NEWS

Developing countries pay $1.4trn debt

DEVELOPING COUNTRIES spent a record $1.4 trillion to service their foreign debt as their interest costs climbed to a 20-year high in 2023, the World Bank's latest International Debt Report shows.

The report disclosed that...

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FINANCE & INVESTMENT

Africa Investment Forum gets $29.2bn

THE AFRICA INVESTMENT Forum 2024 Markets Days has recorded a total of $29.2 billion in new investor interests after three days of boardroom discussions in Rabat, Morocco.

The Chair of the Africa Investment Forum, President of the African...

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COMMENT

Urgency of African Energy Banks

FOR MORE THAN A YEAR, the African Energy Chamber (AEC) has been pushing back against steadily building pressure to halt new foreign investments in Africa's oil and gas industry.

To prevent catastrophic climate change, environmental organisations, fi-

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Nigeria's Financial & Business Newspaper

Monday, December 9 - Sunday, December 15, 2024 www.businessamlive.com

business a.m.

TOWARDS MORE EFFICIENT MARKETS

CBN policies propel uptrend in Nigeria's FX reserves to $40.23billion

BAMIDELE FAMOOFO

THE LATEST DATA FROM the Central Bank of Nigeria (CBN) indicates a notable improvement in the country's foreign exchange reserves, highlighting a positive trajectory in their periodic movement.

By the end of November 2024, Nigeria's reserves had appreciated by an impressive 21.90 percent year-on-year, climbing from $33 billion in November 2023 to $40.23 billion. This increase of $7.23 billion represents the highest reserve levels recorded since February 2022, bolstered by substantial foreign capital inflows driven by robust carry trade opportunities arising from the CBN's tight monetary policy stance.

Throughout 2024, Nigeria's foreign exchange reserves experienced a significant uptick of 22.24 percent between January and November. At the start of the year, the reserves stood at a relatively strong $33.02 billion, supported by a combination of moderate oil prices and deliberate efforts by the CBN to stabilise the foreign exchange market. The growth in reserves was further sustained by favourable conditions in the oil market, particularly for Bonny Light crude, which maintained an upward trajectory, frequently exceeding $80 per barrel. Additionally, the country benefitted from increased foreign portfolio investments, reflecting renewed investor interest in Nigeria's financial markets.

Despite these gains, the foreign exchange market faced persistent pressures, as the naira struggled under the weight of high demand for dollars from diverse segments of the economy. This demand placed significant strain on reserves, particularly as the year progressed. Global oil price volatility emerged as a key challenge, impacting Nigeria's export revenues. While oil production showed periods of re-

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Tinubu's tax reform goals put governance under efficiency test

CITN, NECA endorse bill, say it is beneficial to all

ONOME AMUGE

PRESIDENT BOLA TINUBU RODE to power on the wings of ambitious economic reforms that promised to lift the fortunes of Nigerians, yet his tenure has been marred by skyrocketing fuel prices, a weakening naira, and rising inflation, all serving as persistent reminders of the unfulfilled promises that have come to characterise his presidency.

However, amid the turbulence, Tinubu's administration has unveiled an ambitious four-part legislative package, the tax reform bills, a series of far-reaching tax reforms that aim to overhaul the country's tax collection and administration.

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PZ STILL HERE L-R: Adebukola Olonade-Aganga, company secretary/ALSEIC Nominees; Brian Egan, outgoing chief financial officer; Joyce F. Coker. group HR and admin director; Dimitris Kostianis, chief executive officer; Ifueko M. Omoigui-Okauru, chair; Suleyman Abdu Ndanusa; Ballama Manu; Ebenezer Elusakin, in-coming chief financial officer; and Kareem Moustaf, at the 76th AGM of PZ Cussons Nigeria PLC, recently.

TRAVELLER & HOSPITALITY

Nigeria aviation sector resilience

THE NIGERIAN MEDIA WERE recently filled with the news of the recertification of two major international airports, the Murtala Muhammed International Airport, Lagos and the Nnamdi Azikiwe International Airport, Abuja.

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TECHNOLOGY & INNOVATION

African startup funding down 32%

THE LATEST REPORT from Africa: The Big Deal, a data insights firm, has revealed a 32 percent decline in funding for...

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COMMODITIES & AGRICULTURE

Nigeria's $6bn cocoa potential

THE NIGERIAN COCOA industry has experienced a recent surge in demand and profitability, with data indicating that the country's annual cocoa volume of...

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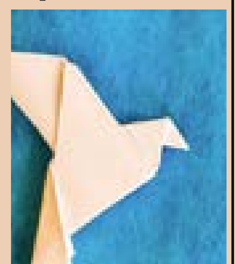
EXECUTIVE KNOWLEDGE SERIES

Mega Companies: Superstars or Super Villains?



SOUTH KOREA'S EXPERIENCE SHOWS that big is not necessarily bad.

Giant firms are often cast as villains, throttling competition and stifling innovation. From Microsoft to Meta and now Google, a litany of behemoths have run afoul of antitrust laws for the power they wield. My recent research, however, suggests that the role...

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Tinubu's tax reform...

Page 1

In a decisive step toward addressing the fiscal challenges facing the nation, President Tinubu inaugurated the Fiscal Policy and Tax Reforms Committee in July 2023 and appointed Taiwo Oyedele, a tax specialist and former Africa Tax Leader at PricewaterhouseCoopers (PwC), as its chairman.

After about four months of deliberations and consultations with relevant stakeholders across the country, the 38-member committee introduced 20 key policy recommendations known as "quick wins" for immediate implementation. This birthed the tax reform bills transmitted to the National Assembly by the President in September 2024.

The panel's economic stabilisation bills (ESBs) comprised four documents: The Nigeria Tax Bill, The Nigeria Tax Administration Bill, The Nigeria Revenue Service Establishment Bill, and the Joint Revenue Board Establishment Bill.

The tax reform bills feature several proposals, including the increase in VAT distribution to subnational governments to 55 per cent, with the federal government's share reduced to 10 per cent.

The bills also propose zero VAT on exports and essential goods for the masses, as well as input VAT credit on assets, services, and goods consumed by businesses, intending to lower production costs.

The committee responsible for drafting the bills laid out a set of ambitious objectives that aim to boost the country's revenue, improve the business environment, and reform the tax system for sustainable development.

The primary goal, it stated, is to increase Nigeria's tax-to-GDP ratio, which, at only between 6.7 and 10.8 per cent, lags far behind many other countries in Africa and around the world, including Ghana and South Africa. The target is to reach at least 15 per cent by 2030, according to the committee.

The committee also noted that the bill was designed to balance the need for increased revenue with the need to provide support for low-income earners and struggling businesses.

To achieve this, the proposed legislation seeks to reduce income taxes for low-income earners and even eliminate them for those earning minimum wage. Moreover, corporate income tax will be lowered from 30 per cent to 25 per cent, providing a much-needed boost for businesses.

Among the key proposals in the bills is the elimination of nuisance taxes, which will simplify the tax system and reduce the administrative burden on both taxpayers and the government. The bills also seek to implement progressive taxation, ensuring that the wealthy contribute their fair share of taxes, while also expanding the tax base by capturing revenue from digital and e-commerce sources.

The Senate's recent passage of the tax reform bills for the second reading has however sparked a heated debate, particularly concerning the proposed changes in the VAT revenue-sharing formula among the federal, state, and local governments.

The heart of the controversy centres around Section 77 of the Bill, which seeks to shift the allocation of VAT revenue in Nigeria to a consumption-based model that prioritises derivation over population or equality.

R – L: Abdul Samad Rabiu, founder/executive chairman, BUA Group, and Harald Neumuller, CEO of Starlinger and Co. Limited during an agreement signing ceremony for BUA to expand into the production of high-quality packaging materials

Discussions around this issue indicated that optimism surrounding the tax reform bills has been marred by the widespread distrust and disappointment in the president's unfulfilled promises.

Criticism of the proposed legislation has ranged from allegations of regional bias, with some arguing that the proposed changes to the VAT revenue-sharing formula are designed to primarily benefit the Southern states, particularly Lagos, which is considered President Tinubu's home turf and a primary beneficiary of the proposed changes to the VAT revenue-sharing formula.

Governor Zulum of Borno State, a prominent figure among the opposition, expressed his reservations about the impact of the bills, claiming that the state would be unable to pay salaries, a situation that he warned could lead to a collapse of the entire northern economy.

Governor Zulum argued that the southern states, particularly Lagos, would reap the benefits of the reforms while northern states would be disproportionately disadvantaged.

Even as the tax reform bills remain the subject of intense debate, analysts and experts have weighed in with their perspectives, urging the Nigerian people to refrain from introducing ethnic and regional biases into the discussion and instead focus on holding the government accountable for its actions and prioritising the interests of all Nigerians.

Samuel Agbeluyi, president of the Chartered Institute of Taxation of Nigeria (CITN), in a recent press conference with members of the Finance Correspondents Association of Nigeria in Lagos, voiced his support for the tax reform bills, characterising them as crucial measures that will address Nigeria's ongoing revenue challenges.

While Agbeluyi recognised that the proposed bills are not without their fair share of concerns, he expressed confidence that they have the potential to bring about much-needed improvement to the country's tax system, ultimately benefiting both the government and the citizens.

"The bill is a clear and positive one. I doubt if anybody is seeing it from a negative perspective. I also agree that there are issues that have been raised in the bill but overall, the bill is what we need," he stated.

Agbeluyi also addressed the importance of synchronising national identification systems, such as the National Identity Number (NIN) and Bank Verification Number (BVN), to enhance the collection of tax-relevant data with greater efficiency and accuracy.

The CITN president underscored the gravity of the revenue crisis facing Nigeria, stating that over 90 per cent of the nation's revenue is currently devoted to servicing debt, a situation he described as "a recipe for disaster."

With a pressing need for reform to improve the nation's financial standing, Agbeluyi pointed to the current tax structure as a major source of inefficiency, highlighting the existence of more than 60 different types of taxes, of which only a small number contribute significantly to government revenue.

Responding to the public's apprehensions regarding third-party involvement in tax collection, Agbeluyi reiterated the necessity of private sector contractors in this process, provided that the engagement is executed with the utmost levels of accountability and transparency.

He noted that third-party contractors can bring invaluable expertise and innovation to the table, particularly in the areas of data gathering and revenue generation, where their contributions have already proven instrumental in enhancing the efficiency of tax collection.

Agbeluyi highlighted the indispensable role that data can play in driving tax reform, stating with conviction that "data don't lie." He suggested that by conducting simulations using various VAT allocations and applying attribution methods, stakeholders could leverage data to gain a more accurate understanding of the potential impact of the proposed reforms.

The Nigeria Employers' Consultative Association (NECA), a prominent business advocacy group, also expressed its support for the Tax Reform Bills, asserting that the passage of these bills into law would result in far-reaching positive consequences for the country.

Wale-Smatt Oyerinde, the director-general of NECA voiced his disappointment at the level of opposition that the Tax Reform Bills have faced in the political arena, despite the many potential benefits that the bills could bring.

"NECA affirms its support for the Tax Reform Bills because of the far-reaching positive consequences of its enactment. It is instructive to note that the organized private sector is a member of the Committee and plays a very important role in the engagements with various stakeholders. It is thus worrisome that a Bill that should ordinarily attract a warm welcome from the political elites is facing unnecessary criticism and backlash," he stated.

Paul Alaje, chief economist at SPM Professionals, has also lent his support to the tax reform bills, particularly advocating for an increase in the VAT rate from the current 7.5 per cent to 15 per cent in the medium term.

Alaje underscored Nigeria's comparatively low VAT rate on the global stage, pointing out that a higher VAT could generate much-needed revenue to fund essential public services while also aligning the country with international standards in this area.

Implications of the Tax Reform Bill

Nigeria's former Attorney-General of the Federation and Minister of Justice, Mohammed Adoke, in an opinion article published by Punch Newspaper, highlighted the implications of the reform as follows:

Increased Tax Burden: The VAT tax rate increase is not in the interest of Nigerian consumers and small businesses. The proposed increase in VAT from 7.5 per cent to 10 per cent is potentially an increase in the prices of products. For a tax system to be used as an instrument to uplift the welfare and living standard of the people, put smiles on their faces and direct the course of the economy towards growth and development without losing its traditional grip of revenue generation, it must strive to balance the need for revenue generation against the desire to preserve the taxpayer. In other words, the Nigerian taxpayer must not be taxed to death. The VAT rate increase is ill-timed, coming in the heat of the effects of the withdrawal of subsidy on petrol. The redistribution of income argument, where higher taxes are imposed on the rich to provide social services in favour of the poor, is not even obtainable under a regime of a general increase in VAT rate as proposed. VAT as a consumption tax can only be imposed in favour of the poor, where the increase is aimed at taxing the rich at a higher rate and not a flat rate as proposed.

Increased Administrative burden: The proposed reforms could also lead to an increased administrative burden on both tax authorities and businesses and impact negatively on the economy in the following ways. Clause 8(2) of the Nigeria Tax Administration Bill 2024 makes the provision of a Tax ID a mandatory requirement or precondition for opening a new bank account or operating an existing account. This provision, though, has the advantage of identifying taxpayers in the country; it may discourage banking habits, particularly for those employed in the non-formal sector. A lot of money may circulate outside the banking system. Clauses 20, 23 and 24 of the Nigeria Tax Administration Bill 2024 have proposed to make filing of monthly returns mandatory for specific categories of businesses, including Air Transport and Mining. This can increase the operational cost of businesses, which will be transferred to customers.

Addressing the challenges

Speaking on how the challenges can be addressed, he said, "A cursory reading of the Tax Reform Bills will reveal a commendable effort by the government to revolutionise the national economy, bring to an end the era of liquidity crises, and promote a genuinely competitive environment for businesses, irrespective of the sizes or structures, to seamlessly thrive. However, despite the laudable objectives of the Reform Bills, it has not been received with the requisite enthusiasm from the sub-national governments. The Bills have been criticised as ill-timed, regressive and antithetical to the aspirations of the people, as well as detrimental to the interests of other segments of the federation. The Nigeria Economic Council (NEC), a constitutional body established by section 153 of the Constitution, has called on the president to withdraw the bills before the National Assembly for further consultations. The Governors Forum and the Northern Governors Forum have all asked for a stand down of the Bills for further consultation. Despite these calls, the Executive branch is in favour of a process that allows for public engagement with the National Assembly presently considering the Bills."

Developing countries paid record $1.4 trillion in foreign debt in 2023- Report

Bamidele Famoofo

DEVELOPING COUNTRIES spent a record $1.4 trillion to service their foreign debt as their interest costs climbed to a 20-year high in 2023, the World Bank's latest International Debt Report shows.

The report disclosed that interest payments surged by nearly a third to $406 billion, squeezing the budgets of many countries in critical areas such as health, education, and the environment.

The financial strain was fiercest for the poorest and most vulnerable countries—those eligible to borrow from the World Bank's International Development Association (IDA), the data show.

These countries paid a record $96.2 billion to service their debt in 2023. Although repayments of principal decreased by nearly 8 percent to $61.6 billion, interest costs surged to an all-time high of $34.6 billion in 2023, four times the amount a decade ago. On average, interest payments of IDA countries now amount to nearly 6 percent of the export earnings of IDA-eligible countries—a level that hasn't been seen since 1999. For some countries, the payments run as high as 38 percent of export earnings.

As credit conditions tightened, the World Bank and other multilateral institutions became the main lifeline for the poorest economies. Since 2022, foreign private creditors have received nearly $13 billion more in debt-service payments from public sector borrowers in IDA-eligible economies than they disbursed in new financing. Over the same period, the Bank and other multilateral institutions pumped in nearly $51 billion more in 2022 and 2023 than they collected in debt-service payments. The World Bank accounted for a third of that sum—$28.1 billion.

L- R, Kunle Elebute, chairman, Gerrald Capital Advisory Services, Bayo Adeleke, chairman, board of directors, Union Bank, Chizor Malize, MD/CEO, FITC, Kayode Falowo, chairman, board of directors, Greenwich Merchant Bank, Chiamaka Ezenwa, Non-Executive Director, Union Bank, Olutola Mobolurin, Chairman, board of directors, FCMB at the CBN FITC CEP program for directors of banks and other financial institutions, recently,

"Multilateral institutions have become the last lifeline for poor economies struggling to balance debt payments with spending on health, education, and other key development priorities," said Indermit Gill, the World Bank Group's Chief Economist and Senior Vice President. "In highly indebted poor countries, multilateral development banks are now acting as a lender of last resort, a role they were not designed to serve. That reflects a dysfunctional financing system: except for funds from the World Bank and other multilateral institutions, money is flowing out of poor economies when it should be flowing in."

The COVID-19 pandemic sharply enlarged the debt burdens of all developing countries—and the subsequent surge in global interest rates has made it harder for many to regain their footing. At the end of 2023, the total external debt owed by all low- and middle-income countries stood at a record $8.8 trillion, an 8 percent increase over 2020. The percentage increase was more than twice as large for IDA-eligible countries, whose total external debt climbed to $1.1 trillion, an increase of nearly 18 percent.

In 2023, borrowing abroad became considerably more expensive for all developing economies. Interest rates on loans from official creditors doubled to more than 4 percent. Rates charged by private creditors climbed by more than a point to 6 percent—a 15-year high. Global interest rates have since begun to subside, although they are expected to remain above the average that prevailed in the decade before COVID-19.

The latest International Debt Report highlights key insights from the World Bank's International Debt Statistics database—the most comprehensive and transparent source of external debt data of developing countries. It reflects an upgraded effort to ensure accuracy in the debt data of IDA-eligible economies—by matching data these economies report to the World Bank's Debtor Reporting System with data held by G7 and Paris Club creditors.

This loan-by-loan reconciliation exercise produced a 98 percent match rate in the data, lowering the margin of error from 10 points to just two.

"Comprehensive data on the liabilities of governments can facilitate new investment, reduce corruption, and prevent costly debt crises," said Haishan Fu, the World Bank Chief Statistician and Director of its Development Data Group.

"The World Bank has played a leading role in improving debt transparency across the world, especially in IDA-eligible economies. In 2023, nearly 70% of these economies published fully accessible public-debt data on a government website—a 20-point increase since 2020. That is a hopeful sign for the future."

Low- and middle-income countries' debt stock increased by US$205.9 billion in 2023

Bamidele Famoofo

EXTERNAL DEBT OF LOW- AND middle-income countries (LMICs) touched a record US$8.8 trillion in 2023, while debt servicing costs for LMICs also reached an all-time high.

That's according to the 2024 edition of the International Debt Report, the World Bank's premier annual publication on debt.

For five decades the IDR, along with the associated International Debt Statistics (IDS) database, has helped shape policies in development finance by sharing timely and comprehensive external debt data and analysis with the international community. Drawing on data collected through the World Bank's Debtor Reporting System, the IDR has tracked evolving borrowing patterns and new lending instruments over the years, measured the impact of initiatives to relieve debt burdens, and promoted best practices in debt recording and reporting.

The newly published IDR 2024 includes an analysis of end-2023 external debt flows and debt stock positions as well as the macroeconomic and debt outlook for 2024 and beyond, and updates on the debt transparency agenda.

According to IDR 2024, LMICs accumulated significant debt during the pandemic years, driven by the need to scale up health services and provide economic relief amid sharp declines in economic activity and government revenues. This trend persisted in 2023 as countries continued to navigate the post-pandemic recovery and address mounting development challenges.

Since the onset of the pandemic, multilateral lenders have become the central financial lifeline for LMICs amid a slowing of private lending. The composition of LMICs' external debt portfolios has changed significantly since 2019 as multilateral creditors including the International Monetary Fund, the World Bank, and regional development banks stepped up to provide emergency relief and balance of payments support in times of crisis.

Meanwhile, borrowing from private creditors fell sharply during the crisis due to adverse market conditions, investor retreat from frontier markets, and – in countries eligible for International Development Association (IDA) assistance – a concentration on borrowing from official creditors on concessional terms to support debt sustainability. After the increase in risk aversion displayed in 2022, net debt flows from private creditors to LMICs turned positive in 2023, increasing by US$127 billion to a total of US$62.4 billion, which indicated a growing appetite among these private groups to lend to LMICs once again.

Pandemic-induced economic bottlenecks across the globe, coupled with fiscal policy actions taken by governments in reaction to COVID-19, helped drive global inflation higher while reducing fiscal space for many countries, especially LMICs. Moreover, monetary policy actions in response to rising global prices – by high-income country central banks in particular – drove interest rates much higher. This rise in global rates significantly increased debt service burdens for LMICs with existing long-term debt contracted on variable rates.

LMICs now carry significantly higher debt levels than in the decade before the pandemic, and the burden of servicing this debt has grown, too. Debt service as a share of gross national income (GNI) has risen sharply, straining already limited resources and leaving less room for investments in health, education, and infrastructure. This growing challenge underscores the dual impact of elevated debt: higher borrowing costs and tighter constraints on development priorities.

While LMIC economies are growing again, risks remain, including escalation of armed conflicts, further trade fragmentation, persistent global inflation, a weakening of global risk appetite, and weak growth in major LMICs, especially China. Any one of these could drive debt burdens higher for many LMICs.

CBN policies propel...

Continued from Page 1

covery, structural challenges such as crude oil theft and operational inefficiencies hindered the steady flow of revenues. On the domestic front, the removal of petrol subsidies, a critical fiscal reform, introduced initial inflationary pressures, which temporarily discouraged foreign capital inflows. Furthermore, the persistent depreciation of the naira against major currencies exacerbated demand for foreign exchange, compelling the CBN to intervene in the market to meet critical import needs, particularly for essential commodities such as fuel and food. These interventions, while necessary, placed additional pressure on reserves. By November 2024, the reserves provided coverage for 11.8 months of merchandise imports based on the balance of payments for the 12 months to June 2024. When imported services were included, the coverage extended to 8.3 months, which marked an improvement over the average of 9 months for merchandise import cover in 2023. These figures reflect a relatively favourable position, underscoring the resilience of Nigeria's external reserves amidst persistent challenges.

According to analysts at Cowry Assets Management, the decline in foreign direct investment and portfolio inflows remained a concern, attributed largely to economic uncertainties and structural inefficiencies.

"To mitigate these issues, the government launched initiatives such as issuing dollar-denominated bonds and implementing policies

aimed at attracting foreign investment. While these measures achieved limited success, they underscored the importance of addressing broader structural issues and enhancing the business environment to sustain inflows. As the year drew to a close, cautious optimism emerged.

"Recovering oil prices, combined with the gradual impact of fiscal reforms, began to lift investor sentiment. However, sustaining this momentum requires sustained policy efforts to diversify exports, improve oil production efficiency, and rebuild confidence among investors," they said.

Looking ahead, expectations are for a continued rise in Nigeria's foreign exchange reserves, primarily supported by higher foreign portfolio inflows driven by the CBN's hawkish monetary policy stance and the favourable real interest rate differential relative to advanced economies.

These dynamics offer a path to stabilising the reserves further, but achieving long-term resilience will depend on a holistic approach to economic reforms and diversification.

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Africa's Global Bank

Nigeria records N5.8trn trade surplus amid increased export volumes in Q3'24

Onome Amuge

THE NATIONAL BUREAU OF Statistics (NBS) has reported a N5.81 trillion trade surplus in Nigeria during the third quarter of 2024, buoyed by rising exports that surpassed imports by a significant margin.

According to the NBS's latest 'Foreign Trade in Goods Statistics' report, the country's total exports amounted to N20.48 trillion, while imports stood at N14.67 trillion.

The bureau also disclosed that Nigeria's total merchandise trade increased by 81 per cent or N15.78 trillion from N19.38 trillion in the third quarter of 2023 to N35.16 trillion recorded in the third quarter of 2024.

"Nigeria's total merchandise trade stood at N35,160.44 billion in Q3, 2024. This represents an increase of 81.35% compared to the value recorded in the corresponding period of 2023 and a rise of 13.26% over the value recorded in the preceding quarter," NBS stated.

Boosted by a thriving export market, Nigeria recorded a 98 percent increase in the value of exports in the third quarter of 2024 compared to the same period in the previous year.

According to the NBS, exports constituted 58.27 percent of total trade, valued at N20,486.39 billion. Moreover, the report indicated a 16.76 percent increase from the second quarter of 2024.

NBS further revealed that crude oil exports continued to drive the nation's export market, with the sector contributing 65.44 percent of total exports. This is as the value of crude oil exports stood at a substantial N13.4 trillion.

Ralph Mupita , MTN group president and CEO, and Ernest Ndukwe ,chairman, MTN Nigeria Communications Plc, recently had a discussion with, president Bola Ahmed Tinubu ,during the 11th Nigeria-South Africa Bi-National Commission held in Capetown, South Africa. The event marked a significant platform for strengthening the relationship between Nigeria and South Africa and boosting strategic collaboration.

However, non-crude oil exports, including gas, also played a significant role, accounting for 34.56 percent of total exports, with a value of N7 trillion.

Agricultural products also made a substantial contribution to the nation's total exports, accounting for 12.21 percent of the total export value in the third quarter of 2024.

Despite a robust export sector, Nigeria's imports also increased significantly in the third quarter of 2024, according to the NBS. The import sector's value surged to N14.6 trillion, up 62.30 percent from the same period in the previous year.

"This value indicates an increase of 62.30% compared to the value recorded in Q3 2023 (N9,041.24 billion) and 8.71% over the value recorded in Q2 2024 (N13,497.90 billion)," NBS reported.

Spain emerged as Nigeria's top export partner in the third quarter of 2024, with a 11.07 percent share of the total exports. The country's exports to Spain were valued at N2,267.83 billion.

The United States of America came in second, accounting for 8.25 percent of total exports, with a value of N1,689.48 billion.

French, Dutch, and Italian markets also offered lucrative opportunities for Nigerian exports in the third quarter of 2024, with France accounting for 7.75 percent of the total exports, valued at N1,588.30 billion.

The Netherlands followed closely, receiving seven percent of total exports, valued at N1,434.29 billion. Italy rounded out the top five trading partners, absorbing 6.72 percent of the total exports, with the value of exports totaling N1,377.37 billion.

"These five countries collectively accounted for 40.79% of the value of total exports in Q3, 2024," the NBS reported.

China maintained its stronghold as Nigeria's leading import partner in the third quarter of 2024, with 24.36 percent share of total imports, valued atN3.57 trillion.

India, Belgium, the United States, and Malta completed the top five import routes in the third quarter, with India receiving 11.33 percent of total imports, valued at N1.66 trillion.

Belgium occupied the third spot in the list of Nigeria's import markets, accounting for 11.13 percent of total imports, with a value of N1.63 trillion.

The United States held the fourth position in Nigeria's import landscape, accounting for 6.98 percent of total imports, with a value of N1.02 billion.

Malta, Nigeria's fifth dominant import market in the reviewed period, captured 5.23 percent of Nigeria's total imports valued at N766 billion.

Aig-Imoukhuede advocates stronger Nigeria-France economic collaboration

Onome Amuge

AIGBOJE AIG-IMOUKHUEDE, president of the France-Nigeria Business Council (FNBC) and chairman of Access Holdings Plc, has hailed the deepening ties between Nigeria and France, drawing attention to the growing bilateral relationship between the two nations.

Aig-Imoukhuede emphasised the transformational steps taken by French President Emmanuel Macron, which have been instrumental in fostering bilateral partnerships and fostering closer economic ties between Nigeria and France.

Aig-Imoukhuede made the remarks at the recent inauguration of Zenith Bank's operations in Paris, which he attended as the leader of African banks and Nigerian businesses in France. The launch, which was also graced by other bank chief executives and captains of industry, marked a turning point in Nigeria-France relations.

The FNBC president commended President Macron's commitment and vision, which had facilitated Nigerian banks to establish a solid presence in France within only six years, a feat that took the UK over half a century to accomplish.

Aig-Imoukhuede recognised this milestone as an embodiment of France's dedication to establishing a strong economic and cultural partnership with Nigeria, building on the existing bilateral ties between the two countries.

"Over 13 years ago, Jim Ovia, then CEO and now chairman of Zenith Bank, set the pace for Access Bank to open in the UK. Today, Access Bank has set the pace for Zenith Bank to open in France," he said.

The event, which coincided with President Bola Tinubu's state visit to France, saw business leaders from Nigeria and France congregate in Paris under the banner of the FranceNigeria Business Council.

The high-level gathering was a paragon of the growing bilateral relationship between the two nations, bringing together the crème de la crème of corporate titans from both countries.

Among the Nigerian attendees were notable figures such as Aliko Dangote, president of Dangote Industries, Roosevelt Ogbonna, CEO of Access Bank, amongst others.

French industry trailblazers such as Patrick Pouyanné, CEO of Total Energies, and Bernard Arnault, Chairman and CEO of LVMH Moët Hennessy – Louis Vuitton, were also in attendance, rubbing shoulders with their Nigerian counterparts to forge new economic and cultural collaborations.

Aig-Imoukhuede, in his capacity as president of the France-Nigeria Business Council, affirmed the Council's mission as a catalyst, igniting fruitful collaborations that leverage Nigeria's entrepreneurial zeal and France's industrial prowess.

In his remarks, Aig-Imoukhuede pledged that the Council will continue to act as a crucial bridge, forging bonds and partnerships in crucial sectors like energy, technology, and sustainable development.

Reinforcing his message, Aig-Imoukhuede counseled France to act swiftly and decisively, imploring the European nation to not overlook this golden chance to engage with Nigeria as it ascends the global economic ladder.

FCCPC launches inquiry into consumer complaints across key sectors

Joy Agwunobi

THE FEDERAL COMPETITION AND Consumer Protection Commission (FCCPC) has announced a comprehensive inquiry into mounting consumer complaints about service delivery and practices in the banking, telecommunications, and aviation sectors.

According to a statement released in Abuja and signed by Ondaje Ijagwu, the FCCPC's director of corporate affairs, the investigation will run from December 3 to December 5, targeting issues of poor service, exploitative practices, and potential violations of consumer rights. The move underscores the Commission's commitment to addressing persistent grievances across critical industries.

In the banking sector, Guaranty Trust Bank (GTB) will be under scrutiny for recurring network failures that reportedly prevent customers from accessing their funds or using digital banking services. Complaints highlight disruptions during peak periods, leaving customers unable to complete essential transactions, resulting in frustration and financial losses.

Similarly, the telecommunications giant MTN Nigeria is being questioned over ongoing complaints about undelivered data services, rapid data depletion, and inadequate customer support. These issues have sparked significant dissatisfaction among users.

In the aviation sector, Air Peace Limited faces allegations of exploitative pricing practices, particularly substantial fare increases on certain domestic routes. Many consumers have expressed concerns about what they view as unjustified ticket price hikes.

The FCCPC clarified that these inquiries align with the Federal Competition and Consumer Protection Act (FCCPA) 2018, specifically Sections 17, 18, 32, 33, 80, 110, 111, 112, and 113. These provisions empower the Commission to investigate practices that harm consumer rights, distort markets, or foster unfair competition. The statement further explained that the companies involved will be summoned to appear before the Commission on assigned dates to present information and responses. This engagement aims to resolve outstanding issues, clarify operational practices, and enforce compliance with regulatory standards.

The Commission reiterated its dedication to protecting consumer interests, promoting a fair marketplace, and holding businesses accountable. Consumers were encouraged to continue reporting cases of poor service delivery or exploitative practices through the FCCPC's official channels to ensure such matters are addressed effectively.

McKinsey Africa to pay over $122 million to settle bribery investigation

Joy Agwunobi

MCKINSEY & COMPANY Africa (Pty) Ltd, a subsidiary of the global consulting firm McKinsey & Company, has agreed to pay over $122 million to resolve a bribery investigation into its operations in South Africa.

The settlement, coordinated with South African authorities, is the result of a probe into a scheme that involved paying bribes to government officials between 2012 and 2016.

As part of the resolution, McKinsey Africa entered into a three-year deferred prosecution agreement (DPA) with the U.S. Department of Justice (DOJ). The agreement stems from charges filed in the Southern District of New York, accusing McKinsey Africa of conspiring to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA).

Vikas Sagar, a former senior partner at McKinsey who worked at McKinsey Africa's South Africa office, has pleaded guilty to one count of conspiracy related to the bribery scheme.

According to court documents, McKinsey Africa, through a senior partner, engaged in a scheme to pay bribes to officials at two major South African state-owned entities Transnet SOC Ltd., the country's national transportation company, and Eskom Holdings SOC Ltd., the state-run energy provider.

Marie-Rose Daya, MTN Cameroon executive, with Adeline Sede Kamga, The Corporate Awards founder, and team at the recent annual Corporate Awards event in Sandton, Johannesburg.

Between 2012 and 2016, McKinsey Africa obtained confidential information regarding the award of lucrative consulting contracts from these entities.

The company then submitted proposals for high-value consulting engagements, knowing that South African firms partnered with McKinsey Africa would funnel part of their fees as bribes to officials at Transnet and Eskom.

This scheme generated approximately $85 million in profits for McKinsey and McKinsey Africa.

In addition to the criminal penalty, McKinsey and McKinsey Africa have agreed to cooperate fully with the DOJ in any ongoing investigations and future matters related to the case.

They have also committed to enhancing their compliance programs and have already taken remedial actions, including placing the partner involved in the scheme on leave and separating him from the company after discovering his efforts to delete relevant documents.

McKinsey Africa has also implemented additional anti-corruption training and strengthened due diligence processes for third-party partners, especially in public sector engagements.

Moreover, McKinsey voluntarily repaid all revenues from the potentially tainted contracts to the South African state-owned entities in 2018 and 2021.

The company also ceased its work with all state-owned enterprises (SOEs) in South Africa for a period while conducting its internal investigation.

This settlement is the latest in a series of coordinated actions between U.S. and South African authorities in the past two years, demonstrating the global efforts to curb corporate corruption.

The resolution is DOJ's efforts to combat international bribery and corporate misconduct, ensuring that companies engaging in corrupt practices are held accountable, regardless of their size or prominence.

Nicole M. Argentieri, Principal Deputy Assistant Attorney General stated "This resolution highlights the serious consequences of corruption in global business. McKinsey Africa's involvement in bribing government officials to secure multimillion-dollar contracts violated both U.S. law and public trust.

The Justice Department's action underscores our commitment to combating corruption through the International Corporate Anti-Bribery initiative."

Nigeria's Eurobond comeback nets $2.2bn in landmark offering

Onome Amuge

NIGERIA HAS RAISED $2.2 BILLION through its latest Eurobond sale, marking its return to the international capital markets after a gap of eight months (since March 2022). The auction saw the sale of two bonds, each with a different maturity period.

While the Eurobond auction attracted e $9 billion in bids, Nigeria's finance ministry allocated $2.2 billion to investors, with the funds primarily earmarked for the implementation of the 2024 budget.

The two bonds issued in the Eurobond auction received overwhelming investor interest, leading to oversubscription of $700 million for the 6.5-year bond priced at 9.62 percent and $1.5 billion for the 10-year bond priced at 10.375 percent.

The dual Regulation S/144A structure of the bonds made them accessible to U.S. and international investors alike, highlighting the global appeal of Nigeria's debt instruments.

While the strong investor demand is a positive sign, concerns have been raised about Nigeria's financial stability due to the relatively high yields offered by the bonds.

The Debt Management Office (DMO) confirmed the successful issuance of the Eurobonds in an official statement, stating that the bonds attracted a diverse investor base from across multiple jurisdictions including the United Kingdom, North America, Europe, Asia, and the Middle East, in addition to Nigerian investors.

The DMO stated, "The Federal Republic of Nigeria (the "Republic") successfully priced US$2.2 billion in Eurobonds (the "Notes") maturing in 2031 (6.5-year) and 2034 (10- year) in the international capital markets on 2 December 2024, with US$700 million and US$1.5 billion placed in the 2031 and 2034 maturities, respectively.

The 6.5-year and the 10- year. The Notes were priced at a Coupon and Re-offer Yield of 9.625 per cent and 10.375 per cent, respectively.

"Nigeria is pleased to have attracted a wide range of investors from multiple jurisdictions including the United Kingdom, North America, Europe, Asia, Middle East and participation from Nigerian investors, which it views as an expression of continued investor confidence in the country's sound macro-economic policy framework and prudent fiscal and monetary management.

"The transaction attracted a peak orderbook of more than US$9.0 billion. This underscores the strong support for the transaction across geography and investor class. With respect to investor class, demand came from a combination of Fund Managers, Insurance and Pension Funds, Hedge Funds, Banks and other Financial Institutions."

In the DMO statement, Finance Minister Olawale Edun stressed the market's confidence in President Bola Tinubu's administration and its efforts to stabilise the Nigerian economy and promote long-term growth.

Investors reap N427bn amid equities market boom

Onome Amuge

THE NIGERIAN EQUITIES market reversed its fortunes in the past week, providing investors with a N427 billion profit at the close of trading. The bountiful returns marked a departure from the previous week's N185.59 billion loss.

The market capitalisation experienced a N420 billion surge, from N59.107 trillion to N59.534 trillion, echoing the stock market's optimistic mood.

The All-Share Index (ASI), a measure of the overall performance of the Nigerian Exchange (NGX), soared by 0.72 percent, reaching 98,210.75 points, up from 97,506.87 points the previous week.

Trading activity at the Exchange experienced an increase with investors exchanging a combined 3.893 billion shares valued at N87.749 billion across 43,868 deals. This was a marked contrast to the previous week's comparatively subdued performance, where only 3.194 billion shares worth N54.850 billion were traded across 45,112 deals.

Overall, the NGX witnessed a rise in bullish sentiment during the week, as 51 equities experienced price appreciation compared to 32 in the previous week. On the flip side, 30 equities experienced price depreciation, but was a marked improvement from the 46 equities that saw a decline in the previous week. Meanwhile, 72 equities remained largely unchanged in price, compared to 75 in the previous week.

The week got off to a flying start on Monday, December 2, 2024, with N137.09 billion profit reaped by investors on the opening day of trading.

The market took a hit on Tuesday, December 3, 2024, with investors losing N18.47 billion by the day's close. However, the market bulls rallied back the very next day, December 4, 2024, driving investors to a N286.38 billion profit.

The Exchange endured a challenging Thursday, December 5, 2024, with investors suffering losses of N36.90 billion.

Friday, December 6, 2024, saw a turn in fortunes as investors secured a profit of N58.58 billion, helping the market close the week on a positive note.

The Financial Services Industry proved dominant in terms of trading volume, with 2.709 billion shares valued at N51.027 billion traded across 20,017 deals, accounting for 69.58 percent of the total equity turnover volume and 58.15 percent of the total equity turnover value.

The Consumer Goods Industry was in second place as a total of 403.658 million shares, worth N3.844 billion, changed hands in 4,239 deals.

The Industrial Goods Industry occupied third place as 198.360 million shares valued at N10.328 billion were traded across 4,606 deals.

The NGX saw a major focus on three key equities during the week in terms of trading volume, with FBN Holdings Plc, Wema Bank Plc, and Fidelity Bank Plc occupying the top three spots. The trio of equities combined to generate a trading volume of 1.625 billion shares, valued at an impressive N28.982 billion, across 3,226 deals.

The market saw three standout performers in terms of share price increases, with Golden Guinea Breweries Plc. leading the pack with 45.95 percent growth in its share price. Sunu Assurances Nigeria Plc also enjoyed significant gains, posting a 29.49 percent increase in its share price. Rounding out the top three, Lafarge Africa Plc achieved a 27.59 percent boost in its share price

On the flipside, Learn Africa Plc topped the list of decliners, shedding 11.75 percent of its share price, followed closely by Aradel Holdings Plc, which lost 10.06 percent of its share price. The third-biggest loser was E-Tranzact International Plc, which saw a 10.00 percent dip in its share price.

Global energy transition and aftermath of Baku COP29 (2)

SUNNY CHUBA NWACHUKWU

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RENEWABLE ENERGY SOURCES, like wind and solar, are part of the numerous solutions in the global energy sector that can be optimally accessed, to strategically generate energy and be effectively utilised towards solving the many environmental problems created by the consumption of fossil fuel-based energy products (the traditional high carbon energy sources). These fossil fuel energy sources are known to have been scientifically proven to be the major source of carbon emissions that are heating up the entire globe, with its global threatening consequential impact of climate change. However, there are still other aspects of driving this energy transition process away from fossil fuels that involve energy storage improvements and energy efficiency through usage modes. Renewable energy, of course, should be viewed as a selling point for an effective actualisation of an energy transition programme in the entire globe. This is because it represents the green solutions in all aspects of carbon neutrality or towards a net-zero target for carbon emissions of greenhouse gases. Renewable energy is recyclable, and also maintains the energy conservation law. These green solutions in the fight against the impact of climate change, on the other hand, cannot forego the energy mix of renewable energy supply sources, without mentioning the innovative development of electrification like the trending electric cars/vehicles in the global energy transition.

In the energy sector, transition plans, programmes and activities involve the action taken towards moving away from continuous engagement of fossil fuel sources in the production and consumption of energy required by mankind, “to do work”. As a phenomenon “energy is life”, and without energy supply, no work will be done, and everything will be grounded and remain at standstill. Human life cannot function without energy. This is why the COP29 session at Baku, in Azerbaijan is considered very strategic in the financial compensatory negotiations for the developing nations because global energy business is inevitable.

COP29 is considered by the United Nations Partnership for Action on Green Economy (PAGE) & co, as a just transition for its bold climate measures; debating on a just transition for the enhanced ambition of everyone towards building the required social consensus to implement bold climate measures. The global energy activities therefore demand programmed long-term strategies that will effectively create cleaner and sustainable options of energy production and consumption, carefully and professionally arranged through an energy mix that shall efficiently and effectively reduce carbon emissions (in addition to decarbonisation strategic procedures and processes).

From the just concluded COP29 session at Baku where compensatory packages were discussed as carbon finance for the poorer developing nations, the efforts being made globally by over 200 nations on global energy transition towards achieving cleaner energy seem not to be yielding the expected speedy results because of the underlining international politics by some nations that are still growing their emissions despite promises already made. Some of these nations (including heavy emitters of carbon) push towards achieving carbon neutrality net zero targets farther away, but the levelling factor still remains the global catastrophic consequences that shouldn’t be ignored at all. Therefore, all nations ought to consider in strictest terms the urgency and importance this global challenge demands in tackling the threatening global weather effects against mankind on this planet.

Representations were equally made from Nigeria in their huge numbers, but what impact would it have in the economy, towards salvaging our land from extreme drought, desertification, flooding, water pollution and destruction of aquatic lives and farmlands, especially in the Niger Delta region? The polluters of our fresh and sea waters through oil spillage, while oil drilling and exploration activities go on; alongside the near impossible redeemable farm lands in those areas, should be aggressively pursued and vigorously addressed. The host communities in those environmentally devastated regions should be salvaged and repositioned to recover economically from the deprivation from their core traditional economic activities and trades like fishing and farming. The existing Petroleum Industry Act (PIA) as established, should be invoked to offer some level of protection to these host communities for recovery of the lost opportunities they have suffered all these years in the hands of international oil companies doing serious oil business on their soil. They owe their landlords (the indigenes) that moral obligation to rebuild and sufficiently amend what they damaged in the course of their oil exploration.

What Nigeria needs to do at this critical time, is to look inwards (with or without the promised, earmarked compensation voted for the developing nations @COP29, Baku) and legally engage the oil and gas players in the industry, to minimise carbon emissions, clean and rebuild the ecological habitats damaged in the past, while their fossil fuel energy business thrives and optimally lingers towards a terminal point of exit, since the hydrocarbon operation still generates significant foreign exchange accruals through oil exports.

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The Coaching Psychologist

Beating the drum for Africa’s healthcare future

(100th article in this column for Business a.m.)

“The solutions to Africa’s challenges won’t come from silos but from a chorus of voices” – Dr Joshua Awesome

JOSHUA AWESOME, PHD

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DRUMROLLS ECHOED ACROSS the verdant hills surrounding the Kigali Marriott Hotel, their rhythm punctuating the crisp Rwandan air. Six men stood beating the drums grandly, signalling not just the start of the International Ministerial Summit but the start of something transformative. The summit, held at the iconic Kilimanjaro Conference Centre, was Africa’s boldest bid yet to reimagine its healthcare future.

As the sound carried, I found myself running toward the venue, my smile as wide as the gates welcoming ministers, policymakers, and healthcare leaders from across the continent. My entry, as Sally Thompson, Group Event Director at Informa Markets, later told me, “added spice to the opening ceremony.” Her warm embrace was a reminder of the collegiality that binds change-makers like us.

The celebration began with Itore — a Rwandan cultural dance that soon went viral. Watching the crowd’s smile and excitement to the beat, I thought of home. My South African brother and friend, Mr. Pule Setai, later texted me to say, “In Sesotho, we call this ‘Dihoba.’ Truly, we are one.” And that moment, as the drums united us, felt like the heartbeat of Africa itself.

Reflecting on the experience in my hotel room later, I marvelled at the audacity of this gathering. For the first time, Africa’s Ministers of Health stood shoulder-to-shoulder with the continent’s healthcare leaders and policymakers. Orchestrated by Peter Hall, President MEA at Informa Markets, and his team — Solenne Singer, Tom Coleman, Sally Thompson and Cynthia Makarutse-Nyondoro — the summit sought not just to discuss transformation but to unlock innovation through actionable collaboration.

Here are four key lessons from the summit that resonated deeply with me, along with actionable advice for anyone inspired to drive change in Africa or beyond.

Collaboration is the catalyst for innovation

The summit’s true power lay in its unprecedented mix of voices — public and private sectors, government leaders, and grassroots innovators. Ministers of Health sat alongside tech entrepreneurs and pharmaceutical giants. Discussions ranged from digitising health records in rural clinics to leveraging AI for disease prediction.

Actionable advice: Seek out unlikely collaborators. When planning your next initiative, ask: Who else shares this problem? Form partnerships that span sectors, geographies, and even industries. The solutions to Africa’s healthcare challenges won’t come from silos but from a chorus of voices.

The Power of cultural context

Itore wasn’t just an icebreaker; it was a metaphor for unity. As Pule reminded me, Africans may speak different languages, but our rhythms and stories are deeply intertwined. Healthcare solutions, too, must respect these shared histories while addressing local nuances.

For example, one panel explored how traditional medicine could complement modern practices. Another delved into culturally relevant mental health interventions.

Actionable advice: Tailor solutions to fit local contexts. Whether you’re designing an app or launching a campaign, immerse yourself in the community. Understand their values, traditions, and pain points. Solutions that resonate culturally will always gain greater traction.

Leadership shapes legacy

I was struck by the passion of leaders like Peter Hall and his team. They didn’t just organise a summit; they created a movement. Their vision — to bring together Africa’s healthcare leaders in one room — was audacious, and their execution flawless.

Leadership was a recurring theme throughout the summit. Ministers spoke of the need for accountable governance, while entrepreneurs stressed the importance of resilient leadership in scaling innovations.

Actionable advice: Lead with vision and clarity. Whether you’re a policymaker or an entrepreneur, your leadership will inspire others to act. Articulate your goals boldly, but remain adaptable to challenges.

Dialogue to dedication: Turning talk into action

The summit was a powerful reminder that while conversations spark ideas, true transformation demands sustained commitment. Progress in Africa’s healthcare systems will rely on consistent investment, effective policies, and actionable strategies that endure beyond the conference room.

A compelling session showcased how countries can bridge healthcare funding gaps. Ministers of Health were encouraged to collaborate with Finance Ministers and engage institutions like the African Development Bank. Rwanda’s Health Ministry provided an inspiring example, sharing how their use of technology expedited efforts to contain and eliminate the Marburg Virus Disease (MVD).

Actionable advice: Translate vision into measurable results. Establish clear objectives, build accountability systems, and regularly assess your progress. Commitment to execution transforms ambition into impact.

As I packed my bags to leave Kigali, I felt a surge of hope. The summit had not only showcased Africa’s potential but demonstrated the continent’s collective will to realise it. From the drumbeats that welcomed us to the resolutions that followed, every moment was a reminder that Africa’s story is still being written — and we all have a part to play.

Enroute to the airport, I passed a group of children playing, their laughter carried by the wind. They were the reason we had gathered. Their futures depend on the actions we take today.

And as I boarded my flight home, I carried with me not just memories of an extraordinary summit but a renewed commitment to action. After all, the drums of Africa don’t just call us to dance; they call us to act.

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Business, Governance & Enterprise

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Maintenance management, asset value and the business world (1)

ACCORDING TO THE APPRAISAL principle, maintenance is the livewire of assets (buildings, motor vehicles, plants and machinery). The value of most assets are affected by market forces (demand and supply), law on manufacturing and ownership of the asset, the role of the asset in the manufacturing of other assets, the process of manufacturing or of extraction of the asset, location to end-users, availability of alternative, usefulness of the asset and maintainability of the asset. Maintainability is the degree of the asset being able to be maintained (repaired, refurbished or replaced) and remain serviceable. While some maintenance departments rely on a run-to-failure (corrective) strategy, most of them want to do more preventive than corrective maintenance. The problem is that many organisations do not have the resources to expand their maintenance plan to include work that extends asset life and minimises downtime.

Organisations are now adopting a maintenance economy to elongate their assets' life. A computerised maintenance management system (CMMS) can help organisations to extend their assets' life. While it is certainly the job of the maintenance department to take on a break-and-fix role, there should be a balance between this break-and-fix (corrective maintenance) and preventive maintenance work. Key maintenance management objectives can reduce reliance on corrective maintenance and contribute to a more efficient and effective maintenance programme. Effective maintenance management can elongate the life of assets.

Objectives of maintenance management

The eight maintenance management functions and objectives are:

1. Control costs and budget

The first objective of maintenance management is to control cost and budget. The maintenance manager budgets for maintenance and allocates the budget he is given to various areas of the department's resources to ensure everything works effectively. It is important to include funds for both planned and emergency or corrective maintenance in the budget. The thing to keep in mind when budgeting for maintenance work is that when a major asset breaks down completely, most likely the asset will be replaced no matter the cost so that operation can continue. Of course, a decision must be made between repairing the asset, replacing it, or purchasing a different type of machine. Maintenance managers are desirous of staying within the maintenance budget. However, when something like this happens, it justifies a maintenance budget overrun. Maintenance managers must make cost-effective and wise decisions when choosing parts, vendors, and new or replacement machines. They also need to balance the costs and benefits of preventive versus corrective maintenance.

Labour resources are another area in which costs need to be monitored closely. When the budget allows, maintenance departments might outsource work to save time. In many cases, however, this is not feasible and corners get cut or tasks get delayed. When there is not enough time to complete all of the necessary corrective maintenance, there is no realistic way to implement a preventive maintenance programme on top of what the team is already doing. For many organisations, they can implement this type of programme only when they have the upfront resources and money available to invest in it. However, after they overcome that hurdle, the payback from this investment will come over time.

2. Comply with regulations

There are different types of regulations to follow, which vary by industry. While organisations in the building industry follow National Building Codes, organisations in the power industry; oil and gas industry must follow National Electricity Regulatory Commission (NERC) and Federal Environmental Protection Agency (FEPA) regulations, in addition to Occupational Safety and Health Administration (OSHA) regulations. There are many safety regulations that must be followed by the food and beverage industry, such as those advised by the National Food and Drug Administration Commission (NAFDAC). Local, state, and federal regulation compliance standards must be considered by the production team at all times. To maintain adherence to these regulations, it is important to make small plans that lead to accomplishing bigger compliance goals.

Examples of these plans include:

- Making sure there are adequate safety guards in place on all machines
- Inspecting assets for damage
- Having a system in place to report damage to assets and parts
- Documenting and reporting all repairs and replacements

3. Plan maintenance work

Strategic maintenance management includes scheduling maintenance jobs ahead of time. This is important because it efficiently distributes the appropriate time and labour resources to proactive, preventive maintenance tasks, helping maintenance departments reduce the frequency of major asset failures. Maintenance managers must have a clear understanding of the structure of the company in order to schedule work effectively. It will help determine the priority of various jobs.

For example, if a technician is working on installing new shelves in the stockroom and a pipe bursts in a bathroom, that is an emergency in which he may need to stop what he is doing and help to make that repair, unless another technician is available. There are other scenarios in which the job prioritisation is less obvious, but an experienced maintenance manager should help make those calls each day. The truck needs to be in service to make sure deliveries of that product are made on schedule. If just a few tasks are prioritised incorrectly, the schedule can be thrown off for weeks. Maintenance work must be organised in a way that achieves optimal outcomes.

4. Ensure personnel safety

Another objective of maintenance management is ensuring the safety of all personnel, inside and outside of the maintenance department. This is done through regular inspections of boilers, compressors, material handling equipment, and other assets that could become dangerous if they malfunction. When maintenance is properly managed, safety increases for everyone in the organisation. Many machines can be dangerous when operating normally, but even more so when it malfunctions. Proper training on the function of every asset, critical safety dos and don'ts, and emergency situation protocols are essential.

To be continued next week.

NJ AYUK

NJ Ayuk is the executive chairman, African Energy Chamber. He is based in South Africa from where he contributed this piece

The fierce urgency of African Energy Banks

The AEC is calling upon African states and the private sector to fund the African Energy Bank, an institution which is focused on funding African energy projects

FOR MORE THAN A YEAR, the African Energy Chamber (AEC) has been pushing back against steadily building pressure to halt new foreign investments in Africa's oil and gas industry.

To prevent catastrophic climate change, environmental organisations, financial organisations, and governments across Europe and North America have insisted that developing nations, including those in Africa, must immediately transition from fossil fuel production and usage to renewable energy sources like solar, wind, and hydrogen. Mind you, the majority of those making these demands are based in industrialised nations that were built on fossil fuels — oil and gas fuelled their economic engines — yet they are unwilling to allow less developed nations to use fossil fuels to the same end. Even more troubling, the countries these groups are taking aim at have a wealth of natural resources under their feet, resources that can be monetised and used to build a better future.

We have explained, over and over, why African countries, businesses, and communities still need support from international oil companies (IOCs), foreign governments, and investment institutions for oil and gas projects. IOCs, for example, play an important role in knowledge sharing and helping Africans build valuable job skills. What's more, foreign oil and gas investments create opportunities for revenue that can be used to build and improve energy infrastructure — for both fossil fuels and renewables. And, by supporting natural gas projects, investors create a path for gas-to-power projects that help minimise the continent's widespread energy poverty.

In July 2021, when it became apparent that reasoning was not yielding results, the chamber went so far as to employ the same tactics the international community used against our members. We called for boycotts against financial institutions that discriminated against the African oil and gas industry.

But the calls to stop financing African oil and gas have only grown louder and more insistent. Most recently, during the 2021 United Nations Climate Change Conference (COP26) in Glasgow, more than 20 countries and financial institutions pledged to stop public financing for overseas fossil fuel projects. Europe then decided that gas was clean for Europe so it will be financed but for Africa, gas is dirty and will receive no funding. The United Kingdom and the European Union have also reportedly joined in the chorus of voices demanding a ban against developed nations providing subsidies for fossil fuels.

Other expectations for this year's conference include calls for member states to formally commit to triple their renewable energy capacity and double their energy efficiency across the board by 2030.

The thread tying all these pledges together, with respect to our work at the AEC, is that none of them bode very well for any future success stories from the African energy economy.

For those of us who care about Africa's oil and gas industry, it's time to face facts: We need to find a way to save it ourselves. The AEC is calling upon African states and the private sector to fund the African Energy Bank, an institution which is focused on funding African energy projects. The African Petroleum Producers Organisation (APPO) and the African Export-Import Bank (Afreximbank) have paved the way. The idea is to create funding sources for all types of African energy — from oil and gas exploration to solar and hydrogen operations — so that projects will not be dependent on foreign support.

We can do this, and we must. Too much is at stake. We can't afford not to capitalise on recent discoveries such as the light oil found offshore Angola, the oil in Namibia's Orange Basin, the shale gas in South Africa's Karoo Basin, or the oil and natural gas off the coast of Côte d'Ivoire. Those are only a few of the important discoveries that occurred recently, and each represents critical opportunities for everyday Africans.

You may be wondering if African energy banks are a realistic goal. How can a continent that is struggling to bring many of its people out of poverty raise capital for energy projects? I believe it can be done. To begin with, African governments can set aside a percentage of their oil and gas revenues for new project funding. In its report, Africa Energy Outlook 2021, Rystad Energy projected that African governments' earnings from royalties, profit oil, and other taxes in 2021 would reach $100 billion. Even one percent of that amount would produce $1 billion dollars.

We can also raise capital by investing African pension funds in African energy projects. According to Cape Town-based investment firm, RisCura, local pension funds collectively manage around $450 billion of assets in sub-Saharan Africa, and they are actively looking for new places to invest. Why not encourage them to add oil, gas, and renewables projects to their list? Investing pensions in the energy sector is hardly a new practice. Some of Africa's largest pension funds are invested in fossil fuel producers, and an increasing amount of pension funds around the globe are investing in green energy projects.

Our options for raising capital don't end there. We should also seek the support of wealthy Africans who want to invest in a better African future. As of December 2023, total private wealth in Africa totalled approximately $2.3 trillion. That's not even including the African diaspora.

In May 2022, Afreximbank signed an agreement with APPO on the joint establishment of a special multi-lateral financial institution (MFI) – the African Energy Bank – to provide support for the shift away from fossil fuels. The agreement calls for APPO's member states to provide equity for the new institution and serve as its founding members, with Afreximbank acting as co-investor and providing organisational support.

The new bank will be able to reach more countries than either APPO or Afreximbank could do on their own, as their rosters are not identical: APPO has 15 member states, while Afreximbank has 51 and there is a significant amount of overlap, as Algeria and Libya are the

Continues on page 9

Economics Commentary

MARCEL OKEKE

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The forlorn hope and uncertain terrain of Nigeria's economy in 2025

THE LATEST DAMNING report of the Economist Intelligence Unit (EIU), which says that Nigeria's business environment will remain among the most difficult in the world over the next five years, is both insightful and ominous. The report truly signposts the dreary outlook of the Nigerian economy in 2025 and the next few years.

The EIU is the research and analysis division of the highly influential The Economist Group — the sister company of The Economist of London. In its 'Country Analysis' on Nigeria released on Tuesday, December 3, 2024, the EIU cited several factors contributing to the bleak assessment, including high inflation, a collapse in the US dollar market size, an overstretched fiscal position and sluggish output.

"International oil prices are expected to be high enough to lubricate the system and prevent a recession, but Nigeria will not return to the high rates of economic growth that it achieved in the first decade of the 21st century," the report said.

Furthermore, the EIU said, "the size of the bureaucracy will, if anything, increase. Structurally, institutions are sclerotic and dysfunctional on multiple levels, with corruption, politicisation of judiciary, rampant instability and wide infrastructure gaps — all drawbacks to the business environment."

The motley challenges of the Nigeria polity as pointed out by the EIU are rooted in the outcomes of the reform initiatives of the President Bola Ahmed Tinubu-led administration in the past 18 months. Inflation rate that has maintained a runaway trend, rose from 22.40 percent in May 2023 to 33.88 percent in October 2024 — a jump of almost 12 percent.

This trend was, without a doubt, triggered mainly by the fuel subsidy removal policy at end-May 2023 by the President Tinubu administration. From below N200 per litre, the price of Premium Motor Spirit (PMS) spiked to around N700 per litre; it is now at over N1000 per litre across the country.

This sudden spike in the prices of PMS had quickly resulted in an outlandishly rising cost of transportation, as well as soaring prices of all goods and services. This has in turn translated into a hyper-inflationary trend that has thoroughly weakened the purchasing power of the citizenry.

In trying to assuage the pains, poverty and suffering unleashed on Nigerians by the outcomes of the policy initiatives, the President Tinubu administration disingenuously came up with the concept and practice of palliatives. However, for a year-and-six-months now, rather than alleviating the plight of the populace, the palliative packages have proven to be mere crumbs. They have rather caused more hunger and anger in the land.

With basic needs such as food, accommodation, transportation, and healthcare getting out of the reach of most Nigerians, the economic condition has literally become an existential threat. The deteriorating condition seems to be sustained by the persisting shortage of PMS, leading to its ever rising prices.

Surprisingly, rather than addressing the problem of total dependence on imported refined petroleum products since the fuel subsidy removal, the government has been licensing more importers of the products. This reality hugely accounts for the gulping of a large chunk of scarce foreign exchange (FX) by the PMS import spree.

This demand by PMS importers has been a major pressure on the FX market — leading to the endless fall of the naira against the dollar. The full floatation of the local currency in June 2023 has provided the backdrop for its continuing depreciation, as 'market forces' were allowed to determine the exchange rate in the FX market.

By end-May 2023, the naira exchanged at about N500/$; at a point, the rate almost hit N2000/$. Today, the naira exchanges at N1720 to the dollar at the parallel market, and about N1663 at the official window. In the face of this level of exchange rate, the assumption of N1400/$ in the Mid-Term Expenditure Framework (MTEF) for the 2025 Appropriation Bill is obviously off the mark. It is unrealistic!

It is also more of a forlorn hope to couch the 2025 Federal budget on the assumption that Nigeria's volume of crude oil production would stand at two million barrels per day (mbpd). Historical evidence shows that for a number of years, Nigeria has been producing far below its OPEC quota (about 1.8 mbpd); most times, at only about a million barrels per day. Although this has inched up to 1.35mbpd — 1.50 million barrels per day, the industry is yet dogged by a myriad of challenges, including the oil theft phenomenon.

Indeed, according to OPEC's monthly oil market report for November, Nigeria's daily crude oil production increased from 1.39 million barrels per day (mbpd) to 1.43 mbpd in October 2024. With this level of oil production and poor outlook of the industry, it becomes a mere wishful thinking for the 2025 budget to be anchored on 2.06 mbpd oil production.

Note that this unfounded oil production optimism is in the face of the borrowing spree of the federal government — via Eurobonds and local monetary instruments. In point of fact, the MTEF approved by the legislature has a proposed 2025 budget size of N47.9 trillion and new borrowing of N9.22 trillion, comprising both domestic and foreign loans. And debt servicing is to gulp N15.38 trillion!

The fearsome augury of these proposals is further exacerbated by the persisting runaway inflationary trend, the fight against which has seen the Central Bank of Nigeria (CBN) raise the indicative interest rate (Monetary Policy Rate, MPR) from 18 percent in May 2023 to 27.50 percent in November 2024. For the umpteenth time, the apex bank has posited its efforts at checkmating the high inflationary trend as reason for endless hike in MPR and other parameters.

Unfortunately, the policy mix of the federal government is such that it encourages 'cost push' factors that drive the spiraling inflation. High 'imported inflation' arising from FX utilisation for inputs and equipment — consistently feeds into pricing for the ultimate consumer. This, added to the high cost of funds (high interest rate), high electricity tariff, and distribution, among others, push product prices through the roof.

Put together, all these make Nigeria's 2025 economic outlook foggy and uncertain. This undesirable prospect aptly tallies with the EIU's ranking of the country among the most challenging business environments for the next couple of years.

The unusual situation where, in early December, the Appropriation Bill for the succeeding year is yet to be formally presented to the National Assembly, as is the case today, is befuddling. Against the spirit and intendments of the Fiscal Responsibility Act (FRA) 2007, the 2025 Appropriation Bill is yet in the works — merely three weeks to end-2024. This further shrouds the year 2025 in uncertainty!

Surprisingly, what rather features copiously in public debate today is the highly controversial tax reform bill. In a rare development, the National Economic Council (NEC) headed by the Vice President, has called for the withdrawal of the Bill from the National Assembly to make for "more consultations" among stakeholders.

Similarly, the Nigerian Governors' Forum (NGF) has called for the retrieval of the Bill from the legislature, for further deliberations. In the same vein, groups of states in various regions of the country have also strongly advocated for more consultations around the Bill by key stakeholders. On its part, the Presidency has not only insisted on expedited legislative action on the Bill, but urges all to forward their "observations and reservations" for a holistic legislative deliberation.

All these, to say the least, have been heating up the polity; and perhaps, accounts for why the 2025 Federal Budget is literally in limbo. Again, this heightens uncertainty about the economy in 2025. How soon the tax bill imbroglio will be resolved remains indeterminate.

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The fierce urgency of...

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only APPO members that are not also Afreximbank members. But the point remains that if the two institutions join forces, their combined efforts will go further.

Professor Benedict Oramah, the President of Afreximbank, explained it as follows in May 2022: "For us at Afreximbank, supporting the emergence of [the Africa Energy Bank] will enable a more efficient and predictable capital allocation between fossil fuels and renewables. It will also free human and other resources at Afreximbank that will make it possible to support its member countries more effectively in the transition to cleaner fuels."

Not only do we have pathways for raising capital, we also have an example of the kind of banks Africa needs to finance its own energy projects, one that goes back decades. I'm talking about Afreximbank. In 1993, African governments worked with public and private investors to create a bank that would finance, promote, and expand intra- and inter-African trade. They succeeded. In 2020, Afreximbank received the Africa-America Institute's (AAI's) Institutional Institution of Excellence Award for its commitment to the creation and implementation of the African Continental Free Trade Agreement and its ongoing dedication to investing in education. AAI noted that between 2015 and 2019 alone, Afriexim bank disbursed more than $30 billion in support of African trade, including more than $15 billion for the financing and promotion of intra-Africa trade.

I say, let's build on Afreximbank's model. And not only that, let's cultivate a pool of investors who recognise and appreciate the importance of oil and gas to Africa. Capital from foreign countries and companies will always be welcome — as long as it isn't predicated on phasing out fossil fuels on their timeline. If they're pushing a rush to renewables, they're not going to be part of our solution.

With the support of one or more African energy banks, local oil and gas companies will have the financing necessary to acquire assets. They'll have the financing to build crude and gas pipelines across Africa and to facilitate the use of natural gas (including LNG) to power Africa, minimising energy poverty and driving industrialisation.

And African states and entrepreneurs will be able to finance the development of renewable energy operations, particularly blue, green, and grey hydrogen operations that create additional opportunities for Africans. Africa already has emerging green hydrogen operations in Mali, Namibia, Niger, and South Africa, and with the proper funding, could become a major green hydrogen exporter.

The AEC will support the energy bank initiative and work to bring potential participants together. Creating our own institutions to finance energy projects will send a clear signal to the marketplace that Africans are seeking to become leaders in scaling up private capital. It will show that we are advancing natural gas development and infrastructure while supporting low-carbon investments.

With the financing in place, not only will African companies be able to produce oil and gas, but they will also support local community development, develop green energy markets, and create jobs.

For many African countries, the oil and gas industry represents our best shot at giving millions of Africans the kind of jobs, living standards, and stability that developed countries have enjoyed for well over a century. We must hold fast to these goals and do what it takes to achieve them.

Nigeria's VAT revenue jumps to N1.78trn in Q3'24

business a.m.

THE NIGERIAN GOVERNMENT generated N1.78 trillion in Value Added Tax (VAT) In the third quarter of 2024, as reported by the National Bureau of Statistics (NBS).

The NBS's recent VAT report indicates that the N1.78 trillion collected in VAT during Q3 2024 reflects a 14.16 percent increase from the N1.56 trillion collected in Q2 2024 and an 88 percent year-on-year growth from Q3 2023.

Driving this substantial VAT revenue was a combination of VAT payments from various sources, including local VAT payments of N922.87 billion, foreign VAT payments of N448.85 billion, and import VAT of N410.62 billion.

In terms of sectoral growth in VAT revenue, the human health and social work activities category registered the highest increase of 250.39 percent quarter-on-quarter, while the activities of households as employers and undifferentiated goods and services-producing activities for household use category rose 102.09 percent.

While the overall VAT revenue for Q3 2024 exhibited significant growth, certain sectors experienced notable declines. Among these, the water supply, sewerage, waste management, and remediation activities sector experienced the most notable decrease in VAT revenue, with a 41.92 percent decline quarter-on-quarter. The activities of extraterritorial organizations and bodies also witnessed a substantial decline, registering a 36.14 percent drop in VAT revenue from the previous quarter.

In terms of their contribution to the total VAT pool in Q3 2024, the manufacturing sector led the way with 22.21 percent, followed closely by the Information and Communication sector at 20.89 percent and the Mining and Quarrying Activities sector at 18.90 percent.

Conversely, at the bottom of the list of contributors were activities of households as employers and undifferentiated household activities, contributing only 0.01 percent to the overall VAT pool.

Revitalising Nigeria's economy through manufacturing-driven non-oil exports

DAKUKU PETERSIDE, PHD

Dakuku Peterside, a former director general/CEO of Nigerian Maritime Administration and Safety Agency (NIMASA), is a public sector turnaround expert, public policy analyst, leadership coach, and newspaper columnist.

NIGERIA IS CURRENTLY FACING severe economic challenges, as indicated by several key indicators. The inflation rate, which stands at approximately 33.88 percent as of October 2024, is a result of persistent supply chain disruptions, fuel subsidy removal, budgetary constraints, and currency devaluation. The national unemployment rate, which hit 40 percent in 2023, particularly among the youth, underscores the profound structural difficulties within the labour sector. However, amidst these challenges, Nigeria's manufacturing sector presents a ray of hope. With the right policies and investments, this sector can play a pivotal role in Nigeria's economic revitalisation.

Meanwhile, the naira's ongoing devaluation has exacerbated economic troubles, with its value plummeting from N365 per U.S. dollar in 2019 to nearly N1000 by late 2023 and further deteriorating to approximately N1740 by late 2024. This steep decline has escalated the cost of imports, placing immense pressure on businesses reliant on foreign supplies and straining consumer purchasing power.

Nigeria's national debt rose from $83.88 billion in 2019 to over $91.3 billion in 2024, straining fiscal capacity and limiting investment in critical sectors. The economy remains heavily reliant on crude oil, which accounted for about 90 percent of export receipts from 2014 to 2024, making it vulnerable to global oil price fluctuations. The COVID-19 pandemic in 2020 caused a 50 percent drop in government revenue, exposing the risks of overreliance on oil. In Q4 2023, Nigeria faced a 1.41 trillion trade deficit due to low exports and high imports. Diversification is urgently needed to enhance economic resilience and growth prospects.

Learning from past:Nations in distress & path followed

China's experience is a compelling case study for examining the economic transformation of nations that have faced challenges like Nigeria's.

In 1978, China's GDP per capita was approximately $340, while Nigeria's GDP per capita stood at $532.22, reflecting a more prosperous economic condition in Nigeria then. However, recognising the need for change, Chinese leadership undertook several critical reforms that catalysed their economic growth:

1. Opening up to the world: China embraced liberalisation, allowing greater integration into the global economy.

2. Developing private economy: The government fostered the growth of the private sector and actively encouraged industrialisation, leading to increased productivity and innovation.

3. Establishing special economic zones: China created special economic zones dedicated to manufacturing, attracting domestic and foreign investments.

4. Employment growth: Between 1980 and 1985, approximately 10 million young people found factory employment, significantly contributing to the workforce and economic output.

5. Infrastructure development: China invested heavily in infrastructure, constructing high-speed railways and adding over 10,000 kilometres to its rail network, which enhanced connectivity and facilitated trade. Between 1980 and 2013, freight turnover and passenger traffic increased fivefold and seven-fold, respectively.

6. Tripling industrial output: From 1978 to 1988, China tripled its industrial output, demonstrating the effectiveness of its industrial policies.

7. GDP per capita growth: China's GDP per capita surged from $340 in 1978 to $9,732 in 2018, showcasing significant economic progress.

8. Rise of global enterprises: The nation transformed from having no top global enterprises in 1978 to having 115 out of the top 500 global enterprises by 2018.

9. Foreign investment: By 2018, more than 60,000 foreign-invested manufacturing enterprises had been established in China, reflecting the country's attractiveness as an investment destination.

China's strategic reforms, focus on industrialisation and global integration have positioned it as a leading global economy. Another success story of amazing transformation is the case of South Korea.

South Korea's economic journey offers valuable insights into successful export-led growth strategies, particularly compared to Nigeria during similar periods.

In three decades (1960-1980), South Korea moved from a subsistence, agrarian economy to a modern industrial power.

In 1960, South Korea's GDP per capita was approximately $100, while Nigeria's was significantly higher at $291.06. By 1970, South Korea's GDP per capita had risen to about $300, whereas Nigeria's was $344.27, continuing to reflect a more prosperous economic condition for Nigeria at that time.

To transform its economy, South Korea implemented several key strategies:

1. Export-led growth: In 1961, South Korea focused on boosting exports, particularly manufacturing and technology. A key strategy was the establishment of large industrial conglomerates and targeted export incentives.

2. Economic liberalisation: The government introduced policies to liberalise the economy, encouraging foreign investment and fostering competition within domestic markets. South Korean policymakers developed a set of macroeconomic policies designed to influence the overall environment for industrial activities.

3. Investment in education and technology: South Korea made substantial investments in education and technology, recognising the importance of a skilled workforce and innovative capabilities for sustaining economic growth.

4. Infrastructure development: Between 1960 and 1970, most public funds were allocated to infrastructure projects, including highways, port facilities, electricity, railways, transportation in general, and communication. Between 1977 and 1980, the share of investment in infrastructure projects reached as high as 76 percent of total public sector investment.

5. Power sector investment: The South Korean government invested significantly in the power sector. The Korea Electric Power Corporation deliberately expanded its generating capacity, which was vital for supporting industrial growth in the 1980s.

6. Foreign exchange stability: A critical step taken by the leaders of South Korea during the economic reforms was establishing price-setting mechanisms for foreign exchange and interest rates.

Through these strategic initiatives, South Korea transitioned from a low-income economy to one of the world's leading economies.

Lessons from China & South Korea

The economic transformations of China and South Korea provide vital lessons for Nigeria as it grapples with persistent economic challenges. Both countries successfully transitioned from developing to advanced economies through strategic policy reforms and a focus on industrialisation, particularly export-led growth. Nigeria can draw on these experiences to forge a path toward sustainable economic development. To appreciate the danger of dependence on a single export product, crude oil, let's review sectoral contributions to GDP over time.

Sectoral contributions to Nigeria's GDP

Over the past decade, Nigeria's economy has faced significant sectoral imbalances, emphasizing the need for diversification. The oil and gas sector, historically a major contributor, saw its share of GDP decline from 9% in 2013 to 7% by 2023, highlighting the volatility of an oil-dependent economy. In contrast, the services sector has expanded significantly, increasing its GDP contribution from 49% in 2013 to over 54% by 2023. Telecommunications, trade, and finance have driven this growth, establishing services as a key driver of economic activity.

The manufacturing sector, however, has experienced stagnation, with GDP contributions fluctuating between 8% and 10%. As of early 2024, its share had modestly increased to 9.98%, reflecting persistent structural challenges and untapped potential.

Diversification as a critical path

Diversification is essential for Nigeria's sustained economic growth. Lessons from countries like China and South Korea underline the importance of reducing reliance on a mono-product economy. Economic diversification can help mitigate risks associated with oil price volatility and strengthen resilience to external shocks. By prioritising the manufacturing sector and focusing on value addition, Nigeria can transition from an extraction-based economy to one characterised by industrialisation and sustainable growth.

Export-driven manufacturing to spur growth

Export-driven manufacturing can significantly stimulate economic growth as seen in the case of South Korea. Export driven manufacturing offers unique economic attributes which are not common with other sectors:

1. Employment opportunities: The manufacturing sector is highly labour-absorbing and can create direct employment for machine operators, technicians, and engineers. The sector can also indirectly employ supply chain actors in other sectors of the economy, such as raw materials suppliers, logistics and transportation, farmers, miners, etc.

2. Government revenue generation: Manufacturing helps expand the tax base (number of taxable people and entities) and tax returns as taxes are paid by manufacturers and workers, ultimately increasing the nation's revenue.

3. Economic diversification and reduced oil dependency: The manufacturing sector can potentially reduce the economy's dependence on oil and insulate the economy from the distasteful fiscal/budgetary risks associated with adverse oil price shocks. Export-oriented manufacturing can strengthen economic resilience by alleviating vulnerabilities and promoting sustainable development.

4. Stimulation of favourable trade balances: By promoting exports and meeting local product demand, the manufacturing sector can help reduce/eliminate persistent trade deficit problems and improve the nation's trade balance, strengthening the economy's competitiveness.

5. Infrastructural and human capacity development: Developing the manufacturing sector requires significant investments (big push) to close infrastructural gaps. These investments are usually channelled into infrastructures like power supply, rail, transport infrastructure, communication networks, and other supporting facilities.

6. The success of export-oriented manufacturing: As demonstrated by South Korea, export-driven manufacturing can achieve significantly higher growth rates than those dependent on import substitution.

Things for export-driven manufacturing to thrive

Nigeria can successfully replicate the "Korean" model if she is ready to do the work. It will require a clear vision, leadership, investment and a change of trajectory. Some basics need to be in place for this model to work for us.

Development of export support infrastructure

A reliable and efficient infrastructure network is essential for the growth of export-oriented manufacturing. Key areas that require investment include an effective transportation network encompassing railways, roads, seaports, and airports. Additionally, developing electronic platforms to streamline export clearance at seaports and airports is crucial.

Financing for export-oriented manufacturing: For export-led manufacturing to flourish, affordable financing options must be readily available. No one can effectively compete in the manufacturing sector while borrowing at 30 percent interest rate. As of November 2024, the CBN interest rate stands at 27.50 percent; when factoring in bank charges, the minimum borrowing interest rate reaches 30 percent.

FX & monetary stability: Exchange rate stability is crucial for Nigerian manufacturers who rely heavily on foreign raw materials and machinery. The government must take all necessary measures to curb inflation and achieve foreign exchange stability, enabling manufacturers to gain confidence and invest in the economy.

Ease of doing business initiative: A supportive regulatory environment is essential for the manufacturing sector. In 2016, Nigeria established the Presidential Enabling Business Environment Council (PEBEC) to reduce bureaucratic obstacles and enhance investor confidence. Although there has been some progress, significant regulatory and bureaucratic challenges persist. The government must address overlapping regulations, complex compliance requirements, excessive regulatory fees, frequent policy shifts, exchange rate volatility, and insecurity.

Market access and trade agreements: Nigeria must seek to establish trade agreements that facilitate access to international markets. Engaging in regional and global trade partnerships can open new avenues for Nigerian manufacturers, allowing them to export their products more efficiently. Additionally, the government should promote initiatives that help local manufacturers meet international quality standards and certifications.

Reliable and efficient power: Manufacturing processes depend heavily on electricity for machinery and production lines. The lack of a consistent and depend-

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PS PROJECT SYNDICATE - BUSINESS A.M. PARTNERSHIP

VISIONARY VOICES

The Key to Africa's Vaccine Sovereignty

NANA AKUFO-ADDO

Nana Akufo-Addo is President of Ghana.

ACCRA – Africa is on the cusp of a profound economic transformation. The population boom in Sub-Saharan countries, which is expected to increase the number of Africans from 1.4 billion today to 3.3 billion in 2075, holds the potential to trigger rapid GDP growth and raise living standards across the continent.

My country, Ghana, aims to be at the forefront of these developments. But our ability to capitalize on the demographic dividend hinges on one critical factor: the health of our citizens. For this reason, we are seeking to form strategic international partnerships that help us improve health outcomes, stimulate economic growth, and deliver broadly shared prosperity.

This raises a fundamental question: What does an equitable strategic partnership between African countries and the Global North look like? Historically, development aid for vital health projects in the developing world, though well-intentioned, has often been uncoordinated and unsustainable, focusing on short-term crises rather than addressing the systemic problems that cause them.

Over the past two decades, African countries have been laying the groundwork to sustain their health systems entirely through domestic resources. Recent trends suggest that partnerships between the public and private sectors are key to expanding access and achieving true health self-sufficiency.

Gavi, the Vaccine Alliance is a case in point. Since its founding in 2000, this international partnership has helped African countries immunize nearly a half-billion children, halve mortality rates among children under five, and generate tens of billions of dollars in economic benefits by improving educational outcomes, boosting productivity, and dramatically reducing health-care costs.

These positive effects on African countries' health and economic performance are just the starting point. Sustainable, inclusive income growth could enable countries like Ghana to diversify their economies and foster more stable societies. It could also help us retain talent, as more people choose to build their futures here instead of searching for economic opportunities abroad. Moreover, a thriving Africa would benefit our trading partners, thereby contributing to a stronger, more resilient global economy.

The immediate benefits of strategic health partnerships are obvious. The rapid purchase and deployment of mpox vaccines over the past two months show that key lessons of the COVID-19 pandemic have been learned, as new emergency financing mechanisms – established through continent-wide efforts and supported by international partners – have boosted vaccine equity and bolstered health security.

Looking ahead, new initiatives to expand domestic vaccine manufacturing create an invaluable opportunity to meet Africa's growing demand and achieve vaccine sovereignty. While international partnerships are essential for fostering long-term growth, our ultimate objective remains self-reliance. In 2023, African governments contributed more than $200 million to Gavi's immunization programs – a historic milestone. With the Global South now providing 40% of the funding for Gavi's routine activities, many countries, including Ghana, are on track to fund their immunization efforts independently by the end of this decade.

But if Africa is to achieve full vaccine sovereignty, Gavi must secure at least $9 billion for the next five years. The importance of this support is evident in Ghana, where our partnership with Gavi has reinvigorated the fight against malaria – a longstanding scourge – and will soon help protect young women from cervical cancer for the first time by expanding access to the HPV vaccine.

One of the strengths of Gavi's model is its capacity to harness and scale private-sector innovations, enabling governments in the Global South to vaccinate more children, provide quality health care, and cut costs. In Ghana, Gavi's financial and logistical support has helped us integrate technological advances such as digital record-keeping, solar power, drone delivery, and infant biometric identification into our health system.

My message to Gavi's donors is simple: as partners, we have achieved remarkable progress together. Stepping back now would jeopardize our hard-won gains. A healthier, safer, more prosperous, and more equitable future for all is within reach. By deepening our collaboration, we can achieve it.

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For Developing Economies, the Finance Landscape Has Become a Wasteland

INDERMIT GILL

Indermit Gill is Chief Economist and Senior Vice President for Development Economics at the World Bank.

WASHINGTON, DC – It was a bold idea, encapsulated in a snappy slogan: "From billions to trillions." A decade ago, when private capital was sloshing into developing economies, governments and development institutions saw an opportunity to turbocharge progress on poverty reduction and other development goals. "The good news is that, globally, there are ample savings, amounting to $17 trillion, and liquidity is at historical highs," read a key strategy document of the time.

The bad news is that it all turned out to be a fantasy. Instead, the financing landscape for development has been upended. Since 2022, foreign private creditors have extracted nearly $141 billion more in debt-service payments from public-sector borrowers in developing economies than they have disbursed in new financing.

But there is one striking exception: In 2022 and 2023, the World Bank and other multilateral institutions pumped in nearly $85 billion more than they collected in debt-service payments. Thus, multilateral institutions have been thrust into a role that they were never designed to play. They are now lenders of last resort, deploying scarce long-term development finance to compensate for the exit of other creditors.

Last year, multilateral institutions accounted for about 20% of developing economies' long-term external debt stock, five points higher than in 2019. The World Bank's International Development Association (IDA) now accounts for nearly half of the development aid going from multilateral institutions to the 26 poorest countries. And in 2023, the World Bank accounted for one-third of the overall net debt inflows going into IDA-eligible countries – $16.7 billion, more than three times the volume a decade ago.

These developments reflect a broken financing system. Since capital – both public and private – is essential for development, long-term progress will depend to a large degree on restarting the capital flows that benefited most developing countries in the first decade of this century. But the risk-reward balance cannot remain as lopsided as it is today, with multilateral institutions and government creditors bearing nearly all the risk while private creditors reap nearly all the rewards.

When global interest rates skyrocketed in 2022 and 2023, leading to increased debt distress in the poorest countries, the World Bank followed its usual practice. It shifted from providing low-interest loans to providing grants to countries at high risk of distress. It also increased its overall financing for these countries, typically with generous repayment terms ranging from 30 to 50 years. But private creditors headed for the exits, with high interest rates more than fully compensating them for the investment risks they had taken.

In the absence of a predictable global system for restructuring debt, most countries facing distress opted to tough it out rather than default and risk being cut off indefinitely from global capital markets. In some cases, new financing arriving from the World Bank promptly went back out the door to repay private creditors.

In 2023, developing countries spent a record $1.4 trillion – nearly 4% of their gross national income – just to service their debt. While principal repayments remained stable at about $951 billion, interest payments surged by more than one-third, to about $406 billion. The result, for many developing countries, has been a devastating diversion of resources away from areas critical for long-term growth and development, such as health and education.

The squeeze on the poorest and most vulnerable countries – those eligible to borrow from the IDA – has been especially fierce. Their interest payments on external debt have quadrupled since 2013, hitting an all-time high of $34.6 billion in 2023. On average, interest payments now amount to nearly 6% of IDA-eligible countries' export earnings – a level not reached since 1999. For some countries, the burden ranges from 10% to as much as 38% of export earnings. It is no wonder that more than half of IDA-eligible countries are either in debt distress or at high risk of it, or that private creditors have been retreating.

These facts imply that the world's poorest countries are suffering not from liquidity problems, but from a metastasizing solvency crisis. It might be easy to kick the can down the road by providing these countries with just enough financing to help them meet their immediate repayment obligations. But doing so will simply prolong their purgatory. These countries need faster growth if they are ever going to reduce their debt burdens, but faster growth requires higher investment. Given the size of their debt burdens, that is unlikely to materialize. On current trends, their ability to repay will never be restored.

We need to face reality: the poorest countries facing debt distress need debt relief if they are to have a shot at sustained economic growth and lasting prosperity. A twenty-first-century global system is needed to ensure fair play in lending to all developing economies. Sovereign borrowers deserve at least some of the protections that are routinely afforded to debt-strapped businesses and individuals under national bankruptcy laws. Private creditors that make risky, high-interest loans to poor countries ought to bear a fair share of the cost when the bet goes bad.

In an era of deepening international mistrust, it will be a struggle to establish these precepts. But without them, all major development goals will remain in peril, facing the same fate as the "billions to trillions" promise.

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Revitalising Nigeria's...

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able power supply poses a significant challenge for manufacturing in Nigeria. In 2023, Singapore, with a population of 5.9 million, produced approximately 57 TWh of electricity, while Nigeria, with a population of 220 million, generated around 30 TWh. Singapore's electricity output far exceeds Nigeria's, raising concerns about Nigeria's ability to compete as a manufacturing hub.

Incentives for investment in export-oriented Manufacturing: Just as South Korea, Taiwan, and China have done at different times, Nigeria can introduce a range of incentives to promote export-driven manufacturing. Potential incentives could include export subsidies to lower production costs and Manufacture-in-Bond schemes allowing duty-free imports of specialised raw materials in export-oriented production. Additionally, establishing Export Processing Zones (EPZ) with tax incentives and favourable regulations tailored for export-focused manufacturing can further enhance this sector's growth.

Final word

By adopting these strategies and learning from China's and South Korea's experiences, Nigeria can create a diversified, export-driven economy that promotes sustainable growth and prosperity.

Manufactured non-oil exports have proven to be a powerful tool for diversifying the economy and reducing Nigeria's vulnerability to fluctuations in oil prices. However, to achieve significant export diversification through the manufacturing sector, it is essential to rethink current initiatives and realign existing frameworks.

This comprehensive approach must address the policy and regulatory environment, infrastructure, financing, required skill-sets, innovation, market access, sustainability, environmental impact, and the broader economic and social implications. By doing so, Nigeria can position itself for a more resilient and prosperous future.

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IDA21 raises $100 billion to boost development-World Bank

Stories by Bamidele Famoofo

THE 21ST REPLENISHMENT of the International Development Association (IDA) has raised $24 billion in donor contributions.

Ajay Banga, president of the World Bank who made the declaration recently through an open letter to members of IDA said the unique leveraging model that raised $24 billion will generate a total of $100 billion in affordable financing being the largest replenishment in IDA's history.

He attributed the laudable achievement to donor generosity and also the work the Bank has done to better optimize its balance sheet, taking on more risk and increasing our leverage capacity.

"Today, we are proud to announce the results of that effort. After months of negotiation, partnership, and unwavering commitment from our donor community," he reiterated.

The funding will be deployed to support the 78 countries that need it most, providing resources to invest in health, education, infrastructure, and climate resilience; stabilize economies, create jobs, and build the foundation for a better future; and empower nations to navigate an uncertain world and unlock their full potential.

"This replenishment is not just about resources—it's also about how we deliver them. Over the years, IDA's operational framework has grown increasingly complex, with over 1,100 different requirements and metrics. While well-intentioned, this complexity has often slowed us down and overburdened

L-R: Oliver Alawuba, group managing director, United Bank for Africa (UBA); Xerona Phillips, daughter of retired independent non-executive director; Onari Duke, retired independent non-executive director; Tony Elumelu, group chairman; Donald Duke, former governor of Cross River State; and Donna, at the send-forth dinner in honour of Onari Duke and other retired independent non-executive directors of UBA, held in Abuja recently.

those we serve.

"During this replenishment cycle, we worked closely with our partners to streamline IDA's operations, cutting the number of required metrics in half to 500. This will make IDA simpler, faster, and more responsive to the needs of our clients. It means fewer bureaucratic hurdles and more time spent delivering results on the ground," Banga noted.

Why IDA Matters

During its 60 years of existence, 35 countries have graduated from IDA, including many who are now generous donors, giving back so that others may prosper.

Throughout, IDA has stood as a critical partner for the world's poorest countries. It is a lifeline that delivers what few others can:

Affordable financing through zero- and low-interest loans and grants to nations with limited financing options.

Unmatched development knowledge gained from decades of experience in nearly every corner of the globe.

The power to leverage every donor dollar 3.5 to 4 times, transforming modest contributions into life-changing investments.

This model has enabled IDA to mobilize and deploy $270 billion over the last decade alone, with $179 billion directed to Africa. IDA has become the largest provider of concessional climate financing, investing $85 billion globally in the last 10 years, with over half dedicated to climate adaptation—protecting communities from rising seas, building heat-resistant schools, and ensuring farmers have the right seeds for the right conditions.

In the same period, these investments have delivered tangible results such as reaching 900 million people with health services, connecting 117 million people to reliable electricity, 94 million people gaining access to clean water and over 18 million farmers supported with essential technology.

"This is why IDA is often called the "best deal in development." It is not just about funds deployed—it is about lives changed," the Bank boasts.

Meanwhile the work has just begun as the World Bank said the challenges ahead will demand even more of its attention. Banga noted that in many of the countries IDA serves, governments are constrained by rising debt and limited fiscal space. "For these nations, IDA's concessional financing is often the only viable source of investment in job-creating sectors."

This is particularly crucial as a vast generation of 1.2 billion young people prepares to enter the workforce. With current projections indicating only 420 million jobs will be created, nearly 800 million young people face the risk of unemployment—a threat to societal stability and economic growth.

"The World Bank Group recognizes this challenge and is prepared to meet it head-on, which is why we are working to ensure job creation is not a byproduct of our projects but an explicit aim of them.

"Throughout history, jobs have been the surest and most lasting solution to poverty. They bring dignity, empower women, give hope to younger generations, and build stronger communities.

"In this context, IDA is not just a financial instrument; it is a catalyst for job creation. It provides countries with the resources to build infrastructure, improve education and health systems, and foster private sector growth—all of which are critical for creating jobs and economic opportunities.

African Energy Chamber supports Africa Energy Bank to bridge Africa's energy financing gap

AFRICA'S URBAN POPULATION will triple in the next 25 years and African countries will need to invest up to 5.5 percent of their gross domestic product (GDP) in urban development if they are to avoid the rapid growth of shanty towns.

This was the conclusion shared by experts at a round-table discussion, "Mobilising finance for urban development and planning" which took place at the Africa Investment Forum, held from 4-6 December in Rabat, Morocco.

Hastings Chikoko, Senior Director for Cities at Big Win Philanthropy, a charitable foundation focused on development projects in Africa, drew attention to the phenomenon of galloping and poorly controlled urbanisation: "Unfortunately, people will continue to move to cities. What needs to be done?" he asked.

"The problem is a failure of planning, which leads to a lack of housing infrastructure and the emergence of shanty towns," said Eric Gumbo, Associate Director of law firm G&A Advocates LLP in Kenya. "Our countries have no margin for financing and this impacts our cities. African countries have a debt/GDP ratio of around 65 percent," Mr Gumbo added.

Abimbola Akinajo, Managing Director of Lagos Metropolitan Area Transport Authority (LAMATA) in Nigeria, confirmed that many big African cities are experiencing the same reality, which is an acute lack of funding.

The panellists agreed that the key challenge is to multiply sources of investment by greater use of the private sector, development finance institutions, investment funds and pension funds, in addition to state and municipal resources.

Diversification of investment needs to go hand in hand with appropriate measures and provisions put in place by national governments and urban authorities: better governance of cities, better planning, capacity-building to enable the design of bankable projects, better planning of municipal investments, and modernisation of revenue collection. Payment by users for various services (motorway tolls, etc.) could help to finance these provisions.

Ednick Muswell, head of the water and sanitation department in eThekwini, an urban municipality in Kwazulu with a population of four million and a budget of $3.9 billion, showcased eThekwini as an example of successful urban management in Africa: "We have no debt to ESKOM (the public electricity company) and our budget discipline is a result of good management. The municipality has a good credit rating and investors believe in us." Muswell added that American pension funds and banks are ready to invest in eThekwini, which is also capable of raising funds on capital markets.

African start-ups benefit from Seedstars Africa Ventures I $42m first close

SEEDSTARS AFRICA VENTURES I, a venture capital fund making early-stage investments in highly scalable start-ups in Africa, has achieved a first close of $42 million, with participation from the African Development Bank and EIB Global –with the support of the European Union, under the ACP Trust Fund - EU Compartment and Boost Africa— among other global investors.

The fund, with offices in Nairobi, Dakar and Paris, has further secured $50 million in commitments towards an $80 million fundraising target.

The milestone was announced at the 2024 Africa Investment Forum Market Days currently underway in Rabat. Both the African Development Bank Group and the European Investment Bank Group are founding partners of the Africa Investment Forum, a platform that advances transformative African projects toward financial close. EIB Global is the EIB Group's specialised arm devoted to increasing the impact of international partnerships and development finance,

Seedstars Africa Ventures I is addressing gaps in early-stage financing across Africa through investments of up to $2 million in seed and series A rounds, with follow-on capacity of up to $5 million, thereby bridging available pools of capital. By leading successive investment rounds, the fund will catalyse co-investment while offering operational support to start-ups.

The Fund was founded by Maxime Bouan, Tamim El Zein and Bruce Nsereko Lule who have over 45 years of experience investing and working across the continent. Seedstars Africa Ventures is a member of LBO France Group, which played a pivotal role in seeding this initiative as part of their multi asset class African strategy, alongside other initiatives. Robert Daussun and Stéphanie Casciola, Chairman and CEO respectively of LBO France said, "We are delighted by Seedstars Africa Ventures' latest milestone, and proud to have been the initial supporter of the team.

The portfolio the team has built with our support is innovative and transformative, already providing significant impact and value to the continent. LBO France appreciates the opportunity SAV provides for us and our partners to be part of Africa's growth story."

"The African Development Bank views Seedstars Africa Ventures as a strategic opportunity to provide innovative support to Africa's venture capital industry. It serves as a conduit to improve access to finance for youth and women while also enhancing the availability of risk capital in Francophone Africa. This is an area that has traditionally faced limited access to risk capital," said Ahmed Attout, African Development Bank Group Director for Financial Sector Development.

"We welcome the investment of the African Development Bank, our Boost Africa partners, in the Seedstars Africa Ventures fund," said EIB Vice-President Ambroise Fayolle. "Accelerating digitalisation is a priority for the EIB, and we are committed to supporting African businesses as they drive innovation and prosperity on the continent."

The fund has already deployed over $10 million to five pioneering African startups in the climate, food systems, energy access, internet connectivity, financial inclusion, and payments infrastructure sectors.

These businesses serve over 60 million people, including by connecting 60,000 households to the Internet, supporting 50,000 farmers, and empowering 30,000 individuals with financial inclusion services across eight African countries. The portfolio is also fully 2X compliant, empowering women in startups and ecosystems.

The companies are Beacon Power Services (Nigeria), one of Africa's fastest-growing cleantech companies, which provides electricity access to millions of Africans; Poa! Internet (Kenya), which offers broadband internet for just $10 per month to over 60,000 households; Xeno (Uganda): provides disruptive financial products offering sustainable and attractive savings alternatives for Africans; Bizao (Cote d'Ivoire, Senegal, France), which addresses the demand for high-performing payment aggregation platforms from major corporates and fintechs in Francophone Africa and Shamba Pride (Kenya), an operator of nearly 300 franchised shops that deliver products, insights, and training to farmers to address significant bottlenecks in the agricultural value chain.

For **Feedback**, send text message to
Bamidele Famoofo on 08074509391

STOCKS MARKET

	NSE	NSE 30	FTSE 100	DOW JONES	S & P 500	FTSE/JSE	NASDAQ
	98,210.75	3,710.14	8,164.12	39,118.86	5,460.48	79,707.11	17,732.60
CURRENT	0.72	1.20	-0.19%	-0.12%	-0.41%	0.93%	0.71%
YEAR TO DATE	31.34	32.97	5.57%	3.79%	14.48%	3.66%	11.16%

TOP TRADERS

Company	Volume	Value
FBNH	126021629	3279310896
HMCALL	91280851	521768143.4
JAPAULGOLD	61383947	138912973.3
TANTALIZER	35709039	40481686.08
STERLINGNG	23807261	114503531.4

TOP GAINERS

No	Equity	Opening	Closing	%Change
1	HMCALL	N 5.66	N 6.20	9.54%
2	ROYALEX	N 0.57	N 0.62	8.77%
3	SOVRENINS	N 0.68	N 0.73	7.35%
4	TANTALIZER	N 1.09	N 1.15	5.50%
5	NPFMCRFBK	N 1.50	N 1.57	4.67%

TOP LOSSERS

No	Equity	Opening	Closing	%Change
1	REGALINS	N 0.51	N 0.46	-9.80%
2	LASACO	N 2.36	N 2.13	-9.75%
3	ACADEMY	N 3.09	N 2.79	-9.71%
4	AUSTINLAZ	N 2.17	N 1.96	-9.68%
5	CORNERST	N 2.75	N 2.56	-6.91%

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

Africa Investment Forum 2024 garners $29.2 billion in deals, signaling continent's growing economic potential

Bamidele Famoofo

THE AFRICA INVESTMENT Forum 2024 Markets Days has recorded a total of $29.2 billion in new investor interests after three days of boardroom discussions in Rabat, Morocco.

The Chair of the Africa Investment Forum, President of the African Development Bank, Dr Akinwumi A Adesina, described this latest total as "truly outstanding" and added that this could be even higher as in addition to the 37 deals that were ready, there were still more investments that were being discussed and worked on.

Adesina added that 2,300 investors and delegates had participated in this year's Market Days, an increase of 60 percent over last year. They came from 83 countries:

"The waves of the Africa Investment Forum are cascading investment ripples from Africa to all parts of the world...I am proud that we have achieved for Africa."

"Across 41 investment boardrooms, investors and project developers gathered to review, discuss and engage on 37 investment projects. The projects varied from transport, power, energy, agribusiness, industry, mining, pharmaceuticals, private equity, tourism, urban infrastructure, water management and water and sanitation."

R-L: Adeshola Lamidi, executive director, resolution/enforcement, Asset Management Corporation of Nigeria (AMCON); Gbenga Alade, managing director/CEO, AMCON, Oyinlola Adebayo, company secretary, AMCON and Jude Chiedozie Nwauzor, head, corporate communications department of AMCON, during an interactive session with the media in Lagos... recently.

He described the Africa Investment Forum 2024 Market Days as a rich experience. He announced that the Forum has lined up 15 new sponsors, including banks, insurers and export credit agencies for next year, along with others who've expressed interest in joining as new partners:

"We are becoming a global investment movement for Africa."

Adesina thanked the nine founding partners of the Forum of the Africa Investment Forum--Africa50, the Afreximbank, the Development Bank of Southern Africa, the Islamic Development Bank, the European Investment Bank, the Trade and Development Bank, and the Arab Bank for Economic Development in Africa. He also expressed his deep gratitude to King Mohammed VI and the people of Morocco for hosting the event for the second year in succession.

Morocco's Minister of Economy and Finance, Nadia Fettah Alaoui, praised the Forum's achievements:

"It is a major catalyst and a successful and unique platform for investment and for accelerating the transformation of Africa. Investors came to Rabat to prospect, identify and invest in bankable projects, and say that Africa is open to business."

She appealed to the African diaspora: "In Africa, the future is happening. We have good projects, we have energy and enthusiasm and we have the money to finance your projects."

Before announcing this year's investment interest numbers, Adesina was named "African of the Decade" by the All Africa Business Leaders Award, an initiative of the ABN Group in partnership with CNBC Africa, for his "exceptional leadership and commitment to Africa."

Reflecting on his legacy as his 10-year tenure as head of the premier pan-African institution comes to an end next year, Adesina said, "I'm proud of what we've achieved. It has been the greatest honour of my life serving Africa! I will keep 'cheering and pitching for investments in Africa.'"

He reiterated his optimism about the future of Africa, saying he would continue to advocate for the continent after his tenure. "My heart is in Africa; my soul and my mind is in Africa. Whatever I do will be in Africa.

Addressing journalists on the outcomes of the Market Days, Dr Adesina revealed that many of the projects presented in the boardrooms received investor interest higher than estimated.

For example, he said, state representatives sought to mobilize $975 million for Nigeria's Special Agro-Processing Zone, but the boardroom sessions garnered $4.8 billion. Similarly, projects initiated by Morocco and the Democratic Republic of the Congo drew investor interest higher than initially targeted.

Nigeria's Eurobond comeback nets $2.2bn in landmark offering

Onome Amuge

NIGERIA HAS RAISED $2.2 billion through its latest Eurobond sale, marking its return to the international capital markets after a gap of eight months (since March 2022). The auction saw the sale of two bonds, each with a different maturity period.

While the Eurobond auction attracted e $9 billion in bids, Nigeria's finance ministry allocated $2.2 billion to investors, with the funds primarily earmarked for the implementation of the 2024 budget.

The two bonds issued in the Eurobond auction received overwhelming investor interest, leading to oversubscription of $700 million for the 6.5-year bond priced at 9.62 percent and $1.5 billion for the 10-year bond priced at 10.375 percent.

The dual Regulation S/144A structure of the bonds made them accessible to U.S. and international investors alike, highlighting the global appeal of Nigeria's debt instruments.

While the strong investor demand is a positive sign, concerns have been raised about Nigeria's financial stability due to the relatively high yields offered by the bonds.

The Debt Management Office (DMO) confirmed the successful issuance of the Eurobonds in an official statement, stating that the bonds attracted a diverse investor base from across multiple jurisdictions including the United Kingdom, North America, Europe, Asia, and the Middle East, in addition to Nigerian investors

The DMO stated, "The Federal Republic of Nigeria (the "Republic") successfully priced US$2.2 billion in Eurobonds (the "Notes") maturing in 2031 (6.5-year) and 2034 (10- year) in the international capital markets on 2 December 2024, with US$700 million and US$1.5 billion placed in the 2031 and 2034 maturities, respectively. The 6.5-year and the 10- year. The Notes were priced at a Coupon and Re-offer Yield of 9.625 per cent and 10.375 per cent, respectively.

"Nigeria is pleased to have attracted a wide range of investors from multiple jurisdictions including the United Kingdom, North America, Europe, Asia, Middle East and participation from Nigerian investors, which it views as an expression of continued investor confidence in the country's sound macro-economic policy framework and prudent fiscal and monetary management.

"The transaction attracted a peak orderbook of more than US$9.0 billion. This underscores the strong support for the transaction across geography and investor class. With respect to investor class, demand came from a combination of Fund Managers, Insurance and Pension Funds, Hedge Funds, Banks and other Financial Institutions."

In the DMO statement, Finance Minister Olawale Edun stressed the market's confidence in President Bola Tinubu's administration and its efforts to stabilise the Nigerian economy and promote long-term growth.

Commenting on the strong demand for the Eurobonds, Edun described it as a testament to the increasing faith in Nigeria's economic direction, adding that the successful issuance was a reflection of investors' belief in the government's commitment to economic stability and progress.

Olayemi Cardoso, governor of the Central Bank of Nigeria (CBN), commended the favourable outcome of the Eurobond sale, describing it as a reflection of the increased investor confidence in Nigeria's economy and a testament to the country's improved liquidity and market access.

Investor interests boosted as investment, securities bill passes second reading

Onome Amuge

THE NIGERIAN SENATE has passed the Investments and Securities (Repeal and Enactment) Bill 2024 for its third reading, paving the way for the enactment of reforms to the country's capital market regulatory framework.

The passage was achieved following the Senate's deliberation and adoption of recommendations proposed by the Committee on Capital Market, led by Senator Osita Izunaso (APC Imo West).

Speaking on the importance of the bill, Tahir Monguno, the senate chief whip emphasised its potential to safeguard investors and eradicate fraudulent practices within the Nigerian capital market.

Senator Izunaso, who led the debate on the bill, noted that it would repeal the Investments and Securities Act of 2007 and establish the Investments and Securities Act 2024.

Izunaso said: "The Bill seeks to repeal the existing Investments and Securities Act 2007, and to establish a new market infrastructure and wide-ranging system of regulation of investments and securities businesses in Nigeria especially in the areas of derivatives, systematic risk management, financial market infrastructure and Ponzi scheme and platforms.

According to Izunaso, the bill's goal was to empower the Securities and Exchange Commission (SEC) as the premier regulatory body for the Nigerian Capital Market.

The four primary objectives of the bill, as outlined by the senator, include; fostering capital formation, safeguarding investors, maintaining a fair, efficient, and transparent market, and curbing systemic risk.

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

Stakeholders push for full legal support, mandatory compliance to grow Nigeria's insurance industry

Joy Agwunobi

INSURANCE, A CORNERSTONE of financial stability in many nations, remains untapped in Nigeria, trailing behind the rest of the world in terms of penetration and growth. According to key players in the industry, the only way to trigger a shift in the sector's narrative is to embrace the power of legislation and make insurance a mandatory requirement. Such a bold move, they believe, would ignite a revolution in Nigeria's insurance market, boosting uptake and unleashing the full potential of the industry.

The 2024 edition of the Business Journal Annual Lecture played host to a lively discourse on the significant role insurance plays in fostering sustainable economic growth in Nigeria. The event served as a key platform for industry leaders and experts to share their insights and discuss strategies for unlocking the full potential of Nigeria's insurance market.

Kunle Ahmed, the chairman of the Nigerian Insurers Association (NIA), in his presentation, stressed that legal backing would serve as the bedrock for the growth of the insurance industry in Nigeria.

Ahmed noted that mandatory insurance would be a pivotal turning point for the sector, a sentiment echoed in his declaration that the narrative of insurance business in the country will change if insurance is made compulsory.

Ahmed pinpointed the legal safeguards in place in other countries as the key to insurance's success. He noted that in many nations, failure to comply with insurance requirements can lead to legal consequences, serving as a powerful motivator for increased patronage.

The NIA chairman also expressed his disappointment with the lackluster patronage of insurance products in Nigeria. He stressed that the industry has struggled with low uptake, a challenge that has impeded its growth over the years.

Ahmed, the guest of honour at the event, highlighted the crippling effect that low patronage has had on the growth of Nigeria's insurance sector. He expressed deep concern about the persistent negative impact this trend has had on the industry's ability to contribute significantly to the nation's gross domestic product (GDP).

Responding to the concerns of all stakeholders, including policyholders, pensioners, and shareholders, Ahmed reassured the audience that the National Assembly is currently embarking on a comprehensive reform of insurance laws in the country.

According to him, these reforms would result in legislation that would not only make insurance compulsory, but also ensure that it becomes an essential part of every Nigerian's life.

Also speaking at the event, Tope Smart, the group chairman of NEM Insurance Plc and chair of the event's lecture, emphasised the pressing need for restructuring and repositioning of the insurance sector in Nigeria.

Smart, a renowned voice in the industry, insisted that meaningful and comprehensive reforms were essential to not only restructure the sector, but to also ensure its long-term viability and competitiveness in the global market.

The group chairman of NEM Insurance Plc also addressed Nigeria's significant lag in insurance penetration and growth compared to other countries. He attributed this gap to a range of factors that hinder the development of the industry, such as low consumer trust, lack of awareness, and low income levels among others.

Addressing the theme of the lecture, "Repositioning the Insurance Industry to Drive Sustainable Insurance Growth in Nigeria," Adetola Adegbayi, founder and CEO of Mutual Specialists, insisted that Nigeria needs to confront its stark reality of poverty as a necessary first step towards formulating a solution for financial development.

She stressed the need for an assessment of the country's economic state, stating that only then can Nigeria begin to chart a path towards prosperity and overcome its current economic challenges.

Challenging the assertion that Nigeria's economy"defies understanding", Adegbayi referenced the valuable data published yearly by the National Bureau of Statistics (NBS), which, in her view, offers a clear picture of Nigeria's economic standing.

Despite this clarity, the insurance industry continues to underperform, a fact Adegbayi expressed regret over. She implored the sector to take the necessary steps to realise its potential and become a vital player in the nation's economy.

To offer possible solutions for repositioning the insurance industry, Lolo Idu Okeahialam, former managing director/CEO of Access Pension Fund Custodian Limited, recounted a personal experience in which an insurance company replaced her car after an accident.

Despite this positive experience, Okeahialam asserted that the sector remains under-performing, adding that massive awareness campaigns on various media platforms, such as television, radio, newspapers, the internet, and social media, could help boost public awareness and engagement with the industry.

"There is need to leverage on innovation and be creative. Do more by focusing on little things for more and above all, invest in cyber securities," she stated.

Nwakuche commended the vital role insurance played in safeguarding businesses during the #EndSAS protests. She encouraged Nigerians to view insurance as a potent tool for risk management, stressing that successful enterprises across the nation rely on the financial services sector for their growth and stability.

Nwakuche also called for increased recognition of the insurance industry's importance in protecting individuals, businesses, and the economy, urging the public to embrace the sector's solutions as they would any other component of the financial services industry.

Nwakuche, in her address, delivered by Godwin Agbonanye, regional head for Lagos & South at Veritas Kapital Assurance Plc, drew attention to the low insurance penetration rate in Nigeria, calling on practitioners to work together to create more products geared towards the needs of customers.

In her view, investing premium revenue responsibly will enable insurers to fulfill their obligations to policyholders in the event of claims.

Nwakuche identified diverse sectors with immense potential for insurance growth, urging insurers to explore opportunities in agriculture, tourism, oil and gas, and other areas to expand their businesses.

L-R: David Aloh, head of legal, CIG Motors; general manager, Management Centre of Choice International Group, May Li; executive director, CIG Motors, Jubril Arogundade; National head of sales, Emmanuel Comla; regional head (Lagos), Omowunmi Kalejaiye; and group head, consumer assets, Olajire Awofisibe, all of First City Monument Bank (FCMB) at the signing of a Memorandum of Understanding (MoU) between CIG Motors and FCMB for an Auto Loan Scheme during the CIG Motors Grand Auto Fair in Lagos recently.

PenCom approves total retirement savings withdrawal for low-income earners

THE NATIONAL PENSION COMMISSION (PenCom) has introduced a policy allowing low-income earners the option to either withdraw their entire Retirement Savings Account (RSA) balance or continue receiving their current pension payments while awaiting the implementation of the Minimum Pension Guarantee.

This development aligns with the revised regulations on retirement and terminal benefits, particularly Section 4.1(g), which considers the recent increase in Nigeria's minimum wage to N70,000.

The announcement, detailed in a memo dated November 27, 2024, and signed by A.M. Salem, head of the surveillance department at PenCom, marks a shift from the previous policy that permitted retirees to withdraw only one-third of their RSA balance. The memo, directed to Pension Fund Administrators (PFAs) and custodians, highlighted that President Bola Tinubu had signed the National Minimum Wage Bill into law on July 29, 2024, raising the minimum wage from N30,000 to N70,000.

Consequently, Section 4.1(g) of the revised regulations stipulates that retirees whose RSA balances cannot provide a monthly or quarterly pension of at least one-third of the minimum wage (N23,333.33) can opt to withdraw their savings in full.

PenCom directed PFAs to adopt the new minimum wage of N70,000 when processing retirement benefits in compliance with the updated regulations. Retirees with pensions below N23,333.33 are now given two options: to withdraw the remaining balance in their RSA accounts outright or to continue receiving their current pensions until the Minimum Pension Guarantee takes effect.

NAICOM,ICRC to streamline insurance protocols for assets under PPP

THE NATIONAL INSURANCE COMMISSION (NAICOM) and the Infrastructure Concession Regulatory Commission (ICRC) have unveiled a collaborative effort to enforce mandatory insurance for assets tied to public-private partnership (PPP) projects in Nigeria.

This initiative, aligned with legal requirements, is set to enhance private sector participation in the nation's infrastructure development, thereby driving economic progress.

The partnership was announced during a meeting between Olusegun Ayo Omosehin, commissioner for Insurance, and Jobson Oseodion Ewalefoh, director general of ICRC, at the commission's headquarters in Abuja.

The focus of the collaboration is to safeguard investments in critical infrastructure by ensuring adequate insurance coverage, reducing risks, and bolstering investor confidence. Both agencies described the alliance as a strategic step toward achieving sustainable infrastructure growth in Nigeria.

"As Nigeria's primary insurance regulator, NAICOM remains dedicated to advising the government on insurance matters and protecting critical national assets," said Omosehin.

He emphasised that the collaboration would ensure PPP projects are backed by robust and compliant insurance systems.

On his part, Ewalefoh reaffirmed ICRC's commitment to advancing infrastructure through PPPs. He noted that the partnership would reinforce adherence to insurance regulations, ultimately enhancing the credibility of PPP agreements.

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ECONOMICS & FINANCE

Dimitrije Ruzic

Assistant Professor of Economics

Mega Companies: Superstars or Super Villains?

SOUTH KOREA'S EXPERIENCE SHOWS that big is not necessarily bad.

Giant firms are often cast as villains, throttling competition and stifling innovation. From Microsoft to Meta and now Google, a litany of behemoths have run afoul of antitrust laws for the power they wield. My recent research, however, suggests that the role they play in national economies may be a lot more nuanced than news headlines might have you believe.

Together with three co-authors*, I analysed data spanning four decades – from 1972 to 2011 – on South Korea's economic miracle. We found that were it not for big players such as Samsung Electronics and Hyundai Motors, South Korea's real GDP would have been 15 percent lower by 2011. Welfare or consumers' purchasing power would have been 4 percent lower.

Yet, this dominance did not translate to obscenely higher prices for consumers. We found that aggregate mark-ups – the difference between the cost of producing a good and its selling price – by the top firms increased by a modest 14 percent.

Behind the miracle

Between the 1960s and 2000s, South Korea transformed from a war-scarred backwater – its top export was wigs – to an economic and technological powerhouse, with outsized soft power to boot. Real GDP per capita increased nearly twelvefold from 1972 to 2011.

It is perhaps no coincidence that the South Korean economy is also dominated by sprawling firms or chaebols. As we found in our study, now published as a working paper by the National Bureau of Economic Research, these large firms played a pivotal part in the growth miracle of the country of 52 million people.

Using detailed firm- and sector-level data, we found that the top firms weren't just big; they became dramatically more productive compared to their smaller counterparts. In the early 1970s, the top three firms in each sector were about 2.6 times more productive than other firms; by 2011, they were 11 times more productive.

The data suggest that these companies became dominant primarily by innovating and becoming more efficient, rather than through anti-competitive practices or government favouritism.

The productivity spurt

The top South Korean firms were also more successful in tapping into foreign markets, especially from the mid-1990s onward. At their peak in 2007, the largest firms' foreign demand was nearly eight times higher than that of other firms.

What did all this mean for the South Korean economy? Our modelling and counterfactual experiments indicate that if the top three firms across sectors hadn't grown in productivity as they did, South Korea's real GDP would have been 13.7 percent lower in 2011. The impact rises to 15 percent when the firms' foreign market access and favourable government policies are factored in. Welfare (in net present value) would have been 2.8 percent lower, or 4 percent when foreign exports and government policies are included.

Importantly, mega companies did not abuse their market power in South Korea, at least in terms of pricing. As mentioned earlier, aggregate mark-ups by the top three firms across sectors increased by only 14 percent over four decades, compared to 4 percent on average.

Superstars vs. super villains

Let's put this into context with a couple of corporate heavyweights: Samsung Electronics and Hyundai Motors. By 2011, these two firms alone accounted for nearly 10 percent of South Korea's total manufacturing output. What if they had grown at the same rate as the average firm in their sectors?

Our analysis shows that without Samsung's outsized growth, South Korea's GDP and welfare would have been 6.4 percent and 1.04 percent lower respectively in 2011. Hyundai's impact was smaller but still significant. The company accounted for about 1.1 percent of GDP at the peak of its influence around 2000 and 0.49 percent of welfare over the four decades covered by the study.

We expanded this analysis to all the top three firms across sectors. We found that the vast majority of these large firms were "superstars" – companies that not only outperformed their peers but also contributed positively to overall GDP growth. Besides Samsung and Hyundai, other examples include POSCO, a steel maker, and LG Chem, a chemical giant.

This isn't to say that every big firm was a force for good. Some "super villains" outperformed other firms while dragging down GDP. But these were the exception rather than the rule. The superstars accounted for 21 percent of aggregate sales in 2010 while the supervillains contributed just 3 percent.

Big can be good

So, what can we learn from South Korea's experience as we grapple with questions of market power and antitrust policy in the United States and elsewhere?

First, it's a reminder that size isn't everything. What matters more is how companies use their scale and resources. In South Korea's case, many large firms leveraged their size to drive innovation and tap into global markets, benefiting the broader economy. In fact, the World Bank advises middle-income countries (see page 19 of the World Development Report 2024) to "move away from coddling small firms or vilifying large firms" to boost growth.

Second, it underscores the importance of looking beyond simple metrics like market share when assessing the impact of large firms. The relationship between market concentration, or dominance by a relative few, and economic outcomes is complex and can vary significantly across different contexts.

When a firm is large because of productivity or success in the global markets, then making it artificially smaller will not help the economy. On the flip side, when the firm is large because it is cosy with the government, then removing its favourable treatment could benefit the wider economy and improve welfare.

Finally, our study highlights the need for nuanced, data-driven approaches to antitrust policy. While vigilance against anticompetitive practices is crucial, we should be careful not to assume that all instances of market concentration are harmful.

As we watch the slow-burning drama of antitrust actions against tech giants like Google, it's worth remembering the lesson from South Korea: The rise of corporate giants, at least in their early years, can contribute to broader economic growth and welfare.

The challenge for policymakers is to foster an environment where all firms can grow and innovate, while ensuring that this growth translates into benefits for both economy and society.

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Is Working Yourself "To The Bone" Ever Worth It?

WORKCONDITIONS IN certain industries are notoriously gruelling. We ask four professionals in demanding sectors if the benefits outweigh the costs.

In some sectors, workers are constantly pushed to extremes, not unlike stunt performers whose bodies are treated as tools – stretched and sacrificed to meet professional demands. Notably, similar patterns are observed in soul-sucking, albeit prized, careers such as consulting, investment banking and other financial services.

The recent deaths of employees from Bank of America and Ernst & Young resulting from overwork reignited the furore arising from the alleged 100-hour work week and "inhumane" treatment at Goldman Sachs that surfaced three years ago. While work in banking or consulting involves more of one's brain than body, instrumentalisation – a process by which people are treated as mere tools or instruments to attain certain goals – appears to have become the norm as workers experience burnout from the stretching and sacrificing of their physical well-being.

What affects a young professional's career decisions? Is the prize worth suffering for? We speak to four professionals who shared their stories, and juxtapose their experiences against Winnie Jiang's ongoing research on stunt performers.

The art of bending over backwards

Stunt performers are the subject of Jiang's study. This work provides insights into their response when compelled to constantly push the limits of their body to complete overly dangerous stunts. Preliminary findings show that stunt performers persist in spite of the nature and conditions of their profession because they derive their self-worth from their work. This is especially so for the physical hardships they endure, as they claim that "injuries are badges of honour".

Only after suffering from debilitating injuries or witnessing the deaths of their peers at work would some of them begin to question the norm of "body instrumentalisation" and reassess the foundation of their self-worth. This is when they begin to find value in aspects of their lives outside of work.

The reality in "prized" sectors

To understand if the benefits outweigh the pain, we spoke to four professionals whom we shall name Emilio, Ravi, Apple and Jens to maintain their anonymity.

After working at Bloomberg and a Swiss NGO (non-governmental organisation), Emilio pursued an MBA at Harvard and eventually landed a tempting job with a leading consulting firm in Berlin. "Knowing how hard the work is in consulting, I also assumed that I would be learning and be supported a lot", he said. In reality, there was only one week of onboarding, followed by six months of making things up as he went along. There was a confusing mix of solidarity in suffering alongside selfish competition. The atmosphere was one of constant suffering and relentless complaining. While on one project in India, his standard working hours were 7.00 am to 4.00 am. As he felt his brain and body shutting down, he realised that he was literally killing himself. Within less than a year, Emilio saw 70 percent of his cohort pushed out. For Ravi, he joined a top strategy consulting firm in New York immediately after his degree at UC Berkeley, where he studied political science and economics. Unsure of what he wanted to specialise in, he welcomed the opportunity to keep his options open. He embraced the lifestyle as a young graduate in a tough but dynamic and developmental job. He was working 10-hour days twice a week with relative predictability and "pulling late-nighters" the rest of the time. At one point, when Ravi worked more or less non-stop on a project for weeks, travelling most of the time, and with no respite, he evaluated his situation and sounded the alarm bell.

Meanwhile, Apple's decisions were influenced by a mix of media featuring superstar Harvard bankers, parental pressure to make "safe" choices and academic "limitations". Having completed her bachelor's degree in accounting and finance in the United Kingdom and a master's degree at the London School of Economics, she aimed for the Big Four accounting firms and was offered a role at PwC in Birmingham. She enjoyed her first project, but things went downhill afterwards. She was working 18-hour days, her team was dysfunctional and inefficient, and she was dealing with multiple projects concurrently. She left when her health and well-being suffered, and was eventually diagnosed with thyroid cancer.

Driving forces

Just like stunt performers, other workers may derive their self-worth from their work and their ability to endure hardship. For instance, Emilio admitted that he wanted to "show the world that I could do these sorts of crazy hours", and that the promise of "after two years in consulting, you can get whatever job you want" was seductive, despite the punishing environment.

On the other hand, for Ravi, it was a matter of whether he was willing to shape his lifestyle around his work. His entire Saturdays were set aside for catching up on sleep, and Monday evenings were his sacred and untouchable "early" evenings. He recognised that working hard during the week was a reasonable trade-off. To him, the work was challenging, interesting, varied, and gave him the opportunity to continue to postpone any aspiration to become a specialist. Ravi's mix of resilience and self-awareness served him well.

As for Jens, who joined a large strategy consulting firm in Stockholm upon graduation, he persisted as he enjoyed the environment of support, kindness and collaboration, despite a highly demanding environment and having to work 10- to 12-hour days, Monday to Friday. He enjoyed the rush of adrenaline more than he suffered. Overall, he felt that the occasional discomfort of intense work was more than compensated by his inherent interest in the job itself, not to mention the compensation package.

Jens stayed on as he enjoyed being a consultant. He had always been happy to go the extra mile to get to the bottom of things, rather than searching for shortcuts. He observed that one key characteristic needed is resilience, since intelligence alone is merely a commodity at a place like his firm.

Is it worth it?

There is no "one size fits all" answer as to whether these prized careers are worth the suffering – and, in extreme cases, the risk of death. The demanding nature of these careers is well-known. Carefully weighing the pros and cons and honestly evaluating the fit between your values, capabilities and lifestyle and the demands of such roles should help in making an appropriate choice and avoiding disappointment and frustration. In other words, self-awareness is essential.

Emilio eventually left his job after realising that consulting did not align with his values. "Learning on the job is great if you have someone giving you constructive feedback as you go, but without that, it just becomes frightening to make mistakes," he said. He is on a quest for work where his contribution is valued, the learning is organic and it is seen as normal that he has a life beyond the office.

Similarly, after initially taking the prescribed path blindly, Apple eventually gained clarity, like the stunt performers who started questioning the norm of instrumentalisation. She now recognises that the training and learning offered are unparalleled, but recommends that any young person contemplating a career in finance take that path early on and "then jump out, once and for all".

Are you in or out?

Based on these examples, there are patterns that point to reasons to embark on such careers – or not.

Seven reasons to choose a demanding career:

1. You have boundless energy and the willingness to expend it on this role for a few years.
2. You see value in the development offered and are willing to learn by making mistakes and stretching yourself constantly.
3. You are prepared to postpone gratification (apart from an attractive salary).
4. You value an intellectual challenge and interesting clients above work-life balance.
5. You are happy to be a generalist (at least at the beginning).
6. You are resilient and comfortable with direct feedback.
7. You are able to draw personal boundaries and protect them.

Seven reasons to run in the opposite direction:

1. You are independent-minded and do not respond well to frequent feedback.
2. You value work-life balance.
3. You prefer to specialise.
4. You do not function well on little sleep.
5. You are not keen to analyse information every day.
6. You want to work in a consistent team and to be recognised by your colleagues.
7. You are not yet sure of who you are and are still forming your "self" and "identity.

Not all doom and gloom

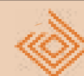
In the stories of these four individuals, there were mitigating factors that affected their course of action. When Ravi felt burnt out and sounded the alarm, adjustments were made to his project, with an additional team member and a lighter travel schedule. This not only enabled Ravi to survive and continue to contribute, but also showed him that he could trust his firm to do the right thing.

Jens was lucky to work in an exceptional team. His interest in the job jumped significantly as increasing responsibilities, higher exposure to clients, interesting projects and a steep salary growth curve provided the motivation to build a long-term career there. He recommends setting milestones to constantly explore and evaluate the risks and benefits of staying.

An article in the St Gallen Business Review suggests that Bain & Company manages the energy of its consultants adeptly enough to earn its reputation as a good place to forge a career. The article alludes to breaks between intense projects, as well as time out to pursue other interests. This sort of balance, which Jens experienced firsthand as its employee, could suit those resilient enough for the role. Other consulting firms and financial institutions might have something to learn from this.

JP Morgan, meanwhile, has created a new appointment with the aim of stopping analysts from working more than 80 hours per week. But changing a soul-sucking culture may take more than just one new role; it remains to be seen if this is a step in the right direction.

more than banking



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HUMAN RESOURCES

How Being Second Choice Affects Your Sense of Belonging at Work

Hires who are not the first choice often feel disconnected at work. Wharton's Samir Nurmohamed explains why that's a problem and how managers can help.

SAMIR NURMOHAMED

Associate Professor of Management

NO EMPLOYEE LIKES finding out they were the company's second choice for a job. Not even Al Pacino.

In his memoir, the legendary actor writes about Paramount pushing back against director Francis Ford Coppola's decision to hire him for the career-making role of Michael Corleone in "The Godfather." Studio executives wanted Marlon Brando, Warren Beatty, or Robert Redford, not some unknown guy from Broadway. Even after a week and a half of filming, Paramount was still "questioning whether I was the right actor for the part."

Everything worked out for Pacino, but what about regular people? Wharton management professor Samir Nurmohamed explores that question in his latest research project, which looks at what happens when employees learn they were not the first pick in hiring. The answer has weighty implications for managers who want to build successful teams.

"What we found is that people feel less socially integrated in their work groups. They feel like they belong less, and this makes them feel more distant from their co-workers," Nurmohamed said in an interview with Wharton Business Daily.

That discomfort makes second-choice workers reluctant to ask for guidance and feedback, which is critical to improving performance, especially in the beginning weeks and months of a job.

His paper, "Beyond the First Choice: The Impact of Being an Alternate Choice on Social Integration and Feedback Seeking," was published in the Journal of Applied Psychology. It was co-authored by Zoe Schwingel-Sauer, doctoral candidate at the University of Michigan's Ross School of Business.

Nurmohamed, who studies adversity at work, said he wanted to understand the emotional fallout for an employee who is runner-up. Do they feel intimidated, inadequate, unwelcomed, rejected, judged? Does imposter syndrome set in, or do they distance themselves from the group?

"I have an interest in the topic of underdogs, this very idea of what happens when you're not expected to succeed," he said. "A lot of prior research says you're not going to end up doing well."

The Alternate Choice Effect

The authors set up three studies to test their theory. First, they recruited 499 full-time U.S. employees and randomly assigned them to think of a time when they were first choice or alternate choice for a role. Alternate choices reported significantly less social integration, which led them to solicit less feedback. The results held regardless of demographic factors such as race and age, or whether employees learned directly or indirectly that they were an alternate.

Next, the authors surveyed about 1,000 newly hired interns across a number of industries, asking them a series of questions before the internship began and six weeks after it started. Again, those who knew they were not the first choice for the role were more withdrawn from their peer group.

"We were finding this consistent effect, this consistent pattern, that employees who were the alternate choice felt less socially integrated and therefore seek less feedback," Nurmohamed said. "We thought, if we're seeing this, is there anything the organization can do, and in particular that the leader can do?"

For their final study, the authors turned the tables and focused on managers. They recruited 850 participants who were told they were either the first or alternate choice for a team. Those "employees" were then messaged by their team leader, who was either highly inclusive and asked for their ideas, or simply instructed the participant to submit work without input.

The results showed that when leaders were more inclusive, the alternate-choice employees were more engaged and proactive. The negative effects of being the alternate were weakened but not eradicated. Nurmohamed said that's an important caveat.

"It didn't totally eliminate the effect. It wasn't enough, in our study," he said.

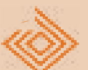
Ensuring a Sense of Belonging for New Hires

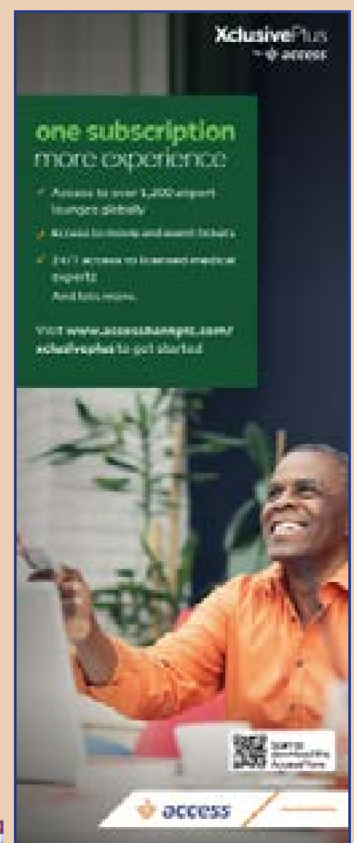
Although inclusivity didn't completely lift the emotional baggage of being second, it made a large enough impact that the scholars encourage managers to make new hires feel welcome. Nurmohamed said there are many opportunities for leaders to do so: Introduce the employee to the team by sharing the attributes or work experience that make them a good fit. Ask for their input and incorporate their ideas. Let others see that you trust and value the new hire. And share personal experiences, perhaps about also being an underdog, to build rapport.

"People think they are alone in this situation, but chances are there is someone on your team who has had it and been quite successful," Nurmohamed said. "Sharing their stories and connecting with those individuals as mentors, for example, can be really valuable and let people know this doesn't get in the way of their performance or motivation or how they are seen."

What doesn't work is trying to hide it, he said. Employees often find out they were not the first choice. Sometimes they are told directly by the hiring manager or human resources during hiring; sometimes they learn about it through gossip or idle talk.

"It's really hard to keep a lid on it," Nurmohamed said. "So, it's not just a matter of 'Don't tell.' The better way of addressing this is, 'How are we going to reveal this, and how should we be talking about this? And how can we help people be onboarded?'"





AI. ESG.

The Hidden Cost of AI Energy Consumption

AI will deplete our natural resources if leaders don't act now, warns Wharton visiting scholar Cornelia Walther.

CORNELIA C. WALTHER

Cornelia C. Walther is a visiting scholar the Wharton AI & Analytics Initiative.

THE FOLLOWING ARTICLE WAS WRITTEN by Dr. Cornelia C. Walther, a visiting scholar at Wharton and director of global alliance POZE. A humanitarian practitioner who spent over 20 years at the United Nations, Walther's current research focuses on leveraging AI for social good.

Artificial intelligence is reshaping public and private sectors, from academia to the arts, and no arena is safe. In industrialized countries around the world, millions are either enthused about AI's potential to revolutionize their work and life or depressed by its impact on their livelihood and the underdefined threat of Artificial General Intelligence/Artificial Super Intelligence.

Amid the hype about the prospects, we tend to overlook several significant downsides of our new artificial asset that have already begun to manifest. These include the way in which it jeopardizes our natural resources.

On the one hand, the training and deployment of frontier models come with a heavy environmental footprint. On the other hand, constant AI assistance comes with the risk of agency erosion. While one endangers the planet that we depend on, the other weakens the very human beings we are. Both risks can be averted or at least mitigated once we are aware of them. However, magic does not happen by itself. We need to address the dangers of natural resource depletion before they hijack the hybrid future that we are moving toward. In the following article, we will focus on the planetary problem.

The Cost of AI Energy Consumption

Every time we interact with AI — whether it's a business utilizing cloud computing for decision-making or an individual asking ChatGPT for help — there's an invisible but substantial energy cost. As AI models grow in complexity, the energy required to train and deploy them skyrockets, raising concerns about the environmental footprint of AI-driven technologies.

As businesses embrace AI, they not only inherit its energy burden but also contribute to a broader cycle of ecological strain. Both are situated in a geopolitical spider net where money and power tend to take precedence over stability and shared quality of life.

Training large language models like GPT-4 demands immense computational resources. Recent research shows that training GPT-3 consumed approximately 1,287 megawatt-hours (MWh) of electricity, emitting 502 metric tons of CO_2, which is roughly equivalent to the emissions of 112 gasoline-powered cars over a year. This is only the training phase. The power required for "inference" — when models process real-time queries — can account for up to 60% of AI's total energy consumption.

This energy-intensive nature of AI is increasingly activated in our everyday interactions. For instance, a ChatGPT request uses about 100 times more energy than a typical Google search.

AI's Water Footprint and the Burden of Environmental Inequity

Beyond the energy demands for training and usage, the infrastructure required for bringing AI systems to scale strains the planet's natural resources, especially water. Data centers, which power AI models, use vast amounts of water for cooling. According to recent estimates, the average data center uses 1.7 liters of water per kilowatt-hour of energy consumed. As AI becomes more integrated into everyday business operations, the increasing demand for water places additional stress on already scarce resources. While the tech industry tends to emphasize the benefits of AI, including its potential to devise creative solutions to address and alleviate climate change, it is time to also account for the hidden costs of our algorithmic affinity, which directly affect our ecosystems and have consequences that have begun to manifest.

For now, it is easy to play the ostrich, turning a blind eye to the downsides, because so far not everyone has been affected. Communities most affected by climate change, toxic water waste, and resource depletion are often not the ones benefiting from AI's technological advances. For example, while Google's data center in Finland runs on 97% carbon-free energy, its centers in Asia rely heavily on fossil fuels, contributing to local pollution. Similarly, water-intensive data centers in drought-prone regions burden local communities with increased water scarcity.

The Hybrid Nexus: Quality of Life, Social Cohesion, Sustainability, and Geopolitics

AI's environmental footprint is not an isolated problem. It sits at the intersection of several critical global challenges: quality of life, social cohesion, environmental sustainability, and geopolitical stability. This hybrid nexus shapes the future of both personal and planetary power dynamics. Here is a nonexclusive list of examples for each component:

Quality of Life: On an individual level, the strain AI places on natural resources has indirect effects on human well-being. Water shortages, rising energy costs, and the degradation of local environments will increasingly lead to socioeconomic disparities and a reduced quality of life. (Moreover, reliance on AI may diminish cognitive capacity and emotional well-being, as agency decay reduces our ability to solve problems independently. AI addiction is a slow process — and if left unaddressed, digital attachment disorders may become a common disease soon.)

Social Cohesion: AI systems have (in)direct consequences on communities. On the material side, the sheer impact of climate change and resource depletion impacts people and their livelihoods. On a more subtle level, AI companionship comes with the risk of isolation and decreased appetite for interpersonal relationships.

Environmental Sustainability: AI expands the climate footprint of high- and medium-income countries. As industries rely more on AI, their environmental toll will increase unless we adopt sustainable energy sources. AI's hunger for electricity puts additional pressure on energy grids, further emphasizing the need for alternative energy solutions. Nations that fail to secure reliable, renewable baseload power will fall behind in the global AI race, losing both economic and geopolitical ground.

Geopolitical Stability: The race to dominate AI and renewable energy is shaping new geopolitical realities. Countries that lead in AI and energy innovation will dictate the global economic agenda. Conversely, those that remain reliant on fossil fuels or outdated energy infrastructure risk falling behind in both technology and influence, leading to heightened geopolitical tensions.

In short, the environmental costs are compounded by social inequity, further deepening the divide between those benefiting from AI and those disproportionately bearing its environmental and social costs.

AI can be a force of good. But looking at humanity's track record with past waves of innovation, cautious pessimism is permitted. If AI remains determined by commercial interests, as did past technologies, the hybrid nexus may spin out of control.

Ironically, the stronger our artificial assets become, the more our natural assets are jeopardized, from the depletion of cognitive agency to the climate change conundrum. Cynically, one might argue that those currently deprived of AI access will be the ones laughing at the end because without the facility of 24/7 artificial assistance, their brains, bodies, and communities are forced to withstand adversity, growing stronger and more resilient over time — whereas those who surf the curve of AI-powered convenience become ever more dependent. Ultimately, however, we only have one planet.

Practical Steps to Combat AI Energy Consumption and Environmental Costs

To mitigate AI's environmental and human costs, both businesses and individuals need to take actionable steps to ensure AI serves as a force for good. The A-Frame — Awareness, Appreciation, Acceptance, and Accountability — offers a structured approach to address these challenges, including one's own mindset:

1. Awareness

Recognizing the energy, water, and resource consumption accompanying every AI interaction is the first step toward more responsible usage. Businesses can become savvy in systematically assessing the energy intensity of their AI operations, while individuals can choose to track how often they engage with AI tools.

Practical Action: Conduct regular energy audits to track consumption. Tools such as Microsoft's Sustainability Calculator or Google's Environmental Insights Explorer can help assess the environmental impact of cloud-based AI services. Individuals can minimize their carbon footprint by consciously reducing unnecessary AI usage.

2. Appreciation

AI offers significant potential to increase the efficiency and effectiveness of businesses and workers. This must be weighed against the hidden opportunity costs. As stated by economists since the 1930s, there is no free lunch. Institutions and individuals should appreciate the immediate convenience of AI, while being aware of its longer-term consequences on natural resources.

Practical Action: Shift data center operations toward renewable energy. Tech giants like Microsoft, Google, and Amazon have pledged to power their data centers with 100% renewable energy. Whether and when these commitments will be translated to practice is open. In the meantime, individuals can choose services that commit to prioritizing sustainability in AI development. In that sense, ESG (environment, social, governance) — which has been tainted by critics as "greenhushing" — might get a revival as ESG4AI.

3. Acceptance

Accepting responsibility for the environmental costs of AI is a mindset shift that matters. Individually and collectively, we must balance AI's convenience with its long-term impacts on the planet.

Practical Action: Implement energy-efficient AI models and reduce unnecessary retraining, which consumes vast amounts of energy. Techniques such as transfer learning and model distillation can significantly cut institutional energy use. With acceptance of the environmental implications, we can deliberately choose to lessen delegation, shifting from blind consumption to informed citizenship.

4. Accountability

Responsibility for AI's sustainability extends beyond the corporate sector. Setting tangible goals for reducing the carbon footprint of AI usage is critical. Ultimately, humans remain accountable for the outcomes of AI, in the short- and long-term. Regardless of our growing possibilities to delegate ever more tasks to AI assistants, and soon AI agents, we must face the (in) direct consequences of that delegation.

Practical Action: Businesses should publicly commit to sustainability benchmarks for AI operations. Reporting on AI energy consumption and setting measurable targets aligned with international frameworks like the Science-Based Targets Initiative (SBTi) are interesting steps in the right direction. Individuals can seek energy-efficient alternatives and opt for less resource-intensive solutions, such as Google/Safari vs. ChatGTP, where possible.

A Path to Sustainability with AI

The rapid expansion of AI offers immense opportunities for growth and innovation, but we must carefully balance this progress with thoughtful, responsible practices.

By acknowledging AI's hidden costs, taking action to reduce energy consumption, and setting clear benchmarks for sustainability, we can ensure AI drives productivity without depleting our most valuable resources. It's time to act to preserve our planet.

The future of AI depends on responsible stewardship. The A-Frame guides us to balance AI's potential with its impacts. By reducing AI's environmental footprint and protecting cognitive autonomy, we can ensure AI serves us sustainably. Today's choices shape tomorrow's world.

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

The Insurance Broker

Motor insurance and the festive season

FRANCIS EWHERIDO

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WITH THE FESTIVE season and the attendant increase in vehicular movement and associated risks, it has become all the more important to visit motor insurance, especially with new provisions the insuring public might not be aware of. In Nigeria, there are three main types of motor insurance in practice: We have Motor (Third Party) Insurance, Motor (Third Party), Fire and Theft and Comprehensive Motor Insurance.

The Motor (Third Party) Insurance: The Motor (Third Party) is the minimum motor insurance you must have before you drive your vehicle on a public road. Public road means a road where the public have access to. The Motor Vehicles (Third Party) Insurance Act of 1945, which took effect from 1st April 1950, made this minimum motor insurance compulsory. It makes provisions for liabilities the policyholder or anybody using the vehicle with a valid driver's licence and permission of the owner, is protected against. The liabilities covered are for third party bodily injuries and death. With the Insurance Act of 2003 as amended, third party insurance now covers liabilities for third party property damage. Unlike third party liabilities for bodily injuries and death which are unlimited, third party property damage has limits.

With the new motor insurance tariffs, if your car damages a third party property (car, house, etc) your insurance company is obliged to compensate the third party to the maximum of N3 million on your behalf. If your vehicle carries its own goods only, your insurance company will compensate the third party to the tune of N5 million. The limit for compensation to third parties for damage caused by tricycles is N2 million and N1 million for motorcycles. Trailer limit of liability is N5 million. I said earlier that bodily injuries and death are unlimited because you cannot put value on life and bodily injuries. But in reality, the injured third party or the family of the deceased start with mediation with the insurance company. If that fails, they go for arbitration. These must be exhausted before any party can go to court.

The premium to enable policyholders to be entitled to these protections are: N15,000 per annum for private motor, N20,000pa for own goods vehicles and buses, N100,000 for trailers, while tricycles and motorcycles are N5,000 and N3,000, respectively. For these benefits to apply, the insurance policy must be genuine. If the tortfeasor (guilty party) has an insurance policy that is fake or expired, there will be no insurance to fall back on. There is an app called NIID (Nigeria Insurance Industry Database). Every motorist should have it on his phone. In the event of an accident, first of all take photos or videos of the scene if it is safe to do so. Then use the vehicle registration (number plate) of the guilty person to check the status of his insurance using your NIID App. Any vehicle that is not captured on the NIID App is either not insured or carrying a fake insurance. Either way, he has breached the Motor Vehicles (Third Party) Insurance Act of 1945. The penalty is a fine of N250,000 fine or/and one year imprisonment. It is up to the person in the wrong to cooperate or risk going to jail. Na so e suppose be, but....

Now, let us go practical. A vehicle hit a friend's vehicle. The man had no insurance and quickly agreed to fix my friend's vehicle. Necessary contacts and agreements were reached at the scene, case closed. If a commercial bus, tricycle or motorcycle damages your property, do not hope on insurance because they scarcely have genuine insurance. They don't know or bother about the implications.

Insurance operates based on the assumption of uncertainty. Even death which is certain is insured under life insurance because the date and time of death is uncertain. But the level of certainty of an accident is too high with commercial buses, tricycles and motorcycles that so many insurance companies avoid insuring them because you don't insure what you are certain will happen. The best they get is third party insurance which is compulsory. The premium is N15,000 for private vehicles, N20,000 for own good vehicle and staff buses and N100,000 for trucks. Tricycles and motorcycles are N5000, and N3000, respectively.

The probability of getting compensation from commercial buses, tricycle and motorcycle owners is low. Personally, I don't bother myself because at best they will lie down and beg for forgiveness. At worst, they can mobilise their colleagues and attack you. Two motorists were lynched by motorcycle riders whose colleagues were responsible for the accidents that claimed their lives. The summary of what I am saying is that safety first before enforcing your rights. Sadly, at least 70 percent of vehicles on Nigeria roads do not have valid insurance policies. Personally, I do comprehensive insurance (read below) for my vehicles partly because of this. Vehicles are expensive and I need to protect what I have.

Third Party, Fire and Theft Motor Insurance (TPFT) Cover: This is the second type of motor insurance. This policy covers all the above. In addition, it covers the insured against theft of his vehicle and loss of, or damage to the vehicle, by fire, external explosion, self-ignition and lightning. The policy, however, does not cover damage caused by explosion of any boiler forming part of, attached to, or on the vehicle. Obviously, the policy, like all policies, also does not cover arson, because it is not only a deliberate act, it is a criminal act. The premium is about two-third of the premium for comprehensive insurance, but it is negotiable.

Comprehensive Motor Insurance: In addition to all the liabilities highlighted above (third party liabilities and own damage), a typical Comprehensive Motor Insurance Policy covers the loss or damage to insured vehicles as a result of vandalism, accidental damage or collision, overturning, etc. These days it also automatically covers flood damage, losses arising from strikes, riots and civil commotions (SRCC) and waiver of excess (Excess is the portion of each and every claim a policyholder bears. It is present in all non-life insurance policies). The reason for having excess in all non-life insurance policies is to encourage the policyholder to exercise the highest standard of care and treat the asset as if it were not insured.

The premium for Comprehensive Motor Insurance is five percent minimum. It can be higher due to factors that aggravate the risk. It is also the only motor insurance that makes provision for medical expenses for the policyholder, his driver and other occupants of the vehicle as a result of injuries suffered in an accident involving the vehicle. The amount is usually fixed, but can cover the entire medical expenses when the injuries are minor. You need a personal accident insurance cover for major injuries.

I advise every policyholder to go through an insurance broker. Their normal services are FREE for policyholders because brokers get their commission from insurance companies. I wrote an article previously on the insurance broker, see link here The insurance broker – Businessamlive. You can get an insurance broker of your choice at: naicom.gov.ng and https://ncrib.net.

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Understanding the risks faced by oil, gas and energy firms

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BEFORE DELVING INTO the topic, it is critical to first examine risk intelligence. Risk intelligence is the ability of an organisation to gather needed information that will successfully identify uncertainties in the workplace. The chief objective of risk intelligence is to propel the organisation to a competitive advantage and a comparative advantage. Thus, organisations with high risk intelligence, certainly, make much more informed business decisions generally.

The risks faced by oil, gas and energy firms, include but are not limited to: political risks, geological risks, price risks, supply and demand risks and cost risks. This week,we shall dissect the political risks.

POLITICAL RISKS: The chief way that politics will affect an oil, gas and energy firm, is in the regulatory template. Generally, an oil, gas and energy firm is governed by a broad spectrum of regulations that limit the where, when, scope, and how extraction is to be done, the sharing formula from the proceeds of extraction, tax, environmental impact assessment, e.t.c. The interpretation and the implementation of these laws and regulations can also differ from state to state, from province to province and from region to region, even in the same country.

Thus, political risks, generally upscales when oil/gas/energy firms are working on extractive deposits abroad. As a result, firms are favourably disposed to countries with stable political systems and an indelible legal history of granting and enforcing long term leases.

In some exceptions, firms go to where oil/gas/energy is found, even if a particular country falls out of their risk intelligence assessment template. Here, issues usually arise, inclusive but not limited to sudden nationalisation and other political headwinds that propel change in the regulatory ecosphere. In all, depending on the country, the agreement the firm starts with may not be the agreement it ends up with, as the government may change its mind after the firm's investment of capital, in order to take much more profit from the drilling or mining or prospecting of its huge abundant extractive industry.

Political risk is prone in countries with dictatorship, unstable dictatorship, military rule, military coup, authoritarian regime, irrational monarchy, supreme leader, e.t.c. It is also prone in countries that adjust foreign ownership rules to ensure and to guarantee that domestic corporations and domestic upstarts gain a foothold and an interest in its extractive industry.

A critical approach that a firm should take is inclusive but not limited to: risk management, risk intelligence, adopting a risk based approach, investing in corporate social responsibility, building mutual sustainable relationships, critical community stakeholder engagements, local content technology development, e.t.c.

FG allocates N44bn to clear unpaid accrued pension rights

THE FEDERAL GOVERNMENT said it has released N44 billion to partially settle the outstanding accrued pension rights of retirees from Federal Government Treasury-funded Ministries, Departments, and Agencies (MDAs) enrolled in the Contributory Pension Scheme (CPS).

The National Pension Commission (PenCom) issued the announcement in a statement titled, 'Payment of accrued pension rights to retirees of Federal Government Treasury-Funded MDAs (March-September 2023)'.

"The National Pension Commission (PenCom) is pleased to announce the release of N44bn by the Office of the Accountant General of the Federation (OAGF) as part of the 2024 budget appropriation for the period January to June.

"These funds have been deposited into the Retirement Benefits Bond Redemption Fund (RBBRF) Account at the Central Bank of Nigeria to partially settle unpaid accrued pension rights for retirees of Federal Government Treasury-funded Ministries, Departments, and Agencies (MDAs) under the Contributory Pension Scheme (CPS)," PenCom stated. According to PenCom, the disbursed funds have been allocated towards the payment of accrued pension rights of retirees who have undergone due verification and enrollment, with the coverage period spanning from March to September 2023. Nigeria's pension regulator also disclosed that the disbursed funds have been credited directly to the Retirement Savings Accounts (RSAs) of the affected retirees, facilitated by their respective Pension Fund Administrators (PFAs).

Reacting to the development, PenCom urged all retirees affected by the remittances to reach out to their respective PFAs to complete the necessary paperwork for accessing their retirement benefits.

MARKET COMMENTARY FOR THE WEEK ENDED 6TH DECEMBER, 2024

Focus for the week: MPC rounds the year with a mild hike

Indicators	WK CLS	WK OPEN	WTD (%)	YTD (%)
EQUITIES				
NGX 30	3,710.14	3,666.31	1.20	32.97
NGX All-Share Index	98,210.75	97,506.87	0.72	31.34
Market Cap (NGN bn)	55,555.93	55,157.76	0.72	35.77
FEDERAL GOVERNMENT SECURITIES (%)				
91-Day T-Bill	25.01	24.01	4.15	22.10
182-Day T-Bill	25.32	24.82	2.01	19.89
364-Day T-Bill	26.91	26.85	0.22	16.70
2-Year FGN Bonds	20.20	20.07	0.63	8.05
3-Year FGN Bonds	20.01	19.99	0.12	7.87
5-Year FGN Bonds	19.80	19.79	0.07	6.50
7-Year FGN Bonds	21.82	21.87	(0.21)	8.02
10-Year FGN Bonds	18.07	18.06	0.06	3.56
20-Year FGN Bonds	17.71	17.71	0.02	3.51
INTERBANK MARKET RATES (%)				
NIBOR OPR	27.67	29.25	(1.58)	12.61
NGN EXCHANGE RATES (₦)				
USD/NGN	1535.00	1672.69	8.23	(75.43)
GBP/NGN	1949.45	2124.32	8.23	(70.65)
EUR/NGN	1611.75	1756.32	8.23	(62.59)
CNY/NGN	214.90	234.18	8.23	(69.67)
ZAR/NGN	84.43	92.00	8.23	(72.12)
USD/NGN FORWARDS				
1M	1620.44	1703.48	4.87	(66.14)
3M	1711.20	1776.14	3.66	(72.11)
6M	1788.12	1888.22	5.30	(74.89)
1Y	1995.14	2104.86	5.21	(83.53)

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

SECTOR	INDEX VALUE	WoW Δ	YTD Δ
BANKING	1,036.50	1.30%	15.53%
CONSUMER GOODS	1,591.68	0.13%	41.95%
INDUSTRIAL GOODS	3,615.13	2.52%	33.29%
OIL & GAS	2,496.60	4.84%	139.35%
VETIVA 30 ETF	38.50	0.00%	42.59%
INSURANCE	539.14	10.50%	67.61%

Weekly Top 5 Gainers

Stock	Closing Price (₦)	% Change
GOLDBREW	5.40	45.95%
SUNUASSUR	5.05	29.49%
WAPCO	74.00	27.59%
NSLTECH	0.70	27.27%
CORNERST	3.20	25.00%

Weekly Top 5 Losers

Stock	Closing Price (₦)	% Change
LEARNAFRCA	2.93	-11.75%
ARADEL	465.00	-10.06%
REDSTAREX	4.41	-10.00%
ETRANZACT	6.75	-10.00%
JOHNHOLT	8.03	-9.98%

Source: Vetiva Research

AT THE LAST MEETING of the year, all 12 members of the Monetary Policy Committee (MPC) were present. They unanimously decided to raise the Monetary Policy Rate (MPR) by 25bps to 27.50%, while leaving other rates unchanged. This brings the cumulative rate hike in 2024 to 875bps, the largest annual policy rate adjustment on record. The final adjustment was less than the median 50bps expectation of the economists surveyed by Bloomberg.

The Committee was concerned about the uptick in inflation, especially after the recent upward adjustment of PMS prices. The Committee was however optimistic that the deregulation of the downstream sector could eliminate the scarcity of products and stabilize price levels in the short to medium term. In addition, the Committee noted the improvements in the external sector, including higher current account surpluses, enhanced remittance receipts, higher portfolio inflows, and the subsequent accretion to reserves. According to the Governor of the apex bank, external reserves had risen to $40.88 billion, which amounts to an import cover import of 17 months. We liked that the apex bank governor emphasized the focus on exchange rate stability, rather than outright exchange rate targets to wade off speculation and justify the magnitude of tightening that has been implemented thus far in 2024. While provisional data showed that foreign portfolio investment likely fell to $730 million in Q3'24, Nigeria has attracted $2 billion thus far in Q4'24, justifying the hawkish posture the apex bank has taken thus far.

Despite the sizeable hikes year-to-date, Nigeria has recorded its strongest 9M real output growth since 2014. The 3.46% y/y expansion in Q3'24 pushed growth in the economy for 9M'24 to 3.22% y/y. We expect the Nigerian economy to expand by 3.3% in 2024, which is 10bps above the IMF's estimate (3.2%).

We expect the concerns around inflation to resurface in January, as we see inflation ticking north in November and December. Thus, another 25bps hike could be on the table. Nevertheless, we see room for moderation in inflation in Q1'25 barring any major shock to crude prices and the exchange rate. Should the Naira trade within the ₦1,650/$ - ₦1,750 range and crude prices remain below the $75/barrel handle, we may not see the need for >10% adjustment in PMS prices over the near term. Thus, we may see a pivot to a hold stance beyond January or further hikes, should economic fundamentals deviate from expectations.

What shaped the past week?

Equities: This week, the Nigerian Exchange (NGX) recorded a stronger performance, with all major sectoral indices closing in the green. At Friday's close, the NGX All-Share Index (ASI) gained 0.72% w/w, driven by broad-based gains across major sectors. The Insurance (+10.50% w/w), Oil & Gas (+4.84% w/w), Industrial Goods (+2.52% w/w), and Banking (+1.30% w/w) indices all posted significant gains. The Consumer Goods sector also recorded an increase, albeit marginal (+0.13% w/w). On the gainers' chart, GOLDBREW (+45.95% w/w), SUNUASSUR (+29.49% w/w), WAPCO (+27.59% w/w), NSLTECH (+27.27% w/w), and CORNERST (+25.00% w/w) topped the list, reflecting strong investor interest in select mid- and small-cap stocks. On the decliners' chart, LEARNAFRCA (-11.75% w/w), ARADEL (-10.06% w/w), REDSTAREX (-10.00% w/w), ETRANZACT (-10.00% w/w), and JOHNHOLT (-9.98% w/w) led the laggards, driven by profit-taking activities. Market sentiment appeared positive overall, with the Insurance sector's 10.50% w/w surge standing out, largely supported by gains in stocks like SUNUASSUR and CORNERST. We may see some major news for the sector in the near term as investors appear to have been shoring up positions for months. The Oil & Gas sector also saw robust performance, buoyed by price appreciation in SEPLAT (+7.55% w/w) and CONOIL (+5.07% w/w).

Fixed Income: This week, system liquidity was buoyant, driven by FAAC allocations and a Tbill maturity, despite the significant allotments at the NTBs and OMOs auctions. However, yields closed higher w/w, following the removal of the tier system at the SDF window, raising effective interest rates to 26.5%. At the NTBs auction, while ₦586 billion worth of bills were on offer, total allotment printed at ₦757 billion, as subscriptions topped ₦2.5 trillion, given buoyant system liquidity. At the auction, stop rates remained unchanged for the 90-day and 182-day bills at 18.00% and 18.50%, respectively, while it declined 57bps for the 364-day paper to 22.93%. Additionally, the CBN held an OMOs auction at the end of the week to mop up liquidity. While ₦500 billion worth of bills were on offer, total allotment printed at ₦773 billion, as subscriptions topped ₦2.2 trillion, given buoyant system liquidity. At the auction, allotment was only done on the 361-day bill, with stop rate printing at 23.98%. At the end of the week, yield changes were seen across the curve with the biggest jump recorded on the 91-day paper (+415 bps w/w); the 7-year note was the sole decliner (-21bps w/w).

MONEY Nuggets

TUNDE OYEDOYIN

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Have you started thinking of Next Year?

WITH THE BUZZ OF THE CHRISTMAS season nearly here, if you haven't really figured out what and what to get and how much to splash out on what to wear, eat, drink and give, you're not a loner. Yours truly hasn't finished his. But please ensure to make whatever you come up with affordable and that you balance the book. Just thought to drop that off.

While at the 'PizzaExpressLive' in Holborn to watch "An Evening with Paul Play' Dairo," on the second Tuesday night of October, I met motivational speaker and author, Dr Dayo Olomu in the building. Soon after pleasantries and the 'good to see you' stuff, as we sipped our drinks, there was time to catch up with each other before the show started.

As an aside, it was an unforgettable evening that was worth its weight in gold.

In the course of the conversation with Olomu, he disclosed two things he had lined up for next year and that sort of precipitated the idea for this piece.

Though next year was not part of what yours truly was thinking when he popped in for the show, having quickly filtered what he said with a personal finance prism, that chat was a reminder that it wasn't too early in the day to start thinking about 2025.

Interestingly, over a fortnight later, while at Heathrow Terminal 4, waiting for the flight to Rwanda, Ladi Famojuro - a.k.a Famo - a fellow old boy of one's alma mater also disclosed something he too had coming up next year as we chatted.

While Olomu's event is for the second quarter of 2025, Famojuro's is in the first quarter.

But without knowing it, and I doubt if they even know each other, both guys not only got me thinking with my pocket, the conversations were good enough as building blocks to think and plan ahead for the soon to arrive 2025.

Now watch this. Just over two weeks ago, as Mrs O and I made our way home from Romford from the 30th wedding anniversary celebration of Pastor Bimbo and Princess Detoun Odunsi, she chipped in something about next year that has to do with personal finance.

When she threw it in, that sealed the idea of this piece. Moreover, it also nailed the point that there are things that may stretch everyone's pocket, come next year . So, if you haven't, please start gradually factoring next year into your thinking.

Hope Mike Tyson can hang on to this

Let's face it, not everyone's going to get the kind of opportunity of a huge payday for a second chance like Iron Mike Tyson did last month.

Having banked millions despite a very, very below par performance at the office against a YouTuber, that's actually immaterial. The most important thing the boxing legend can do for himself is to make sure he hangs on to this purse. Praying the Lord delivers him from the old ways and the evil of spending as if tomorrow doesn't exist.

Share Price List as @ Friday 6 December, 2024: The Nigerian Stock Exchange

Company	Previous Close	Open	High	Low	Close	Change	% Change	Volume	Value (N)
ABBEYBDS	2.80	2.80	-	-	2.80	0.00	0.00%	222,310	629,446.10
ABCTRANS	1.14	1.14	-	-	1.14	0.00	0.00%	71,495	82,117.00
ACADEMY	2.79	2.79	2.85	2.85	2.85	0.06	2.15%	631,307	1,802,907.23
ACCESSCORP	24.05	24.05	24.80	24.00	24.80	0.75	3.12%	15,990,395	386,173,220.45
AFRIPRUD	10.20	10.20	10.80	10.50	10.80	0.60	5.88%	3,001,608	32,436,517.85
AIICO	1.23	1.25	1.25	1.21	1.22	-0.01	-0.81%	9,773,061	11,947,958.94
AIRTELAFRI	2,156.90	2,156.90	-	-	2,156.90	0.00	0.00%	38	87,539.60
ALEX	7.15	7.15	-	-	7.15	0.00	0.00%	45	353.25
ARADEL	465.00	465.00	-	-	465.00	0.00	0.00%	362,613	166,661,123.50
AUSTINLAZ	1.90	1.90	-	-	1.90	0.00	0.00%	465,590	839,583.70
BERGER	17.35	17.35	-	-	17.35	0.00	0.00%	52,568	1,001,400.40
BETAGLAS	53.90	53.90	57.75	57.75	57.75	3.85	7.14%	424,591	23,611,292.30
BUACEMENT	95.00	95.00	-	-	95.00	0.00	0.00%	128,696	11,847,302.00
BUAFOODS	394.90	394.90	-	-	394.90	0.00	0.00%	1,671	594,040.50
CADBURY	21.30	21.30	-	-	21.30	0.00	0.00%	242,266	4,726,852.75
CAP	37.50	37.50	-	-	37.50	0.00	0.00%	6,065	205,300.25
CAVERTON	1.90	1.90	1.91	1.90	1.90	0.00	0.00%	693,718	1,320,730.95
CHAMPION	4.00	4.00	3.86	3.80	3.86	-0.14	-3.50%	981,977	3,785,297.96
CHAMS	2.00	2.00	2.05	1.99	1.99	-0.01	-0.50%	6,622,979	13,251,750.97
CILEASING	4.20	4.20	4.19	3.95	4.19	-0.01	-0.24%	2,319,783	9,333,695.34
CONOIL	290.00	290.00	-	-	290.00	0.00	0.00%	219,051	62,888,156.10
CORNERST	3.30	3.30	3.25	3.04	3.20	-0.10	-3.03%	2,884,737	9,046,292.19
CUSTODIAN	12.60	12.60	-	-	12.60	0.00	0.00%	195,513	2,454,846.15
CUTIX	2.25	2.25	2.30	2.29	2.30	0.05	2.22%	1,458,082	3,345,416.91
CWG	6.20	6.20	6.45	6.25	6.45	0.25	4.03%	1,684,192	10,544,859.20
DAARCOMM	0.57	0.57	-	-	0.57	0.00	0.00%	356,394	193,297.58
DANGCEM	478.80	478.80	-	-	478.80	0.00	0.00%	6,540	2,818,740.00
DANGSUGAR	35.00	35.00	35.05	35.05	35.05	0.05	0.14%	1,075,177	37,838,411.50
DEAPCAP	1.20	1.20	1.19	1.09	1.19	-0.01	-0.83%	931,658	1,080,803.60
ELLAHLAKES	3.06	3.06	3.13	3.00	3.13	0.07	2.29%	6,405,723	19,440,530.14
ETERNA	23.80	23.80	22.70	22.70	22.70	-1.10	-4.62%	488,572	11,190,489.00
ETI	25.50	25.50	-	-	25.50	0.00	0.00%	118,612	3,153,104.00
ETRANZACT	6.75	6.75	-	-	6.75	0.00	0.00%	43,338	284,424.20
EUNISELL	19.27	19.27	-	-	19.27	0.00	0.00%	10,000	173,500.00
FBNH	25.95	25.95	26.45	26.15	26.30	0.35	1.35%	3,866,665	101,545,579.85
FCMB	9.00	9.00	9.00	8.85	9.00	0.00	0.00%	45,000,086	404,894,768.50
FIDELITYBK	16.10	16.10	16.10	15.65	16.00	-0.10	-0.62%	251,533,969	4,042,028,064.30
FIDSON	15.40	15.40	-	-	15.40	0.00	0.00%	31,693	452,140.40
FLOURMILL	81.50	81.50	-	-	81.50	0.00	0.00%	713,643	57,841,680.20
FTNCOCOA	1.85	1.85	1.92	1.87	1.87	0.02	1.08%	924,201	1,749,546.52
GEREGU	1,150.00	1,150.00	-	-	1,150.00	0.00	0.00%	447	462,645.00
GOLDBREW	4.91	4.91	5.40	5.40	5.40	0.49	9.98%	132,935	717,849.00
GTCO	52.75	53.00	53.20	53.00	53.20	0.45	0.85%	12,688,637	674,959,566.60
GUINEAINS	0.57	0.57	0.57	0.56	0.56	-0.01	-1.75%	925,897	523,394.81
GUINNESS	62.00	62.00	-	-	62.00	0.00	0.00%	6,058	379,412.50
HONYFLOUR	5.00	5.00	5.00	5.00	5.00	0.00	0.00%	519,283	2,566,170.21
IKEJAHOTEL	8.00	8.00	-	-	8.00	0.00	0.00%	80,400	654,233.95
IMG	37.95	37.95	-	-	37.95	0.00	0.00%	10,084	344,872.80
INFINITY	7.00	7.00	-	-	7.00	0.00	0.00%	17	118.15
INTBREW	4.00	4.00	4.06	4.00	4.00	0.00	0.00%	1,570,520	6,296,596.15
INTENEGINS	1.36	1.36	-	-	1.36	0.00	0.00%	47,662	64,859.92
JAIZBANK	2.40	2.40	2.40	2.30	2.40	0.00	0.00%	3,074,376	7,202,740.90
JAPAULGOLD	2.15	2.15	2.35	2.16	2.35	0.20	9.30%	20,664,547	46,305,969.59
JBERGER	172.50	172.50	-	-	172.50	0.00	0.00%	3,327	516,516.75
JOHNHOLT	8.03	8.03	-	-	8.03	0.00	0.00%	31,207	225,626.61
LASACO	2.40	2.40	2.47	2.47	2.47	0.07	2.92%	722,328	1,781,249.61
LEARNAFRCA	2.93	2.93	-	-	2.93	0.00	0.00%	31,936	102,487.30
LINKASSURE	0.95	0.95	-	-	0.95	0.00	0.00%	148,105	140,523.07
LIVESTOCK	3.41	3.41	3.42	3.42	3.42	0.01	0.29%	722,930	2,486,748.99
MANSARD	7.27	7.27	7.50	7.30	7.50	0.23	3.16%	3,785,719	28,042,996.23
MAYBAKER	7.75	7.75	8.00	8.00	8.00	0.25	3.23%	462,611	3,683,596.00
MECURE	11.45	11.45	-	-	11.45	0.00	0.00%	29,170	301,909.50
MORISON	4.45	4.45	-	-	4.45	0.00	0.00%	1,040	4,170.40
MRS	132.00	132.00	-	-	132.00	0.00	0.00%	32,326	4,034,521.00
MTNN	170.00	170.00	170.10	170.10	170.10	0.10	0.06%	16,877,927	2,871,276,908.90
MULTIVERSE	5.90	5.90	-	-	5.90	0.00	0.00%	46,622	285,118.25
NAHCO	38.50	38.50	38.15	38.15	38.15	-0.35	-0.91%	9,439,513	360,055,367.35
NASCON	32.40	32.40	-	-	32.40	0.00	0.00%	1,167,102	35,456,378.55
NB	28.10	28.10	27.30	27.30	27.30	-0.80	-2.85%	433,722	12,000,406.00
NCR	4.90	4.90	-	-	4.90	0.00	0.00%	138,867	722,733.94
NEIMETH	2.10	2.10	-	-	2.10	0.00	0.00%	65,308	137,956.32
NEM	9.20	9.20	-	-	9.20	0.00	0.00%	230,006	2,113,174.85
NESTLE	850.00	850.00	-	-	850.00	0.00	0.00%	10,940	9,303,027.60
NGXGROUP	25.00	25.00	-	-	25.00	0.00	0.00%	151,046	3,789,186.90
NNFM	34.75	34.75	-	-	34.75	0.00	0.00%	101,139	3,580,637.05
NPFMCRFBK	1.50	1.50	1.56	1.56	1.56	0.06	4.00%	848,091	1,313,186.96
NSLTECH	0.65	0.65	0.70	0.70	0.70	0.05	7.69%	260,627	179,270.95
OANDO	63.00	63.00	64.95	62.90	62.90	-0.10	-0.16%	2,048,650	129,633,799.15
OKOMUOIL	336.10	336.10	-	-	336.10	0.00	0.00%	26,642	9,345,891.50
OMATEK	0.64	0.64	0.65	0.64	0.65	0.01	1.56%	1,003,289	648,091.67
PRESCO	450.00	450.00	-	-	450.00	0.00	0.00%	86,524	38,236,946.80
PRESTIGE	0.78	0.78	0.80	0.75	0.75	-0.03	-3.85%	6,153,386	4,777,135.31
PZ	22.00	22.00	22.00	21.95	22.00	0.00	0.00%	1,198,581	26,323,516.00
REDSTAREX	4.41	4.41	-	-	4.41	0.00	0.00%	11,747	52,116.29
REGALINS	0.48	0.48	-	-	0.48	0.00	0.00%	49,750	24,813.54
ROYALEX	0.64	0.64	0.66	0.64	0.64	0.00	0.00%	5,550,013	3,576,016.14
RTBRISCOE	2.45	2.45	-	-	2.45	0.00	0.00%	61,325	146,858.77
SCOA	2.06	2.06	-	-	2.06	0.00	0.00%	27,222	61,521.72
SEPLAT	5,700.00	5,700.00	-	-	5,700.00	0.00	0.00%	4,080	20,930,400.00
SKYAVN	26.00	26.00	26.00	26.00	26.00	0.00	0.00%	111,256	2,883,297.30
SOVRENINS	0.78	0.78	0.84	0.74	0.84	0.06	7.69%	3,296,033	2,668,143.80
STANBIC	54.00	54.00	-	-	54.00	0.00	0.00%	50,091	2,801,809.55
STERLINGNG	4.85	4.85	4.90	4.60	4.65	-0.20	-4.12%	5,771,528	26,998,690.36
SUNUASSUR	4.63	4.63	5.09	5.00	5.05	0.42	9.07%	4,399,670	21,450,134.30
TANTALIZER	1.25	1.25	1.21	1.16	1.21	-0.04	-3.20%	1,292,857	1,537,110.76
THOMASWY	1.90	1.90	-	-	1.90	0.00	0.00%	637,551	1,090,887.09
TOTAL	673.90	673.90	-	-	673.90	0.00	0.00%	19,419	11,837,136.10
TRANSCOHOT	106.00	106.00	-	-	106.00	0.00	0.00%	4,396	422,369.00
TRANSCORP	44.00	44.00	-	-	44.00	0.00	0.00%	4,430,214	194,831,049.40
TRANSPOWER	359.90	359.90	-	-	359.90	0.00	0.00%	3,010,193	975,302,532.00
TRIPPLEG	1.88	1.88	-	-	1.88	0.00	0.00%	70,021	121,350.91
UACN	22.00	22.00	-	-	22.00	0.00	0.00%	504,699	11,015,244.25
UBA	33.50	33.50	34.00	33.45	33.95	0.45	1.34%	42,294,235	1,420,252,620.90
UCAP	18.00	18.00	18.00	17.90	18.00	0.00	0.00%	9,724,293	174,845,708.00
UHOMREIT	36.60	36.60	36.60	36.60	36.60	0.00	0.00%	1,100,145	40,265,307.00
UNILEVER	26.65	26.65	-	-	26.65	0.00	0.00%	145,107	3,715,245.20
UNIVINSURE	0.34	0.34	0.35	0.33	0.35	0.01	2.94%	6,291,106	2,146,685.69
UPDC	1.50	1.50	1.50	1.49	1.50	0.00	0.00%	2,276,913	3,401,352.13
UPDCREIT	5.20	5.20	5.20	5.15	5.15	-0.05	-0.96%	1,759,170	8,978,895.35
UPL	3.96	3.96	-	-	3.96	0.00	0.00%	174,450	686,008.81
VERITASKAP	1.26	1.26	1.26	1.22	1.25	-0.01	-0.79%	8,395,149	10,394,731.76
VFDGROUP	44.50	44.50	-	-	44.50	0.00	0.00%	7,711	309,211.10
VITAFOAM	22.20	22.20	-	-	22.20	0.00	0.00%	169,281	3,782,998.85
WAPCO	73.90	73.90	74.00	74.00	74.00	0.10	0.14%	6,429,874	466,969,535.05
WAPIC	1.06	1.06	1.07	1.05	1.07	0.01	0.94%	2,843,778	3,025,189.03
WEMABANK	8.70	8.70	8.70	8.60	8.65	-0.05	-0.57%	472,499,882	4,108,364,276.30
ZENITHBANK	44.00	44.00	44.00	43.95	43.95	-0.05	-0.11%	4,181,793	183,970,286.20

Stories by Onome Amuge

Nigeria's $6bn cocoa potential drives demand for serious productivity investments

THE NIGERIAN COCOA industry has experienced a recent surge in demand and profitability, with data indicating that the country's annual cocoa volume of 250,000 tonnes is now valued at over $6 billion.

Adding to the cocoa industry's sweet success, Nigerian cocoa farmers and exporters had a bountiful first half of 2024, earning an estimated N644 billion from the export of cocoa beans, according to data from the National Bureau of Statistics (NBS).

Nigeria's cocoa exports saw a 298 percent growth in the first half of 2024, reaching N644 billion compared to N161.8 billion in the same period of 2023.

The surge in exports has been attributed to an increase in the price of the key ingredient in chocolate production. Prices have more than tripled since the start of the year, with a new historic high of $8,246 per tonne recorded on November 27, as reported by the International Cocoa Organisation (ICO).

Poor weather conditions in the world's top cocoa-producing nations, Ivory Coast and Ghana, have wreaked havoc on harvests, causing a shortage in cocoa supply.

However, in a silver lining moment for Nigerian farmers, their cocoa exports skyrocketed due to the devaluation of the Naira, which fell to as low as N1,675 against the US dollar, as reported by FMDQ. This devaluation made Nigerian cocoa exports relatively cheaper, giving farmers a lucrative edge in a cocoa market struck by scarcity.

Although the global cocoa market is currently riding a sweet wave for Nigerian farmers with prices reaching around $10,000 per tonne, the potential for Nigeria to benefit is not fully realised, as the country continues to be a minor player in the global cocoa arena. Despite once being the second-largest producer of the commodity, Nigeria has slipped to the sixth spot in the world rankings and currently contributes just five percent of the global cocoa supply.

Despite Nigeria's diminished prominence in the cocoa production landscape, cocoa industry stakeholders continue to champion the pivotal role of cocoa in Nigeria's economic diversification strategy.

This message was front and centre at the 25th Anniversary and Awards Ceremony of Starlink Global & Ideal Ltd., a Lagos-based agricultural marketing company that specializes in the export of cocoa, cashew, sesame seeds, and other key agricultural products.

According to Adeyemi Adeniji, chief executive officer of Starlink, the cocoa industry holds the key to unlocking substantial economic growth for Nigeria.

Highlighting the significant potential of the cocoa sector, Adeniji urged the government to implement policies that encourage industrialisation via backward integration, enabling the country to capitalise on the cocoa value chain and enhance the sector's impact on the Nigerian economy.

"The cocoa market, in terms of volume, is just about 250,000 tons, but in terms of value, it is about $6 billion or more, depending on the international market price."

"Today, the price of cocoa has risen to $10,000 per tonne. This means Nigeria's cocoa exports could generate $25 billion, underscoring the potential of the sector," he noted.

Adeniji also disclosed that the company has collaborated with Odu'a Investment to manage 25,000 hectares of farmland across West Africa, in a visionary partnership aimed at unlocking the potential of agriculture in the region.

As part of this partnership, two pilot sites spanning 5,000 hectares each will be developed in the near term, with plans for further expansion over the next five years. Furthermore, Starlink has acquired Nigeria's largest cocoa processing facility, which is slated to begin operations by April 2025.

Adeniji explained that with the acquisition of this state-of-the-art cocoa processing facility, Starlink is positioning itself to drive the cocoa value chain forward by producing finished products such as chocolate and cocoa drinks.

Also speaking at the event, Bimbo Ashiru, chairman of Odu'a Investment Group, underscored the need to diversify Nigeria's economy away from its reliance on oil and toward agriculture as a core driver of growth.

Ashiru stressed the government's commitment to making Nigeria a more attractive destination for investors, citing the minister of trade and investment's efforts to improve the ease of doing business and attract more investment. The ultimate goal, he noted, is to generate more than a trillion dollars annually from agriculture.

Expanding on the government's vision for the agricultural sector, Ashiru also detailed plans to establish an agro-industrial hub in the Southwest, with a focus on high-value cash crops such as cashew and cocoa.

The primary objective of the hub, he noted, is to create a value chain that will facilitate the production of raw materials and finished goods.

"The strategy is to make Nigeria non-oil dependent. We have so much in agriculture that leads to industrialisation. We have no business being an import-dependent economy. We should be exporting more, and the strategy is over a trillion dollars a year so that once we have that, we'll be less dependent on oil.

"The point is this: as a country, Nigeria was the second largest exporter of cocoa in the world in the 70s. We went wrong when we found oil. But now we should go back to that basis and start doing that, and that is the focus, and that's what we are looking at now in Nigeria," the Odu'a Investment Group chairman stated. The ongoing surge in global cocoa prices, coupled with investments in infrastructure and policy support, positions Nigeria as a key player in the global cocoa market. Stakeholders believe that tapping into agriculture's full potential will not only diversify Nigeria's economy but also strengthen the naira through increased foreign exchange earnings.

The Cocoa Farmers Association of Nigeria (CFAN) and other key stakeholders have also underscored the need for cooperation and collaboration in the country's cocoa sector.

At the recent Calabar 2024 cocoa event in Cross River State, over 300 participants, primarily cocoa stakeholders from Nigeria's cocoa-producing states converged to identify the critical challenges confronting Nigeria's cocoa industry.

Three key issues were identified as hindering the development and sustainability of the industry: low local consumption of cocoa products, inaccurate data on cocoa production and value chain, and inadequate knowledge among farmers about the European Union Delegated Regulation (EUDR), which outlines regulations related to cocoa cultivation, processing, and trade.

In a bid to safeguard the longevity and competitiveness of the cocoa industry, stakeholders at the event recognised the need to engage the youth in cocoa farming and processing through entrepreneurial endeavours.

They also committed to tackling the key issues confronting cocoa farmers in Nigeria, such as soil degradation, pest and disease infestations, the improper use of adulterated agrochemicals, inadequate access to cocoa policy documents, and the need for updated land use and forest cover maps.

The event opened the door to a broader conversation about the cocoa industry in Nigeria, further highlighting the many challenges confronting farmers. These challenges include limited land tenure systems, weak collaboration among industry players, low adoption rates of traceability systems, outdated farming techniques, inadequate access to high-quality inputs, adverse effects of climate change, underutilisation of mitigation techniques on farms, and insufficient investment in agricultural technology and innovation.

In light of these hurdles, the stakeholders at the Calabar 2024 event proposed a shift towards increasing local processing and consumption of cocoa products as a strategy to strengthen the industry.

The stakeholders at the Calabar event urged the government and the Nigerian Cocoa Marketing Company (NCMC) to take the lead in standardising and updating available data on the cocoa value chain.

Furthermore, they advocated for awareness campaigns to educate all stakeholders in the cocoa value chain about the EUDR and other relevant regulations, ensuring a thorough understanding of the regulations and their implications for the industry.

Adeola Adegoke, president of the Cocoa Farmers Association of Nigeria (CFAN), proposed that the government should conduct a comprehensive review of the current land tenure system. This review, he explained, could potentially address land access and ownership challenges faced by cocoa farmers.

Moreover, Adegoke suggested that a national traceability system should be established, in collaboration with both development partners and industry experts, to enhance transparency and accountability in the cocoa industry.

In line with his call for government action, Adegoke underscored the significance of increased investment in research institutes with a focus on developing climate-smart agricultural practices for farmers.

The CFAN president also called for a conducive environment to be fostered that facilitates private sector and youth involvement in the cocoa value chain, thereby encouraging long-term sustainability and growth in the sector.

World food prices hit 19-month high on vegetable oil increases

Stories by Onome Amuge

THE UNITED NATIONS FAO Food Price Index (FFPI) maintained an upward trajectory in November 2024, reaching a 19-month high with a 0.5 percent increase over October's levels.

The surge is attributed to higher prices for dairy products and vegetable oils, which more than made up for drops in meat, cereals, and sugar quotations.

November 2024 saw a year-over-year increase of 5.7 percent in the FAO Food Price Index, a key indicator of global food commodity prices. The index reached 127.5 points, its highest level since April 2023, but remained 20.4 percent below the March 2022 peak of 160.2 points.

The period in review also saw a notable three percent drop in the FAO Cereal Price Index, landing at 111.4 points, reflecting an eight percent decrease from the same month in 2023.

The price index's decrease was mainly driven by global wheat prices, which fell due to increased supplies from ongoing Southern Hemisphere harvests and improved crop conditions for 2025 harvests in major Northern Hemisphere exporting countries. Weaker international demand added to the downward pressure on cereal prices, resulting in softer prices overall.

Meanwhile, global maize prices remained largely unchanged, as opposing factors kept the price level in balance. Downward pressure on prices stemmed from generally favourable weather conditions in South America during the ongoing sowing season, reduced demand for Ukrainian maize due to global uncertainties, and the seasonal pressure from the US harvest. At the same time, strong domestic demand for maize in Brazil and Mexico's appetite for US maize exports provided upward pressure, keeping prices relatively stable.

In November 2024, world prices of other coarse grains, namely barley and sorghum, experienced a slight drop, reflecting a trend towards cheaper prices.

On the other hand, the FAO All Rice Price Index dropped by four percent, primarily driven by various factors across different market segments. The decline was mainly due to increased market competition among rice producers, pressure from fresh harvests, and currency depreciation against the US dollar.

The FAO Vegetable Oil Price Index soared to an 18-month high of 164.1 points in November 2024, recording a 7.5 percent rise from the previous month. The index also saw significant increases in the prices of palm, rapeseed, soy, and sunflower oils, with palm oil prices rising for the sixth month in a row due to ongoing concerns about lower production levels caused by excessive rainfall in Southeast Asia.

Amid the overall increase in vegetable oil prices, soyoil prices also continued to rise in November 2024.

The main reason for this was the strong global demand for soyoil imports. Similarly, prices for rapeseed and sunflower oils also increased due to market concerns about tightening supplies of these oils worldwide.

The price of butter hit a record high for the fourteenth consecutive month in November 2024, reflecting a growing global appetite for this rich dairy product. Tight inventories in Western Europe and high domestic and international demand for butter drove prices upward. Similarly, cheese prices also climbed due to limited supplies in the face of increasing import demand for immediate delivery.

Despite a 0.8 percent decline from October's revised level, the FAO Meat Price Index registered a year-on-year increase of 5.9 percent in November 2024. The index stood at 118.1 points for the month, primarily due to a drop in international pig meat prices. This downward trend, which had been ongoing for five consecutive months, was attributed to abundant supplies, notably in the European Union, and weak global and domestic demand.

The FAO Sugar Price Index, which tracks the prices of the sweet commodity, dipped by 2.4 percent in November 2024, marking a shift from the two consecutive monthly increases it had seen before. The index hit 126.4 points, which was 21.7 percent lower than the same month last year.

The downturn in global sugar prices in November 2024 was largely a result of the commencement of India and Thailand's crushing season, which brings new sugar cane harvests into the market, combined with improved crop prospects in Brazil after a period of prolonged dry weather. While initial harvest delays due to increased rainfall in key growing regions of Brazil disrupted the harvest process, the moisture helped ensure a better crop in the upcoming season.

L-R: Simon Kato, deputy vice president, Chartered Institute of Taxation of Nigeria(CITN), , FCTI; special guest of honour, Lateef Fagbemi, the attorney general of the Federation and minister of Justice; president/ chairman of council, Samuel Agbeluyi, vice president (CITN), Innocent Ohagwa; and the chairman of Social Committee, Abiola Adimula, at the Institute's annual dinner and awards Night in Lagos recently

Gold inches up, but dollar strength caps gains amid robust November payroll data

GOLD PRICES EDGED HIGHER, albeit modestly, as a robust jobs report in the United States drove the dollar higher, capping gains for the precious metal.

Spot gold prices were up 0.2 percent, settling at $2,637.02 per ounce, while the February gold futures contract edged up 0.40 percent to $2,637.02 per ounce.

Political uncertainties in both Europe and Asia kept safe haven demand for gold buoyant, despite the stronger dollar. France's government faced a vote of no confidence, potentially toppling the administration, while in South Korea, the president's failed attempt to impose martial law sparked protests and heightened political instability.

Meanwhile, tensions in the Middle East remained high, with no resolution in sight, while the conflict between Russia and Ukraine continued to simmer, driving investors towards safe haven assets like gold.

The US labour market defied expectations with a surprisingly robust increase in nonfarm payrolls for the month of November, adding 227,000 jobs to the economy, well above the anticipated 202,000. This came as a welcome development following the initial estimated increase of 36,000 in October, which was revised upward after being impacted by Hurricanes Helene and Milton, as well as a large strike at Boeing facilities on the West Coast.

Despite the positive employment figures, the Federal Reserve is still expected to continue its accommodative monetary policy, with many analysts predicting a third rate cut at the upcoming December 17-18 meeting.

Despite a pullback in Treasury yields, the dollar still managed to gain ground against a basket of major currencies, leading to downward pressure on dollar-denominated commodities, including gold.

The precious metals market experienced a mixed trading session on Friday, as some metals posted slight gains despite nursing losses over the course of November. Platinum futures rose 0.7 percent to $933.15 an ounce, while silver futures inched up 0.04 percent to $31.550 an ounce. Despite these positive developments, the two metals, along with gold, had endured a challenging November, as investor sentiment remained cautious amid various market uncertainties.

Oil tumbles as supply glut fears counter OPEC+ efforts to extend output cuts

OIL PRICES DIPPED by more than one percent on Friday, cementing a dismal week that saw prices suffer their steepest weekly loss in nearly a month. Analysts attributed the decline to projections of a supply surplus next year, driven by weaker than anticipated demand and a continuing lack of support from global economic indicators.

Brent crude futures and U.S. West Texas Intermediate (WTI) futures both closed lower, marking the end of a week that saw oil prices decline on weak demand and bearish market sentiment.

Brent settled at $71.12 a barrel, a drop of 97 cents or 1.4 percent, while WTI settled at $67.20 a barrel, down $1.10 or 1.6 percent. Over the course of the week, Brent prices declined by more than 2.5 percent, while WTI fell by 1.2 percent.

Oil prices succumbed to pressure on Friday as a rise in the number of active oil and gas rigs in the U.S. signalled increasing domestic production, while OPEC+'s recent policy decision did little to counter the bearish sentiment.

The number of U.S. oil and gas rigs rose for the week, indicating that the world's largest crude producer is ramping up production at a time when demand remains uncertain.

As the world's largest oil-producing bloc, OPEC+ has significant sway over global oil prices, but its attempts to control the market have proven less effective in the face of evolving economic conditions.

Copper climbs 3-week high amid supply worries, inventory declines

COPPER PRICES SCALED a three-week peak, as concerns over supply tightness and depleting Chinese inventories strengthened the red metal's appeal to investors.

Three-month London Metal Exchange (LME) copper jumped 0.9 percent to reach $9,153 per metric tonne, buoyed by bullish news from the copper concentrate market.

Copper concentrate availability concerns were brought to the forefront when Chilean mining behemoth Antofagasta and Chinese smelter Jiangxi Copper announced a lower copper concentrate processing fee for 2025. This agreement, coupled with a continued decline in Chinese copper inventory, suggested that the copper market remained in a supply-constrained state, fueling a copper price rally to a three-week high.

The copper market continued to receive a lift from a sustained decrease in Chinese copper stocks, with the latest data from the Shanghai Futures Exchange (SHFE) showing that the weekly inventory drawdown trend persisted for yet another week. The cumulative reduction in stocks since June this year stood at 71 percent, adding to the bullish sentiment.

The positive trend in Chinese copper inventories was reflected in a steady rise in the SHFE copper prices.

In the Chinese copper market, the most actively traded copper contract on the Shanghai Futures Exchange (SHFE) closed with modest gains of 0.2 percent, reaching a price of 74,730 yuan ($10,293.25) per tonne.

While the tightness in Chinese copper inventories remained a key factor, analysts also pointed to a weak dollar as a supportive factor in the copper market.

Meanwhile, prices of other base metals were mixed, with some key metals recording losses, while others managed to register gains.

The LME aluminum contract led the decline, falling 0.9 percent to $2,616 a tonne, with zinc following suit, shedding 0.7 percent to $3,096.50. Lead also saw a 0.2 percent dip, settling at $2,094.

Bucking the downward trend, the LME nickel contract advanced by 0.6 percent to settle at $16,065, while the LME tin contract registered a 0.6 percent gain to close at $29,335.

Naira depreciation, fuel price pressures keep Nigerian businesses in contraction- Report

Onome Amuge

NIGERIA'S PRIVATE SECTOR WAS dealt a double blow in November 2024 as currency devaluation and escalating fuel prices drove up inflationary pressures, according to S&P Global's latest Purchasing Managers' Index (PMI) report.

The report showed that Nigerian private sector activity continued to contract in November, with the PMI reading at 49.6 points. This meant that businesses were faced with more obstacles than opportunities, as the index failed to reach the 50.0 point threshold that indicates overall improvement in business conditions.

When the index reading falls below 50.0 points, it signals a decrease in business activity, whereas readings above 50.0 indicate an expansion in activity.

"The less pronounced deterioration in business conditions partly reflected a renewed expansion in new orders, though elevated prices still deterred many customers," the report stated.

The report revealed a further blow to the Nigerian private sector as employment levels fell for the first time in seven months, reversing a trend of modest job creation. The decline in employment was particularly noticeable in the services sector, where businesses struggled to maintain their operations amid the heavy burden of escalating costs, leading to a tightening of the labour market and reduced employment opportunities for many Nigerians.

"The inflationary environment has created significant strain for businesses, with some unable to maintain workforce levels," the report noted.

While some sectors of the Nigerian economy saw growth in output, such as agriculture and manufacturing, others such as wholesale, retail, and services suffered declines in November.

In the face of rising inflation, many companies were forced to raise staff costs in an effort to support employees struggling with increasing transportation and living expenses.

However, this measure only added to the pressure of surging input costs, and to compensate, businesses were compelled to increase output prices, a move that further dampened demand. In an attempt to manage the cost challenges, businesses cut back on purchasing activities and inventories, and some even scaled down their operations.

While supplier delivery times improved due to factors such as improved road conditions, quicker payments, and an intensified vendor market, these gains were eclipsed by the lingering concerns of record-low business confidence amid inflationary pressures and uncertain economic conditions.

According to the report, the brief respite provided by the improved logistics was not enough to alleviate the broader challenges facing Nigeria's private sector, leaving many companies struggling to overcome an increasingly difficult economic environment.

L-R Girish Sharma, managing director/CEO, Guinness Nigeria Plc; governor of Lagos State, Babajide Sanwo-Olu; representative of Zenith Bank Plc; Israel Jaiye Opeyemi, managing director /chief strategist, Chains Reactions Nigeria, and Folashade Ambrose-Medebem, commissioner for Commerce, Cooperatives, Trade and Investment, during the unveiling of the Lagos Shopping Festival Symbol at the Lagos House, Alausa, Ikeja, recently.

BUA Group partners Austria's Starlinger to expand into packaging materials manufacturing

Joy Agwunobi

BUA GROUP, ONE OF Africa's largest foods, mining, manufacturing, and industrial conglomerates, has signed an agreement with Starlinger & Co. Limited of Austria, a leading global supplier of machinery for the production of packaging materials, in a strategic move to expand into the production of high-quality packaging materials.

As part of its diversification strategy and ongoing expansion efforts, BUA Group has invested in a cutting-edge packaging production facility that is anticipated to generate 600 million polypropylene (PP) block-bottom bags annually.

The establishment of this new business segment will enable the company to offer a wider range of sustainable, innovative packaging solutions that cater to the ever-growing demand for environmentally-friendly packaging across its various business lines.

The agreement marks Starlinger's largest contract in Africa and its second-largest worldwide, showcasing the scale and significance of the partnership.

The signing ceremony was attended by senior executives from both companies.

Speaking at the event, Abdul Samad Rabiu, founder/executive chairman of BUA Group, highlighted the importance of the project, stating: "As we focus on securing the future of our business through innovative investments, having our own packaging unit becomes imperative. This facility will meet the packaging needs of our various factories, including cement, sugar, and flour, and support future expansion plans."

The executive chairman added that by leveraging our extensive manufacturing expertise, the company aims to set new industry standards for sustainability, quality, and cost-effectiveness.

Harald Neumuller, CEO of Starlinger & Co. Limited, expressed enthusiasm for the business partnership.

He noted: "We are honoured to collaborate with BUA Group, a distinguished conglomerate with remarkable achievements. This project reflects our commitment to delivering industrial packaging solutions tailored to BUA Group's diverse operations. We look forward to a successful partnership."

BUA Group also reiterated that it remains steadfast in its mission to invest in cutting-edge technology and infrastructure, driving operational efficiency and delivering exceptional products to its customers.

BoI, AGF launch $50m initiative to boost women-owned businesses in Nigeria

Onome Amuge

THE BANK OF INDUSTRY (BoI) and the African Guarantee Fund (AGF) have struck a $50 million deal to provide much-needed support to women-owned businesses and Micro, Small, and Medium Enterprises (MSMEs) in Nigeria.

The partnership is expected to enhance access to finance for these underserved businesses, opening doors to new opportunities and contributing to the country's economic prosperity.

The $50 million fund, designed to be disbursed over a 10-year period, was signed at the Africa Investment Forum in Rabat as part of the African Financing Initiative for Women Entrepreneurs (AFAWA).

The partnership, according to Olasupo Olusi, BOI managing director, will not only bridge the gender gap in access to finance for women-owned businesses but also advance environmental sustainability.

Olusi commended AGF for its ongoing support to MSMEs and entrepreneurs across Nigeria, describing the latest partnership as a milestone in driving economic growth and financial inclusion in the country.

The BOI MD stated, "This agreement with AGF amplifies our capacity to go even further.

"Your work in de-risking investments and enhancing financial inclusion has been instrumental in enabling transformative change, and we are honored to collaborate with you on this mission.

"The partnership includes a comprehensive risk sharing mechanism that focuses on supporting MSMEs, Women-Owned enterprises and Green businesses to promote environmental sustainability and gender equity.

"By prioritising women-owned businesses and environmentally sustainable enterprises, we are saying that women must not just participate in Nigeria's economic story—they must lead it. We are saying that sustainable, climate-conscious practices are not optional—they are imperative."

Speaking on the impact of BOI's interventions, Olusi noted that the bank had extended over N1.6 trillion in loans to MSMEs, resulting in the creation of over nine million jobs in just a decade.

Similarly, AGF has been instrumental in unlocking over $5 billion in SME financing across 44 African countries, partnering with over 250 financial institutions.

The partnership, Olusi stated, is a strategic long-term relationship between BOI and AGF that will not only unlock financing for SMEs but

Mastercard, Alerzo, e-Trade Alliance unite to digitally transform 10,000 Nigerian MSMEs

Joy Agwunobi

MASTERCARD, IN COLLABORATION with Nigerian B2B e-commerce platform Alerzo and the USAID-funded e-Trade Alliance, has launched a transformative initiative aimed at accelerating the digitalisation of micro, small, and medium enterprises (MSMEs) in Nigeria.

This effort seeks to empower over 10,000 small businesses by the end of the year, fostering financial inclusion and sustainable economic growth.

At the core of this partnership are cutting-edge digital solutions designed to tackle challenges faced by Nigerian MSMEs. These include Alerzoshop, a digital B2B marketplace that simplifies supply chain management, and Veedez, a tool for seamless digital payments and business management. These innovations are complemented by Mastercard's advanced payment solutions, such as Tap to Pay, QR codes, and Payment Gateway Services, which collectively address issues like complex supply chains, manual inventory processes, and limited access to financial services.

The initiative aligns with Mastercard's global mission to integrate one billion individuals and 50 million small businesses into the digital economy by 2025. Through Alerzoshop, MSMEs can streamline their procurement processes using mobile devices, while Veedez enables small businesses to digitise operations, unlock new sales opportunities, and access vital micro-lending services to boost revenue

The partnership goes beyond technology by providing financial and digital training to equip small businesses with the tools needed to process payments securely through Mastercard's network.

This holistic approach aims to foster a more inclusive financial ecosystem, demonstrating the power of collaborative efforts in driving economic development in Nigeria.

Commenting on the partnership, Folasade Femi-Lawal emphasised Mastercard's commitment to empowering small businesses globally. "Our collaboration with Alerzo and the e-Trade Alliance in Nigeria provides MSMEs with the digital tools and resources necessary to thrive in the modern economy.

By enabling seamless digital payments and comprehensive business management solutions, we are advancing financial inclusion and innovation within the sector," she said.

Adewale Opaleye, CEO of Alerzo Limited, added: "We are delighted to collaborate with Mastercard, and e-Trade Alliance for this digital transformation project in Nigeria.

Nigeria's oil production target stays at 1.5mbpd in latest OPEC+ agreement

Onome Amuge

NIGERIA'S DAILY OIL production quota has held firm at 1.5 million barrels, following the decision by the Organisation of Petroleum Exporting Countries and its allies (OPEC+) to push back its proposed output cuts to 2026.

The one-year delay is in response to weak global oil demand and increasing production from non-cartel countries.

In an effort to curb oversupply and maintain stability in the global oil market, OPEC has set production targets for its member countries. Seeking to prolong the positive impact of these measures, the alliance has recently agreed to extend its existing 2 million barrels per day and 1.65 million barrels per day production cuts, moving the deadline from the end of 2025 to the end of 2026.

This extension is expected to provide OPEC with more time to achieve its objectives and help stabilise oil prices in the face of uncertain market conditions.

Nigeria, a key OPEC member, has faced challenges in meeting its monthly production target of 1.78 million barrels per day minus condensates, a figure prescribed by the group. The country's struggle to meet this quota has been ongoing for years, leading to a downward revision in 2022, which set the target at 1.5 million barrels per day.

L-R: Abdullahi Baba Abubakar, business development manager, Kaduna North, FirstBank; Austin Aduku, group head, retail banking, Kaduna Group, FirstBank; Nah Kas Gambo, Bar secretary, Kaduna Golf Club; Nazifi Jibril Mohammed, vice-captain, Kaduna Golf Club;. Abayomi Oyelola, secretary, board of trustees, Kaduna Golf Club; Ken Nwankwo, captain, Kaduna Golf Club; Idris Ado Ibrahim, group executive, retail banking North, FirstBank; Barnabas Omali, membership secretary, Kaduna Golf Club and Abubakar Yusuf Mustapha, competition secretary, Kaduna Golf Club during the press conference of the FirstBank Kaduna Golf Tournament in Kaduna, recently.

Following its official output strategy, the OPEC+ coalition, which includes OPEC members and non-OPEC partners, has set its combined production at 39.725 million barrels per day until the end of 2026. This restriction, previously set to expire in 2025, has now been extended for another year.

Meanwhile, eight key OPEC+ nations — Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan, Algeria, and Oman, are expected to maintain their voluntary production cut of 2.2 million barrels per day through the first quarter of 2026, after which they will gradually increase production up until September 2026.

While the eight key OPEC+ nations are moving to increase their production, Nigeria, the largest oil producer in Africa, has not been afforded this opportunity. Due to its inability to consistently meet its 1.5 million barrels per day quota, Nigeria does not belong to this exclusive group of nations. OPEC data shows that Nigeria's average production is only 1.3 million barrels per day, short of its OPEC-mandated quota.

As Saudi Arabia, Russia, Iraq, and Algeria wield their petroleum power through production quotas of 10.47 million, 9.94 million, 4.43 million, and one million barrels per day respectively, a tepid global demand for oil has resisted the industry's efforts to drive prices upward. Despite a simmering geopolitical backdrop in the Middle East, global oil prices have remained subdued throughout 2024 due to the dominant role of a sluggish demand outlook.

Amidst a Brent crude price of $72 per barrel, Nigeria, in its economic foresight, has set an ambitious target of 2.06 million barrels per day by 2025, which includes both crude and condensates.

This plan is articulated in the N48.7 trillion draft appropriation bill for 2025, in which the country also sets a price benchmark of $77 per barrel, serving as a financial foundation for its government spending.

Chevron expands local partnerships following $10bn in service expenditures

GLOBAL ENERGY GIANT, Chevron, has declared its commitment to strengthening local content in Nigeria through partnerships with indigenous businesses.

This is as the company revealed that in the last decade, it has channeled $10 billion into Nigerian suppliers and service providers, representing an estimated annual average spend of $1 billion.

According to Chevron, the dedication to Nigerian content development stems not from any sense of compulsion, but from a profound conviction in its necessity for the country's growth and advancement.

As Nigeria charts its course in the acquisition of oil and gas technologies and in the strengthening of its local capacity in the industry, the company views its investment in indigenous businesses not just as a noble endeavour, but as an essential prerequisite for the nation's success and development.

Jim Swartz, the chairperson and managing director of Chevron Nigeria and Mid-Africa business unit, disclosed the development at a panel session themed "The Next Frontier for Nigerian Content", during the just concluded 2024 Practical Nigeria Content Forum, organised by the Nigerian Content Development and Monitoring Board (NCDMB) in Yenagoa, Bayelsa State.

In his remarks, Swartz emphasised the oil and gas industry's reliance on collaboration with stakeholders, and urged continued focus on nurturing Nigeria content development and local capacity within the industry.

He stressed that Chevron's prosperity and success in delivering affordable, reliable, and cleaner energy is intertwined with the advancement of people and communities where it operates.

"Our strategy is to leverage our strengths to safely deliver lower carbon energy to a growing world. Our primary objective is to deliver higher returns, lower carbon, and superior stakeholder value in any business environment," the Chevron MD stated.

Swartz reaffirmed Chevron's commitment to Nigeria, having invested significantly in the country for over six decades.

He underlined the diverse opportunities in the oil and gas industry, which, he believes, can serve as a catalyst for economic development, as long as the government continues to craft and implement favorable legislation, policies, and regulations.

"Chevron's Nigerian Content policy is driven by the vision to be recognized as the petroleum company that works best to foster competence and competitiveness among Nigerian indigenous contractors and suppliers, by adopting the participatory-partnership model," he said.

Swartz also highlighted Chevron's forward-thinking vision, declaring that the company's philosophy and practices for local and Nigerian content development had been in place since 1999, years before the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) came into being.

"At Chevron, we demonstrate our commitment to the socio-economic development of Nigeria by building mutually beneficial partnerships and supporting the policies of government on Nigerian Content Development.

"In addition to skills acquisition trainings for Nigerians, Chevron provides contract and procurement opportunities, support for asset acquisition, technical support, and facilitates collaboration on research and development for local community contractors.

"For the last 10 years, CNL has spent an estimated annual average of $1 billion on Nigerian suppliers and service providers. We do all this, not because we are compelled to, but because it is the right thing to do," he added.

Swartz reiterated Chevron's promise to forge ahead in its collaboration with the Nigerian Content Development and Monitoring Board, in a joint effort to empower local capacities in Nigeria's oil and gas sector.

He assured that Chevron would continue its initiatives aimed at building local talents through capacity building and training, research and development, and fostering partnerships among domestic businesses.

PETAN champions local content with programme launch for 9th SAIPEC 2025

THE SUB SAHARAN AFRICA International Petroleum Exhibition and Conference (SAIPEC), organised by the Petroleum Technology Association of Nigeria (PETAN), has been scheduled to take place at the Eko Convention Centre in Lagos from 11-13 February 2025, with local content again as a foundational theme,

The upcoming event marks its significant 9th edition, which is strategically partnered with the Nigerian Content Development and Monitoring Board (NCDMB) and over 30 national oil companies and regulators from Sub-Saharan Africa.

SAIPEC 2025 will showcase multi-billion dollar project opportunities across Africa and offer a vital platform for advancing the continent's energy, oil and gas ambitions.

The conference will attract over 6,000 industry stakeholders, including representatives from National Oil Companies, International Oil Companies, government bodies, service providers and regulators from more than 50 countries.

The three-day programme promises robust engagement with keynote addresses from industry leaders, showcasing countries and exploring pivotal themes such as driving Africa's energy future, plans for economic growth and SAIPEC's African Content Series, hosted by the NCDMB for the 5th consecutive year. Further sessions and panels will tackle critical subjects including African gas strategies and opportunities, finance and the diversity, equality and inclusion initiatives, underscoring the importance of inclusive growth across Africa's energy landscape.

Notably, the SAIPEC Future Generations Conference will return, inspiring the next generation of African energy leaders, while SAIPEC Technical sessions and the prestigious SAIPEC Awards will highlight leading innovations and achievements in the sector. Networking remains central to SAIPEC, with numerous sessions held, designed to foster partnerships, including exclusive receptions and PETAN's concluding golf day event.

A centrepiece of the event, the international exhibition will feature a dynamic showcase of technology, innovations and services across the energy value chain. With exhibitors from around the globe, the exhibition will highlight advancements in drilling, exploration, digital technology and sustainability.

Attendees will have the opportunity to engage directly with leading suppliers, service providers, and technology developers driving the evolution of Africa's energy sector.

This year, host PETAN proudly celebrates its 30th anniversary, marking three decades of leadership and innovation in Africa's oil and gas sector.

Ibe Chubby Ibe, PETAN/SAIPEC Conference Chair commented; "SAIPEC 2025 stands as a testament to our commitment to driving Africa's energy transformation, creating sustainable growth, and fostering inclusive partnerships across the continent.

Sade Williams/Business a.m.

Nigeria aviation sector resilience, following airports' recertification

Amid calls to sustain the momentum, Sade Williams captures experts' views, suggestions on way forward for Nigeria's aviation sector after the recertification of two international airports — the Murtala Muhammed International Airport, Lagos and the Nnamdi Azikiwe International Airport, Abuja.

Olubunmi Kuku, managing director, Federal Airports Authority of Nigeria (FAAN), receiving the certificates from Chris Najomo, acting director general, Nigeria Civil Aviation Authority (NCAA)

THE NIGERIAN MEDIA WERE recently filled with the news of the recertification of two major international airports, the Murtala Muhammed International Airport, Lagos and the Nnamdi Azikiwe International Airport, Abuja. The recertification, four years after the airports were certified in 2020, makes the development an auspicious one in the Nigerian aviation industry. Thus the euphoria it generated is worth it, say people familiar with the industry.

The recertification of the two airports shows that they have both met the required safety and security standards stipulated for operations by the International Civil Aviation Organisation (ICAO). The certification was issued by the regulatory authority, the Nigeria Civil Aviation Authority (NCAA), which guided the Federal Airports Authority of Nigeria (FAAN) through the process of closing over 100 gaps, and was supported by technical documentation.

The process, according to ICAO, ensures that an airport meets the following standards:

Safety: The airport has the necessary equipment for firefighting and rescue.

Compliance: The airport complies with relevant international standards and recommended practices.

Efficiency: The airport's operations are regular and efficient.

Therefore, the purpose of the Airport Certificate issued to FAAN is that it provides the airport operator and airlines with documented proof that the facilities they operate or use are safe.

This remarkable feat, which appeared daunting to previous management, industry observers and experts believe, was made possible in a short period under the new leadership of FAAN, led by Olubunmi Kuku, its chief executive officer, due to hard work even in a challenging environment.

Olayinka Abioye, secretary general, National Association of Aircraft Pilots and Engineers (NAAPE) said it is a win-win situation for both FAAN as an airport operator and all airlines, both local and international.

"Airport Operating Certificates or Aerodrome Certificates are usually issued to airports that comply with safety and emergency response requirements specified in Part 139 following the provisions of ICAO Annex 14. Such requirements cover a wide range of issues, including signs, lights and markings, runway safety, aircraft rescue and firefighting, aviation fueling safety, and wildlife hazard management.

"This latest one comes after four years when the same two airports were certified by our CAA as having met Standard Recommended Practices and Procedures, with [a] risk management element, which also meets the demands/requirements and or expectations of airline operators in whose benefits these requirements are considered and put in place.

"By all means, it is a win-win situation for all as there is no gainsaying the significance of this laudable accomplishments, it is a great way of showcasing FAAN as an organisation ready to do serious business and ready to comply with Recommended Practices and Procedures of the ICAO and the local regulatory authority, the CAA. The Olubunmi Kuku led FAAN has therefore shown commitment in this regard and I want to believe that this success will galvanise FAAN to move ahead for the certification of other major airports more so with the renewed federal government planned concession and or commercialisation of these airports, all things being equal.

"As I often said, FAAN has the suitably qualified personnel and dedicated workforce to accomplish greater things if given the opportunity to do so but you will also agree that several issues had been politicised in the past which tended to have affected almost everything and everyone.

"My thinking now is that under the Kuku led administration, FAAN is poised for growth, expansion and new impetus to dare. There are many areas which require attention that can help deepen the internal revenue generation process and if these areas are attended to in good time, infrastructure upgrade and worker motivation can further enhance FAAN visibility as a serious organisation that means business and ready for foreign direct investments," Abioye said.

Ademola Onitiju, a retired air commodore and president, Aviation Safety Round Table Initiative, described the certification as welcome development, calling for sustainability and improvement of other airports.

"Efforts should be intensified to improve the status of other equally important airports in the country. I see it as affirmation of the efficiency and tenacity of purpose on the part of FAAN's new managing director. However, the recertification could be further commended if it impacts the traveling public in terms of fewer flight delays and cancellations and prompt provision of satisfactory response or resolution of complaints lodged by the travelling public. A more customer- centric approach is required."

Chris Aligbe, former general manager, corporate affairs, defunct Nigeria Airways, said the recertification has positioned Nigeria's airports for excellence.

Aligbe, who disclosed that the low scores Nigeria recorded during the ICAO audit was from the aerodromes under the purview of FAAN, noted that the erstwhile DG of NCAA, Musa Nuhu "complained vehemently that there were so many gaps, over 100 that needed to have been closed by FAAN before the audit, he said he would not be surprised if we failed, and eventually it happened. It only required FAAN to do their job under the guidance of the NCAA. But it is interesting now to see that two airports have been recertified."

Describing Kuku as a 'Poster-CEO' in aviation, Aligbe said: "The new MD of FAAN is not a technical person, she is a business and a commercial person. For her she has seen aviation management as business. This recertification is very outstanding but people may not know this, she is outstanding, a Poster-CEO, somebody that knows what it takes to turn the airports around, she has concern for excellence and has keyed into the commercial opportunities in FAAN".

Aligbe noted further that one of the benefits of this achievement is that airlines have confidence in flying into the airports, adding that the recertification has positioned the airports ahead for Category One status.

Yakubu Dati, former general manager, public affairs, FAAN and a former commissioner for information in Plateau State, in a monitored interview on TVC, also spoke about the giant strides being made by the managing director of FAAN, Olubunmi Kuku, to improve age-long infrastructure decay at many of the country's airports, the recertification of the Lagos and Abuja airports, among other developmental strides taking place in the country's aviation industry.

According to Dati, the recertification shows that there is a rebound in the aviation sector in the area of growth of the airports.

"The new helmsman, who is a woman, who we are having for the first time and within such a short time, barely 11 months, she has been able to get recertification of two airports which was not done more than four years ago and put on the global aviation map. For instance, FAAN received two awards at the Airports Council International in South Africa. She was also made board chairman of the African Airport Council. All these achievements within a short time for somebody who is coming to a male-dominated field but her training in finance and being not a novice in the aviation industry because she came with a focus and direction.

"She is talking with action and the action speaks louder than words. We just had a workshop at the Aviation Round Table (ART) where all the think tanks of the aviation industry came together to share ideas and she was the only CEO and that shows she is always putting her feet on the ground. The key factors are the issues surrounding safety and security because safety is number one when it comes to the airport and that is why the umbrella universal safety regulator ICAO always emphasizes the issue of safety," he said.

The former FAAN's spokesperson revealed that shortly on assumption of office, and within one week in office, Kuku signed the safety protocol and has been able to achieve training of 1,400 staff, 2,000 man-hours of training for both staff and stakeholders.

"Aviation is a regulated industry and operates based on the technicalities of training and when you talk about people, you are talking about key airports. It is people, process and procedure. You have the people, they need the process and the technology and that is where training comes in. Prioritising training is where to make her work easier in such a short time. The early fruits are already dropping for everybody to see and to the celebration and acclaim of everybody.

"Other airports are ongoing because it is a long process and she has been able to cap two airports. That of Kano, Port Harcourt, and Enugu airports are ongoing and very soon, they are going to join the fray. She is also saying that we upgrade the status of the airports to Category 2. That requires putting certain infrastructure that is necessary for that categorisation, for that qualification. We believe that what has happened with just one year of being in office and trying to put all these together put her experience in collaborating with different agencies to be able to achieve that. It takes teamwork and somebody ready to be able to accommodate different opinions to be able to run a system as massive as the airport. As MD, she sits over 27 Federal Airports in Nigeria and the funding running those airports comes from two or three airports. So, to be able to do this requires multi-tasking to be able to put that together that is driven by 10, 000 staff", Dati added.

On what it means for the flying public, Dati noted that a lot of confidence is being restored in the airport operations system.

"It also means that, for the airline operators, practitioners in the industry, especially insurance will now be cheaper to access and it is going to boost activities in the area because more international airports or key players will continue to give recognition to the Nigerian aviation sector. More funding will come and will provide the channel of $1 trillion to the economic target set by President Bola Ahmed Tinubu."

Oluumide Ohunayo, spokesperson for ASRTI applauded the FAAN and NCAA leadership for the teamwork, saying however that sustainability is key.

"I want to look at the hard work and diligence of the FAAN MD, a fantastic woman who doesn't talk too much, not out to impress people, she has decided to face her work irrespective of the economy or the environment, we must give her that credit. If you listen to the speech on the day the NCAA handed her the certificates, there were over 100 gaps that were closed, may be they've been trying to close it before her but couldn't finish it but she just came, sustained the process and the zeal and ensured they closed them. I will also not shy away from commending the DG NCAA for working with them and ensuring this has happened.

"Now, what we should do is how to sustain it because these airports were certified before but they lost it. Look at the amount of time it has taken them to get it back; but now that they have taken it back, they must emulate the NCAA by ensuring that they retain it and even surpass expectations by ensuring that those gaps are closed forever by continuous monitoring and maintenance where necessary, certification and training.

We should now move beyond these two airports and get other international airports certified. What it means is that you are reducing the cost of insurance for airlines and other service providers and once the cost of insurance is reduced, you expect that consumers will also benefit from it. I want them to sustain it before moving to other international airports and domestic airports. Congratulations to the team, most especially the diligent MD of FAAN," Ohunayo said.

Aero's N80K flights across destinations available at yuletide for passengers

Sade Williams/Business a.m.

AERO CONTRACTORS, ONE of Nigeria's oldest carriers is offering fares as low as N80, 000 across all destinations to passengers in a move it says is aimed at easing travellers' ordeals during the festive period.

Ado Sanusi, the airline's managing director, during a recent media briefing at its headquarters at the Lagos airport, said the special fare regime is already on and will end by the end of January 2025.

He said the airline has three aircraft and will not take more than its capacity even with the discounted fare.

"We have introduced a pocket friendly fare of N80,000 for Christmas to allow Nigerians to travel to all destinations without paying too much. As a company with a very old history, we believe it is time to give back to travellers and our loyal customers. We intend to make it affordable to the flying public, we have looked at the market and seen surplus capacity, we have also studied the economic situation of the country, this is holiday sales, it will be profitable," he said.

Sanusi disclosed that the airline is now ready for investors as it has reduced its liabilities by 33 percent.

"We have successfully turned around the company and we are at a recovery stage, we are ready for investors, we have reduced our liabilities by 33 percent, the place is ready and conducive for investors to come and invest, we believe we will get investors to put more aircraft. We need investors to be on board with us to take the liability to zero. We have successfully paid members of the National Union of Air Transport Employees and Air Transport Services Senior Staff Association of Nigeria and we are about to start paying that of the National Association of Aircraft Pilot and Engineers. We have paid outstanding salaries and it's remaining just one month. We have successfully stabilized the airline and [are] only waiting for investors," Sanusi stressed.

L-R: Emmanuel Adeyeye, technical director, Aero Contractors; Charles Grant, chief financial officer, Aero Contractors; Ado Sanusi, managing director, Aero Contractors; and Imoleayo Adebule, director of flight operations, at a press conference held at Aero Contractors corporate headquarters in Lagos, recently

Sanusi, who said he is looking at a 10-aircraft company for the would-be investors, however added that "it depends on the type of aircraft the investors want, the investor may want outright purchase or lease but we are looking at 10 aircraft."

He disclosed that the airline recorded 14 percent profit as its Maintenance, Repair and Overhaul (MRO) facility continued to attract airlines across the region.

"We have continued to grow the MRO to accommodate bigger aircraft, we are in partnership with Senegal, Morocco, Ghana and others, we expanded the MRO to accommodate B737, we are looking at CRJ, we intend to make it a one stop shop for all airlines," he added.

Ethiopian Airlines returns to Monrovia with flights

Sade Williams/Business a.m.

ETHIOPIAN AIRLINES RESUMED passenger flights to Monrovia, capital of Liberia November 30, 2024, the airline has said.

This significant milestone was celebrated during an inaugural flight event in Monrovia attended by the President of Liberia, ministers, ambassadors, high-ranking officials, and Ethiopian Airlines executives.

The event highlighted the airline's commitment to enhancing connectivity and fostering collaboration across the African continent.

The resumption of services to Monrovia brings significant benefits, as it not only expands travel options for passengers but also plays a vital role in promoting economic integration between Ethiopia and Liberia.

This new route aims to facilitate trade, tourism, and cultural exchange, ultimately contributing to the socio – economic development of both nations.

Speaking on the development, Mesfin Tasew, Ethiopian Airlines Group chief executive officer, stated: "We are pleased to resume our flights to Monrovia, reinforcing our dedication to connecting Africa and promoting intra-African trade. In line with our vision of providing the best travel experience, we believe that our presence in Liberia will enhance opportunities for business and tourism, thus driving mutual growth. This resumption of services represents the strengthening of ties and the bridging of cultures between our two great nations."

Flights to Monrovia will operate three times a week, providing seamless access to Liberia's rich cultural and natural attractions. Monrovia, known for its vibrant culture, rich history, and natural beauty, is now more accessible to visitors from around the world through the hub in Addis Ababa.

Travelers can explore Liberia's stunning beaches, lush jungles, and historical sites, benefiting from the restored air connection that supports the region's economic development. Ethiopian Airlines invites travellers to experience the convenience and comfort of its flights, continuing to serve as a stimulus for development and unity within Africa.

The Airport Customer Experience

Thinking African airports' digital transformation journey

AS AFRICA BUILDS MORE airports the thought process should be of digitally enabled airports while at the planning stage. Having to think about digital transformation after building the airport may require added costs that would have been avoided from the planning phase for a new airport.

Airports are not just where planes take off and land. They are important for tourism as well as other businesses. The environment is competitive and so airports will have to think through expanding and enhancing their appeal and by doing so increase the number of persons who will choose to travel by air.

The Airports Council International (ACI) , which is the voice of the world's airports, states that digital transformation is not only about technology. It is also about business transformation in a digital world. It states further that it involves both the implementation of new technologies and the integration of existing technologies, processes and services to deliver a better experience to all stakeholders. It goes beyond having a digital mobile app or a redesigned website. The airport digital transformation best practice is available on the ACI website.

Digital transformation, it states, focuses on achieving a seamless flow through the airport by means of integrating systems and services, including those provided by partners such as airlines, security, customs, concessionaires, ground handlers, etc. Digital transformation leverages the use of technologies such as indoor geolocation, identity management, flow management, data mining and IoT. It is also about making these digital technologies secure in the cyber world to ensure that every system works as intended. It enables connected travel. For passengers, airports and all stakeholders, it offers a much better view of and control of the journey, minimizing disruptions and providing solutions based on data analytics.

While digital transformation is already ongoing in the aviation sector, the thought process should be geared towards leveraging technology to maximise business and operational objectives. To achieve this transformation will require scanning the environment in which the airport operates as a beginning process. The next step would be aligning business and operational objectives to the environment. At an aviation conference in Europe, an airport manager shared his experience in America on why car parking is a major driver of non-aeronautical revenue at his airport. The people like to drive and so he needs to develop car parking solutions to make the traveller at ease while coming to his airport. In some countries, asking people to pay for car parking may sound odd for that environment.

While digital transformation should be focused on all areas of the airport, it may not be practicable to take them on all at once. Considering the airport's current environment as well as its business context and objectives, an airport should prioritise and create specific digital transformation plans. As part of each digital transformation plan, there should be assessments of different areas such as potential functional areas of applications, internal team readiness and structure and the external market and partner landscape. Doing so will enable the airport to define where and how to begin the digital transformation journey.

While all areas in the airport are impacted by digital transformation, focus should be on the most promising area where the digital strategy should be deployed to significantly improve processes and services. Some identified areas are: airport operations, security, capacity management, passenger services and intimacy, stakeholder management and, also, physical and functional areas outside the airport.

While scanning the environment is important, looking inwards on internal readiness is also vital. It is important to understand up front the readiness of the organisation to take on the digital transformation journey. Having an organisation and culture that promotes speed and agility for all structures, governance and incentives, risk-taking and experimentation is vital for internal readiness.

Further, airports need to estimate the required effort to build working products and services and set up a prioritised delivery plan. The imperative should be to have a robust, flexible and scalable IT infrastructure to deploy digital services. The thought process should also be on having a comprehensive view of the technologies available, to understand what can be leveraged and what should be changed or upgraded to enable and sustain the digital transformation plan. The airport seeking digital transformation should promote, recognise and value internal ideas and initiatives for innovation.

Digital transformation does come with its own challenges and risks. The challenges are many and need to be understood upfront and a plan for mitigation put in place before embarking on a digital transformation. The challenges within the context of one airport may not necessarily be the same for another. Recall that their external environments and internal processes are not the same also.

Every business and organisation will be impacted by digital transformation, either directly or indirectly, and airports are certainly not immune to digital disrupters. The risk is real just like every other business that engages in digital transformation. The biggest risk to any airport, ACI says, will be to ignore digital transformation.

It further advises that airports should not believe that technology is the silver bullet of digital transformation: Digital transformation will not solve all issues, challenges and risks.

ACI is a global organisation which represents the interests of airports and also promotes airport standards and excellence in the aviation industry. ACI World is the leader globally in airport management and represents more than 2600 airports across more than 190 countries and territories. It believes that successful digital transformation arises not from implementing new technologies but from transforming organisations so they can leverage the possibilities new technologies offer.

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).

Experts urge aviation sector to leverage funding opportunities to compete strong

Stories by Sade Williams/Business a.m.

FINANCIAL EXPERTS HAVE emphasised the need for the Nigerian aviation sector to leverage on available funding opportunities, both local and international in order to enable it compete favourably in the global space.

They also called for policy reforms that provide for transparency of the Nigerian Civil Aviation Authority (NCAA), in terms of regulation of airlines to achieve sustainability.

They observed that despite the huge potentials, the Nigerian aviation sector is bedeviled with challenges in the form of weak infrastructure, little to no investments and regulatory inconsistencies

They also observed that airlines in Nigeria suffer from the impact of foreign exchange scarcity and fluctuations, noting that international airlines continue to face blocked funds.

The experts spoke at the International Civil Aviation Conference on Capital Adequacy and International Competitiveness Nigeria Aviation Sector, which was held in Port Harcourt, Rivers State, recently.

The conference, which had its theme as "Enhancing Global Prominence and International Competitiveness of Nigerian Aviation Sector", brought together critical stakeholders in the aviation sector such as airline operators, aviation security providers, aviation service providers, captains of industries, investors, professionals in the industry, and financial sector experts.

In his paper titled: "Adopting Global Capital Structure and Adequacy Model in Enhancing Nigeria Civil Aviation Industry's Competitiveness", Paul Alaje, advocated for single-digit loans for airline operators in Nigeria.

Alaje, who is the chief economist at SPM Professionals and a policy consultant, highlighted that operating domiciliary accounts and spending dollars in Nigeria is negatively affecting investments and sustainability of the Nigerian aviation sector.

Also speaking on "Global Imperatives of Financing Aviation Assets under a Weak Capital Structure: A Regulatory Dialogue", Paul Ludick, highlighted that the National Insurance Commission (NAICOM), has a role to play in the restrictions on age of aircrafts, and allowing foreign aircrafts to operate locally as long as local AOC holders/owners are involved.

Ludick, who is an aviation finance expert of over 26 years experience, pointed out that some of the ways the Nigerian aviation sector can attract international partnership include, conducting route analysis to determine if the business is viable, ensure provision for maintenance reserve and down-time as not to impact cash flow reserves and as well, avoid rushing into buying or leasing aircrafts.

Earlier in his opening remarks, Festus Keyamo, the minister of aviation and aerospace development, represented by Chris Najomo, the acting director-general, NCAA, stressed the need to enhance Nigeria's capacity in air travel and to lead the sector in Africa.

He informed of the federal government plans to establish smart airports across the country so as to enhance Nigeria's competitiveness in the global aviation space.

In its goodwill message, the National Assembly, represented by Buhari Abdulfatai, chairman, Senate committee on aviation, and Idris Garba, chairman, House of Representative committee on aviation, respectively, admitted that there is concern in the sector, and expressed legislative support in tackling them.

Passengers to have seamless flight operations at Yuletide, says NCAA

AHEAD OF THE YULETIDE, the Nigeria Civil Aviation Authority (NCAA), has assured that flight operations will not be disrupted during the Yuletide period, promising that there would be seamless air operation throughout the season and beyond.

The assurance was made during a Road Show/Enlightenment Campaign to sensitise air customers on the appropriate process of laying complaints on issues of disruption, held at the Port Harcourt International Airport, by Consumer Protection Department of NCAA.

The NCAA also hinted that following the minister of Aviation, Festus Keyamo's signing of the Cape Town Convention Practice Direction and the Directorate General of Civil Aviation, DDCA, that 10 more aircraft have been approved to come into the country to increase the capacity of fleets for air operations in the country.

Michael Achimugu, director, consumer protection and public affairs, NCAA, who led the team on the road show, said the organisation is keen on ensuring that air operations are not disrupted during the 2024 festive season and onward.

He noted that many travellers do not know that when their rights are violated or plans disrupted that they ought to report to the NCAA, stating that the sensitisation was to empower air passengers to know their rights and responsibilities.

He said: "We are now in the high travel season in the aviation sector and as you know there have been a lot of flight disruptions over the years and there have been a lot of complaints as regards to that.

"Our duty at the NCAA is to sensitize our passengers, because most of the times when complaints come about these disruptions it comes from the place of poor knowledge about their rights and responsibilities as air passengers.

"Our duty in the air consumer Protection Department of the NCAA is to protect both the passenger and the airlines as businesses. They are all our stakeholders. We cannot blame passengers for what they do not know. So we are creating mass awareness.

It will continue throughout next year. A lot of persons do not know that if they have problems in air travel that the NCAA is the place to report".

Achimugu stressed that there would not be disruptions this period, adding that more fleets are coming into the country to increase the capacity of air operations in the country.

He said: "There will not be disruptions this festive season, because of the Hon. Minister's signing of the Cape Town Convention Practice Direction and my Directorate General of Civil Aviation, DDCA, Capt. Chris Najomo, more aircraft are coming into the country.

"Recently, there were 10 new aircraft in Nigeria, spread across airlines, Ibom Air, Air Peace, United Nigeria. This has ramped up the fleet in Nigeria, because we have always had capacity problem. But now, we have more planes.

The disruptions are going to reduce.

"In the NCAA we are recording in the history of Nigeria the issue of Case resolution. Nigeria is one of the few countries in the whole world where airlines are made to pay 100% refund without charges."

Dati calls on stakeholders to work with FAAN chief to rid airports of corruption

YAKUBU DATI, A FORMER spokesman of the Federal Airports Authority of Nigeria (FAAN), has called on stakeholders to throw their weight behind the call and move by Olubunmi Kuku, managing director of the Authority, to rid Nigeria's airports of bad practices.

Dati, in a statement said: "Airlines, service providers and stakeholders should collaborate with and support the MD's efforts in enhancing seamless operations in the gateway international airports."

According to Dati, Kuku's charge to security agencies and frontline partners should not be viewed as an indictment but a wake-up call to weed off bad eggs and sustain the fresh narrative in line for a better service delivery.

"Mrs Olubunmi Kuku's emphasis on Safety and Security can only be realised with a wholesome addendum of passenger satisfaction.

"As a team player, the MD FAAN, Mrs Olubunmi Kuku and her management team, are repositioning the Agency to fit into the Hon Minister Festus Keyamo's overall agenda of the Renewed Hope Agenda of President Bola Ahmed Tinubu," he added. For taking proactive steps to ensure seamless operations during the Yuletide season, especially in the area of passenger satisfaction, safety and security and for challenging security agencies to key into efforts by the FAAN in facilitating passengers processing, Kuku has received commendations from stakeholders.

Kuku, last Tuesday, expressed displeasure at the persistent problems of touting and harassment of passengers at screening ponts, especially at Lagos airport, saying investors were complaining about it.

The MD convened a crucial meeting with the heads of all security agencies at Murtala Muhammed Airport (MMA) in Lagos and launched "Operation AirClean," making it clear that she has the full backing of Festus Keyamo, minister of aviation and aerospace development.

To improve screening efficiency, she ordered the immediate dismantling of search tables at screening points and mandated that technology be leveraged to reduce manual searches and improve interactions with passengers.

She emphasised the urgency to clean up airport terminals and eliminate unpatriotic practices among officers.

Her call to action for the leaders of security agencies was straightforward: it is no longer business as usual. The initiative was developed to improve collaboration among agencies and to streamline passenger search processes, ultimately enhancing the overall travel experience.

It also aims to eliminate extortion and harassment of passengers, as well as to completely eradicate touting activities at the airport.

Air Peace not under investigation, assures FCCPC

THE FEDERAL COMPETITION and Consumer Protection Commission, (FCCPC) has said its invitation to Air Peace is simply for an inquiry to understand its price methodology and respond to consumers complaints.

Boladale Adeyinka, director, surveillance and investigation, said neither the airline nor the chairman, Allen Onyema is under any investigation, but that the commission invited Air Peace based on complaints from customers for the airline to educate them on its price methodology.

"Thank you so much for honouring our invite in person. We have gained more insight into your operations. Just again to reiterate that it is not an investigation, it is an enquiry to understand and again, find out based on consumer complaints."

Adeyinka, who stated this recently in Abuja when the chairman of Air Peace, Allen Onyema led some members of his team to honour the invite extended to the airline, commended Air Peace for the insights made on its operations.

"Thank you also for bringing your expertise and insights to the industry, it is a good one for us, it is a good one for Nigerian consumers. This is our own, we are happy that you are doing well because if the consumers are saying that this is our aircraft, it means that ownership has moved from you to every Nigerian."

She noted that the commission exists for the good of businesses, customers and the operators, stressing that business stability and sustainability are core to their mandate.

"We will review the situation and intervene where we can, not just for Air Peace customers but generally for all air passengers and other consumers of aviation services," adding that this is part of the commission's efforts at bringing competitiveness in the market.

The FCCPC director also commended Onyema for his love for the country and philanthropic spirit and advised him not to let anything deter him from his services to humanity.

Earlier, Onyema explained that fare pricing in the aviation sector is a global thing but lamented that the fare regime in Nigeria is not commensurate with the cost of putting an aircraft in the air, thus the reason why airlines frequently go under in Nigeria.

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10 x 4 Cols	449,999.55	279,279.00
10 x 3 Cols	325,900.19	248,310.56
9 x 6 Cols	512,049.04	318,130.31
9 x 5 Cols	434,459.22	256,080.83
9 x 4 Cols	387,950.06	248,310.56
9 x 3 Cols	325,900.19	194,039.04
8 x 5 Cols	341,441.10	248,310.56
8 x 4 Cols	310,360.05	186,260.88
8 x 3 Cols	232,770.04	170,720.55
7 x 4 Cols	271,621.35	155,179.83
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6 x 3 Cols	186,260.69	87,040.80
6 x 2 Cols	130,404.89	69,819.75
4 x 2 Cols	86,936.85	43,468.43
3 x 2 Cols	65,202.06	32,657.63
2 x 2 Cols	43,468,04	21,734.21
1 x 1 Cols	10,923.22	6,306.30
3 x 6 INSIDE STRIP	356,869.01	201,801.60
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FRONT PAGE STRIP 4 x 6	1,551,613.14	-
BACK PAGE STRIP 4 x 6	1,090,705.00	930,966.96
FRONT PAGE SOLUS 6 x 2	853,377.14	-
BACK PAGE SOLUS 6 x 2	543,129.51	465,539.69
CENTRAL SPREAD	2,016,630.00	1.706,755.05
CENTRAL SPREAD HALF PAGE	1,473,984.82	1,318,917.60
DOUBLE SPREAD	1,861,860.00	1,241,325.47
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BACK PAGE EARPIECE	308,770.00	-
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Thanks! We look forward to hearing from you.

African startup funding drops 32% to $1.8bn in 2024-Report

Joy Agwunobi

THE LATEST REPORT from Africa: The Big Deal, a data insights firm, has revealed a 32 percent decline in funding for African startups between January to November 2024, compared to the corresponding period in 2023.

Africa: The Big Deal, an organisation that monitors funding deals of $100,000 and above across the African continent and beyond, reported that startups in Africa only raised $1.9 billion in funding between January and November 2024. This indicates a notable drop from the $2.8 billion secured during the same period in 2023.

As the report indicates, the African startup ecosystem experienced a downturn in funding in 2024 when compared to the previous two years.

This is as $4.3 billion was raised in the first 11 months of 2022, marking the highest amount of funding since 2021. However, this year's total funding ($1.9 billion) fell far short of the $3.9 billion raised in the same period in 2021.

November 2024 saw 32 African startups announce a combined total of $180 million in funding, encompassing grants, debt, and equity.

As revealed by The Big Deal, the distribution of funding in November 2024 was dominated by debt, which accounted for $122 million (68%), followed by equity ($55.5 million, 31%), and grants ($2.5 million, 1%).

The standout funding announcement in November was Sun King's debt funding of $80 million from the IFC, which contributed 44 percent of the total funds raised that month.

In November 2024, three other sizable deals were closed in addition to Sun King's $80 million funding. The Kenyan-based internet service provider Mawingu secured $15 million in a combined debt and equity deal to facilitate its expansion plans in East Africa. In addition, Ivorian fintech startup Djamo successfully closed a $13 million Series B funding round.

These deals, the report noted, reflect the continued investor interest in Africa's tech scene, especially in countries such as Nigeria and Kenya, which reportedly secured 76 percent of the overall funding in November 2024. As the report by The Big Deal revealed, the breakdown of funding for African startups (excluding exits) in 2024 was heavily skewed towards equity funding at $1.2 billion, representing 64 percent of the total funds raised. Debt funding stood at $635 million (34%), and grants amounted to $33 million (2%).

When examining Q3 2024 specifically, the report noted that startups raised over $600 million, a figure more than double the amount secured in the second quarter of 2024.

The report further showed that in comparison to Q3 2023, which experienced substantial growth in startup funding, the third quarter of 2024 emerged as the strongest quarter of the year, primarily due to two major funding deals: d.light's $176 million multi-currency securitisation facility and MNT-Halan's $157.5 million funding round.

L – R Bankole Oloruntoba, CEO, NCIC ; Peter Ryan, ambassador, Republic of Ireland to Nigeria; a winner of the Naija SDGs FinTech Hackathon; Emmanuel Etaderhi, executive secretary, FC4S Lagos; Titilope Oguntuga, director, sustainability, IHS Towers; Chidi Mike-Eneh, head, Credit Risk, Infracredit at the Sustainable Finance Day 2024 and Naija SDGs FinTech Hackathon 4.0 grand finale organised by FC4S Lagos and NCIC recently

Yellow Card seeks SEC approval in Nigeria

YELLOW CARD, A LEADING cryptocurrency exchange in Africa, is actively seeking regulatory approval from Nigeria's Securities and Exchange Commission (SEC), following the company's recent acquisition of a Crypto Asset Service Provider (CASP) license in South Africa. This disclosure was made by Lasbery Oludimu, Vice President of Global Operations and Managing Director of Yellow Card Nigeria.

Oludimu revealed that the company, which raised $33 million in Series C funding, has formally applied to the SEC through the Accelerated Regulatory Incubation Programme (ARIP) and is currently awaiting approval in principle. Reflecting on Yellow Card's licensing experience in South Africa, Oludimu noted the rigorous process involved, including a comprehensive application and an on-site inspection. She stated that Yellow Card is fully prepared for a similar inspection in Nigeria.

"The inspection process in South Africa was detailed and thorough, showcasing the strength of the regulatory framework there," Oludimu said. "This experience has equipped us to navigate similar challenges in Nigeria, where we continue to engage with the SEC under ARIP. Our focus on operational transparency and compliance will be crucial as we move forward."

Oludimu further praised Nigeria's progress in crypto regulation, highlighting the significant strides made by the SEC through the ARIP initiative. She explained that the program is positioning Nigeria at the forefront of global regulatory standards by offering crypto businesses a structured pathway to operate within a regulated framework, ensuring a safer environment for users and aligning with broader financial compliance objectives. "There is now a clear direction for the industry, with strong regulatory frameworks taking shape and clarity on the regulators responsible for overseeing operations," she said. "This is a commendable step forward from where we were in the past, and it paves the way for shared prosperity for the country, businesses, and the growing blockchain ecosystem."

With the recent infusion of Series C funding, Yellow Card is poised to accelerate its expansion plans and enhance its product offerings. Oludimu highlighted the company's focus on upgrading its stablecoin infrastructure, improving its B2B API and Widget, and expanding its stablecoin rails to provide businesses with seamless liquidity management solutions. "Financial inclusion is a core pillar of our mission," she emphasised. "With this new funding, we aim to strengthen our infrastructure to support the rising adoption of stablecoins across Africa. In regions with limited access to banking, particularly Nigeria, we are committed to offering accessible payment solutions that help hedge against inflation and enable participation in the digital economy."

Further cementing its growth trajectory, Yellow Card has also partnered with PayPal and Xoom to enhance cross-border payment solutions across Africa. By utilising PayPal USD (PYUSD) and blockchain technology, Yellow Card aims to make value transfers faster and more cost-effective. This collaboration allows African customers to buy, sell, and transfer PYUSD on the Yellow Card platform without needing a PayPal account, expanding global trading opportunities for the region.

AI-driven privacy issues to influence daily life in 2025- Report

ARTIFICIAL INTELLIGENCE (AI) and privacy concerns will become central to daily life in 2025, according to a new report from global cybersecurity and digital privacy company Kaspersky. The findings, part of the latest Kaspersky Security Bulletin series, highlight trends in cybersecurity and privacy that are expected to shape the digital landscape in the coming year.

The report predicts that AI will fully integrate into everyday routines by 2025, evolving from a cutting-edge innovation to a standard utility. Operating systems such as iOS and Android are already incorporating AI-enhanced features, paving the way for increased reliance on AI in communication, workflows, and creative processes.

However, Kaspersky cautions that this widespread adoption may bring challenges, particularly with the rise of personalised deepfakes. "Without reliable detection tools, these sophisticated deepfakes could pose significant risks," the report warns.

Kaspersky also anticipates that the growing emphasis on privacy will lead to stronger user control over personal data. By 2025, individuals may gain the ability to monetize their data, transfer it across platforms seamlessly, and navigate simplified consent processes. Global frameworks like the EU's GDPR, California's CPRA, and South Africa's POPIA are likely to inspire widespread reforms, while decentralization technologies may further enhance user autonomy.

"Advances in privacy protection and data ownership frameworks are expected to redefine how individuals manage their digital lives," the report noted.

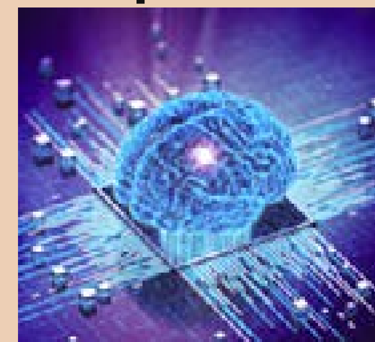
The report also raises alarms about evolving cybercrime tactics. Fraudsters are expected to exploit popular media releases, such as gaming and film launches, to orchestrate scams. Prominent titles like Mafia: The Old Country, Civilisation VII, and Death Stranding 2, as well as the anticipated Nintendo Switch 2, are predicted to attract fake pre-order schemes, malicious downloads, and counterfeit rootkits.

Similarly, upcoming blockbuster films, including Superman and Jurassic World Rebirth, are likely to trigger phishing campaigns and counterfeit merchandise fraud targeting fans.

Kaspersky highlights the role of political polarization in fueling cyberbullying, describing it as a growing concern. Algorithms that amplify divisive content, combined with AI-powered tools for creating deepfakes and doctored posts, are expected to escalate online harassment.

"Cross-border cyberbullying could rise as global platforms enable the targeting of individuals based on political beliefs," the report notes, emphasising the potential for increased tensions in online spaces.

As the global economy shifts further towards subscription services, cybercriminals are anticipated to exploit this trend. Fake subscription promotions could deceive users into sharing personal and financial information, resulting in identity theft and financial losses. Additionally, unofficial platforms offering discounted or free access to subscription services are expected to emerge as significant threats, exposing users to malware and phishing attacks.



The report also touches on the increasing regulation of social media, particularly for younger audiences. Australia's proposed legislation to ban social media access for children under 16 could set a precedent for stricter governance worldwide. Platforms like Instagram have already begun implementing AI-powered age-verification systems, signaling a broader trend toward tighter controls in digital spaces.

Kaspersky privacy expert Anna Larkina commented on these developments, stating, "The most significant impact on consumers in 2025 will stem from the intersection of innovation and regulation. Advances in AI, privacy protection, and data ownership frameworks will reshape how people interact with technology and manage their digital lives. These developments hold immense potential but require careful oversight to ensure they serve consumer interests."

The report underscores the importance of balancing technological advancements with regulatory measures to safeguard users, protect data, and mitigate emerging threats in the ever-evolving digital landscape.

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Experts highlights digital payments as key to financial inclusion in Nigeria

Joy Agwunobi

AFRICA'S E-COMMERCE market, projected to reach $75 billion by 2025, offers immense potential for driving financial inclusion across the continent. However, challenges such as limited banking infrastructure and a heavy reliance on cash have impeded full digital engagement.

These were key themes discussed at the recent Africa Tech Alliance Forum, where experts gathered to address these barriers, emphasising the transformative role of fintech solutions and digital payment systems in bridging the gap.

Biram Fall, Regional General Manager of QNET Sub-Saharan Africa, delivered a presentation titled "Harnessing Fintech Solutions for Financial Inclusion and E-commerce Growth." He highlighted that Africa's over 350 million unbanked adults represent a vast untapped market for digital financial solutions. According to Fall, financial inclusion equips individuals with essential tools such as savings accounts, credit, and insurance, fostering economic independence.

"The International Monetary Fund highlights that secure saving and borrowing empower individuals to manage expenses and invest in future opportunities." He further explained that digital payment solutions, such as mobile wallets, not only simplify transactions but also build trust in digital platforms, enabling small businesses to unlock new revenue streams.

"Financial inclusion transforms lives by providing essential tools like savings accounts, credit, and insurance that foster economic independence," Fall stated. He underscored that financial inclusion goes beyond basic access to banking services, empowering individuals to save, invest, and manage their expenses effectively.

At QNET, financial literacy initiatives such as the Fit Green project have trained over 1,300 young Nigerians, equipping them with the knowledge and skills needed to achieve self-sufficiency. Additionally, QNET's ecommerce-driven direct selling model offers income-generating opportunities in over 100 countries, empowering individuals in underserved regions.

Fall stressed that lasting progress requires collective action. "True progress requires collaboration," he concluded, calling for cross-sector partnerships to address Africa's infrastructural gaps and expand access to essential financial services.

On her part, Ebehijie Momoh, CEO of AfriGoPay Financial Services Limited, underscored the transformative role of digital payments in fostering financial inclusion in Nigeria. Speaking during a presentation titled "The Future of Cards and Payments: Navigating Innovation, Regulation, and Financial Inclusion," Momoh highlighted the nation's rapidly expanding digital economy, driven by initiatives such as the AfriGo card, which are accelerating cashless transactions and breaking down financial barriers.

With a population exceeding 220 million and mobile penetration reaching an impressive 90 per cent, Nigeria is poised for a significant digital transformation. Momoh noted that over 103 million Nigerians, representing 45.5 per cent of the population, are active internet users, signalling immense potential for digital growth.

"We have the advantage of a very young population, this is a positive factor for Nigeria. However, we must harness these resources effectively to drive digital payments further," Momoh said.

She revealed that Nigeria's digital payments landscape recorded an estimated $730 billion in transactions in 2023 alone, reflecting the rapid growth in the sector. "This figure highlights the remarkable expansion we are seeing in the domestic digital payments space," she said.

Momoh elaborated on the introduction of the AfriGo card, a domestic payment solution developed in collaboration with Nigerian banks and the Central Bank of Nigeria (CBN). She explained that the AfriGo card facilitates cashless transactions by processing payments in local currency rather than relying on foreign exchange, thereby reducing costs and supporting the country's financial inclusion goals.

According to a 2023 report, Nigeria's financial inclusion rate rose to 64 per cent, an improvement from the low 50s recorded just two years earlier. Momoh attributed this progress to the CBN's financial inclusion initiatives, which have created an enabling environment for millions of Nigerians to access essential financial services.

Momoh praised the CBN for its proactive guidelines, including the 2023 contactless payment framework, which outlines best practices for using contactless technology in card transactions and other payment methods. She also highlighted the introduction of open banking guidelines, which are designed to foster innovation while ensuring consumer safety.

"Innovation is essential, but it must be guided by regulations," Momoh noted. "Without clear guidelines, innovation can create chaos. The CBN has done a commendable job in ensuring that our progress is both innovative and secure," she noted.

Momoh praised several government-led initiatives aimed at fostering digital innovation, including the Federal Ministry of Communications, Innovation, and Digital Economy's 3 Million Technical Talent Program. This initiative seeks to train and retain skilled individuals capable of driving innovation in Nigeria. "As young talents leave the country, it is essential to invest in training programs that ensure we have a forward-looking workforce capable of sustaining digital growth," she said.

However, despite the remarkable progress, challenges persist in Nigeria's digital payments landscape. Momoh identified trust as a major barrier to adoption. "When people ask, 'Will it work?' they're expressing a fundamental need for confidence in the system," she said. She argued that solutions must guarantee immediate and reliable transactions to build consumer trust.

Another pressing concern which she outlined is fraud, which undermines confidence in the financial ecosystem. To mitigate this, Momoh advocated for the adoption of advanced security technologies, such as biometric authentication and facial recognition.

Data & Information Governance Insight

ISO, COBIT keys to data protection success

MICHAEL IRENE, PhD

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DATA PRIVACY IS NO longer just a regulatory tick-box or a fleeting concern for organisations. It has evolved into a cornerstone of trust, a vital component of modern business strategy, and, frankly, a non-negotiable expectation from consumers, clients, and employees alike. Yet, for many businesses, the challenge lies not in acknowledging the importance of data privacy but in figuring out how to manage it effectively. Enter ISO standards and COBIT frameworks — the unsung heroes that can bring clarity and structure to what often feels like a chaotic and ever-changing arena.

At first glance, ISO standards (like ISO/IEC 27701, which focuses on privacy information management), or the COBIT framework for governance, may seem dry or overly technical. The kind of thing you might imagine being locked in a dusty drawer somewhere in the IT department. But that perception couldn't be further from the truth. These frameworks are powerful, practical tools that can transform the way organisations approach data privacy. They provide a roadmap for how to responsibly handle personal data, mitigate risks, and demonstrate accountability — all while simplifying what can otherwise be an overwhelming task.

The beauty of standards like ISO lies in their universality. They distil years of global best practice into actionable guidance that works across industries, whether you're a multinational corporation or a small family-run business. What they offer is a shared language — one that allows businesses, regulators, and even customers to understand and assess how personal data is being managed. That's especially valuable in a world where the stakes for getting it wrong couldn't be higher. A data breach isn't just a technical failure; it's a hit to your reputation, a potential legal quagmire, and, often, a very public betrayal of trust.

COBIT, on the other hand, takes the concept of governance to the next level. It helps organisations integrate data privacy management into the broader structure of their business operations. It's not just about ticking boxes; it's about embedding privacy into the DNA of the company. COBIT encourages you to ask the big questions: Do we know who's accountable for privacy risks? Are we aligning our privacy objectives with the overall goals of the organisation? Is our approach flexible enough to adapt to new challenges or regulations?

But here's the catch — adopting these frameworks isn't about blindly following a set of rules. It's about using them as a foundation to build something that works for your specific context. The frameworks don't dictate; they guide. They leave room for innovation and adaptability, which is what makes them so effective. Businesses that embrace ISO standards and COBIT don't just end up with neat documentation to show auditors; they create a culture of privacy that's proactive, resilient, and, most importantly, human-centric.

The human element is critical here. Data privacy isn't just about algorithms, firewalls, and encryption. It's about protecting people — their identities, their preferences, their secrets. When you look at it that way, adopting a structured approach to data privacy isn't just good business sense; it's the ethical thing to do. And as more organisations step up and adopt frameworks like ISO and COBIT, they're raising the bar for everyone else. Privacy becomes not just a competitive advantage but a shared societal value.

That's the real magic of standards. They don't operate in isolation. They create ripple effects. When one organisation raises its game, it puts pressure on others to follow suit. The result? A collective improvement that benefits not just individual companies but entire ecosystems — customers, partners, and regulators included. And in a world where trust is becoming the most valuable currency, that kind of collective progress is priceless.

So, whether you're running a tech startup, managing a global enterprise, or simply curious about how your data is handled when you shop online, take a moment to appreciate the frameworks quietly working behind the scenes. Standards like ISO and COBIT may not grab headlines, but they're the unsung heroes of the digital age. They are the tools that ensure data privacy isn't just a promise — it's a reality. In the end, that's something we all stand to benefit from.

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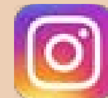 @businessamlive1
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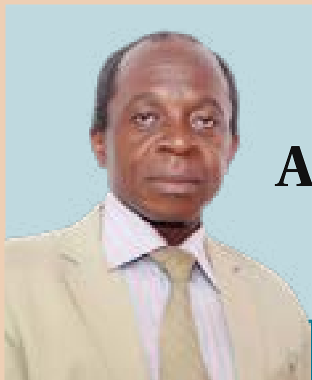

Africa & Global Observatory

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Chad seals France weakening grip on Sahel Africa

DOMINOS OF FRANCE in Africa are falling in quick succession. Clear signs of an end to Françafrique are becoming even bolder and more prominent in recent times. For the colonies in Africa the France grand assimilationist colonial policy is losing its relevance and appeal such that the sense of urgency in terminating it is becoming more fervent in more countries. Over the past six decades, countries earlier colonised by France remained partly colonised still after their formal declaration of independence as sovereign states as they remained tied to the apron strings of France. It was just a matter of time for the aim of France to assimilate and transform all Africans in "French" colonies into black French men and women to begin falling apart. It did not matter that France, in its pursuit of the assimilation goal, had to suffocate and eliminate all African cultures and assimilate all Africans into French culture, including an extension to military relations. In West and Central Africa where France has earlier had an overweening presence, its influence has been steadily diminishing — the latest being in Chad.

Unlike in the case of the British, the French colonial administration is better described as more 'direct rule' and an incomplete decolonisation to ensure France's continued post-colonial influence in Africa. In so doing, France established formal defence agreements with many francophone countries in sub-Saharan Africa, allowing France to establish itself as a guarantor of stability and hegemony in the region. It was to assert political and economic influence within the affected areas. It took unusual events to begin the resistance against French influence in Africa. No fewer than 14 African countries have endured this influence until Rwanda's President Paul Kagame decided to end the influence of France by changing its allegiance to the UK and the US after the 1994 Genocide suffered by Rwanda in which the role of France was questioned. In Mali, a change was underway. While the army and its allies initially allowed the civilians in power following the August 2020 coup led by Col. Assimi Goita, he directly took over power and put himself in charge many months later in 2021 after leading a second coup by dismissing the civilian leaders in Mali's transitional government.

French forces have been active in Mali since 2013, on a mission to dislodge Islamic extremists from power. In 2022, the involuntary French military withdrawal from Mali was orchestrated and triggered by the Assimi Goita's military government. At the time, France was probably under an illusion that it had other safe havens as the last contingent of French soldiers of the so-called Barkhane force present on Malian territory crossed into neighboring Niger. Before this relocation, France had about 4,300 troops in the Sahel region, including 2,400 in Mali. Burkina Faso followed in 2023 when, in January, it gave France one month to withdraw its troops as it ended a military accord that allowed French troops to fight within its territories. The same 2023, the withdrawal of some 1,400 French troops was demanded by Niger's ruling generals shortly after they seized power at the end of July.

Now, it is the turn of Chad to evict about 1,000 French troops from its land. Although, geopolitically, the earlier three (Mali, Burkina Faso and Niger) belong to the Western regional bloc known as the Economic Community of West African States (ECOWAS) and Chad belongs to the Economic Community of Central African States (ECCAS), all the four belong to the Sahel region, sharing common security challenges. It could be that the decision of Chad to end the military cooperation with France might draw Chad closer to Niger, Mali and Burkina Faso, thus becoming a precursor to an expansion of the Alliance of Sahel States or Alliance des États du Sahel (AES) countries which — at inception — represented a major strategic shift in this decade by the withdrawal of its founding members from ECOWAS. It will not be surprising too if Chad declares an end to its membership of ECCAS if it finds AES as a good alternative.

Nature abhors vacuum. Predictably, therefore, Chad may not be far from this direction as Russia, a common alternative, chosen by the three AES members, is already embraced by Chad, a country that now wants to fully assert its sovereignty after six decades of independence. Chad has been a key Western ally in the fight against armed Islamic militants in the region. But now, it is trying to redefine its strategic partnership, ending the historic French colonial roles in West and central Africa. In doing so, Chad has become the latest African nation to terminate its military cooperation with France. Hosting approximately 1,000 French soldiers, Chad represents one of the countries with France's largest military presence on the continent. France may have seen the foreboding a bit earlier as it has responded that it took note of the decision taken by Chad and looks forward to implementing the pullout of the troops, according to its foreign ministry, noting that it has already started reconfiguring its African military presence for two years.

Just as the visiting Jean-Noël Barrot, French foreign minister, left the country, Chad declared on Thursday, — November 28 — an end to its security ties with Paris, shutting the door on its former military ally. The fact that the announcement came on the day Chad was celebrating its independence from France was quite instructive. Chadian foreign minister, Abderaman Koulamallah, said that "France is an essential partner, but it must now also consider that Chad has grown up. Chad has matured. Chad is a sovereign state." French soldiers have been on the ground since colonial times, launching nuclear tests in Chad's desert since the 1960s. Considering Chad's pullout from the military alliance with France, many in the Sahel now question French ability to help stop violence in the Sahel despite the claims that the French troops were helping the Sahel countries in the fight against the armed groups.

The Sahel countries may justifiably have good reasons for turning their back on France. A thousand French soldiers are now being forced to discharge from Chad, following the pattern that started with Mali, Burkina Faso and Niger. Unequivocal diplomatic actions laden with unmistakable signals and messages. Remarkably, the current leader of Chad is a military officer turned civilian president. Mahamat Déby whose father was killed in 2021 is now turning to Russia for security ties, lending more credence to the fact that, across much of the Sahel region of West Africa — and now Central Africa — allegiance seems to be shifting from West to East. For France, it should be unsettling that Chad, a key Western ally in the fight against Islamic militants, abruptly ended its defence cooperation pact with France. With Déby now transformed to a civilian leader in 2024, as the 7th President, following his victory in the May 6 presidential elections that followed a constitutional referendum held on December 17, 2023, his influence and legitimacy are expected to be stronger.

It is clear that Chad is not going back on its decision concerning ending the military ties with France and this may also serve as a warning sign that more of France's dominos in Africa may fall anytime soon. In the past, Chad has cooperated closely with Western countries, particularly France, and is the last remaining country in the Sahel to host French troops. But now, it has set up a special commission to oversee the dismantling of the military agreement between Paris and N'Djamena. Although no final date for withdrawal has been set, the agreement states that the deadline for termination is six months from notification. In essence, French troops are expected to leave Chad, latest by the end of the first half of 2025. Given the antecedents in Mali, Burkina Faso and Niger, Russian mercenaries might be having a field day in Chad soon. Moreover, the diminishing influence of France on West and Central Africa might be expedited as more countries might become both determined and emboldened to ditch France.

A gradual progression from military independence to economic independence is expected anytime soon. Francophone former French colonies are likely to double down on their demands to end the CFA currency which has effectively but indirectly tied them to the European Central Bank through France, a country that has abandoned its own currency, the Franc, since 2000 upon adoption of the euro as its national currency. As such demands grow and the pressure increases, France will have no alternative but to think of alternative paths to its economic prosperity beyond the old-fashioned and now jaded assimilation strategy that has served to its benefits for over 60 years. It looks like, slowly but steadily, the African countries under the French golden fetters are now beginning to break free. Without doing so, their future appears bleak. According to a 2018 Brookings publication, out of the 14 African countries currently considered off-track to achieve Sustainable Development Goal (SGD) 1, eight are members of the Francophonie. By 2030, one in three people living in extreme poverty — 167 million people — will inhabit an African Francophonie member state. Clearly, therefore, the path to future prosperity of French former colonies in Africa may not be found in their continued ties of assimilation under France. New paths may truly need to be explored. And, with Chad on board as the latest in a chain of countries reconsidering their ties with France, many more are expected to follow, not only in the severance of military ties but more importantly in the severance of the yoke of economic ties under CFA regime, with possible revision, modification or abolition of the monetary unions in the West and Central Africa, which — for these African countries — has been nothing but an ill wind that blows none of them any good while it has served to feather the nests of France for so long. It is time to free these African countries from France's stranglehold.

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