39 | -0.51% | 3.25% |
| CONSUMER GOODS | 1,572.66 | 1.42% | 40.25% |
| INDUSTRIAL GOODS | 3,581.11 | 0.04% | 32.03% |
| OIL & GAS | 2,192.84 | 1.08% | 110.23% |
| VETIVA 30 ETF | 36.05 | 0.00% | 33.52% |
| INSURANCE | 432.19 | -1.23% | 34.36% |

Weekly Top 5 Gainers

| Stock | Closing Price (₦) | % Change |
|---|---|---|
| TRANSPOWER | 359.90 | 19.29% |
| MECURE | 12.00 | 18.81% |
| DANGSUGAR | 35.05 | 13.06% |
| GOLDBREW | 3.74 | 10.00% |
| CHAMPION | 3.42 | 9.97% |

Weekly Top 5 Losers

| Stock | Closing Price (₦) | % Change |
|---|---|---|
| ARADEL | 625.40 | -19.08% |
| REGALINS | 0.61 | -15.28% |
| TRIPPLEG | 1.71 | -14.93% |
| CAVERTON | 2.36 | -9.23% |
| ABCTRANS | 1.20 | -9.09% |

Source: Vetiva Research

**What shaped the past week?**

**Equities:** In the week, the local equity market traded in a bullish manner, gaining 0.47% w/w to settle at 98,070.23 pts. This was majorly driven by gains in the Consumer Goods sector, as the index inched up 1.42% w/w. Stocks such as DANGSUGAR (+13.06% w/w), and INTBREW (+6.91% w/w) were among the top gainers. Similarly, the Oil and Gas sector rose by 1.08% w/w, due to gains observed in ETERNA (+8.10% w/w) and CONOIL (+5.33% w/w). Meanwhile, the Insurance sector closed lower, losing 1.23% w/w. Finally, the Banking sector contracted by 0.51% w/w, due to losses recorded in JAIZBANK (-6.64% w/w) and FIDELITYBK (-4.76 w/w).

**Fixed Income:** This week, system liquidity was further constrained due to increased borrowings at the SLF window, and OMO sales. It opened on Monday at c.₦2.3 trillion negative and closed on Friday at c.₦872 billion negative. As a result, OPR increased marginally by 3bps to 32.33% w/w. At the end of the week, the secondary market closed on a mixed note with a bearish bias, especially on short-term instruments, with the most notable change being a yield increase of 855bps on the 182-day T-bill to 26.26%.

**Currency:** At the NAFEM, the Naira appreciated by ₦40.49 w/w to close the week at ₦1,600.78 per dollar.

**Domestic Economy:**

Annual headline inflation increased by 55bps to 32.70% y/y in September (Aug'24: 32.15% y/y). This outturn was higher than Bloomberg Consensus' estimate of 32.4% (Vetiva: 32.27% y/y). On a month-on-month basis, headline inflation increased by 30bps to 2.52% (Aug'24: 2.22% m/m). The uptick can be attributed to the passthrough of higher transport costs to food prices. Given the successive increase in PMS prices amid hitches associated with the naira-for-crude deal, we now expect inflation to rise to 34% y/y in October and remain elevated for the remaining months of the year. Thus, we raise our average annual inflation forecast for 2024 to 33.21% y/y (2023: 24.52% y/y). We believe this inflation outturn could cause the apex bank to maintain its rate-hiking cycle.

**Global:** The S&P 500 and the Nasdaq closed higher on Friday, boosted by an earnings-driven jump in Netflix shares and broader gains across technology stocks. All three major Wall Street benchmarks comfortably secured a sixth straight weekly gain, with the Dow Jones Industrial Average closing largely unchanged a day after posting a record closing high. The Dow Jones Industrial Average rose by 0.1%, to finish at 43,275.91 ppts. The S&P 500 increased by 0.4%, to close at 5,864.67 ppts, while the Nasdaq Composite climbed 0.6%, to end at 18,489.55 ppts. U.S. Treasury yields fell on Friday as investors weighed the latest economic data and its potential effect on U.S. monetary policy. The 10-year Treasury yield fell 2bps to 4.075%. The yield on the 2-year Treasury ticked lower by 2bps to 3.965%. In the Asia-Pacific region, Chinese stocks rallied on Friday for the first time in four days as the central bank rolled out promised support for the stock market. China's CSI 300 jumped 3.6% to 3925.23 ppts, the index is now 22% above levels from late September when the Chinese government first announced a stimulus plan. The Hang Seng also closed3.6% higher. Meanwhile, European equities closed mostly higher on Friday, as the Stoxx Europe 600 gained 0.19%, the Swiss Market Index was up 0.18%, France's CAC rose 0.39%, Germany's increased 0.38%, while the FTSE in London declined 0.32%.

**What will shape markets in the coming week?**

**Equity market:** We expect the market to trade in a cautious manner in the coming week, as more Q3'24 earnings trickle in; that said, we expect to see investors take a "wait-and-see" stance on the market.

**Fixed Income:** In next week's trading session, we expect system liquidity levels to determine the direction of the NTBs space. In the Bonds market, we expect trading activities to remain calm as investors await the Bond auction scheduled for the week.

MONEY Nuggets

TUNDE OYEDOYIN

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# Plan for different scenarios

YOURS TRULY WAS watching a programme on Channels TV on the last Saturday of September, when a notable Nigerian disclosed to the anchors that Shell Petroleum Development Company, SPDC, or Shell, as we all know it, started planning for the future in 1959. That means the company didn't just settle in 'Eldorado.' They projected into the future.

He went on and said the oil giant did this by assembling some of the brainiest minds in the organisation to do the exercise.That disclosure made an impression and so, here we are. From a personal finance standpoint, it actually made a ton of sense.

Before telling you who that fellow Nigerian is, have you ever, and do you sometimes engage in scenario or strategic planning? As a minimum, do you imagine or plan for a situation when your employer couldn't pay you at the end of the month.

Here's the thing, assuming in your current situation, you're banking just ten thousand Naira in a savings account and another ten separately in an investment account each and every month, what will things look like for you in 2030?

By the way, Daystar Christian Centre founder, Dr Sam Adeyemi, was the one Alero and Ayo had on the sofa during that segment of the Sunrise programme on Channels TV on the last Saturday of September. So, thank you pastor Adeyemi for providing the idea for this piece.

Back to the drift. You may be thinking that I'm neither Shell nor a corporate organisation and so don't need to do strategic planning. In the eternal words of tennis legend, John McEnroe, you cannot be serious. You and I need to.

Let's even flip the coin back to six years ago in 2018. Did you know that the current state of your personal finance is as a result of the scenario planning you didn't do then. It hurts when yours truly looks back at that. I'm thinking, I wished I was snapping up bargain shares from the market or Aradel Oil every quarter from then, or had half a piece of land to develop.

As it turns out, none of us can change the past. However, we do have a say in what the shape of our personal finance could look like in 2030.

**Peter Fregene deserved a well befitting life**

Very saddened by the helplessness of the late Peter Fregene that was shown on Arise News a day before his recent passing.

Here was a man who kept the goal for Nigeria and brought us honour being abandoned on a hospital bed in the twilight of his life. Our sports administrators ought to have done the needful by providing him with the funding he needed to look after his health prior to then. They should be doing scenario planning and thinking of athletes and sports people who may need support in the last quarter of their lives.

Yours truly got to know the 'Flying Cat' in the mid-seventies while in primary school. He was with NEPA then and the team used to train at a field around Oke-ira, somewhere near the Nigerian Railway Corporation in Ebute-metta. On the way to the trade centre, we'll stop and watch their practice. Imagine a primary school kid seeing an agile goalkeeper and the rest of the team. We saw them at close range almost once a week when going to the centre.

Sleep well, Mr Fregene.

*business a.m. commits to publishing a diversity of views, opinions and comments. It, therefore, welcomes your reaction to this and any of our articles via email: comment@businessamlive.com*

## Share Price List as @ Friday 18 October, 2024: The Nigerian Stock Exchange

| Company | Previous Close | Open | High | Low | Close | Change | % Change | Volume | Value (N) |
|---|---|---|---|---|---|---|---|---|---|
| ABBEYBDS | 2.78 | 2.78 | - | - | 2.78 | 0.00 | 0.00% | 25,749 | 77,860.38 |
| ABCTRANS | 1.20 | 1.20 | - | - | 1.20 | 0.00 | 0.00% | 292,719 | 341,823.70 |
| ACADEMY | 2.86 | 2.86 | - | - | 2.86 | 0.00 | 0.00% | 39,679 | 117,473.45 |
| ACCESSCORP | 20.00 | 20.00 | 21.00 | 19.95 | 20.00 | 0.00 | 0.00% | 27,426,015 | 558,307,342.90 |
| AFRIPRUD | 9.15 | 9.15 | - | - | 9.15 | 0.00 | 0.00% | 223,765 | 2,164,667.90 |
| AIICO | 1.16 | 1.16 | 1.16 | 1.15 | 1.15 | -0.01 | -0.86% | 2,112,743 | 2,446,977.72 |
| AIRTELAFRI | 2,200.00 | 2,200.00 | - | - | 2,200.00 | 0.00 | 0.00% | 114 | 246,315.80 |
| ALEX | 7.15 | 7.15 | - | - | 7.15 | 0.00 | 0.00% | 1,082 | 7,686.20 |
| ARADEL | 694.80 | 694.80 | 625.40 | 625.40 | 625.40 | -69.40 | -9.99% | 3,025,252 | 1,891,992,600.80 |
| BERGER | 19.00 | 19.00 | - | - | 19.00 | 0.00 | 0.00% | 42,224 | 742,513.80 |
| BETAGLAS | 48.95 | 48.95 | - | - | 48.95 | 0.00 | 0.00% | 50 | 2,320.00 |
| BUACEMENT | 110.00 | 110.00 | - | - | 110.00 | 0.00 | 0.00% | 91,835 | 9,094,932.00 |
| BUAFOODS | 394.90 | 394.90 | - | - | 394.90 | 0.00 | 0.00% | 1,932 | 686,826.00 |
| CADBURY | 18.20 | 18.20 | - | - | 18.20 | 0.00 | 0.00% | 150,021 | 2,750,178.90 |
| CAP | 35.00 | 35.00 | - | - | 35.00 | 0.00 | 0.00% | 134,199 | 4,428,065.00 |
| CAVERTON | 2.47 | 2.47 | 2.47 | 2.36 | 2.36 | -0.11 | -4.45% | 1,223,251 | 3,000,079.41 |
| CHAMPION | 3.75 | 3.75 | 3.81 | 3.42 | 3.42 | -0.33 | -8.80% | 2,773,750 | 10,381,361.55 |
| CHAMS | 2.00 | 2.00 | 2.07 | 2.00 | 2.00 | 0.00 | 0.00% | 10,269,765 | 20,838,398.98 |
| CHELLARAM | 3.70 | 3.70 | - | - | 3.70 | 0.00 | 0.00% | 2,999 | 10,046.65 |
| CILEASING | 3.50 | 3.50 | 3.79 | 3.49 | 3.79 | 0.29 | 8.29% | 6,167,918 | 21,786,120.50 |
| CONOIL | 176.95 | 176.95 | - | - | 176.95 | 0.00 | 0.00% | 10,362 | 1,752,118.45 |
| CORNERST | 2.51 | 2.51 | 2.53 | 2.51 | 2.51 | 0.00 | 0.00% | 2,435,196 | 6,123,872.00 |
| CUSTODIAN | 11.65 | 11.65 | - | - | 11.65 | 0.00 | 0.00% | 271,949 | 3,288,880.60 |
| CUTIX | 2.60 | 2.60 | 2.63 | 2.60 | 2.60 | 0.00 | 0.00% | 3,328,321 | 8,665,990.09 |
| CWG | 6.20 | 6.20 | 6.15 | 6.15 | 6.15 | -0.05 | -0.81% | 607,297 | 3,622,250.15 |
| DAARCOMM | 0.55 | 0.55 | 0.60 | 0.60 | 0.60 | 0.05 | 9.09% | 1,996,550 | 1,122,050.87 |
| DANGCEM | 478.80 | 478.80 | - | - | 478.80 | 0.00 | 0.00% | 2,087 | 899,497.00 |
| DANGSUGAR | 35.10 | 35.10 | 35.10 | 35.00 | 35.05 | -0.05 | -0.14% | 2,093,850 | 73,331,513.25 |
| DEAPCAP | 1.45 | 1.45 | 1.35 | 1.31 | 1.31 | -0.14 | -9.66% | 4,091,620 | 5,459,015.10 |
| ELLAHLAKES | 4.18 | 4.18 | 4.10 | 4.05 | 4.05 | -0.13 | -3.11% | 953,329 | 3,915,713.01 |
| ENAMELWA | 19.30 | 19.30 | - | - | 19.30 | 0.00 | 0.00% | 50 | 990.00 |
| ETERNA | 26.70 | 26.70 | - | - | 26.70 | 0.00 | 0.00% | 244,663 | 6,381,743.95 |
| ETI | 24.20 | 24.20 | - | - | 24.20 | 0.00 | 0.00% | 84,418 | 2,044,063.10 |
| ETRANZACT | 7.50 | 7.50 | - | - | 7.50 | 0.00 | 0.00% | 25,215 | 170,376.25 |
| FBNH | 26.20 | 26.20 | 26.00 | 26.00 | 26.00 | -0.20 | -0.76% | 1,816,926 | 47,137,243.80 |
| FCMB | 8.40 | 8.40 | 8.50 | 8.00 | 8.45 | 0.05 | 0.60% | 11,910,456 | 98,967,768.65 |
| FIDELITYBK | 13.80 | 13.80 | 14.00 | 13.20 | 14.00 | 0.20 | 1.45% | 3,411,424 | 45,841,426.65 |
| FIDSON | 15.75 | 15.75 | - | - | 15.75 | 0.00 | 0.00% | 92,881 | 1,323,105.20 |
| FLOURMILL | 62.00 | 62.00 | - | - | 62.00 | 0.00 | 0.00% | 277,371 | 17,654,692.35 |
| FTNCOCOA | 1.90 | 1.90 | 1.87 | 1.87 | 1.87 | -0.03 | -1.58% | 442,078 | 831,763.52 |
| GEREGU | 1,150.00 | 1,150.00 | - | - | 1,150.00 | 0.00 | 0.00% | 275 | 284,625.00 |
| GOLDBREW | 3.74 | 3.74 | - | - | 3.74 | 0.00 | 0.00% | 17,930 | 71,049.56 |
| GTCO | 50.00 | 50.00 | 50.00 | 49.70 | 50.00 | 0.00 | 0.00% | 9,753,695 | 487,479,938.80 |
| GUINEAINS | 0.45 | 0.45 | 0.46 | 0.46 | 0.46 | 0.01 | 2.22% | 471,106 | 217,304.75 |
| GUINNESS | 65.00 | 65.00 | - | - | 65.00 | 0.00 | 0.00% | 54,348 | 3,435,510.00 |
| HONYFLOUR | 4.46 | 4.46 | 4.70 | 4.47 | 4.60 | 0.14 | 3.14% | 1,131,414 | 5,196,048.67 |
| IKEJAHOTEL | 7.00 | 7.00 | - | - | 7.00 | 0.00 | 0.00% | 53,079 | 402,204.35 |
| IMG | 35.00 | 35.00 | - | - | 35.00 | 0.00 | 0.00% | 2,795 | 88,042.50 |
| INFINITY | 7.00 | 7.00 | - | - | 7.00 | 0.00 | 0.00% | 3,000 | 20,400.00 |
| INTBREW | 4.05 | 4.05 | 4.33 | 4.06 | 4.33 | 0.28 | 6.91% | 526,436 | 2,205,725.71 |
| INTENEGINS | 1.45 | 1.45 | - | - | 1.45 | 0.00 | 0.00% | 56,983 | 84,459.97 |
| JAIZBANK | 2.39 | 2.39 | 2.42 | 2.25 | 2.25 | -0.14 | -5.86% | 2,769,333 | 6,533,188.69 |
| JAPAULGOLD | 2.34 | 2.34 | 2.41 | 2.15 | 2.35 | 0.01 | 0.43% | 136,559,886 | 327,051,778.41 |
| JBERGER | 164.00 | 164.00 | - | - | 164.00 | 0.00 | 0.00% | 104,772 | 15,532,176.10 |
| JOHNHOLT | 3.05 | 3.05 | - | - | 3.05 | 0.00 | 0.00% | 33,540 | 99,930.60 |
| LASACO | 2.45 | 2.45 | 2.57 | 2.57 | 2.57 | 0.12 | 4.90% | 992,174 | 2,538,465.17 |
| LEARNAFRCA | 3.25 | 3.25 | - | - | 3.25 | 0.00 | 0.00% | 14,210 | 43,237.25 |
| LINKASSURE | 0.97 | 0.97 | 0.92 | 0.92 | 0.92 | -0.05 | -5.15% | 272,969 | 252,679.25 |
| LIVESTOCK | 3.23 | 3.23 | 3.23 | 3.06 | 3.15 | -0.08 | -2.48% | 2,028,379 | 6,339,204.07 |
| MANSARD | 5.75 | 5.75 | 5.51 | 5.50 | 5.51 | -0.24 | -4.17% | 621,684 | 3,435,591.57 |
| MAYBAKER | 6.85 | 6.85 | - | - | 6.85 | 0.00 | 0.00% | 245,420 | 1,696,112.20 |
| MECURE | 12.00 | 12.00 | - | - | 12.00 | 0.00 | 0.00% | 104,390 | 1,196,576.00 |
| MEYER | 8.52 | 8.52 | - | - | 8.52 | 0.00 | 0.00% | 87,435 | 670,626.45 |
| MORISON | 4.45 | 4.45 | - | - | 4.45 | 0.00 | 0.00% | 3,227 | 13,553.40 |
| MRS | 132.70 | 132.70 | - | - | 132.70 | 0.00 | 0.00% | 3,946 | 483,274.00 |
| MTNN | 191.00 | 191.00 | - | - | 191.00 | 0.00 | 0.00% | 459,301 | 87,041,413.40 |
| MULTIVERSE | 8.80 | 8.80 | - | - | 8.80 | 0.00 | 0.00% | 21,556 | 171,835.95 |
| NAHCO | 34.85 | 34.85 | - | - | 34.85 | 0.00 | 0.00% | 85,306 | 2,864,754.85 |
| NASCON | 32.00 | 32.00 | - | - | 32.00 | 0.00 | 0.00% | 128,878 | 4,161,612.45 |
| NB | 29.00 | 29.00 | 28.00 | 28.00 | 28.00 | -1.00 | -3.45% | 1,169,284 | 33,014,991.05 |
| NEIMETH | 1.98 | 1.98 | - | - | 1.98 | 0.00 | 0.00% | 98,151 | 189,654.81 |
| NEM | 8.00 | 8.00 | - | - | 8.00 | 0.00 | 0.00% | 95,897 | 768,711.00 |
| NESTLE | 870.00 | 870.00 | - | - | 870.00 | 0.00 | 0.00% | 45,809 | 38,828,443.00 |
| NGXGROUP | 20.50 | 20.50 | 21.50 | 21.25 | 21.50 | 1.00 | 4.88% | 3,354,021 | 71,734,598.30 |
| NNFM | 34.80 | 34.80 | - | - | 34.80 | 0.00 | 0.00% | 4,311 | 135,149.85 |
| NPFMCRFBK | 1.70 | 1.70 | 1.60 | 1.60 | 1.60 | -0.10 | -5.88% | 2,218,190 | 3,579,441.04 |
| NSLTECH | 0.62 | 0.62 | - | - | 0.62 | 0.00 | 0.00% | 68,835 | 40,423.70 |
| OANDO | 76.00 | 76.00 | 77.00 | 76.00 | 77.00 | 1.00 | 1.32% | 3,694,013 | 283,577,662.80 |
| OKOMUOIL | 338.10 | 338.10 | - | - | 338.10 | 0.00 | 0.00% | 24,178 | 8,244,331.70 |
| OMATEK | 0.68 | 0.68 | 0.68 | 0.66 | 0.66 | -0.02 | -2.94% | 1,120,659 | 752,670.75 |
| PRESCO | 485.40 | 485.40 | - | - | 485.40 | 0.00 | 0.00% | 62,964 | 27,755,081.50 |
| PRESTIGE | 0.53 | 0.53 | 0.53 | 0.51 | 0.51 | -0.02 | -3.77% | 1,785,900 | 931,654.00 |
| PZ | 19.70 | 19.70 | - | - | 19.70 | 0.00 | 0.00% | 184,561 | 3,323,914.80 |
| REDSTAREX | 4.05 | 4.05 | - | - | 4.05 | 0.00 | 0.00% | 17,824 | 72,174.70 |
| REGALINS | 0.62 | 0.62 | 0.61 | 0.56 | 0.61 | -0.01 | -1.61% | 4,368,747 | 2,511,354.27 |
| ROYALEX | 0.71 | 0.71 | 0.68 | 0.68 | 0.68 | -0.03 | -4.23% | 275,635 | 188,925.78 |
| RTBRISCOE | 3.03 | 3.03 | 3.06 | 3.06 | 3.06 | 0.03 | 0.99% | 462,180 | 1,411,643.02 |
| SEPLAT | 5,217.20 | 5,217.20 | - | - | 5,217.20 | 0.00 | 0.00% | 1,060,906 | 5,003,720,451.30 |
| SKYAVN | 25.00 | 25.00 | - | - | 25.00 | 0.00 | 0.00% | 7,575 | 195,925.00 |
| SOVRENINS | 0.59 | 0.59 | 0.60 | 0.59 | 0.60 | 0.01 | 1.69% | 845,149 | 505,846.05 |
| STANBIC | 53.10 | 53.10 | 55.95 | 55.95 | 55.95 | 2.85 | 5.37% | 1,664,692 | 91,964,125.40 |
| STERLINGNG | 5.00 | 5.00 | 5.00 | 4.78 | 4.78 | -0.22 | -4.40% | 5,169,688 | 24,941,731.99 |
| SUNUASSUR | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 0.00 | 0.00% | 1,108,515 | 1,994,945.00 |
| TANTALIZER | 0.60 | 0.60 | 0.65 | 0.61 | 0.61 | 0.01 | 1.67% | 1,595,919 | 1,025,618.67 |
| THOMASWY | 1.94 | 1.94 | - | - | 1.94 | 0.00 | 0.00% | 25,010 | 46,269.10 |
| TOTAL | 673.90 | 673.90 | - | - | 673.90 | 0.00 | 0.00% | 55,736 | 35,676,351.60 |
| TRANSCOHOT | 97.00 | 97.00 | - | - | 97.00 | 0.00 | 0.00% | 19,543 | 1,723,219.15 |
| TRANSEXPR | 1.23 | 1.23 | - | - | 1.23 | 0.00 | 0.00% | 91,413 | 111,477.99 |
| TRANSPOWER | 330.90 | 330.90 | 359.90 | 347.90 | 359.90 | 29.00 | 8.76% | 1,188,594 | 393,178,264.00 |
| TRIPPLEG | 1.71 | 1.71 | 1.71 | 1.71 | 1.71 | 0.00 | 0.00% | 378,754 | 653,327.70 |
| UACN | 20.20 | 20.20 | - | - | 20.20 | 0.00 | 0.00% | 262,704 | 5,406,151.60 |
| UBA | 24.40 | 24.40 | 25.40 | 24.35 | 25.40 | 1.00 | 4.10% | 38,596,765 | 965,090,464.50 |
| UCAP | 18.35 | 18.35 | 18.40 | 18.25 | 18.40 | 0.05 | 0.27% | 1,436,730 | 26,427,693.45 |
| UNILEVER | 19.00 | 19.00 | - | - | 19.00 | 0.00 | 0.00% | 108,560 | 2,079,111.10 |
| UNIVINSURE | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.00 | 0.00% | 648,353 | 227,067.40 |
| UPDC | 1.48 | 1.48 | - | - | 1.48 | 0.00 | 0.00% | 272,579 | 410,585.12 |
| UPDCREIT | 5.20 | 5.20 | 5.20 | 5.15 | 5.15 | -0.05 | -0.96% | 325,072 | 1,681,964.80 |
| UPL | 2.55 | 2.55 | 2.79 | 2.51 | 2.79 | 0.24 | 9.41% | 1,875,789 | 5,107,339.86 |
| VERITASKAP | 1.56 | 1.56 | 1.59 | 1.50 | 1.58 | 0.02 | 1.28% | 3,850,977 | 5,880,505.93 |
| VFDGROUP | 45.00 | 45.00 | - | - | 45.00 | 0.00 | 0.00% | 7,005 | 283,702.50 |
| VITAFOAM | 20.00 | 20.00 | - | - | 20.00 | 0.00 | 0.00% | 32,213 | 671,579.85 |
| WAPCO | 36.50 | 36.50 | - | - | 36.50 | 0.00 | 0.00% | 463,201 | 16,758,258.10 |
| WAPIC | 0.81 | 0.81 | 0.84 | 0.82 | 0.82 | 0.01 | 1.23% | 3,243,609 | 2,685,820.46 |
| WEMABANK | 7.95 | 7.95 | - | - | 7.95 | 0.00 | 0.00% | 2,032,488 | 15,313,561.20 |
| ZENITHBANK | 37.50 | 37.50 | 37.60 | 37.45 | 37.45 | -0.05 | -0.13% | 27,915,357 | 1,044,814,306.45 |

**Stories by Onome Amuge**

# Agricultural sector loses ground as foreign direct investment plunges 41% in 2024

FOREIGN DIRECT INVESTMENT (FDI) into Nigeria's agricultural sector declined by 41 percent year-on-year during the second quarter (Q2) of 2024, according to the latest capital importation report by the National Bureau of Statistics (NBS), which indicates a weakening of the sector's economic contributions, limiting its overall impact on the Nigerian economy.

The NBS report revealed that investment in the agricultural sector plummeted from $10.01 million (N16.9 billion) in Q2 2023 to $5.91 million (N10 billion) during the same quarter of 2024.

On a quarter-on-quarter basis, foreign direct investment into the sector suffered a 63 percent decline from the previous quarter's investment of $15.80 million (N26.7 billion) in Q1 2024.

Foreign direct investment, as defined by the Organisation for Economic Co-operation and Development (OECD) is a form of cross-border investment in which an investor, resident in one economy, establishes a long-term interest in and a significant degree of influence over an enterprise located in a different economy.

The significant drop in FDI points to the ongoing struggles of the agriculture sector, as it battles food shortages and inadequate production while trying to meet the needs of a growing population.

Despite its immense potential as a key driver of the Nigerian economy, the agriculture sector has yet to realise its full potential as evidenced by the 63 percent decline in investment during Q2 of 2024, as shown by the NBS data.

The disappointing outcome reflects the lack of sustained growth and insufficient foreign exchange (FX) generation, despite the sector's 22.61 percent contribution to the country's overall GDP in real terms in the same period.

Nigeria's agricultural sector has been reeling from a lack of investment, and the root cause, as many analysts and industry players point out, can be traced to the rampant insecurity and pervasive violence engulfing the North Central and North West regions.

Farmers have been reportedly targeted and terrorised by marauding bandits and herders. From the theft of livestock and crops to the merciless killings, farmers have become a prime target for attacks, leaving many farmers either displaced from their ancestral lands or forced to pay the perpetrators for the right to work their land.

The violent and seemingly unrelenting attacks on farmers in Nigeria's North Central and North West regions have sent a chilling message to foreign investors, effectively driving them away from the agricultural sector.

As Promise Amahah, director general of the Nigerian Young Farmers Network, pointed out, the persistent threat of insecurity has had a bad impact on the willingness of foreign investors to invest in the country's agriculture sector, contributing to the steep decline in FDI during the second quarter of 2024.

In an assessment of the current state of affairs in Nigeria's agriculture sector, Amahah warned that the absence of young farmers in a country with over 200 million people spells doom for the industry's future.

With the youth turning away from farming, Amahah emphasised the pressing need for immediate and decisive action to make agriculture an attractive option for the younger generation and, in turn, rekindle foreign investment interest in the sector.

Intending to lure the younger generation into the fold of modern agriculture, Amahah urged for a much-needed image makeover of the sector.

He stressed that today's agriculture is far removed from the traditional image of farming with rudimentary tools and methods, instead encompassing advanced technological applications and innovative practices.

It is therefore imperative, according to Amahah, to present this modern face of agriculture to young people, to shift their perception and make farming a viable and attractive career choice.

Amahah stated that it is crucial to ignite a sense of interest and engagement in agriculture among the younger generation to ensure a smooth and sustainable transition from the ageing farmers to the next generation of agriculturalists.

With the Agritech industry booming globally and continually evolving, he implored the youth to recognise that agriculture has transformed into a technologically advanced and high-potential field, teeming with opportunities for those who are willing to embrace it.

"How we can correct the challenges in the agric sector is to create an ecosystem that is all-inclusive, that engages both young farmers, processors, value chain aggregators within the same ecosystem so that everyone has a role cut out for them," he suggested.

Agriculture, Amahah pointed out, is already the largest employer of labour in Nigeria, but by unlocking the potential of other value chains such as post-harvest management, research and development, essential services, and mechanisation, young people can be empowered to reinvent and revolutionise the industry, thereby attracting significant foreign direct investment.

Amahah stressed the urgent need for a paradigm shift in Nigeria's agricultural sector, from a reactive to a proactive, forward-thinking strategy.

According to him, by adopting a more holistic approach that encompasses the entire value chain, from production to distribution, marketing, and processing, the sector could uncover vast opportunities to boost foreign direct investments.

Tajudeen Ibrahim, director of research & strategy at Chapel Hill Denham, weighed in on the matter, noting that security is a key determinant of foreign investment in the agricultural sector.

He cautioned that the government's inability to effectively combat insecurity across the country would likely lead to a further contraction in capital importation, highlighting the interdependent relationship between national security and foreign investment.

Ibrahim also underscored the critical importance of government policies, stating that they must not only exist but be consistent, predictable, and investor-friendly to attract foreign investment into Nigeria.

"We need to fix any issue that we might have around policy implementation as well as ensuring they are friendly to foreign investors and will steadily attract them over the medium to long term," he added.

In addition to the security concerns, the capital market expert, identified structural challenges, particularly those related to infrastructure, as a key impediment to attracting more foreign direct investment. He emphasised the importance of addressing these issues, stating, "We should be able to have a better road network, good transportation system, and power systems whereby investors can operate at relatively cheap or low cost."

Chinonso Okafor, the national coordinator for the International Trade Centre, underscored the importance of creating investment vehicles managed by fund managers who are knowledgeable about the intricacies of the agriculture sector, including interest rates, competing interest rates, returns, investment duration, and other management factors, to build investor confidence. He noted that this would be an effective way to promote capital importation into the agriculture sector in Nigeria.

The former senior research analyst at Nextier Advisory, a leading public sector advisory firm, underscored that agriculture goes beyond the traditional activities of farming and crop cultivation, encompassing a wide spectrum of value chains and wealth creation opportunities.

He stressed the importance of local producers and agricultural sector stakeholders partnering with international organisations, the Central Bank of Nigeria (CBN), and other relevant government and private agencies and regulatory councils, to create technical or financial support initiatives that would boost foreign investment in the agriculture sector.

# Crude dives 7% on China's growth concerns, Middle East uncertainty

THE PRICE OF OIL FUTURES plummeted on Friday, wrapping up the week with a 7 percent loss, as a combination of factors exerted downward pressure on crude prices.

Data revealing a slowdown in China's economic growth, one of the world's largest consumers of oil, triggered concerns over the impact of this development on global demand for oil, weighing on prices.

Oil prices retreated on Friday, with Brent crude futures sliding $1.39 (1.87%) to $73.06 a barrel, while U.S. West Texas Intermediate (WTI) crude closed the day at $69.22 a barrel, down $1.45 or 2.05%.

The drop on Friday brought the weekly decline for Brent crude to more than 7 percent, while WTI plunged by approximately 8 percent, marking the steepest weekly drops for both benchmark grades since September 2nd,when the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA) downgraded their projections for global oil demand in 2024 and 2025.

In China, the world's leading consumer of oil, the economy registered a marked deceleration in growth during the third quarter of 2023, recording the weakest expansion since the beginning of the year.

However, despite this underwhelming performance, the country's consumption and industrial output figures for September defied expectations, surpassing forecasts.

John Kilduff, partner at Again Capital in New York, attributed the decline in oil prices to China's uncertain economic prospects, emphasising that "China is key to the demand side of the equation so that is very much weighing on prices here today."

In a further indication of China's softening economic conditions, refinery output in the country declined for the sixth consecutive month, driven by depressed refining margins and diminished fuel consumption.

Neil Atkinson, a Paris-based independent energy analyst and former head of the oil division at the IEA, underlined the impact of electric vehicles on China's oil demand.

"We cannot ignore the impact of electric vehicles in China," Atkinson stated. "There are various factors at play here, economic weakness in China but also the move towards the electrification of transport," he added.

Amid ongoing geopolitical tensions, U.S. President Joe Biden weighed in on the Middle East situation, stating that there was an opportunity to address the conflict between Israel and Iran in a manner that could lead to a temporary resolution.

"We lost additional parts of the geopolitical risk premium in the price of oil on talks of this all reaching an end point," said John Kilduff, partner at Again Capital, commenting on the impact of Biden's statement on oil prices.

Meanwhile, President Biden's remarks also indicated a level of awareness regarding the potential Israeli response to Iran's missile attacks.

Oil production continued its upward trajectory in the U.S, setting a new record a week prior with output rising to 13.5 million barrels per day (bpd), surpassing the previous peak of 13.4 million bpd achieved just two months ago.

The increase in domestic oil production was tempered somewhat by the Energy Information Administration's latest report, which indicated that crude oil, gasoline, and distillate inventories had fallen over the course of the previous week.

Stories by Onome Amuge

# Gold hits record-high as geopolitical turbulence, U.S. election uncertainty drive haven demand

GOLD PRICES HAVE surged to unprecedented heights, breaking through the $2,700 barrier for the first time in history.

Fueled by market expectations for additional monetary easing and escalating geopolitical uncertainty, including the US presidential elections and ongoing conflicts in the Middle East, investors have turned to the precious metal as a safe haven asset.

The upward momentum in gold prices reached new heights on Friday, with spot gold skyrocketing by 0.6% to a record-breaking level of $2,709.81 per ounce. Earlier in the day, the precious metal had touched an unprecedented high of $2,714.00, marking another historic milestone in its price trajectory.

For the week alone, bullion prices have surged by over two percent, while US gold futures soared by 0.7 percent to close at $2,725 per ounce, reflecting the continued strength in demand for the safe haven asset in the face of growing global uncertainty.

Analysts are citing mounting geopolitical tensions and uncertainty as the primary drivers behind gold's impressive climb, with investors increasingly turning to the precious metal as a safe haven asset.

Rhona O'Connell, an analyst at StoneX, elaborated on these developments, stating to Reuters that "the markets continue to look to geopolitics, and the overnight developments in the Middle East are fueling uncertainty."

As the conflict between Lebanon's Hezbollah militant group and Israel's Prime Minister Benjamin Netanyahu intensifies, investors have grown increasingly wary of the potential fallout.

L-R: Godfrey Adejumoh, head, corporate affairs and sustainable business; Goodluck Ehis, territory manager, Ibadan; Sherifat Ogunremi, Unilever Shakti Woman; Abayomi Alli, manufacturing director; and Afomre Ubogu, corporate affairs specialist, all of Unilever Nigeria, during the spotlight visit to the Shakti Woman in Ibadan, Oyo State recently.

In light of these developments, gold prices have soared to record levels, with the precious metal's appeal as a safe haven asset gaining renewed traction in the face of growing geopolitical uncertainty.

This upward trajectory in gold prices has been particularly pronounced in Asian markets, as traders in the region seek to protect their portfolios against potential volatility and risk. In a statement to Reuters, Independent analyst Ross Norman observed that gold's breakthrough past the $2,700 mark during Asian trading hours indicates that speculative interest is reaching a crescendo.

According to Norman, gold is enjoying robust trading activity, with its price seemingly unaffected by traditional market factors such as declining inflation and Treasury yields.

As gold maintains its upward trajectory, its current rally of over 31 percvent year-to-date can largely be attributed to investors seeking shelter from the prospect of additional monetary easing from central banks, particularly the US Federal Reserve, in addition to escalating geopolitical tensions.

As the U.S. presidential election draws near and polls indicate a close race between Vice President Kamala Harris and former President Donald Trump, investors are increasingly turning to gold as a safe-haven asset.

In response to the heightened uncertainty surrounding the outcome of the election and the potentially divergent policies of the candidates, bullion prices surged to new heights, breaking free from the relatively narrow trading range observed in the preceding fortnight.

Meanwhile, in the physical market, demand for gold in India has dipped due to the record-high prices, leading to dealers offering discounts to attract buyers, especially ahead of a key festival.

Despite gold's massive gains, market analysts are closely monitoring the precious metal's trajectory and have identified the $2,750 mark as a potential point of resistance should gold's ascent continue.

Frank Watson, a market analyst at Kinesis Money, has highlighted this trend channel, stating that "Should gold maintain its upward trajectory, it may encounter resistance at approximately $2,750 an ounce, which aligns with the upper boundary of the rising trend channel we've observed since late July." UBS analysts predict that gold prices will continue to rise over the next six to 12 months, as interest rates decline and central banks continue to increase their gold reserves.

According to the UBS note to clients, the ongoing demand for gold should remain high due to central banks and other financial institutions seeking to diversify their portfolios and mitigate potential risks, though the pace of these purchases is likely to slow compared to the first half of 2024.

UBS analysts have suggested that gold prices could climb to an unprecedented $2,900 per ounce by September 2025, largely due to the anticipated easing of Federal Reserve policy and continued purchases of the precious metal by central banks.

This prediction is founded on the inverse relationship between interest rates and gold prices, where a decrease in rates typically causes gold to increase in value.

# Copper rebounds on China's proactive stock market policy

COPPER PRICES GAINED ground on Friday, driven by recent initiatives by Chinese regulators to stimulate liquidity in the country's stock market and growing expectations of additional fiscal stimulus measures from the world's top consumer of metals.

These positive market developments were further reinforced by the release of mixed economic data from China, which indicated an economic slowdown but also highlighted opportunities for further monetary and fiscal support to bolster growth in the country's economy.

The price of copper on the London Metal Exchange (LME) for three-month delivery rose by 0.7 percent to $9,583 per metric tonne. This represented a rebound from the contract's previous decline to the lowest level since September 23.

The slight increase in price was a welcome respite from the three-week slump experienced by copper on the LME, which had resulted in a substantial drop in value since the beginning of the week.

China's economy demonstrated a marked deceleration in growth during the third quarter of 2023, hitting the lowest rate since the beginning of the year. This lacklustre performance was further underscored by ongoing weakness in the country's property sector, despite a stronger-than-expected showing in consumption and industrial output for September.

On Friday, China's central bank initiated two funding schemes designed to inject up to 800 billion yuan ($112 billion) into the country's stock market, with the aim of bolstering investor sentiment and propelling the capital markets.

This proactive move, which also involved a call for the swift implementation of supportive financial policies, was intended to counteract the downward pressure on Chinese stocks and promote confidence in the country's economy.

Dan Smith, head of research at Amalgamated Metal Trading, articulated the confusion surrounding China's economic performance, stating, "People are a bit puzzled with what is going with China's economy because there are certain parts of it which are doing well such as the electronic sector and other parts which are doing badly."

Smith highlighted the ongoing weakness in China's property and construction sectors as a key factor in copper's downward trajectory, adding that, "The property and the construction markets are still weak, adding pressure on copper, used in power and construction."

Industrial metals, which are heavily dependent on China's economic growth, are expected to face an uphill battle in the absence of a clear recovery and sustained expansion in the Chinese market, according to Ewa Manthey, a commodities analyst at ING.

On Friday, aluminum prices on the London Metal Exchange rose by 0.8 percent to settle at $2,572.50 a tonne, while tin saw a more significant increase of 1.0 percent to $31,490 a tonne. Zinc also managed to edge higher, up 0.4 percent to $3,064 a tonne.

The price of lead rose modestly, with a 0.2 percent gain to $2,072.50 a tonne, while nickel bucked the trend, falling by 0.4 percent to close at $16,925 a tonne.

# Cocoa tumbles amid Ivory Coast's Upsized crop expectations

COCOA PRICES PLUMMETED on Friday, marking their steepest decline in a week and reaching a one-week low. This significant drop was driven by expectations of a larger cocoa crop in Ivory Coast, the world's leading producer of the commodity.

The bearish sentiment permeated both the ICE NY and ICE London cocoa futures markets, with December NY cocoa closing down -321 points (-4.13%) and December London cocoa closing -243 points lower (-4.18%).

On Friday, Ivory Coast's regulatory body for cocoa and coffee, Le Conseil Cafe-Cacao, issued an updated forecast for the country's 2024/25 cocoa production, revising its previous estimate upward by as much as 10 percent.

The latest projection now places Ivory Coast's cocoa crop at between 2.1 and 2.2 million metric tonnes (MMT), a notable increase from the previous estimate of 2.0 MMT released in June.

The latest cocoa demand trends across various regions presented a mixed picture, with reports from major trade associations revealing divergent patterns.

While North American cocoa grindings for the third quarter showed a significant increase of 12 percent year-over-year, reaching 109,264 metric tonnes, and Asian cocoa grinding rose by 2.6 percent year-over-year to 216,998 metric tonnes, European cocoa grindings for the same period exhibited a decline of 3.3 percent year-over-year, amounting to 354,335 metric tonnes.

Earlier in October, New York cocoa futures declined to their lowest level in four and three-quarters months as the European Commission delayed the implementation of a key anti-deforestation law by one year. The now-postponed legislation, initially slated to take effect on December 30th, aimed to curb deforestation in nations that supply commodities, including cocoa, to the European Union. The deferral of the law lessened concerns that certified cocoa stockpiles held in European warehouses would become decertified, thus ensuring the availability of existing cocoa supplies.

Cocoa prices were under pressure from the rising cocoa production in Cameroon, the world's fifth-largest producer of the crop. On August 21st, Cameroon's National Cocoa and Coffee Board reported that the country's cocoa production for the 2023/24 (August-July) cocoa season had increased by 1.2 percent year-over-year to 266,725 metric tonnes.

Further dampening prices were the latest cocoa export figures from Nigeria, the world's sixth-largest producer of the commodity. The country's cocoa exports rose by 6.8 percent year-over-year, reaching 14,984 metric tonnes in August.

# Champion Breweries plans Q1'25 Public Offer to expand market reach

**Onome Amuge**

CHAMPION BREWERIES, THE BREWER behind the production of Champion lager beer and Champ Malta, is set to tap into the investing public's appetite for a slice of its success story, as it prepares to float a fresh batch of shares on the Nigerian Exchange Limited (NGX) in the first quarter of 2025.

The move was announced at a recent "Fact behind the Figures" event held at the NGX headquarters in Lagos, where the company laid out its plans to ensure its portfolio is running on all cylinders.

In his presentation, Inalegwu Adoga, managing director of Champion Breweries, explained that the company's recent decision to issue new shares aims to tackle the persistent free-float deficiency problem and raise funds to enhance production capacity, allowing the brewery to cater to the unmet demand from their current customer base.

"Over the years, we have been having a free float requirement deficiency which has put us at the risk of being delisted from the Exchange. However, to address this, we engaged with the NGX and through their kind consideration and support, we have been able to come up with a compliance plan which has a targeted timeline of Q1 2025. And within this period, we shall be engaging in share divestment to the retail market by way of a Public Offer," he stated.

Champion Breweries, a major player in Nigeria's brewing sector, reportedly has a free float of just 3.58 percent, which is well below the minimum requirement of 20 percent for companies on the mainboard.

Discussing the untapped potential of the brewery, Adoga pointed out that despite the company's regional focus on markets in Akwa Ibom, Imo, Enugu, and Cross River States, they have been unable to fully capitalise on the existing market demand due to limited production capacity.

L–R: Hafsat Bukola Rufai, director, Securities and Exchange Commission (SEC), Lagos zonal office; Haruna Jalo-Waziri, managing director/CEO, Central Securities Clearing System (CSCS) Plc; Adedayo Amzat, chief executive officer, Zedcrest Group; Temi Popoola, group managing director/CEO, Nigerian Exchange Group; Bola Ajomale, executive commissioner, operations, Securities and Exchange Commission (SEC); Tunde Kamali, director, office of the director general, SEC; Emomotimi Agama, director general, SEC; Jude Chiemeka, chief executive officer, Nigerian Exchange Limited (NGX); Femi Shobanjo, chief executive officer, NGX RegCo; Farooq Oreagba, chief executive officer, NG Clearing Limited; John Absl Briges, head, legal and enforcement, SEC; Samuel Onukwue, chairman, ASHON; Bawo Oritsejafor, managing director/CEO, United Capital Securities; and Sola Adesakin, founder/lead coach, Smart Stewards, during the Retail Investors' Workshop and closing gong ceremony in commemoration of the IOSCO World Investor Week 2024 at NGX, in Lagos, recently. IMAGE BY PIUS OKEOSISI

Determined to make the most of this opportunity, he shared the company's plan to engage with key firms, such as Rand Merchant Bank, FBN Quest, Africa Prudential, PWC,Banwo & Ighodalo,amongst others who will provide essential proclaimer services to help the brewery leverage its resources, expertise, and networks to exploit the full potential of the market.

Sharing key financial metrics at the event, Rasheed Adebiyi, the chief financial officer (CFO) at Champion Breweries, revealed that the company's net profit stood at N370 million for the financial year, marking a 74 percent decline from the previous fiscal year's N1.41 billion. The company's net profit margin also slid from 11 percent to 3 percent.

However, Champion Breweries held its ground, emerging as a bright spot in the sector by outperforming its peers, who couldn't escape the red ink during the financial year.

Adebiyi explained that even in the face of headwinds, Champion Breweries displayed efficiency in generating returns on equity, generating a positive ROE of 3 percent, setting it apart from its competitors in the breweries industry, who saw negative returns on equity for the fiscal year 2023.

Champion Breweries also announced a strong revenue growth of 68 percent, reaching N14.02 billion in nine months 2024, compared to nine months 2023.

In a season marked by volatility and uncertainty, Champion Breweries bucked the trend and remained profitable, largely thanks to what Inalegwu Adoga, the MD referred to as "raw materials hedging".

Adoga revealed that the company had anticipated the choppy waters ahead and hedged against raw material price instability by securing a stable supply arrangement of its key ingredients well in advance.

According to Adoga, the company's outlook remains positive despite current economic challenges. This is as Nigeria continues to be the largest market for alcohol consumption in Africa, with beer and spirits being the most consumed alcoholic drinks.

Adoga stated that the company's awareness of the economic landscape allows it to maintain a positive outlook, and he believes that the core addressable population in Nigeria is still one of the highest in Africa, which provides them with a strong consumer base.

"In spite of the fact that our household income may be lower than that of other countries, in terms of the core addressable population that we serve our products, it remains one of the largest and when you look at also the alcohol industry in terms of beer and spirits, we still see very significant growth.

Between 2019 and 2023, the beer industry (compounded annual growth) has grown by 3.1 percent, while that of Spirits is 3.7 percent. So, the outlook is positive," he said.

Adoga also observed that despite the adverse economic climate, food and beverages remain vital staples in Nigeria's daily life. He noted that though the total food and beverage consumption per person is lower than in countries such as the United States, the percentage of food and beverage expenditure consumed at home is high, at 59 percent.

"What is the implication of this? We can implement moderate price increases without losing demand and the steep demand continues in spite of low consumption expenditure. We also see opportunities in scale of economics as capacity expands. "Champion Breweries maintains a claim as a sole locally owned listed player in the industry dominated by multinational breweries. We all are familiar with the fact that the bigger players in our sector all have foreign investments.

"We may be smaller compared to these big players. However, we have established beverage brands with over 50 years' experience and we have demonstrated our resilience over the years. And the fact that we keep innovating to bring new products into the market makes it very critical to pay attention to our performance in the next two years.

"While other players in the industry where we operate had negative profit figures, it was only Champions Breweries that recorded a positive figure, and this is despite the macro economic and industrial headwinds that we had to face," he stated.

The Champion Breweries' MD, who delivered a compelling case for investing in the company, highlighted its commitment to creating shareholder value through a focus on profitability, efficiency, and growth. He also reiterated Champion Breweries' status as the only publicly traded Nigerian brewery brand to report profits in 2023.

Adoga underscored the company's commitment to cost efficiency through investing in renewable energy solutions and net-zero technologies, which will help the company reduce its carbon footprint and contribute to a more sustainable future.

Offering a reassuring voice concerning the company's strategic direction, Imo-Abasi Jacob, the chairman of the Board at Champion Breweries, underscored Champion Breweries' resilience and commitment to its shareholders and stakeholders.

Jacob reiterated that, despite the challenging economic conditions, the company remains undeterred in its pursuit of long-term success and profitability.

"Our focus on operational efficiency, cost reduction, and market expansion reflects our determination to deliver sustainable value and growth. We are confident that with our renewed leadership and strategic initiatives, Champion will continue to thrive as a significant player in Nigeria's beverage industry," he said.

Amidst the discussions on the company's performance and resilience, the event presented Champion Breweries' new strategic course under the stewardship of EnjoyCorp Limited, a core shareholder of the company.

David Butler, the managing director of EnjoyCorp, also graced the event, bringing his expertise to the table as a director on Champion Breweries' board.

# Access Bank, NDLEA strengthen collaboration to tackle drug trafficking, money laundering

**Joy Agwunobi**

ACCESS BANK PLC is stepping up its efforts to combat drug trafficking and money laundering by forging a stronger alliance with the National Drug Law Enforcement Agency (NDLEA).

This comes as Nigeria battles an escalating wave of illicit drug activities, which have posed numerous challenges to national security and the financial sector.

At a recent ceremony held at Access Bank's headquarters in Victoria Island, Lagos, Roosevelt Ogbonna, the bank's group chief executive officer/managing director, and Femi Jaiyeola, group chief conduct and compliance officer of the bank, were officially decorated as partners in the NDLEA's War Against Drug Abuse (WADA) initiative.

The event marked a symbolic deepening of cooperation between the bank and the NDLEA, highlighting the vital role financial institutions play in curbing illicit financial flows linked to drug trafficking.

The NDLEA's representatives at the event included Omolade Fagboyegbe, deputy commander general of Narcotics and director of Seaport Operations and Marine Services. Senior Access Bank executives present at the ceremony were Omobola Faleye, group head of Internal Audit, Robert Imowo, group head of Corporate Counsel, and Daniel Patrick, unit head of Regulatory Compliance.

As Nigeria's drug crisis has intensified in recent years, with major cities witnessing a sharp increase in drug-related crimes.

The NDLEA, which has been at the forefront of tackling these issues, has emphasised the importance of disrupting the financial networks that enable drug traffickers to launder their profits; financial institutions like Access Bank are critical in this effort, as they have the capability to detect and block the flow of dirty money within the financial system.

MONEY LAUNDERING

At the event, Abraham Aziegbe, group head of retail operations at Access Bank, reiterated the bank's dedication to upholding the integrity of its financial systems. He expressed the bank's gratitude for the recognition from the NDLEA and acknowledged the responsibility that comes with being one of Africa's leading financial institutions, while also emphasising that Access Bank is committed to ensuring its financial platforms are not misused for illicit activities or illegal purposes.

"Our compliance framework is built to identify and prevent illicit transactions, and we will continue to collaborate closely with law enforcement agencies like the NDLEA to safeguard the financial sector from being exploited by criminals," Aziegbe added.

On his part, Ibrahim Abdul, deputy commander general of narcotics and director of assets and financial investigation at the NDLEA, commended the bank's efforts to fight money laundering and illicit financial activity. He described the partnership as a crucial step towards dismantling the economic backbone of drug trafficking organisations

# Sahara Group highlights three-pronged net zero plan in 2023 Sustainability Report

Joy Agwunobi

STRATEGIC INVESTMENT in gas assets and infrastructure, integration of renewable energy and emissions reduction through nature-based solutions are strategies that will drive Sahara Group's net zero plan, Ejiro Gray, director, governance and sustainability, has said.

Speaking at the launch of the energy conglomerate's 2023 Sustainability Report, titled, "Dimensioning the Energy Transition: Path to Net Zero," Gray said the three-pronged strategy reinforces Sahara's commitment towards a more sustainable future, with 2060 as the net zero target for Sahara's operations across Africa, Asia, Europe, and the Middle East.

"This sustainability report underscores our steadfast commitment to addressing environmental, social, and governance (ESG) factors across our diverse operations along the energy value chain. As a business, we showcase a multifaceted strategy to minimise our environmental impact. This includes various initiatives to reduce greenhouse gas emissions, optimise energy efficiency, and responsibly manage resources," she said.

L-R: Alvin Agorom, head, strategic brand management, Union Bank Plc; Olufunmilola Aluko,  chief brand and marketing officer, Union Bank Plc; Esomnofu Chidiebube Ifechukwu, winner, 2024 Maltina Teacher of the Year; Chukwuemeka Aniukwu, head, sustainability and  regulatory relations, Nigerian Breweries Plc; and Oluseye Olokun, sustainability/CSR manager, Nigerian Breweries Plc, during the presentation of the 2024 Maltina Teacher of the Year winner to Union Bank Plc, a partner of 2024 Maltina Teacher of the Year Competition in Lagos, recently.

According to Gray, Sahara Group acknowledges the role of natural gas as a crucial bridge fuel and is already expanding investments in gas to ensure energy security while taking tangible steps towards reducing reliance on fossil fuels and contributing to a cleaner energy mix by launching pilot solar projects.

She noted that in pursuit of emissions reduction, Sahara Group embraced nature-based solutions through investments and partnerships in reforestation and conservation projects. "Our partnership with Treedom exemplifies this commitment, with the planting of 2,000 trees in Cameroon and Kenya expected to absorb a substantial 900,000 tonnes of CO2 over the next decade," she added.

Sahara Group's path to net-zero emissions has been tiered into distinct phases. In the short term (2022-2030), the focus will be on reducing carbon footprint through initiatives like fleet electrification, cycling programs, and energy efficiency measures. In the medium term (2031-2040), Sahara will look to further diversify its energy portfolio and increase investments in renewable energy projects. Ultimately, the goal is to achieve net-zero emissions by 2060 by offsetting any remaining emissions through nature-based solutions and other carbon reduction initiatives.

Bethel Obioma, head, corporate communications, said the report's comprehensive scope encompasses various affiliates within the Sahara Group, including Asharami Energy, Sahara Trade, Asharami Synergy, Egbin Power, First Independent Power Limited, Ikeja Electric, and the Sahara Group Foundation.

Obioma said Sahara's upstream operations recorded a reduction in carbon footprint and exceptional host community relations which led to the implementation of impactful projects focused on enhancing livelihoods, education, and healthcare. "Launching our Gas to Power project, providing 24-hour electricity to the Ajoki Community in Edo State—a first-of-its-kind initiative, achieving ISO 20400 certification for sustainable procurement and recording a remarkable 3 million Lost Time Injury (LTI) free man-hours, underscores our dedication to both social impact and operational safety," he said. He said Sahara also achieved successful outcomes from its midstream, downstream, and power businesses through substantial reductions in carbon emissions, focus on operational efficiency, and implementation of renewable energy sources and energy efficiency measures.

# Transcorp Power's revenue soars 153% to N88.4bn in Q3'24

Business a.m.

TRANSCORP POWER PLC, a subsidiary of Transcorp Group, has reported a  revenue growth of 153 percent year-on-year for the third quarter ending September 30, 2024.

The company's revenue increased from N88.4 billion in Q3 2023 to  N223.6 billion in Q3 2024, signifying a robust performance and rapid expansion of the business.

Transcorp Power's unaudited results for the third quarter, filed with the Nigerian Exchange (NGX), showed an almost two-fold increase in profit before tax.

The increase in profitability saw the power company record N81.1 billion in profit before tax for the period, a 198 percent surge  jump from N27.3 billion in the same period in 2023.

Furthermore, Transcorp Power Plc reported a 153 percent growth in revenue in the third quarter of 2024, with Q3 revenue reaching N223.6 billion, up from N88.4 billion in the same period in 2023.

The company's profitability also saw a 186 percent increase in Profit After Tax, rising to N58.5 billion in Q3 2024, from N20.4 billion in Q3 2023, reflecting the company's financial strength and successful operations.

Continuing the upward trend, total assets of the company increased significantly by 62 percent to N362.5 billion as of September 30, 2024, from N223.4 billion in the financial year 2023.

The company's net finance costs also saw a sharp decline of 95 percent, decreasing to N538.3 million in Q3 2024, compared to N10.4 billion in the same period in 2023, indicating a significant improvement in its financial management and a reduction in debt-servicing costs.

The company's financial performance was strengthened by a number of key operating ratios. The net profit margin for the period stood at a healthy 36.3 percent, while return on equity and return on assets were 56 percent and 16 percent, respectively, reflecting a strong growth in profitability. Shareholders' funds also recorded an increase of 82 percent, reaching N105 billion as of September 30, 2024, compared to N57.9 billion in the previous financial year 2023.

Commenting on the results, Evans Okpogoro,  the chief financial officer, Transcorp Power,expressed strong confidence in the company's financial trajectory, stating:

"We are proud to announce significant growth across all our metrics. Our commitment to disciplined cost management and operational efficiency has not only enabled us to sustain robust margins but has also positioned us to outperform industry averages in key areas.  "This achievement reflects our strategic focus and dedication to excellence, and positioning as a leader in Nigeria's power sector."

Peter Ikenga, MD/CEO, Transcorp Power Plc, attributed the company's quarterly performance to a strategic vision, hard work, and relentless pursuit of operational excellence.

Ikenga stated: "Despite the distribution and transmission infrastructural challenges faced in the Power Sector, Transcorp Power has once again demonstrated exceptional financial growth, as reflected in our impressive results. We continue to strive to bridge the energy gap in Nigeria, in line with our purpose to improve lives.

"I am proud to report that we have sustained our remarkable growth trajectory and maintained our position as a leading contributor to the country's power sector, accounting for approximately 10% of total power generated on the national grid.

"As the market transitions into the bilateral contracts, as contained in the Electricity Act, we are optimistic about sustaining the momentum by capitalizing on more strategic investment opportunities and providing additional value to our shareholders."

# Nestlé embarks on major overhaul, downgrades forecast amid market pressures

Onome Amuge

NESTLÉ GROUP HAS RECENTLY ANNOUNCED a major overhaul in its senior leadership team and operational structure, following the company's downward revision of its full-year sales forecast, which was adjusted due to slower-than-expected sales growth over the past nine months.

The packaged food industry has endured mounting difficulties in the past few years, with key raw materials such as sunflower oil, shipping, packaging, grain, and energy seeing a dramatic rise in cost.

The situation was aggravated by the COVID-19 pandemic, which disrupted global supply chains and caused additional financial strain. The challenges deepened with Russia's invasion of Ukraine, which disrupted global food and energy markets, leading to increased costs of essential inputs for the packaged food industry.

As inflation began to show signs of relief in 2023, Nestlé's competitors implemented more moderate price increases in an attempt to regain market share from budget-conscious consumers who had previously opted for cheaper alternatives during the challenging economic conditions.

However, Nestlé persisted with its pricing strategy for an extended period of time, choosing not to adjust prices as swiftly as its competitors. Additionally, the company significantly decreased its marketing and innovation expenditures, a decision that analysts believe may have contributed to the slower sales growth seen over the past nine months.

Nestlé's reluctance to adjust prices more promptly and its reduced spending on marketing and innovation ultimately had an adverse impact on its sales volumes, resulting in a series of underperforming quarters.

In August, in light of the company's diminished performance, CEO Mark Schneider was relieved of his duties.

The company's decision to replace Schneider followed a period of subpar performance, which began in July when Nestlé lowered its organic sales growth forecast to at least three percent, forecasting only a moderate rise in its underlying trading operating profit (UTOP) margin from the 17.3 percent reported in 2023.

In a research note, Vontobel analyst Jean-Philippe Bertschy expressed his astonishment at Nestlé's recent performance, commenting, "It is hard to understand how the company could have expected sales growth of around 4 percent until July.

"For a super-tanker like Nestle, the miss in just a few months is enormous."

With Laurent Freixe recently appointed as the new CEO of Nestlé, the company is set to embark on a new chapter with a clear focus on restructuring its leadership and operational structure.

Freixe has outlined a number of significant changes, including a reduction in the size of Nestlé's executive board, the merger of the Latin America and North America units, as well as the Greater China and Asia, Oceania and Africa businesses, in an effort to streamline the company's operations and position it for future success.

Nestlé underwent a major restructuring just two years ago, in January 2022, when the company was divided into five geographic regions.

With the appointment of Laurent Freixe as CEO, he is tasked with rekindling the company's spirit of innovation and marketing, while also regaining the trust and confidence of investors in Nestlé's core brands.

## Airline-in-Focus: Rwandair

# Ambitious airline takes on East Africa to become key player in region

THE EAST AFRICAN NATION of Rwanda has long been touted as one of the continent's fastest-growing centres for business and commerce, having made impressive leaps forward over the past few decades to get to the place where it is today, writes Alexander Mitchell for Simple Flying.

Under the authoritarian rule of Paul Kagame, many have pointed out that Rwanda is aiming to follow a Singapore-esque path toward development, in which societal liberalisation and many forms of social progress have been prioritised in favour of economic growth.

Compared to many of its African neighbours, the small, landlocked country has made some impressive strides, and the nation's capital, Kigali, has consistently been rated one of the continent's best when it comes to ease of doing business. **But despite many of the country's most noteworthy economic achievements, there are still several places in which the country, and its capital city specifically, still have the opportunity for improvements.**

A flag carrier is a key catalyst for long-term growth

One such opportunity relates to the growth of the nation's airline industry, which in many ways is a key catalyst for economic growth.

Many developing nations that have successfully followed the Singapore-style growth model have been able to do so on the backs of strong national airlines, which have made it extremely easy and appealing for foreign companies to send their employees abroad for business.

Airlines like Singapore Airlines, Etihad Airways, Qatar Airways, and Turkish Airlines have been key catalysts for growth and are major contributors to the rise of business hubs like Singapore, Abu Dhabi, Doha, and Istanbul.

There are even examples in Africa where this kind of model has been successful. In Ethiopia and Rwanda's neighbour Kenya, national airlines like Ethiopian Airlines and Kenya Airways have been essential for building connectivity in the region.

Moving
On Up

If Rwanda is going to become the business hub for East Africa that the nation's government wants it to be, the development of a strong national airline, Rwandair, is essential, and, as a result, it is unsurprising that leadership figures within the country have a bold vision for how the carrier will expand over the coming decade. **Let's take a deeper look at Rwandair's expansion strategy and see what the future might hold for this young and ambitious airline.**

**Founded as small state-owned carrier**

In the years following the 1994 Genocide against the Tutsi people, the government attempted multiple times to revive the defunct national airline Air Rwanda. Many different private companies were interested in helping launch such an airline, and ultimately a partnership was launched with Ugandan SA Alliance Air. Eventually, the government took over full operations in 2002, launching a new airline, Rwandair Express, in 2002.

During the early years of operation, the carrier primarily connected different airports within the country and also connected the nation to many of its closest neighbours in Africa. The airline soon began basing its operations out of a major hub at Kigali International Airport (KGL).

Strategic shift at turn of the decade

In 2009, the airline rebranded as RwandAir Limited, which is how the carrier remains today, and was part of an overarching transformation vision sought to help kickstart the nation's development. According to the New Times, a Rwandan newspaper, the name shift helped the carrier portray itself as a serious multinational airline.

Starting in May 2010, the airline's new CEO, Rene Janata, launched a frequent flyer programme and soon began ordering new aircraft, making it very clear that the once-small carrier had bold ambitions of becoming a legacy airline. By the end of that year, the airline began receiving Boeing 737-500 aircraft, which were leased from General Electric Capital Aviation Services (GECAS).

Over the next few years, the airline began acquiring even more modern aircraft and rapidly expanding its route network. The carrier was one of the first airlines in Africa to operate Boeing 737 Next Generation aircraft and began replacing its older regional fleet with modern Bombardier CRJ900NG aircraft.

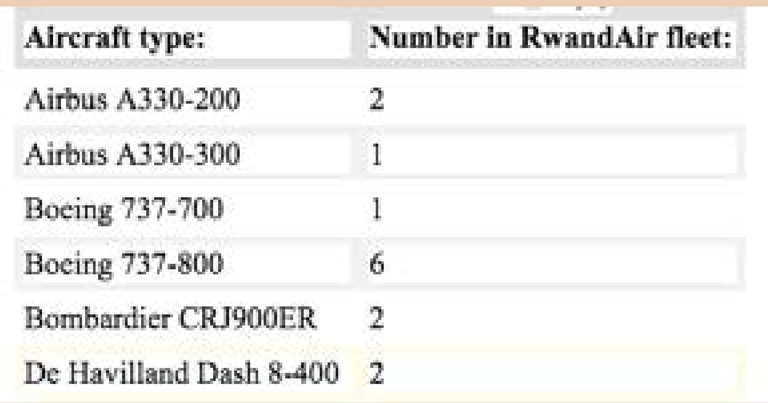
Today, the aircraft's fleet includes a combination of widebodies and narrowbodies, allowing it to serve destinations across the globe, and includes all the following passenger aircraft:

**Executing first few steps of long-term vision**

But RwandAir's goal of becoming a global airline will take much more than just fleet modernisation, and over the past ten years, the airline has made a few key strides to achieve this goal. The first such move was officially joining the International Air Transport Association (IATA), which took place back in 2015.

The airline soon began operating services from Cotonou International Airport (COO) to destinations across West Africa, having been given seventh freedom rights in 2017.

In February 2020, global aviation powerhouse Qatar Airways gave RwandAir its strongest sign of international growth yet, purchasing a 49 percent stake in the company, according to The Africa Report.



| Aircraft type: | Number in RwandAir fleet: |
|---|---|
| Airbus A330-200 | 2 |
| Airbus A330-300 | 1 |
| Boeing 737-700 | 1 |
| Boeing 737-800 | 6 |
| Bombardier CRJ900ER | 2 |
| De Havilland Dash 8-400 | 2 |

**Executing first few steps of long-term vision**

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In September 2022, the airline announced its intention to join the global Oneworld alliance, something which would drastically bolster the airline's global standing.

With alliance membership on the horizon, a modern and dynamic fleet, as well as a major presence in both East and West Africa, Rwandair could certainly be on its way to becoming one of the continent's most important carriers. We will have to wait and see what steps the airline takes next on its path towards global prominence.

# Kuku pushes FAAN, IATA greater collaboration for aviation growth

**Sade Williams/Business a.m.**

AN ENHANCED COLLABORATION between Federal Airports Authority of Nigeria (FAAN) and the International Air Transport Association (IATA) has been triggered by Olubunmi Kuku, managing director and chief executive of FAAN who believes this would strengthen and promote the sustainable growth of Nigeria's aviation industry.

Kuku, meeting with Kamil Alawadhi, IATA's vice-president for Africa and the Middle East, when the latter paid her a courtesy visit recently, at FAAN's headquarters in Lagos, called for more regular meetings between both organisations as she sought IATA's assistance in traffic development and any other areas necessary to ensure the success of FAAN's operations and the sustainable growth of the aviation industry in Nigeria.

She assured her visitors that FAAN is fully committed to implementing IATA's recommendations, ensuring that Nigerian airports continue to meet international benchmarks. Alawadhi responded by pledging IATA's continued support to FAAN.

Alawadhi acknowledged the present administration's significant improvements made at Nigerian airports and praised FAAN's commitment to maintaining high standards of safety, security, and passenger experience. He underscored the importance of leveraging technology to upgrade security processes, such as checkpoint management, and expressed IATA's interest in collaborating with FAAN on these initiatives. He highlighted IATA's preference for utilising digital solutions to enhance passenger facilitation and improve information sharing between various agencies at the airport, which would contribute to operational efficiency and overall improved passenger experience.

The FAAN chief executive, in responding emphasised that the continuous improvement of security protocols is a top priority for FAAN under her leadership, particularly in an evolving global aviation landscape where safety is paramount.

She explained FAAN's determination to adopt advanced security technologies and processes that protect passengers and streamline their airport experience while adding that FAAN is focused on making the airports more passenger-centric by improving customer service, eliminating complex check-in procedures, thereby reducing passenger facilitation time, and enhancing airport facilities.

Alawadhi led a five-man delegation of senior IATA officers, which included Samson Fatokun, the area manager for West & Central Africa; Kashif Khan, director of operations, safety and security for Africa and the Middle East; Mamadou Guebre, regional manager, customer experience & passenger facilitation, and Jennifer (Aisha) Yeates, assistant director, operational safety at IATA Africa and Middle East (AME).

Apart from the FAAN chief executive, other members of its management team present to receive the visitors were Abdullahi Mahmood, director of airport operations; Hycienth Ngwu, general manager, business development, amongst others.

# Explained: Why food tastes different when flying

MOST PEOPLE WOULD agree that they had never had a meal while flying that came close to the food served in a quality restaurant, begins this piece culled from Simple Flying.

Apart from top airlines that go out of their way to provide fine dining for first and business class passengers, for the most part, airline food in economy class is premade and then reheated in ovens and generally nothing to write home about.

While lacking flavour and tasting bland, it's easy to blame airlines for this, but in all fairness, it is not their fault. When we are given a meal aboard a plane, we use all of our senses to discern how we feel about it. First is how the food looks and is presented, followed by the smell, taste, and texture.

Passengers leave their normal sense of smell and taste at the departure gate

Airline food often tastes bland because modern-day aircraft fly at cruising altitudes above 30,000 feet while passengers sit in low-humidity pressurised aircraft cabins.

Because of the lack of moisture in the air, your sense of smell is diminished, and due to vibrations and plane noise, a nerve in the middle ear plays havoc with your taste buds, making savoury food more savoury and sweet foods less sweet — a person's perception of saltiness and sweetness drops when inside a pressurised cabin.

According to Charles Spence, a professor of experimental psychology at Oxford University, you lose your sense of smell and taste once you board an aircraft. At 30,000 feet, the humidity aboard a plane is drier than it would be in most of the planet's deserts, affecting your ability to discern saltiness and sweetness by 30 percent. In contrast, sour, bitter, and spicy flavours are almost unaffected.

**The history of airline food**

The idea of serving food to passengers on flights has existed since the first international flight between London and Paris took place on October 11, 1919.

The aircraft, a converted twin-engine Handley-Page WWI bomber, took off from Hounslow Heath Aerodrome in London and landed at Paris–Le Bourget airfield. During the 2.5-hour flight, cabin boys served passengers a lunch box consisting of sandwiches and fruit.

Hot food was first served on flights in 1928 when German airline Lufthansa offered a dedicated meal service on its Junkers G 31 flights between Berlin and Paris. It would help if you remembered that in the early years of flying, aircraft were not pressurised like they are today and usually flew at a cruising altitude of 3,000 feet. At this height, food tastes the same as it would if you were at sea level.

In 1939, Pan American Airways began offering transatlantic and transpacific flights on its Boeing 314 Clipper flying boats, taking onboard dining to a new level. On these flights, passengers were served gourmet meals on fine bone china by white-gloved, tuxedo-clad stewards.

When the first pressurised passenger aircraft, the Boeing 307 Stratoliner, entered service with Pan American Airways in 1940, pilots could now cruise at altitudes above 20,000 feet. The ability to do this meant that rather than flying through storms, they could now fly above them, making for a better passenger experience.

Photo: British Airways

During the 1940s, refrigeration leaped forward, leading to the rise of freezing food and heating it up before serving. Pan American soon adopted the idea of frozen meals for its flights, which meant that if a flight was cancelled, the food would not be wasted.

By the 1950s, it was customary to serve hot meals on flights, but it became more of a challenge in the 1960s as aircraft became larger.

**Airlines developed special menus**

Realising that noise and the lack of humidity affected people's senses, airlines began tweaking their menus to improve food taste.

French airline Union de Transports Aeriens asked the owner of Le Grand Véfour restaurant in Paris, Chef Raymond Oliver, to create a menu that would appeal more to passengers' taste buds when flying.

Oliver achieved this by increasing the amount of salt, sugar, and oil used in their recipes. This appeared to do the trick, and other airlines soon followed suit, creating menus that would be tasty at altitude.

Today, airline head chefs are tasked with creating inflight menus that overcome a person's diminished senses.

**British Airways seasonal recipes vary by region**

United Kingdom national flag carrier British Airways typically offers 18 different menus depending on where the flight departs.

For example, if you leave London Heathrow, you can expect to be served fresh British seasonal produce. Likewise, if your flight departs from an Asian country, the menu will include local dishes like curries and stir-fries.

Photo: British Airways

When discussing how to create dishes that will taste good at 35,000 feet, British Airways Head Chef Mark Tazzioli discusses the tricks he uses to improve airline food. While being interviewed for the British Airways blog, Tazzioli was asked a series of questions.

**What is the secret of serving tasty airline food?**

*"We have to allow for the fact that around 30% of people lose the ability to taste well at altitude, so we use robust flavours and ensure they have enough moisture so they don't dry out when reheated."*

**How does this affect your creativity with a menu?**

*We have to use creativity carefully, which is mostly about flavour and taste. Last year, we remade many of our sauces and adjusted recipes so they tasted better in the air — much of which required looking at the science of the food and the logistics behind transporting it.*

**What flavours do you think work best?**

*Anything spicy works well in the air. Chicken tikka masala and butter chicken are popular, and this winter, we're doing braised beef dishes that don't dry out when they're reheated. Our smoked salmon is also specially cured for us with slightly stronger smoke so that the flavour isn't lost at altitude.*

*For vegetarians, we have pasta dishes with strong sauces, such as tomato bases or wild mushrooms, which are strong in umami, a naturally occurring salt substitute without sodium. We've also developed Thai and South Indian vegetable curries, which work well.*

The Airport Customer Experience

# For an accessible and affordable air transport

AIR TRAVEL HAS AN IMMENSE impact on society. It creates jobs, boosts tourism and indeed serves as an important lever for economic growth. It provides support for the movement of goods and persons across various borders while at the same time acting as an enabler for tourism, social inclusion and cultural exchanges.

As Africa seeks to improve connectivity across the continent, it needs to increase the number of persons that are willing and able to fly, increase the size of the fleet of the various airlines in their respective states, and also improve on the ease of accessibility to and within airport terminals.

Recently, a group of professionals were in their African country for the annual conference of their professional body. They had come from the United Kingdom and had lodged in a good hotel in the city centre. At the end of the conference, the driver they had booked for the trip to the airport for two in the morning failed to show up. Their flight was for five that morning. They thankfully had to resort to a ride hailing App to get to the airport several kilometres from the city centre.

On another occasion in another African city, on a Sunday, no driver was available on the ride hailing App for a traveller that had a six thirty flight in the morning. It was an anxious moment as the traveller frantically sought for any available vehicle including the motor bikes for the trip to the airport. An added constraint was that vehicles painted in taxi colours were not allowed in that airport. So the choices available to the traveller were limited.

Making airports more accessible will require leveraging on the thinking that airports can be multimodal hubs.  This type of thinking will not only increase connectivity to airports that may be cited far away from where the population is, it will also increase non-aeronautical revenues. When more people have access to an airport, the increased footfalls provide opportunities for such other retail as well as food and beverages sales, amongst others.

Where accessibility is difficult, the travel anxiety may be such that the only thing in the mind of the traveller is to get to the airport and into the plane as quickly as possible. This way the traveller will not be open to retail opportunities and may have spent so much trying to get to the airport that there is no provision any more for purchases at the airport.

Individuals with disabilities will also have to be provided for in the drive towards accessible air travel. It will entail having wheelchair friendly terminals, accessories that passengers with some form of disability can put on as a signal to the airport that they may need assistance, as well as soft skills of empathy and sympathy that employees will need to inculcate while also getting the training needed to deal with persons with disability at the airport.

McKinsey, the global strategy firm, states that despite the significant upside, its associated cost, and its general importance in the customer journey, the area of payments as a strategic topic has often been unaddressed by the aviation industry. It further states that generally, there is little transparency or engagement with the topic, and many airlines do not strategically monitor payment and transaction data, and there is an absence of defined roles or KPIs in the area. Furthermore, says the global strategy firm, many airlines have yet to leverage the link between payments and customer experience; these are often viewed as separate concerns. But payments are an important element of the customer journey — each touch point presents an opportunity to capture additional revenue, it says.

Making travel more affordable, will require leveraging on the expert opinion that there are a lot of people who prefer to pay with alternative forms of payment. Some alternatives like Buy Now Pay Later and similar types of financial instruments are essential in the ability of airlines to meet customer needs. In difficult macroeconomic terrains, some of these alternatives could go a long way in improving revenue and load factors as more people are able to fly.

The aviation sector in Africa is expected to experience tremendous growth, with some regions growing faster than others. Airbus was reported to have predicted Africa will require about 1,180 new aircraft by 2042, including 885 single-aisle and 295 widebody jets. Furthermore, it expects African carriers to transition to new-generation models, such as the A220, A320neo family, A330neo, and A350.  Doing so will lead to operational efficiency and reduce carbon emissions, in line with airlines' sustainability goals, and will as well improve upon the passenger experience at airports.

Making airports accessible and affordable is a strategic approach to growing the aviation market in Africa and as such should be given the importance it deserves.

**EKELEM AIRHIHEN**

*Ekelem Airhihen, an accredited mediator, has an MBA from the Lagos Business School. He is a member, ACI Airport Non-aeronautical Revenue Activities Committee; his interests are in market research, customer experience and performance measurement, negotiation, strategy and data and business analytics. He can be reached on ekyair@yahoo.com and +2348023125396 (WhatsApp only)*

# Nobel Laureates Help Solve the Inequality Puzzle

*While even the world's poorest economies have become richer in recent decades, they have continued to lag far behind their higher-income counterparts – and the gap is not getting any smaller. According to this year's Nobel Prize-winning economists, institutions are a key reason why. From Ukraine's reconstruction to the regulation of artificial intelligence, the implications are as consequential as they are far-reaching.*

PS EDITORS

EKONOMIPRISET 2024
THE PRIZE IN ECONOMIC SCIENCES 2024
KUNGL. VETENSKAPS AKADEMIEN
Daron Acemoglu
Massachusetts Institute of Technology, USA
Simon Johnson
Massachusetts Institute of Technology, USA
James A. Robinson
University of Chicago, IL, USA
"för studier av hur institutioner formas och påverkar välstånd"
"for studies of how institutions are formed and affect prosperity"

THIS YEAR'S NOBEL PRIZE in Economic Sciences has been awarded to Daron Acemoglu, Simon Johnson, and James A. Robinson for improving our understanding of the relationship between institutions and prosperity. These scholars' theoretical tools for analysing why and when institutions change have significantly enhanced our ability to explain – and address – the vast differences in wealth between countries.

Policymakers' failure to grasp how institutions work was on stark display in Afghanistan. As Acemoglu explained in 2021, the country's "humiliating collapse," and the Taliban's takeover following America's chaotic withdrawal, reflected the deeply misguided idea that a "functioning state" could be "imposed from above by foreign forces." As he and Robinson had previously shown, "this approach makes no sense when your starting point is a deeply heterogeneous society organised around local customs and norms, where state institutions have long been absent or impaired."

Leaders should not make the same mistakes during Ukraine's reconstruction. As Acemoglu and Robinson observed in 2019, following the collapse of communism, the country "remained trapped by kleptocratic institutions that bred a culture of corruption and destroyed public trust." If the country is to thrive after the current war ends, it will need to avoid a top-down restoration of the "extractive institutions" of the past, and instead engage civil society to "build better institutions" from the ground up.

Acemoglu and Johnson have argued that a better understanding of institutions should also guide US policy toward China. Though the rise of Chinese manufacturing seemed to be a perfect example of the nineteenth-century economist David Ricardo's famous "law of comparative advantage," China always owed that advantage to repressive institutions. So, far from making everyone better off, as Ricardo's law assumes, China's economic might "threatens global stability and US interests" in ways that must – and, increasingly, do – shape US policy toward the country.

And it is not just China. As Acemoglu has shown, "the post-Cold War project of globalisation also created the conditions for resurgent nationalism around the world," such as in Hungary, India, Russia, and Turkey. In this context, the West must rethink its approach to engagement, both economic and political, with these countries.

Ricardo's insights are also relevant to debates about artificial intelligence, noted Acemoglu and Johnson earlier this year. Whether machines "destroy or create jobs all depends on how we deploy them, and on who makes those choices," they write, noting that it "took major political reforms to create genuine democracy, to legalise trade unions, and to change the direction of technological progress in Britain during the Industrial Revolution." Likewise, building "pro-worker" AI today will require us to "change the direction of innovation in the tech industry and introduce new regulations and institutions."

According to Acemoglu, three principles should guide policymakers. First, measures must be put in place to help those who are adversely affected by the "creative destruction" that accompanies technological progress. Second, "we should not assume that disruption is inevitable."

For example, rather than designing and deploying AI "only with automation in mind" – an approach that Acemoglu and Johnson have pointed out would have "dire implications for Americans' spending power" – we should tap its "immense potential to make workers more productive." Finally, the era of innovators moving fast and breaking things must be put behind us. It is imperative that we "pay greater attention to how the next wave of disruptive innovation could affect our social, democratic, and civic institutions."

# Why Nation-Building Failed in Afghanistan

DARON ACEMOGLU (FIRST PUBLISHED AUG 20, 2021)

*Although the United States clearly could have done a better job of managing its departure from Afghanistan, the tragedy playing out this month has been 20 years in the making. From the outset, America and its allies embraced – and never reconsidered – a top-down state-building strategy that was always destined to fail.*

ISTANBUL – The United States invaded Afghanistan 20 years ago with the hope of rebuilding a country that had become a scourge to the world and its own people. As General Stanley McChrystal explained in the run-up to the 2009 surge of US troops, the objective was that the "government of Afghanistan sufficiently control its territory to support regional stability and prevent its use for international terrorism."

Now, with more than 100,000 lives lost and some $2 trillion spent, all America has to show for its effort are this month's scenes of a desperate scramble out of the country – a humiliating collapse reminiscent of the fall of Saigon in 1975. What went wrong?

Pretty much everything, but not in the way that most people think. While poor planning and a lack of accurate intelligence certainly contributed to the disaster, the problem has in fact been 20 years in the making.

The US understood early on that the only way to create a stable country with some semblance of law and order was to establish robust state institutions. Encouraged by many experts and now-defunct theories, the US military framed this challenge as an engineering problem: Afghanistan lacked state institutions, a functioning security force, courts, and knowledgeable bureaucrats, so the solution was to pour in resources and transfer expertise from foreigners. NGOs and the broader Western foreign-aid complex were there to help in their own way (whether the locals wanted them to or not). And because their work required some degree of stability, foreign soldiers – mainly NATO forces, but also private contractors – were

*Continues on page 29*

## Why Nation-Building...

*Continued from page 28*

than pouring resources into the corrupt, non-representative regime of Afghanistan's first post-Taliban president, Hamid Karzai (and his brothers). Ashraf Ghani, the US-backed Afghan president who fled to the United Arab Emirates this week, co-authored a book in 2009 documenting how this strategy had fueled corruption and failed to achieve its stated purpose. Once in power, however, Ghani continued down the same road.

The situation that the US confronted in Afghanistan was even worse than is typical for aspiring nation builders. From the very beginning, the Afghan population perceived the US presence as a foreign operation intended to weaken their society. That was not a bargain they wanted. What happens when top-down state-building efforts are proceeding against a society's wishes? In many places, the only attractive option is to withdraw. Sometimes, this takes the form of a physical exodus, as James C. Scott shows in The Art of Not Being Governed, his study of the Zomia people in Southeast Asia. Or it could mean co-habitation without cooperation, as in the case of Scots in Britain or Catalans in Spain. But in a fiercely independent, well-armed society with a long tradition of blood feuds and a recent history of civil war, the more likely response is violent conflict.

Perhaps things could have turned out differently if Pakistan's Inter-Services Intelligence agency had not supported the Taliban when it was militarily defeated, if NATO drone attacks had not further alienated the population, and if US-backed Afghan elites had not been extravagantly corrupt. But the cards were stacked against America's state-first strategy. And the fact is, US leaders should have known better. As Melissa Dell and Pablo Querubín document, America adopted a similar top-down strategy in Vietnam, and it backfired spectacularly. Places that were bombed to subdue the Viet Cong became even more supportive of the anti-American insurgency.

Even more telling is the US military's own recent experience in Iraq. As research by Eli Berman, Jacob Shapiro, and Joseph Felter shows, the "surge" there worked much better when Americans tried to win hearts and minds by cultivating the support of local groups. Similarly, my own work with Ali Cheema, Asim Khwaja, and James Robinson finds that in rural Pakistan, people turn to non-state actors precisely when they think state institutions are ineffective and foreign to them.

None of this means that the withdrawal could not have been managed better. But after 20 years of misguided efforts, the US was destined to fail in its twin objectives of withdrawing from Afghanistan and leaving behind a stable, law-based society.

The result is an immense human tragedy. Even if the Taliban do not revert to their worst practices, Afghan men and especially women will pay a high price for America's failures in the years and decades ahead.

# How to Stem Ukraine's Corruption

DARON ACEMOGLU, JAMES A. ROBINSON (FIRST PUBLISHED OCT 14, 2019)

*In terms of economic growth, the Polish and Ukrainian experiences in the decades since the fall of communism have been a portrait in contrasts. Whereas Poland embraced the power of democratic civil society and grew wealthier, Ukraine remained*

CAMBRIDGE – In the euphoric moment immediately following the collapse of the Soviet Union, few would have guessed that Ukraine – an industrialised country with an educated workforce and vast natural resources – would suffer stagnation for the next 28 years. Neighbouring Poland, which was poorer than Ukraine in 1991, managed almost to triple its per capita GDP (in purchasing power parity) over the next three decades.

Most Ukrainians know why they fell behind: their country is among the most corrupt in the world. But corruption does not emerge from thin air, so the real question is what causes it.

As in the other Soviet republics, power in Ukraine was long concentrated in the hands of Communist Party elites, who were often appointed by the Kremlin. But the Ukrainian Communist Party was very much a transplant of the Russian Communist Party itself, and regularly operated at the expense of indigenous Ukrainians.

Moreover, as in most of the other former Soviet republics (with the notable exception of the Baltic countries), Ukraine's transition away from communism was led by former communist elites who had reinvented themselves as nationalist leaders. This did not work out well anywhere. But in Ukraine's case, the situation has been made worse by a constant struggle for power between rival communist elites and the oligarchs they helped create and propagate.

Because of the dominance of various warring factions, Ukraine has been captured by what we called extractive institutions: social arrangements there empower a narrow segment of society and deprive the rest of a political voice. By permanently tilting the economic playing field, these arrangements have long discouraged the investment and innovation needed for sustained growth.

Corruption cannot be understood without comprehending this broader institutional context. Even if graft and self-dealing in Ukraine had been controlled, extractive institutions still would have stood in the way of growth. That's what happened in Cuba, for example, where Fidel Castro took power and put a lid on the previous regime's corruption, but set up a different type of extractive system. Like a secondary infection, corruption amplifies the inefficiencies created by extractive institutions. And this infection has been particularly virulent in Ukraine, owing to the complete loss of trust in institutions. Modern societies rely on a complex web of institutions to adjudicate disputes, regulate markets, and allocate resources. Without the trust of the public, these institutions cannot serve their proper function. Once ordinary citizens start assuming that success depends on connections and bribes, that assumption becomes a self-fulfilling prophecy. Markets become rigged, justice becomes transactional, and politicians sell themselves to the highest bidder. In time, this "culture of corruption" will permeate society. In Ukraine, even universities are compromised: degrees are regularly bought and sold.

Although corruption is more of a symptom than a cause of Ukraine's problems, the culture of corruption must be uprooted before conditions can improve. One might assume that this simply requires a strong state, with the means to root out corrupt politicians and businessmen. Alas, it is not that simple. As Chinese President Xi Jinping's anti-corruption drive illustrates, top-down action often becomes a witch hunt against the government's political opponents, rather than a crackdown on malfeasance generally. Needless to say, applying a double standard is hardly an effective way of building trust.

Instead, combating corruption effectively requires the robust engagement of civil society. Success depends on improving transparency, ensuring the independence of the judiciary, and empowering ordinary citizens to kick out corrupt politicians. After all, the distinguishing feature of Poland's post-communist transition wasn't effective top-down leadership or the introduction of free markets. It was Polish society's direct engagement in building the country's post-communist institutions from the ground up.

To be sure, many of the Western economists who descended on Warsaw after the fall of the Berlin Wall advocated top-down market liberalisation. But those early rounds of Western "shock therapy" resulted in widespread layoffs and bankruptcies, which provoked a broad-based societal response led by the trade unions. Poles poured into the streets, and strikes skyrocketed in frequency – from around 215 in 1990 to more than 6,000 in 1992 and more than 7,000 in 1993.

Defying Western experts, the Polish government backpedalled on its top-down policies, and instead focused on building a political consensus around a shared vision of reform. Trade unions were brought to the table, more resources were allocated to the state sector, and a new progressive income tax was introduced. It was these responses from the government that instilled trust in the post-communist institutions. And over time, it was those institutions that prevented oligarchs and the former communist elites from hijacking the transition and spreading and normalising corruption.

By contrast, Ukraine (as well as Russia) received the full dose of top-down "privatisation" and "market reform." Without even a pretence of empowering civil society, the transition was predictably hijacked by oligarchs and the remnants of the KGB.

Is a society-wide mobilisation still feasible in a country that has suffered under corrupt leaders and extractive institutions for as long as Ukraine has? The short answer is yes. Ukraine is home to a young, politically engaged population, as we saw in the Orange Revolution of 2004-2005 and in the Maidan Revolution of 2014. Equally important, the Ukrainian people understand that corruption must be uprooted in order to build better institutions. Their new president, Volodymyr Zelensky, campaigned on the promise of fighting corruption, and was elected in a landslide. He now must kick-start the cleanup process.

US President Donald Trump's attempts to involve Ukraine in his own corrupt dealings have given Zelensky the perfect opportunity for a symbolic gesture. He should publicly refuse to deal with the Americans until they sort out their own corruption problems (even if it means turning down tainted aid).

After all, the United States is now one of the last countries that should be lecturing Ukraine about corruption. To play that role again, its courts and voters will have to make clear that the Trump administration's malfeasance, attacks on democratic institutions, and violations of the public trust will not stand. Only then will the US be a role model worth emulating.

# America's Real China Problem

DARON ACEMOGLU, SIMON JOHNSON (FIRST PUBLISHED NOV 6, 2023)

*Although everyone is supposed to benefit when individual countries leverage their comparative advantages, this canonical economic theory can run into problems when blindly applied to the real world. In the case of China, American leaders failed to consider why the country exhibits the strengths that it does.*

BOSTON – Instead of assuming that more international trade is always good for American workers and national security, US President Joe Biden's administration wants to invest in domestic industrial capacity and strengthen supply-chain relationships with friendly countries. But as welcome as such a reframing is, the new policy may not go far enough, especially when it comes to addressing the problem posed by China.

The status quo of the last eight decades was schizophrenic. While the United States pursued an aggressive – and at times cynical – foreign policy of supporting dictators and sometimes engineering CIA-inspired coups, it also embraced globalisation, international trade, and economic integration in the name of delivering prosperity and making the world friendlier to US interests.

Now that this status quo has effectively collapsed, policymakers need to articulate a coherent replacement. To that end, two new principles can form the basis of US policy. First, international trade should be structured in a way to encourage a stable world order.

If expanding trade puts more money into the hands of religious extremists or authoritarian revanchists, global stability and US interests will suffer. Just as President Franklin D. Roosevelt put it in 1936, "autocracy in world affairs endangers peace."

Second, appealing to abstract "gains of trade" is no longer enough. American workers need to see the benefits. Any trade arrangement that significantly undermines the quality and quantity of middle-class American jobs is bad for the country and its people, and will likely incite a political backlash.

Historically, there have been important examples of trade expansion delivering both peaceful international relations and shared prosperity. The progress made from post-World War II Franco-German economic cooperation to the European Common Market to the European Union is a case in point. After fighting bloody wars for centuries, Europe has enjoyed eight decades of peace and increasing prosperity, with some hiccups. European workers are much better off as a result.

Still, the US had a different reason for adopting an always-more-trade mantra during and after the Cold War: namely, to secure easy profits for American companies, which made money through tax arbitrage and by outsourcing parts of their production chain to countries offering low-cost labour.

Tapping pools of cheap labour may appear consistent with the nineteenth-century economist David Ricardo's famous "law of comparative advantage," which shows that if every country specialises in what it is good at, everyone will be better off, on average. But problems arise when this theory is blindly applied in the real world.

Yes, given lower Chinese labour costs, Ricardo's law holds that China should specialise in the production of labour-intensive goods and export them to the US. But one still must ask whence that comparative advantage comes, who gains from it, and what such trade arrangements imply for the future.

The answer, in each case, involves institutions. Who has secure property rights and protections before the law, and whose human rights can or cannot be trampled?

The reason the US South supplied cotton to the world in the 1800s was not merely that it had good agricultural conditions and "cheap labour." It was slavery that conferred a comparative advantage to the South. But this arrangement had dire implications. Southern slave owners gained so much power that they could trigger the deadliest conflict of the early modern era, the US Civil War.

It is no different with oil today. Russia, Iran, and Saudi Arabia have a comparative advantage in oil production, for which industrialised countries reward them handsomely. But their repressive institutions ensure that their people do not benefit from resource wealth, and they increasingly leverage the gains from their comparative advantage to wreak havoc around the world.

China may look different, at first, because its export model has lifted hundreds of millions out of poverty and produced a massive middle class. But China owes its "comparative advantage" in manufacturing to repressive institutions. Chinese workers have few rights and often labour under dangerous conditions, and the state relies on subsidies and cheap credit to prop up its exporting firms.

This was not the comparative advantage that Ricardo had in mind. Rather than ultimately benefiting everyone, Chinese policies came at the expense of American workers, who lost their jobs rapidly in the face of an uncontrolled surge of Chinese imports into the US market, especially after China's accession to the World Trade Organization in 2001. As the Chinese economy grew, the Communist Party of China could invest in an even more complex set of repressive technologies.

China's trajectory does not bode well for the future. It may not be a pariah state yet, but its growing economic might threatens global stability and US interests. Contrary to what some social scientists and policymakers believed, economic growth has not made China any more democratic (two centuries of history show that growth based on extraction and exploitation rarely does).

So, how can America put global stability and workers at the centre of international economic policy? First, US firms should be discouraged from placing critical manufacturing supply-chain links in countries like China.

Former President Jimmy Carter was long ridiculed for emphasising the importance of human rights in US foreign policy, but he was right. The only way to achieve a more stable global order is to ensure that genuinely democratic countries prosper.

Profit-seeking corporate bosses aren't the only ones to blame. US foreign policy has long been riddled with contradictions, with the CIA often undermining democratic regimes that were out of step with US national or even corporate interests. Developing a more principled approach is essential. Otherwise, US claims to be defending democracy or human rights will continue to ring hollow.

Second, we must hasten the transition to a carbon-neutral economy, which is the only way to disempower pariah petrostates (it also happens to be good for creating US jobs). But we also must avoid any new reliance on China for the processing of critical minerals or other key "green" inputs. Fortunately, there are plenty of other countries that can reliably supply these, including Canada, Mexico, India, and Vietnam.

Finally, technology policy must become a key component of international economic relations. If the US supports the development of technologies that benefit capital over labour (through automation, offshoring, and international tax arbitrage), we will be trapped in the same bad equilibrium of the last half-century. But if we invest in pro-worker technologies that build better expertise and productivity, we have a chance of making Ricardo's theory work as it should.

# Understanding the New Nationalism

DARON ACEMOGLU (FIRST PUBLISHED JUNE 8, 2022)

*While undoubtedly yielding large benefits, the post-Cold War project of globalisation also created the conditions for resurgent nationalism around the world. With their international credibility at low ebb, Western policymakers will need to rethink how they engage economically and politically with countries that have embraced it.*

CAMBRIDGE – The euphoria after the fall of the Berlin Wall in 1989 was not just about what Francis Fukuyama called an "unabashed victory of economic and political liberalism." It was also about the decline of nationalism. With the world economy rapidly becoming more integrated, it was assumed that people would leave their national identities behind. The project of European integration – embraced enthusiastically by well-educated, upwardly mobile young people – was not just supranational, but post-national.

But nationalism is back, and it is playing a central role in global politics. The trend is not confined to the United States or France, where former President Donald Trump and the far-right National Rally leader Marine Le Pen, respectively, lead new nationalist coalitions. Nationalism is also driving populist movements in Hungary, India, Turkey, and many other countries. China has embraced a new nationalist authoritarianism, and Russia has launched a nationalist war aimed at eradicating the Ukrainian nation.

There are at least three factors fueling the new nationalism. First, many of the affected countries have historical grievances. India was systematically exploited by the British under colonialism, and the Chinese Empire was weakened, humiliated, and subjugated during the nineteenth-century Opium Wars. Modern Turkish nationalism is animated by memories of Western occupation of large parts of the country after World War I.

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## Understanding the...

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Second, globalisation increased pre-existing tensions. Not only did it deepen inequalities in many countries (often in unfair ways, by enriching those with political connections); it also eroded longstanding traditions and social norms.

And, third, political leaders have become increasingly skilled and unscrupulous in exploiting nationalism to serve their own agendas. For example, under Chinese President Xi Jinping's authoritarian rule, nationalist sentiment is being cultivated through new high-school curricula and propaganda campaigns.

Similarly, under Indian Prime Minister Narendra Modi's nationalist Hindutva regime, the world's largest democracy has succumbed to majoritarian illiberalism. In Turkey, President Recep Tayyip Erdoğan initially eschewed nationalism, even spearheading a peace process with the Kurds in the early 2010s. But he has since embraced nationalism wholeheartedly and cracked down on independent media, opposition leaders, and dissidents.

Today's nationalism is also a self-reinforcing reaction to the post-Cold War project of globalisation. In 2000, then-presidential candidate George W. Bush described free trade as "an important ally in what Ronald Reagan called 'a forward strategy for freedom' … Trade freely with China, and time is on our side." The hope was that global trade and communication would lead to cultural and institutional convergence. And as trade became more important, Western diplomacy would become more potent, because developing countries would fear losing access to American and European markets and finance.

It has not worked out that way. Globalisation was organised in ways that created big windfalls for developing countries that could reorient their economies toward industrial exports while also keeping wages down (the secret sauce of China's rise), and for emerging economies rich in oil and gas. But these same trends have empowered charismatic nationalist leaders.

As well-placed developing countries have accumulated more resources, they have acquired a greater ability to carry out propaganda and build coalitions. But even more important has been the ideological dimension. Because Western diplomacy has increasingly come to be seen as a form of meddling (a perception with some justification), efforts to defend human rights, media freedom, or democracy in many countries have proved either ineffective or counterproductive.

In Turkey's case, the prospect of accession to the European Union was supposed to improve the country's human rights record and reinforce its democratic institutions. And for a while, it did. But as the demands from EU representatives multiplied, they became fodder for Turkish nationalism. The accession process stalled, and Turkish democracy has been weakening ever since.

The nationalism fueling Russia's invasion of Ukraine reflects the same three factors listed above. Many Russian political and security elites believe that their country has been humiliated by the West ever since the fall of the Berlin Wall. Russia's integration into the world economy has brought few benefits to its population while furnishing unimaginable riches to a cadre of politically connected, unscrupulous, often criminal oligarchs. And though Russian President Vladimir Putin presides over a vast system of clientelism, he skillfully cultivates and exploits nationalist sentiment.

Russian nationalism is bad news for Ukraine, because it has allowed Putin to make his regime more secure than it otherwise would have been. Sanctions or no sanctions, he is unlikely to be toppled, because he is protected by cronies who share his interests and nationalist sentiments. If anything, isolation may further strengthen Putin's hand. If the war does not weaken his regime, it could continue indefinitely, regardless of how much it damages the Russian economy.

This era of resurgent nationalism offers some lessons. We may need to rethink how we organise the processes of economic globalisation. There is no doubt that open trade can be beneficial for developing and developed economies alike. But while trade has reduced prices for Western consumers, it has also multiplied inequalities and enriched oligarchs in Russia and Communist Party hacks in China. Capital, rather than labour, has been the main beneficiary.

We therefore need to consider alternative approaches. Above all, trade arrangements must no longer be dictated by multinational corporations that profit from arbitraging artificially low wages and unacceptable labour standards in emerging markets. Nor can we afford to base trade relations on the cost advantages created by cheap, subsidised fossil fuels.

Moreover, the West may need to accept that it cannot reliably influence its trading partners' political trajectories. It also needs to create new safeguards to ensure that corrupt, authoritarian regimes do not influence its own politics. And, most importantly, Western leaders should recognize that they will gain more credibility in international affairs if they acknowledge their own countries' past misbehaviour during both the colonial era and the Cold War.

Recognizing the West's limited influence on others' politics does not mean condoning human-rights abuses. But it does mean that Western governments should adopt a new approach, curtailing official engagement while relying more on civil-society action through organisations such as Amnesty International or Transparency International. There is no silver bullet to vanquish nationalist authoritarianism, but there are better options to counter it.

# History Already Tells Us the Future of AI

DARON ACEMOGLU, SIMON JOHNSON (FIRST PUBLISHED APR 23, 2024)

*David Ricardo, one of the founders of modern economics in the early 1800s, understood that machines are not necessarily good or bad. His insight that whether they destroy or create jobs all depends on how we deploy them, and on who makes those choices, could not be more relevant today.*

BOSTON – Artificial intelligence and the threat that it poses to good jobs would seem to be an entirely new problem. But we can find useful ideas about how to respond in the work of David Ricardo, a founder of modern economics who observed the British Industrial Revolution firsthand. The evolution of his thinking, including some points that he missed, holds many helpful lessons for us today.

Private-sector tech leaders promise us a brighter future of less stress at work, fewer boring meetings, more leisure time, and perhaps even a universal basic income. But should we believe them? Many people may simply lose what they regarded as a good job – forcing them to find work at a lower wage. After all, algorithms are already taking over tasks that currently require people's time and attention.

In his seminal 1817 work, On the Principles of Political Economy and Taxation, Ricardo took a positive view of the machinery that had already transformed the spinning of cotton. Following the conventional wisdom of the time, he famously told the House of Commons that "machinery did not lessen the demand for labour."

Since the 1770s, the automation of spinning had reduced the price of spun cotton and increased demand for the complementary task of weaving spun cotton into finished cloth. And since almost all weaving was done by hand prior to the 1810s, this explosion in demand helped turn cotton handweaving into a high-paying artisanal job employing several hundred thousand British men (including many displaced, pre-industrial spinners). This early, positive experience with automation likely informed Ricardo's initially optimistic view.

But the development of large-scale machinery did not stop with spinning. Soon, steam-powered looms were being deployed in cotton-weaving factories. No longer would artisanal "hand weavers" be making good money working five days per week from their own cottages. Instead, they would struggle to feed their families while working much longer hours under strict discipline in factories.

As anxiety and protests spread across northern England, Ricardo changed his mind. In the third edition of his influential book, published in 1821, he added a new chapter, "On Machinery," where he hit the nail on the head: "If machinery could do all the work that labour now does, there would be no demand for labour." The same concern applies today. Algorithms' takeover of tasks previously performed by workers will not be good news for displaced workers unless they can find well-paid new tasks.

Most of the struggling handweaving artisans during the 1810s and 1820s did not go to work in the new weaving factories, because the machine looms did not need many workers. Whereas the automation of spinning had created opportunities for more people to work as weavers, the automation of weaving did not create compensatory labour demand in other sectors. The British economy overall did not create enough other well-paying new jobs, at least not until railways took off in the 1830s. With few other options, hundreds of thousands of hand weavers remained in the occupation, even as wages fell by more than half.

Another key problem, albeit not one that Ricardo himself dwelled upon, was that working in harsh factory conditions – becoming a small cog in the employer-controlled "satanic mills" of the early 1800s – was unappealing to handloom weavers. Many artisanal weavers had operated as independent businesspeople and entrepreneurs who bought spun cotton and then sold their woven products on the market. Obviously, they were not enthusiastic about submitting to longer hours, more discipline, less autonomy, and typically lower wages (at least compared to the heyday of handloom weaving). In testimony collected by various Royal Commissions, weavers spoke bitterly about their refusal to accept such working conditions, or about how horrible their lives became when they were forced (by the lack of other options) into such jobs.

Today's generative AI has huge potential and has already chalked up some impressive achievements, including in scientific research. It could well be used to help workers become more informed, more productive, more independent, and more versatile. Unfortunately, the tech industry seems to have other uses in mind. As we explain in Power and Progress, the big companies developing and deploying AI overwhelmingly favor automation (replacing people) over augmentation (making people more productive).

That means we face the risk of excessive automation: many workers will be displaced, and those who remain employed will be subjected to increasingly demeaning forms of surveillance and control. The principle of "automate first and ask questions later" requires – and thus further encourages – the collection of massive amounts of information in the workplace and across all parts of society, calling into question how much privacy will remain.

Such a future is not inevitable. Regulation of data collection would help protect privacy, and stronger workplace rules could prevent the worst aspects of AI-based surveillance. But the more fundamental task, Ricardo would remind us, is to change the overall narrative about AI. Arguably, the most important lesson from his life and work is that machines are not necessarily good or bad. Whether they destroy or create jobs depends on how we deploy them, and on who makes those choices. In Ricardo's time, a small cadre of factory owners decided, and those decisions centred on automation and squeezing workers as hard as possible.

Today, an even smaller cadre of tech leaders seem to be taking the same path. But focusing on creating new opportunities, new tasks for humans, and respect for all individuals would ensure much better outcomes. It is still possible to have pro-worker AI, but only if we can change the direction of innovation in the tech industry and introduce new regulations and institutions.

As in Ricardo's day, it would be naive to trust in the benevolence of business and tech leaders. It took major political reforms to create genuine democracy, to legalise trade unions, and to change the direction of technological progress in Britain during the Industrial Revolution. The same basic challenge confronts us today.

**Stories by Joy Agwunobi**

# Yellow Card raises $33m series C funding to drive stablecoins expansion in Africa

YELLOW CARD, AFRICA'S LEADING and first licensed Stablecoin on/off ramp, has successfully closed its Series C financing, securing $33 million.

The funding round, which serves as a testament to the growing significance of digital financial solutions in Africa, was led by Blockchain Capital and supported by a wide range of prominent investors including Polychain Capital, Third Prime Ventures, Castle Island Ventures, Block, Inc., Galaxy Ventures, Blockchain Coinvestors, Hutt Capital, and Winklevoss Capital.

According to the company, this achievement shows the increasing confidence in its vision and the broader African FinTech ecosystem, particularly as stablecoins gain momentum as a practical tool for financial transactions not just on the continent but globally. For Africa, where cross-border transactions and access to hard currency often pose challenges, stablecoins have emerged as a potential solution for businesses and individuals alike.

Since launching in Nigeria in 2019, Yellow Card has established itself as a trailblazer in the digital currency space. Over the years, it has expanded its operations to 20 African countries, processing over $3 billion in transactions. The company's rapid growth has set a new benchmark in the industry, positioning it as a leader in digital financial services within the continent's growing technology sector.

Your education is the passport to a future

L-R: Feyisetan Omolara, senior manager, learning and talent management, MTN Nigeria; Barbara Wey, chairman, Anglo-Nigerian Welfare Association for the Blind (ANWAB); Ogun Ayoteju, deputy director, Nigerian Universities Commission; Edith Ofili-Okonkwo, director, MTN Foundation; Dennis Okoro, director, MTN Foundation; Benedictus Adekunle Adebiyi, registrar, Federal College of Education (special), Oyo State, Nigeria; Femi Daramola, managing director, CMRG Limited; and Odunayo Sanya, executive director, MTN Foundation, alongside some scholarship recipients at the 2024 MTN Foundation Scholarship awards ceremony recently at MUSON Centre, Lagos. IMAGE BY PIUS OKEOSISI

With this fresh capital injection, Yellow Card is positioned to accelerate its growth strategy. The company noted that a substantial portion of the funding will go towards refining its API and widget products, which are pivotal in enabling international businesses, such as Coinbase and Block, to easily access African markets.

Additionally, the same technology provides a seamless platform for Pan-African companies to engage in international payments and manage their treasury operations using stablecoins as it allows businesses of all sizes to manage liquidity challenges and conduct cross-border transactions with ease, removing the barriers traditionally faced by African markets.

In tandem with these technological enhancements, Yellow Card noted that it is also looking to roll out a series of innovative new products specifically tailored to the needs of African businesses. By doing so, in a region where traditional banking and financial services often fall short of meeting the needs of a rapidly evolving digital economy, the company aims to offer more robust solutions for payments, liquidity management, and financial services.

According to the company, to ensure the effective rollout of these solutions, it plans to strengthen its internal team and systems, creating a solid foundation for further expansion.

An important aspect of Yellow Card's strategy remains its proactive engagement with regulators across the continent. With varying regulatory landscapes across African countries, the company has consistently led efforts to ensure compliance and build positive relationships with financial authorities.

This ongoing dialogue not only ensures a smoother operational path for Yellow Card but also helps shape the future of digital finance regulation in Africa.

The new financing round demonstrates the strong faith both existing and new investors have in Yellow Card's potential to transform financial systems in Africa. Beyond the immediate goals of expansion and product development, the funding also serves as an endorsement of the company's long-term vision for the continent.

Chris Maurice, CEO and co-founder of Yellow Card, expressed his enthusiasm for the new chapter in the company's journey.

He stated, "This fundraise not only demonstrates our resilience but also highlights the vital role of digital assets for businesses across Africa.

"We are excited about the opportunities, partnerships, and journey ahead, and I'm proud to work with an incredible cohort of investors that share our vision for the industry and the continent."

Further underscoring the importance of this funding round, Aleks Larsen, general partner at Blockchain Capital, the lead investor, noted the transformative potential of Yellow Card's work.

According to Larsen, the future of payments lies in fast, affordable rails for everyone, powered by open networks. We could not be more excited to back Yellow Card as they bring Africa on-chain with stablecoins.

# Nigerian Breweries, Konexa sign deal on 100% renewable energy power supply

THE NIGERIAN BREWERIES (NB) Plc has taken a decisive step toward sustainability by signing a power purchase agreement with Konexa, a move that will see the company transition two of its breweries located in Lagos and Ama, Enugu State to 100 percent renewable energy.

This new development is aimed at mitigating the impact of rising fossil fuel costs while reinforcing the company's long-term commitment to environmental sustainability.

In a statement, Nigerian Breweries Plc explained that this renewable energy transition is part of its broader goal to integrate sustainable energy solutions across all its operations in the country.

The initiative is a key component of the company's drive to reduce its carbon footprint, enhance energy efficiency, and work towards achieving carbon neutrality shortly.

"This initiative is a reflection of our continuous commitment to sustainable practices and the journey towards carbon neutrality across all our operations," the company noted.

Konexa, known for its commitment to providing clean, reliable, and affordable energy, will work closely with Nigerian Breweries to implement the renewable energy transition across the two breweries.

The partnership with the energy firm is not only an economic necessity in light of rising fuel costs but also a strategic move towards aligning with global sustainability trends as renewable energy has increasingly become the go-to option for companies looking to reduce their carbon emissions and enhance energy efficiency.

The move not only represents a step towards reducing environmental impact but also signals a proactive response to the economic challenges posed by escalating fossil fuel costs, which have put pressure on many businesses in Nigeria.

The financing of the project will be provided through a collaboration of key stakeholders, according to the company, Climate Fund Managers, a climate-focused blended finance investment manager, will play a pivotal role by supplying development funding via its EU-supported Climate Investor One fund.

This will be supplemented by additional funding from Konexa and other third-party co-financiers, highlighting the broad-based support for this renewable energy initiative.

Speaking at the official signing ceremony held recently at Nigerian Breweries' head office in Iganmu, Lagos, Hans Essaadi, managing director of Nigerian Breweries Plc, highlighted the significance of the agreement, calling it a major achievement in the company's pursuit of 100 per cent renewable energy.

He described the partnership with Konexa as a bold step forward in the company's sustainability journey, noting that the adoption of renewable energy would not only reduce the company's operational costs but also play a crucial role in its plan to achieve net-zero emissions by 2030.

"This partnership is a clear demonstration of our commitment to reducing our carbon emissions, lowering operational costs, and ensuring a sustainable future. The agreement underscores our resolve to lead the way in the transition to renewable energy within the brewing sector and beyond," Essaadi stated.

He further acknowledged the growing importance of renewable energy infrastructure in Nigeria, especially given the frequent power outages that have become a recurring challenge for businesses operating in the country.

"As the cost of fossil fuels continues to rise, it has become more critical than ever to explore alternative energy sources. Nigerian Breweries recognises the vital role that renewable energy plays in ensuring energy security and reducing dependency on non-renewable sources," Essaadi added.

Essaadi further expressed optimism about the future of renewable energy adoption in Nigeria, particularly as the country continues to face the twin challenges of rising energy costs and unstable electricity supply. The collaboration with Konexa, he said, represents a forward-thinking approach towards overcoming these obstacles and accelerating the renewable energy transition in the company's operations.

On his part, Darron Johnson, Regional Head of Africa for Climate Fund Managers, stated that the financial support for the project underscores the company's dedication to helping Nigerian Breweries (NB) decrease its reliance on fossil fuels and enhance the resilience of the electricity grid. Pradeep Pursnani, CEO of Konexa, expressed the company's enthusiasm for being part of a project that supports Nigerian Breweries (NB) in its efforts to secure a more stable and eco-friendly energy solution for its operations.

"With CFM's backing, we are pushing forward the development of crucial renewable energy infrastructure in Nigeria, assisting businesses like NB Plc in adopting sustainable, reliable energy sources and cutting their operational expenses," Pursnani explained.

# NITDA, NADF in partnership to bring technology-driven transformation to Nigerian agriculture

Joy Agwunobi

THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (NITDA) and the National Agricultural Development Fund (NADF) have joined forces in a partnership that promises to usher in a new era of innovation in Nigerian agriculture.

The collaboration, sealed through a Memorandum of Understanding (MoU), focuses on integrating cutting-edge technologies into agricultural practices to increase productivity, optimise resource use, and develop modern solutions for the pressing challenges facing the sector today.

Kashifu Inuwa, director general of NITDA, discussed the details of the partnership when he welcomed Muhammed Abu, executive secretary of NADF, and his team to NITDA's headquarters in Abuja, recently.

Inuwa emphasised the increasing importance of digital technology in advancing agricultural practices.

"The government has consistently shown its commitment to enhancing agriculture for food security. Today, it is impossible to discuss agricultural development without incorporating technology. This collaboration is a step toward integrating emerging technologies into agriculture, which will ultimately increase productivity across the sector," he stated.

The partnership came in the wake of recent data from the Nigeria Bureau of Statistics (NBS), which revealed that the agricultural sector contributed 22.61 percent to Nigeria's GDP.

However, it grew at a modest 1.41percent , a slight decline from the 1.50percent growth rate recorded in the second quarter of 2023, highlighting the need for increased innovation and technological integration to drive future growth.

During the meeting, Inuwa dwelled on NITDA's ongoing initiatives aimed at improving agriculture through technology. These include the National Adopted Village for Smart Agriculture (NAVSA) and the agency's demonstration farm in Abuja. He noted that the agency has been working closely with universities and startups across the country to research, develop, and test new technologies on farms, showcasing their potential to improve agricultural practices.

Inuwa also shared that this year, NITDA has provided grants to startups focusing on using emerging technologies to enhance the agricultural sector, and many of these startups are now collaborating with farms to demonstrate how these innovations can directly boost productivity.

On his part, Mohammed Abu Ibrahim, executive secretary of NADF, discussed the critical link between technology and agriculture, particularly as the sector faces challenges like funding shortages, climate change, and insecurity.

He noted, "Technological advancements, such as Artificial Intelligence (AI), the Internet of Things (IoT), and Wireless Agricultural Systems (WAV), have made a significant impact on our sector. We believe that optimising agriculture through data-driven solutions is essential for improving efficiency and addressing these challenges."

Abu further stressed that data-backed evidence is essential for more effective resource allocation, especially as the fund aims to maximise its impact with limited resources.

"To ensure that we are doing more with less, we are deeply involved in monitoring and evaluation efforts. This will guide us in achieving our goal of increasing efficiency and maximising the use of available resources," he stated, further expressing optimism that the partnership would lead to further collaborations, helping to transform Nigeria's agricultural landscape through technology.

# PalmPay champions investor confidence in Africa's fintech space

Onome Amuge

PALMPAY, A FINTECH firm with a regional focus on the African continent, has underscored the need for fintech founders to strengthen investor confidence to facilitate increased investment in the African fintech industry.

Chika Nwosu, managing director, PalmPay Nigeria, stated this recently in his presentation at the recently concluded 2024 Nigeria Fintech Week in Lagos, Nigeria.

According to Nwosu, the fintech ecosystem is not saturated but founders need to be mindful of building investor's confidence amid currency devaluation and rising interest rates.

"We have seen that most of the currencies of sub-Saharan Africa have plummeted against the US dollar, including the Egyptian pound, Naira, Rand, Cedi, Congolese franc, and Kenyan shilling.

"This devaluation is impacting the value of investments, which in turn, lowers investor confidence and makes it difficult for fintech startups to secure funding," he stated.

Nwosu, who participated in a high-profile panel discussion themed "Safeguarding the Funding Pipeline for Fintech in Africa", stated that founders can mitigate these challenges by diversifying their revenue streams and expanding into multiple geographical regions.

He added that relying solely on one market can expose companies to regional economic volatility.

"By entering diverse markets, fintechs can spread their risk and minimize the impact of instability in any single region," he said.

The PalmPay MD gave the example of Palmpay being operational not only in Nigeria but also in Tanzania, Ghana, and other markets.

The 2024 Nigeria Fintech Week was held under the overarching theme "Positioning Africa's Fintech Ecosystem to Accelerate Growth", with a key focus on seeking more investors who see the long-term value of investing in Africa. The conference brought together industry leaders, policymakers, investors, and innovators to chart the future of Africa's financial technology landscape.

Ade Bajomo, the president of FintechNGR, pointed out that investments in the fintech sector in Africa declined significantly, dropping 77 percent to $186 million from $826 million in the first half of 2023.

In a similar trajectory, the number of deals decreased 30 percent year-on-year and the average deal size fell to $4 million in the first half of 2024 from $10.5 million in H1 2023.

## Data & Information Governance Insight

# Rethinking the role of Blockchain Tech in privacy

MICHAEL IRENE, PhD

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BLOCKCHAIN TECHNOLOGY IS emerging as a vital tool in Nigeria's rapidly developing digital economy. With its ability to enhance security, transparency, and trust, it is playing a critical role in the move towards Privacy 4.0. This new privacy landscape is characterised by the demand for better data control and protection, which blockchain is uniquely positioned to support. In an era where data breaches and fraud are rampant, blockchain offers a decentralised solution to manage sensitive information securely.

Blockchain's power lies in its structure: a decentralised digital ledger that stores information across multiple nodes. Once a transaction or piece of data is recorded on the blockchain, it cannot be altered without agreement from the entire network. This immutability makes it an ideal solution for privacy protection. In a country like Nigeria, where data security and fraud remain serious issues, this kind of transparency could be transformative. Blockchain can ensure that personal information, financial data, and even government records are tamper-proof, reducing the risk of identity theft and corruption.

The Nigerian government, recognising the potential of blockchain, approved a National Blockchain Adoption Policy in 2023. This framework aims to integrate blockchain technology into critical sectors such as finance, governance, and healthcare. One of the policy's key goals is to improve transparency in government operations, a necessary step in a country where trust in institutions has been historically low. Blockchain's transparency can curb corruption by making it easier to track the flow of funds and the ownership of assets.

For Nigeria, blockchain also presents significant economic opportunities. The technology has the potential to attract foreign investment and foster innovation, particularly in the tech sector. Nigeria's fintech landscape, already one of the most vibrant in Africa, stands to benefit greatly from blockchain. By providing a more secure and efficient platform for financial transactions, blockchain could reduce the costs associated with payment processing and international remittances. Nigeria is already a global leader in the use of cryptocurrencies, and as blockchain adoption grows, the financial sector will likely see more blockchain-based solutions.

Beyond finance, blockchain can revolutionise other sectors of the Nigerian economy. In healthcare, for instance, it can be used to manage medical records more securely and efficiently. Instead of relying on paper-based systems or vulnerable centralised databases, hospitals could store patient information on a blockchain, ensuring that records are both private and easily accessible to authorised parties. This could improve the quality of care while protecting sensitive medical data.

Similarly, blockchain can bring much-needed transparency to Nigeria's agricultural sector. The country's farmers often struggle with inefficiencies in the supply chain, leading to losses and reduced profits. Blockchain can track the movement of goods from farm to market, ensuring that products are authentic and meet quality standards. This level of transparency would help reduce fraud and improve consumer confidence in Nigerian produce, both locally and internationally.

Nigeria's approval of a blockchain policy represents a significant step forward, but challenges remain. One of the most pressing issues is the lack of regulatory clarity, particularly around the use of cryptocurrencies. In 2021, the Central Bank of Nigeria banned commercial banks from facilitating cryptocurrency transactions, stalling the growth of blockchain-related innovations. However, the new policy aims to address this by separating blockchain from cryptocurrency, allowing the technology's broader applications to flourish.

Talent development is another crucial factor. Nigeria has a large, tech-savvy youth population that could drive blockchain innovation, but they need the right education and resources to do so. The National Blockchain Adoption Policy places emphasis on building this talent pool, ensuring that Nigeria is not just a consumer of blockchain technology but a creator of it. With the right investment in education and infrastructure, Nigeria could become a blockchain hub, attracting startups and foreign investors alike.

In conclusion, blockchain technology has the potential to transform Nigeria's digital landscape, particularly in the context of Privacy 4.0. By securing data, enhancing transparency, and improving efficiency, blockchain can address many of the challenges facing Nigeria today, from corruption to financial inclusion. The future of Nigeria's digital economy is undoubtedly tied to the successful adoption and integration of blockchain technology.

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## Africa & Global Observatory

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# Sudan as latest African orphan caught in crossfires

THE GOALPOST ON 'Silencing the Guns in Africa' agenda has been shifted time and time again. Since this flagship initiative of the African Union's (AU) Agenda 2063 was mooted, the timelines and deadlines have been altered under various circumstances and events such that the agenda only turned out to become plain sloganeering and mere mantra. The Solemn Declaration by the AU heads of state and government to create the Silencing the Guns in Africa initiative on 26 May 2013 to mark the 50th anniversary of the AU and its predecessor, the Organisation of African Unity (OAU), originally entailed the pledge, "to end all wars in Africa by 2020." In its detailed form, it aspired to end all wars and conflict, prevent genocide, and stop gender-based violence.

Inasmuch as ending conflict is crucial for Africa's development, the African leaders have set a standard, a key indicator and a yardstick by which their success or failure could be measured. This is particularly so as 'Silencing the Guns' is one of the AU's Agenda 2063 flagship projects theoretically aimed at achieving inclusive and sustainable socioeconomic development over a 50-year period from the commencement date in 2013. On that day and in that hall at Addis Ababa, representatives of the governments of Ethiopia and Sudan present must have shared the optimism and hope without any foreboding of any looming national gun violence crisis ahead.

Beyond just 2013, the AU Peace and Security Council (PSC) adopted an AU Master Roadmap of Practical Steps to Silence the Guns in November 2016. Ordinarily, Africa should have become gun-free if the roadmap – with all its wide range of actions – has succeeded in curbing the excesses of some of those leaders who held sway in the countries within the continent. As it turned out, three contiguous countries got to the brink of war over a major natural resource, notably water. Egypt, Sudan and Ethiopia sparred for some years over Ethiopia's ambitious Grand Ethiopian Renaissance Dam (GERD) that nearly resulted in an all-out war. The AU had a hard time reigning in the nations, particularly Egypt and Ethiopia, on GERD.

Prime Minister Abiy Ahmed, later dramatis personae in an Ethiopian civil war, was reputed and rewarded with the 2019 Nobel Peace Prize for his work in ending the 20-year post-war territorial stalemate war between Ethiopia and Eritrea led by the then Government of Ethiopia and current Government of Eritrea. In essence, he soon became a champion and an epitome of what the AU had articulated six years earlier. Little was known of the prospect of Abiy Ahmed leading Ethiopia to war so soon afterwards. The war, which lasted for two years – from November 2020 to November 2022 – was fought within Ethiopia between the central government under Abiy Ahmed and the Tigray People's Liberation Front (TPLF). The guns roared under Abiy Ahmed's watch. They were not silenced: a significant test case of the AU slogan's success or failure.

This cost of the war to Ethiopia, according to some estimates, in terms of expenditure as at August 2021, was projected to reach $502 million (£365 million) by the end of that year. At the end of it all, the post-conflict reconstruction, following a deal to end the two-year civil war, was also estimated to cost about $20 billion, in addition to requiring help from international institutions. Ethiopia was drawn back in many different ways, from record war fatalities to disease spread and human displacement. For instance, an estimated 300,000 to 500,000 people reportedly died, including 50,000 to 100,000 from fighting, 150,000 to 200,000 due to famine, and 100,000 from lack of medical attention. It was observed that the fatalities could have been as many as 600,000 people while those displaced could have been nearly three million as much of Tigray lived under siege for nearly two years, depending on very little food, medicine, humanitarian assistance or access to banks or telecommunications due to a blockade on the region. Despite the atrocities during the war, Abiy Ahmed still has two years to stay till his second term ends after October 4, 2026.

While it sounds nice now to have fully operational African Standby Force and prevent the circulation of illicit arms, as well as activities to address socio-economic and governance challenges, it was agreed by the AU Assembly at the December 6, 2020 extraordinary session on "Silencing the Guns" to extend the implementation of the AU Master Roadmap for a period of ten years from 2021 to 2030. The AU's Silencing the Guns initiative and the AU Master Roadmap in resolution 2457 of February 27, 2019 were recognised and accepted during an open debate organised by the then-Council member, Equatorial Guinea. This was aimed at combating poverty, deprivation and inequality and to enhance good governance and redoubling efforts on economic development and the promotion of the well-being of their people.

In Sudan, for over the past year, the gun has not been silent. Since April 15, 2023, Sudan has been embroiled in a war of attrition between two generals fighting for supremacy. Ordinary Sudanese have been bearing the brunt. The devastating war between Sudan's army and the paramilitary Rapid Support Forces (RSF) has left 15,000 dead and has driven more than 8.5 million people from their homes, in addition to rampant cases of rape, murder and hunger. The legacy of Sudan's one year of war is now that more funding is needed to reach more people. Formally, the 2024 Sudan Humanitarian Needs and Response Plan (HNRP) is reportedly seeking $2.7 billion from donors to enhance its intervention in helping 14.7 million people through till the end of this year.

Sudan's hostilities are spiralling, with no evidence of reprieve in sight. As of September 8, 2024, at least 20,000 people had been reportedly killed and 33,000 others injured. Social and economic activities in Sudan have gone comatose. Yet, the country reels in isolation. Dr. Workneh Gebeyehu, IGAD executive secretary, on April 14, 2024, during the first anniversary of the conflict, noted in a statement that the government of the war-ravaged Sudan said it has suspended its membership in the Intergovernmental Authority on Development (IGAD), the east African regional body with member States of Djibouti, Ethiopia, Eritrea, Kenya, Somalia, the Sudan, South Sudan and Uganda.

The executive secretary implored all belligerent parties to immediately halt hostilities, and prioritise the pursuit of a negotiated political settlement, noting the dire humanitarian situation and pervasive human suffering and recognising the consequential ramifications of the conflict on the stability of Sudan and the broader region. The executive secretary urged all stakeholders to work closely with IGAD and its designated Special Envoy, to work towards actively securing a nationwide cessation of hostilities and a sustainable ceasefire, and implementing humanitarian measures to help alleviate human suffering.

On the 6th of June 2019, the African Union Peace and Security (PSC) Council suspended the participation of the Republic of Sudan in all AU activities until the effective establishment of a civilian-led Transitional Authority, as the only way to allow Sudan to exit from its current crisis. It means, by this latest war, Sudan has descended further down the latter in a diplomatic abyss. If, despite the suspension, Sudan still slid into war, much less effectual would have been the suspension, thus necessitating a change of approach to diplomatic engagement as the country is now divided roughly in two: between the army which holds sway in much of the east, but with the paramilitary Rapid Support Forces (RSF) controlling much of the west and most of the capital Khartoum.

It is clear that the war in Sudan would not have been possible without some external enablers, who are arming them, as well as the African and global powers with the greatest influence in the region. These all need to come together in a coordinated push to keep Sudan from further collapse and help to ease the suffering of the country's people. But experiences in the recent past offer very limited scope for any hope at all. In addition to the helplessness of the AU and UN on Ethiopia, Libya also found itself helpless in a quandary a few years ago. For a protracted period, the guns roared. They were not silent.

Years following elections in 2014 were particularly tough for Libya, which was split in half as a UN-recognised administration was based in Tripoli, the capital in the country's west and the warlord's parallel government took the east. In essence, Libya has been divided between the Government of National Accord (GNA) headed by Abdul Hamid Dbeibah in Tripoli and that of Libya's eastern forces under commander Khalifa Haftar. The renegade General Khalifa Haftar sometimes threatened and led a "decisive battle" to capture the capital, Tripoli. On April 4, 2019, Haftar mobilised his military forces to advance on Tripoli, the capital of the internationally recognised government of Libya. Again, the guns roared as the two governments fought a bloody civil war that lasted for over a year in which Haftar's army tried to take Tripoli. General Haftar's forces have been besieging the city since April 2019. But intensified military support from Turkey helped the government to weaken his forces.

But, over the last two years, the two warring parties have reached an uneasy and fragile truce, whereupon Haftar, in 2023, supported a proposal to set up a new interim government. However, attempts to form a viable, unified Libyan government by other means have repeatedly failed. The AU and UN have only had little impact, if any. It is thus very hard to conclude that the war in Libya is over completely. Rather, it can be inferred that the chances of a relapse remain high as the guns may not have completely gone silent in Libya. The influences of external forces remain potent and decisive in Africa's civil wars and hostilities. For the guns to be truly silent, these external factors as well as internal factors will have to be juxtaposed with and weighed against the interests of specific African countries with clear intentions and appropriate diplomatic and policy decisions and actions. Otherwise, the AU's Silencing the Guns will remain mere slogans.

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