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TOWARDS MORE EFFICIENT MARKETS

Nigerians sleepless over NNPC's old Port Harcourt Refinery rehab

PHILLIP ISAKPA
IN MANCHESTER, UK

AFTER A TRIUMPHAL announcement of the successful completion of the first phase of rehabilitation work on the old Port Harcourt Refinery by NNPC Limited, the scales are falling off tens of millions pairs of eyes across the country as the triumph has failed to meet key expectation of Nigerians based on earlier promises that petrol or premium motor spirits (PMS) will flow from the refinery this December.

Nigeria has suffered decades of mismanagement of its state owned refineries located in Warri, Kaduna and two in Port Harcourt, the old and new, all of which have not produced petroleum products for several years leading to one of the biggest state-promoted heists in the name of petroleum subsidies paid out to make up the difference between the landing cost of imported petroleum products and the price that government allowed it to be sold at filling stations until May 29 when subsidies were removed by President Bola Tinubu.

Analysts say with different governments doing nothing about fixing the refineries and appearing to support the controversial subsidy payments to importers, they created one of the monsters that have sunk the Nigerian economy to its current state – on its knees.

Nigerians heaved a sigh of relief two years ago when, under former President Muhammadu Buhari, described by analysts as arguably the worst head of government to manage the Nigerian economy, awarded the contract to rehabilitate the refineries in Port Harcourt. The award of the contract was followed with statements from NNPC Limited containing timelines of when products will begin to flow out of the old Port Harcourt Refinery. The controversial and opaquely managed state-owned oil company had given an end-December 2023 date which had led Nigerians to eagerly look forward to this promise

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NEWS

Unemployment prints 4.2% in Q2

NIGERIA'S UNEMPLOYMENT rate rose to 4.2 percent in Q2 2023 from the 4.1 percent recorded in Q1 2023, according to the quarterly Labour Force Survey (LFS) for Q2 2023 published by the National Bureau of Statistics (NBS).

The NBS described the...

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FINANCE & INVESTMENT

AfroAsia DFIs find $100bn for climate

THE WORLD BANK HAS argued that every dollar spent on climate adaptation has a multiplier effect of four dollars in economic benefits, highlighting the importance of investing in climate solutions. Similarly, the African Development Bank...

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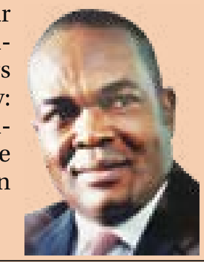
COMMENT

Grim '23, foggy '24 ahead



BY EVERY MEASURE, THE year 2023 has been one of the most challenging in living memory to operators in all sectors of the Nigerian economy: all economic projections and benchmarks missed their targets by wide margins. The year opened with an

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Analysts see shift in oil market dynamics on Angola's OPEC exit

•Exit holds significant implications for Nigeria

ONOME AMUGE

ANGOLA'S RECENT DECISION to leave the Organisation of Petroleum Exporting Countries (OPEC) after 16 years of membership has sparked debate among energy experts and observers. Angola is the second-largest oil-producing country in Africa after Nigeria, and its departure from OPEC is seen as a significant move in the global energy landscape.

Tensions between Angola and OPEC have been simmering for months, with the issue of the country's production quota being a major sticking point. Angola has argued that its quota is too low and does not accurately reflect its

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L-R: Gary Peng, director, CIMC ENRIC; Abdul Samad Rabiu, founder/executive chairman, BUA Group; and Mobolaji Osunsanya, managing director, Axxela Group, during the signing of the 700 tons per day mini LNG project signing ceremony at the BUA Group Headquarters, Lagos.

COMPANIES & BUSINESS

1m barrels strengthens DangRef

BARELY TWO WEEKS AFTER the Dangote Oil Refining Company received delivery of one million barrels of crude oil, the $19 billion refinery has taken delivery of an...

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TECHNOLOGY & INNOVATION

MTN taps Starlink, 4 connectivity

TELECOMMUNICATION GIANT MTN has set a target of providing broadband access to 95 per cent of the population in its African market by 2025, up from the current level of 88%. To

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Nigeria agriculture dips further

DESPITE THE FEDERAL government's efforts to boost agricultural production declaration of a state of emergency on food security amid promises to ramp up...

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PROJECT SYNDICATE

Africa Needs an Entrepreneurial Boom

CAMBRIDGE – For decades, Africa has been the world's most commodity-dependent continent. At the same time, it has become overly reliant on imports from the rest of the world: intracontinental trade accounts for only 15% of total African trade, compared to 60% in Asia and 70% in the European Union. Worryingly, imports

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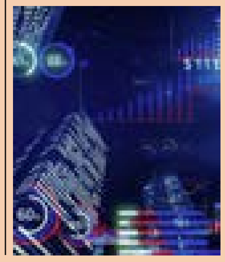
EXECUTIVE KNOWLEDGE SERIES

How Web3 and AI Will Transform Finance



ARTIFICIAL INTELLIGENCE and crypto are not only reinventing financial products and delivery, but also influencing who gets to participate.

Since the birth of ChatGPT, writing summaries from long reports or crafting personalised emails have become a thing of the past for many people. One year on, the ability...

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Analysts see shift...

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production capacity, while OPEC has defended the quota as necessary to maintain market stability.

The dispute has highlighted the tensions between OPEC's stated goal of market stability and the interests of individual member countries. Angola has argued that the quota is detrimental to its economic interests, while OPEC has insisted that it is necessary to maintain a balanced market.

Diamantino Azevedo, Angola's oil minister, announced the country's withdrawal from OPEC at a ministerial meeting chaired by Joao Lourenco, Angolan president on December 21. Azevedo argued that Angola has always fulfilled its obligations as a member of OPEC and has fought for the organisation to modernise and help its members gain advantages. However, he said that Angola currently gains nothing by remaining in OPEC, and in defence of its own interests, it has decided to leave the organisation.

The announcement of Angola's withdrawal from OPEC comes just weeks after the country's production quota was reduced by 350,000 barrels per day. This reduction in production quota was seen as a blow to Angola's oil industry, and it is believed to have played a role in the country's decision to leave OPEC.

Azevedo said that when a country's contributions and ideas are not taken into consideration by an organisation, the best course of action is to withdraw from that organisation. He emphasised that Angola's decision to leave OPEC was not a rash or impulsive decision, but rather a carefully considered move in the country's best interests.

When OPEC held its last meeting in November 2023, there was a dispute over the production targets for African countries, which delayed the meeting by several days and ultimately led to it being held online. Angola's production quota for 2024 was cut by more than 300,000 b/d, well below its November production of 1.13 million b/d.

According to sources, Angola was the only country that held out on the proposed production cuts, and was reluctant to agree to the lower quota. This caused friction within OPEC, and contributed to the decision to hold the meeting online rather than in person.

The departure of Angola from OPEC is the latest in a series of events that have highlighted the diminishing influence of African countries within the organisation. In recent years, several other African countries have left OPEC or its extended grouping, OPEC+. These include Libya, Egypt, and Chad.

With the departure of Angola, the only sub-Saharan African countries left in OPEC are Nigeria, the Republic of Congo, Equatorial Guinea, and Gabon. Sudan and South Sudan are members of OPEC+, but they have had limited influence within the organisation.

Analysts at Canadian multinational banking and financial services company, Scotiabank, have stated that while Angola's departure from OPEC will not have a direct impact on global oil supply, it is indicative of the increasing tension within the organisation. The analysts noted that Angola was already producing at its maximum capacity, so its exit will not affect the overall supply of oil on the global market. They however pointed out that the decision to leave OPEC is a sign of growing dissatisfaction with the group and its policies. Scotiabank's analysts believe that this trend of dissatisfaction could lead to further departures from OPEC, which could have a greater impact on global oil supply and prices.

"We won't be surprised if other more marginal players such as Congo, [Equatorial Guinea], Gabon, etc. revisit their OPEC membership," they wrote. The analysts therefore expect a slightly negative impact on energy shares in the near term, since the move "provides a fresh excuse for the players to extend their negative bias in the oil market.

In addition to the possibility of further departures from OPEC, the analysts at Scotiabank note that the organisation's reduced influence could have other implications. One of these is the possibility of increased market volatility, as countries may no longer be bound by the same rules and regulations. This could lead to a more unstable energy market, with prices fluctuating more frequently.

Furthermore, they believe that the declining influence of OPEC could lead to a decrease in investments in the oil and gas sector. This is because companies may no longer see OPEC as a stable and reliable partner, and may therefore be reluctant to invest in the development of new energy sources. This could lead to a more decentralised and diverse energy market, with less reliance on OPEC and its member countries.

Chris Giles, an economic commentator for the Financial Times, has argued that despite the ongoing conflict in the Middle East and other global issues, oil and gas prices have remained relatively stable. He attributes this stability to the declining influence of OPEC, which has been unable to exert the same control over the global energy market that it once did.

L-R: Adeleke Adewolu, executive commissioner, stakeholder management, Nigerian Communications Commission (NCC); Karl Toriola, chief executive officer, MTN Nigeria;Aminu Maida, executive vice chairman/CEO, NCC; and Ubale Maska, executive commissioner, technical services, NCC, during a courtesy visit by MTN Nigeria to NCC head office in Abuja, recently

Giles also points to the growing consensus around phasing out fossil fuels, as reflected in the COP28 agreement, as a sign of the declining importance of OPEC. He argues that the peak of oil production is near, and that OPEC+ will not be able to change the trajectory of the global energy transition.

Angola's withdrawal from OPEC, asides reducing the group's membership to 12 countries, could potentially have ripple effects throughout Africa, particularly in Nigeria, the continent's largest oil producer. Some analysts contend that the exit of Angola from OPEC has significant implications for Nigeria. First, Angola is now free to produce and sell as much oil as it wants, without having to adhere to the OPEC quota. This could result in lower oil prices in the long term, as Angola can now undercut the OPEC benchmark price if it chooses to do so.

Also, lower oil prices will negatively impact Nigeria's oil revenue stream, as the country is heavily dependent on oil revenue to finance its budget. The drop in oil revenue could lead to a shortfall in government spending, which could have a knock-on effect on the economy as a whole. Nigeria has been in a stubborn push for OPEC to increase its production quota, as it seeks to boost its own oil production and exports. The country has also been a victim of OPEC's quota slash as its total volume was reduced from 1.742 million bpd to 1.38 million bpd.

Those familiar with the situation argue that if Nigeria were to follow Angola's lead and leave OPEC, it could have a much larger impact on the global oil market. Additionally, Nigeria's departure from OPEC could have political implications, as it has historically been a key player in the organisation. This is because Nigeria has used its position within OPEC to advocate for the interests of African countries, and to push for a more equitable distribution of resources.

Meanwhile, Heineken Lokpobiri, the minister of state for petroleum resources (Oil) in Nigeria, in a statement, reaffirmed the country's commitment to OPEC. Without directly addressing the dispute between Angola and OPEC, the minister stated that Nigeria was dedicated to the "collective responsibility" of nurturing a resilient energy landscape as part of the OPEC mission.

Lokpobiri stated, "I am pleased to reaffirm Nigeria's unwavering commitment to OPEC as we navigate the dynamic landscape of the global energy sector. Our collaboration within the organisation remains pivotal in fostering stability and sustainability in the oil market.

"We are resolute in our dedication to OPEC's objectives while actively engaging with the organisation to address concerns that resonate not only within our nation's borders but across the entire continent.

"Nigeria stands ready to contribute constructively to the ongoing dialogue, ensuring that the unique challenges and opportunities of our region are duly recognised and addressed."

According to Ayodeji Stephen, a senior energy fellow at the African Energy Council, Angola's decision to leave OPEC will allow the country to pursue its own economic development agenda without interference from the organisation. He suggests that this could lead to increased investment in infrastructure and the oil and gas sector, as Angola will no longer be subject to the restrictions imposed by OPEC.

Stephen noted that Angola's decision to leave OPEC may be motivated by the desire to attract more investment from countries outside of the organisation. He emphasised that by being free from OPEC's restrictions, Angola will be able to negotiate more favourable terms for investment and development.

The energy expert suggests that Nigeria should consider the implications of Angola's exit from OPEC, and what it could mean for the country's own economy. He raises the possibility that OPEC could decide to increase the production quotas of other member countries in order to compensate for the loss of Angola's production.

However, he notes that this could have a negative impact on Nigeria, as the country may not be able to meet the increased quota, resulting in a loss of revenue.

Stephen highlights the importance of Nigeria's national oil company, NNPC Limited, in terms of the country's foreign exchange (FX) reserves. He notes that the NNPC is a major source of FX for Nigeria, and that any changes in the organisation's policies concerning OPEC, could have a significant impact on the country's economy. In particular, he raises concerns about the value of the naira, the Nigerian currency, which is already facing challenges due to the lack of FX reserves.

Stephen also emphasises the need to closely monitor OPEC's reaction to Angola's exit, as this could provide insights into how the organisation will respond to future developments.

Nigerians sleepless...

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being fulfilled.

At the beginning of December the entire nation went into counting mode, and began counting down to see when the relief would come that the refinery was now back in business. Many Nigerians believe that as an oil producing nation, petroleum products should not be as expensive as they currently are with petrol (or PMS) selling at the pump for over N600 per litre. Now, with the counting over, the management of the rehabilitation exercise by NNPC Limited has run into controversy with NNPC Limited announcing something completely different from what Nigerians had long been waiting for – the flow of products from the refinery.

In a statement by Olufemi Soneye, its chief corporate communications officer, NNPC Limited said:

"The Nigerian National Petroleum Company (NNPC) Ltd. has fulfilled its pledge of achieving the mechanical completion of rehabilitation work on Area 5 Plant of the Port Harcourt Refining Company (PHRC).

"Rehabilitation work has been ongoing at the Refinery for over two years and the NNPC Ltd. had pledged to complete Phase One of the project (mechanical completion and flare start-up) of Old Port Harcourt Refinery (Area 5) by 31st December 2023."

This statement has thrown millions of Nigerians out of balance, keeping them sleepless. In particular, they say the NNPC did not lead them to believe that more than two years down the line, it would bury its promise in technical jargon such as "mechanical completion" thereby conveniently avoiding the delivery of products from the refinery to them this month.

The controversy that this NNPC's new statement has generated has been better captured on social media with one technically knowledgeable person on the subject having this to say:

"This latest press release is a complete obfuscation of the original FEDERAL GOVERNMENT & NNPCL promise!

"The latest terminology, 'Mechanical Completion and Flare start-up' were never part of the original definition of NNPCL, as the target to be achieved by December 31, 2023!

"Moreover, this purported achievement advertised has no practical effect on the public expectation, which was that the older, 60,000b/d refinery would start production for local consumption!

"That flare start-up operation carried out during the visit of the minister, board members and CEO of the NNPCL was an abnormal operation at this stage of the work, because it was completely unnecessary, as there was actually no waste or flue gas being generated from the refinery! No crude oil had been introduced into the refinery and therefore no flue gas would be available for burning in the flare stack!" The writer stated.

The author went on to allege as follows: "However, because the refinery had not and could not start operating, imported LPG fuel was deliberately used to start the flare for a few minutes' photo-up and celebrations seen in the advertised video. To the uniformed public, this would create the misinformation that the refinery had actually started production!"

Analysts say if this allegation is correct, it would not be just 'misinformation' but that it bothers more on criminal breach of trust.

The author of the statement informed Nigerians that "the true position of the work in the refinery is that construction is still in progress."

According to the writer, "Mechanical completion can only be achieved, if and when all the progress statistics quoted in the NNPCL press release had reached 100%. Only thereafter can testing and commissioning of the refinery begin.

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TOWARDS MORE EFFICIENT MARKETS

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Nigeria's unemployment data prints 4.2% in Q2 2023

Business a.m.

NIGERIA'S UNEMPLOYMENT rate rose to 4.2 percent in Q2 2023 from the 4.1 percent recorded in Q1 2023, according to the quarterly Labour Force Survey (LFS) for Q2 2023 published by the National Bureau of Statistics (NBS).

The NBS described the unemployment rate as the percentage of the labour force that is actively looking for work but cannot find it.

The survey found that during the second quarter of 2023, the unemployment rate stood at 8.0 per cent among the population with post-secondary education. In comparison, the unemployment rate for those with upper secondary education was 5.4 per cent, those with lower secondary education stood at 3.7 per cent,while the unemployment rate for those with primary education and 2.5 per cent for those with no formal education stood at 3.0 per cent and 2.5 per cent,respectively. This indicates that people with higher levels of education are facing greater challenges in finding employment.

The report disclosed that the unemployment rate among youth aged 15-24 years was higher in Q2 2023 than in Q1 2023, rising from 6.9 per cent to 7.2 per cent. This indicates that young people are finding it increasingly difficult to find work.

Additionally, the report found that men had a lower unemployment rate than women, with 3.5 per cent for men and 5.9 per cent for women.

Meanwhile, the unemployment rate in urban areas was higher in Q2 2023 than in Q1 2023, rising from 5.4 per cent to 5.9 per cent. However, the unemployment rate in rural areas stood 2.5 per cent in Q2 2023, which was a decline from the 2.9 per cent recorded in Q1 2023.

The NBS also reported that the rate of time-related underemployment, which is defined as the share of employed people who worked less than 40 hours per week but were willing and available to work more, decreased slightly from 12.2 per cent in Q1 2023 to 11.8 per cent in Q2 2023.

Also,the combination of unemployment and time-related underemployment as a share of the labour force population (LU2) was 15.5 per cent in Q2 2023. This means that a total of 15.5 per cent of people in the labour force were either unemployed or underemployed during this period.

The NBS observed that the labour force participation rate among the working-age population was 80 per cent in Q2 2023, slightly higher than the 79.9 per cent recorded in Q1 2023

The report also found that 88.0 per cent of employed Nigerians were self-employed, meaning that they worked for themselves and were not employed by an organisation. This is a very high rate of self-employment, suggesting that a large portion of the workforce in Nigeria is not working in traditional jobs.

Meanwhile,the informal employment rate, which is the share of people working in non-salaried, casual jobs, stood at 92.7 per cent, an indication that the majority of workers in Nigeria are not covered by formal employment contracts.

The NBS report also indicated that 13.8 per cent of youth aged 15-24 years were classified as NEETs, meaning they were not employed, not in education or training, and were not seeking employment. This rate has increased from the previous two quarters, indicating that the situation of young people in the Nigerian labour market is becoming more challenging.

R-L: Oritsemeyiwa Eyesan, executive vice president, upstream, NNPC Limited, and Matthieu Bouyer, managing director and country chair, TotalEnergies EP Nigeria, sign an MoU between NNPC Limited and TotalEnergies on the use of the latter's Airborne Ultralight Spectrometer for Environment Detection (AUSEA) Technology, aimed at detecting and monitoring methane emissions in oil and gas operations. Watching with keen interest are Mele Kyari (standing right), group chief executive officer, NNPC Limited, and Patrick Pouyanné (standing left), chairman and chief executive officer, TotalEnergies.

Banks to offer crypto services after CBN reverses ban order

Onome Amuge

AFTER TWO YEARS OF PRESSURE FROM crypto enthusiasts and companies, the Central Bank of Nigeria (CBN) has finally decided to lift the restrictions it previously placed on banks from facilitating cryptocurrency transactions.

The CBN made the announcement in a circular sent to banks and other financial institutions, explaining that the current global trends and developments in the crypto industry have led them to change their stance on the matter. The CBN has also released new guidelines for banks and other financial institutions on how to operate with entities that provide crypto services.

It noted that the Money Laundering Act of 2022 now explicitly recognises crypto companies as "virtual asset service providers" (VASPs), which are considered to be financial companies under the Act. This recognition means that crypto companies will be subject to the same regulations as other financial institutions in Nigeria.

The CBN also referenced the guidelines for crypto companies released by the Nigerian Securities Exchange Commission (SEC) in 2022. These guidelines provide a framework for the regulation of crypto companies in Nigeria, and are seen as a key step towards bringing crypto into the formal financial sector.

However, the CBN made it clear that even with the lifting of the ban on banks, banks are still prohibited from trading, holding or transacting in cryptocurrencies. This means that while banks can provide financial services to crypto companies, they cannot themselves engage in any crypto-related activities.

The CBN's circular went on to state that banks are now allowed to open bank accounts for crypto companies (VASPs), as well as provide them with designated settlement accounts. This means that crypto companies can now use banks to settle transactions and exchange currencies.

However, it is important to note that crypto companies must have a licence issued by the SEC to operate in Nigeria. This licence is designed to ensure that crypto companies are operating in compliance with the law, and that they have the necessary safeguards in place to protect consumers.

The CBN stated that the SEC's regulations require crypto companies (VASPs) to have a minimum paid-up capital of N500 million ($553,000). Additionally, crypto companies that wish to issue tokens must first submit a white paper to the SEC and wait 30 days for approval. This is to ensure that all crypto-related activities are properly regulated and in compliance with the law.

The CBN's circular also made it clear that banks should not allow their customers to use their accounts to send or receive funds from unlicensed crypto companies. This is to ensure that all crypto-related transactions are tracked and regulated.

The CBN's circular also stated that banks are required to obtain the Bank Verification Number (BVN) of all directors and owners of crypto companies that use their services. The BVN is a unique identifier assigned to every Nigerian bank account holder, and is used to verify the identity of individuals for financial transactions.

Nigerians sleepless...

Continued from page 2

"The last stage of successful testing, followed by commissioning allows crude oil to be introduced into the crude unit. Until that happens no products can be expected from the Port Harcourt Refinery!

"From the analysis of the information published so far it does not appear that the refinery can start any production in the foreseeable future. It is also noteworthy that the main contractor, TECHNIMONT did not promise any mechanical completion or production start-up dates!"

The author said to further moderate the huge expectations of Nigerians and the trust they had placed on NNPC Limited at least two years ago when it said the products will start flowing from the old Port Harcourt Refinery after it would have been rehabilitated in two years.

The setting for the unfolding controversy now surrounding the refinery rehabilitation followed from the public countdown that began this December and the eventual visits to the refinery by government and NNPC top echelons.

Speaking during the inspection tour of the rehabilitation project, which also coincided with the 15th Refineries' Rehabilitation Steering Committee Meeting, Mele Kyari, group chief executive officer, NNPC Ltd. said, as of December 15th, 2023, 84.4 percent of Area 5 Plant, a key component of the Refinery, and 77.4 percent of the entire rehabilitation project have been completed.

It is important to note that this is not the first time efforts have been made to rehabilitate the Port Harcourt Refinery. In the past, previous attempts to repair and modernise the facility have been unsuccessful.

NNPC sources argue that the completion of the first phase of the rehabilitation project is considered a significant achievement as it allows for the restart of the refinery's operations. This includes mechanical completion, which is the stage where all of the refinery's equipment and systems are tested and commissioned. This is followed by the flare start-up, where the refinery is brought online and the first hydrocarbon is introduced into the system.

Once the first phase is completed, the refinery is expected to commence operations at a partial capacity by December 31, which will be a major step forward in the rehabilitation process.

"In our quest to ensure that this refinery is re-streamed to continue to deliver value to Nigerians, we made a promise that we will reach a mechanical completion of phase one of the rehabilitation project by the end of December and get the other plants running in 2024. Today, we have kept those commitments," Kyari stated.

The GCEO commended the NNPC Ltd.'s staff and the EPCIC contractors for doing a great job in ensuring that the refinery achieved that significant milestone.

Pius Akinyelure, chairman of the NNPC Ltd board, described the progress made on the rehabilitation project as "historic" and congratulated the NNPC staff and management team for their hard work and dedication. He said that the board was proud of the progress that had been made so far and was confident that the entire project would be completed on schedule.

"We are just starting. We want to be at the highest level of production so that we will keep the prices of petroleum prices in the country stable in order to give comfort to our people and generate more revenue for our country," Akinyelure noted.

Also speaking, Heineken Lokpobiri, the minister of state for petroleum resources (oil), said the milestone is another landmark of the renewed hope agenda of President Bola Ahmed Tinubu. He thanked Nigerians for their patience and the trust they have in NNPC Ltd.'s ability to deliver on this huge project.

In his address, Ekperikpe Ekpo, the minister of state for petroleum (gas), said re-streaming the refinery will herald a good omen for the nation's Liquefied Petroleum Gas (LPG) industry, as LPG, also known as cooking gas, is a major bye-product of the Refinery.

Fabio Del Cioppo, the managing director of Tecnimont Nigeria Limited, one of the EPC contractors of the rehabilitation project, said his company remains committed to fulfilling the terms of the contract.

The PHRC rehabilitation project, which costs about $1.5 billion, is an EPCIC project that covers engineering, procurement, construction, installation, and commissioning phases. For Area 5, the engineering, procurement, construction, and installation have all been completed. The mechanical completion signifies the closure of the construction and installation phases.

Pension funds and equities

ANALYST INSIGHT:
CORONATION A.M.

IN JULY WE EXAMINED the low allocation of Nigerian pension funds to equities. We predicted that they would increase their equity allocation, given the high returns of equities over the past few years and the drivers that would propel equities still higher this year (for example, see Coronation Research, Investment Opportunities from FX Liberalisation, 10 July).

What has happened this year surprises us. Pension funds' overall allocation to equities has risen (the most recent data shows 8.1% of their total funds allocated to equities) but almost all the increase can be attributed to the rise in the stock market rather than purchases.

At the end of Q1 2023 Nigerian pension funds had a total N1.04 trillion in equites, 6.07% of their total assets. The latest data from the end of October shows them with a total N1.43tn in equities (8.1% of total assets). We assume that these are mainly NGX Exchange-listed equities. Between Q1 2023 and the end of October the NGX All-Share Index rose by 27.7%. So, if the pension funds

L-R: Bayo Onanuga, special adviser to the president on information and strategy; Mohammed Idris, minister of information and national orientation; and Dele Alake, minister of solid minerals briefing State House correspondents on the FG's 50 percent cut in transportation from Thursday, December 21, 2023 to Thursday January 4 2024, across the country as part of presidential intervention at the Presidential Villa in Abuja recently

had neither bought nor sold equities during the intervening seven months, we would expect this total to have increased to N1.33tn by the end of October. They held only N98.5bn more than this, some N1.43tn in total.

And, of that incremental N98.5bn, over half could have come from the effects of receiving dividends and reinvesting them. Perhaps as little as N50.0bn in additional equity purchases were made. This would have had some effect on driving the market higher but, in the context of a market trading some N7.0bn per day, not much.

So, why don't pension funds invest more in equities, given the enormous returns of the NGX All-Share Index over the past four years (2020: 50%, 2021:6%, 2022: 20%, 2023: 41% year-to-date)? One answer is that a large sum of money is tied up in funds for people close to retirement, and these must be allocated to low-risk fixed income funds as opposed to equities. But the biggest single source of new subscriptions, by number, to Nigerian pension funds are from people under 30 years of age, and their funds can be exposed to equities. We also think that the way Nigerian pension funds value bonds is a problem. There is an understandable tendency to hold bonds to maturity, but this can lead to not valuing them according to the mark-to-market method. In a year like 2023, when market interest rates rise and the mark-to-market value of bonds falls, this is important. Knowing the market value of a bond helps compare its value with that of equities.

Not thinking along market-to-market lines avoids making the comparison and contributes, in our view, to the conservatism of Nigerian pension funds. We now revise our opinion, expressed last July, that Nigerian pension funds are 'warming to equities' and instead believe that they are as cold towards equities as they ever have been. For some categories of Nigerian pension fund holders, this is a pity.

Agric products worth N31bn exported illegally from Nigeria in 2022 – NEPC

Business a.m

NEW DATA RELEASED by the Nigerian Export Promotion Council (NEPC) shows that agricultural products worth N31 billion were exported informally to neighbouring countries in 2022. The figure is based on the estimates of the NEPC, which indicated that the products were transported by individuals and businesses through unmonitored channels, such as land borders. The council considers this as a significant loss to the Nigerian economy, as it represents potential revenue that could have been generated through formal channels.

Salami Moruff Akinshola, the North-West regional coordinator for the NEPC,made the disclosure about the informal export of agricultural products during a recent one-day interactive session between the CEO of the NEPC and exporters in the North-West region of Nigeria.

During the session, Akinshola said that the data on informal exports was derived from NEPC's border monitoring survey, which estimated the value of these products based on the quantity exported. He further noted that the informal exports of agricultural products were a cause for concern as they deprived the country of much-needed revenue.

The coordinator also explained that the interactive session was organised to create an open dialogue between exporters and the NEPC, with the goal of addressing challenges and improving the business environment. Akinshola said that the session was an opportunity for exporters to raise concerns about issues such as access to financing, market access, infrastructure, and regulations. He noted that the NEPC would work closely with exporters to resolve these challenges and create an enabling environment for them to thrive.

The NEPC's mandate, Akinshola explained, includes the promotion of exports to improve the nation's GDP and create jobs. He noted that the NEPC provides a range of support services to exporters, including market intelligence, export documentation, and product development. He added that the NEPC is also working to develop the country's non-oil exports, including the export of agricultural products and solid minerals.

Nigeria joins global effort to update radio regulations for connected world

Business a.m

NIGERIA HAS JOINED THE rest of the world to sign onto the Final Act WRC-23, which constitutes a record of the decisions taken at the World Radiocommunications Conference (WRC) 2023 which is expected to deepen global connectivity by making more radio spectrum available for mobile broadband and satellite communications.

The Final Act WRC-23 includes revisions to the Radio Regulations, which is an international treaty that regulates the use of the radio frequency spectrum and satellite orbits. The treaty is administered by the ITU, the United Nations-affiliated international organisation for telecommunications and is updated every three years through the WRC. The treaty governs how countries use the radio spectrum and satellites for activities such as broadcasting, mobile communications, and space research.

At the end of each conference, countries signed onto an updated Final Act, the outcome of agreements on agendas put forward by country administrations.

Bosun Tijani, minister of communications, innovation and digital economy, led the Nigerian delegation to WRC-23, along with Aminu Maida, executive vice chairman, Nigerian Communications Commission (NCC), and Jane Egerton-Idehen, managing director, NigComSat Ltd.

According to a statement by the ITU, "the agreement to the updated Radio Regulations identifies new spectrum resources to support technological innovation, deepen global connectivity, increase access to and equitable use of space-based radio resources, and enhance safety at sea, in the air, and on land."

Among the decisions reached, the conference identified spectrum for International Mobile Telecommunications (IMT), which will be crucial for expanding broadband connectivity and developing IMT mobile services, also known as 4G, 5G and, in the future, 6G.

The conference also identified new frequencies for non-geostationary fixed-satellite service Earth Stations in Motion (ESIMs) that would provide high-speed broadband onboard aircraft, vessels, trains, and vehicles.

FG initiates plan to increase access to consumer credit

Cynthia Ezekwe

IN A MOVE TO IMPROVE credit access in Nigeria, the Presidential Council on Industrial Revitalisation has established a technical working group, consisting of representatives from the Central Bank of Nigeria (CBN), the National Identity Management Commission (NIMC), and the Federal Competition and Consumer Commission (FCCPC). The group will work together to develop a framework that will make it easier for consumers to access credit in Nigeria.

In addition to the CBN, NIMC, and FCCPC, the technical working group includes representatives from other key institutions in the credit system drawn from the National Insurance Commission (NAICOM), the National Institute of Credit Administration (NICA), the Bank of Industry (BOI), and the Federal Inland Revenue Service (FIRS).

In a statement, Doris Nkiruka Uzoka-Anite, the minister of industry, trade, and investment, outlined the specific objectives of the technical working group. These include increasing the number of consumers who have access to credit in Nigeria, aligning the country's credit system with global best practices, and strengthening the infrastructure that supports credit operations, such as technology, data, and financial institutions. The minister also stated that the committee has a five-month timeline to achieve these objectives.

Uzoka-Anite, speaking at the first meeting of the technical working group, stressed the importance of an efficient consumer credit system for economic success. She noted that credit systems work to improve market efficiencies and bridge gaps in consumption and productivity by providing consumers with immediate access to credit. This allows them to make purchases even when they do not have

the resources to do so immediately.

Uzoka-Anite further explained that the lack of a well-structured consumer credit system has been a major barrier to financial inclusion and economic prosperity. She noted that the establishment of the technical working group is part of an initiative to address this issue by proposing and implementing a viable institutional and regulatory framework that can significantly improve the consumer credit landscape.

"Nigeria has numerous financial institutions and credit schemes, but many Nigerians still face substantial hurdles in accessing credit due to stringent eligibility criteria, high-interest rates, identity-related challenges, fragmented data sources for proof of livelihood and financial worth, lack of awareness or understanding of credit processes, and inadequate credit available for lending," the minister said.

According to Uzoka-Anite, the committee is adopting a holistic consultative approach that draws on the experience, knowledge, and expertise of the various stakeholders in the credit ecosystem. This will allow the committee to gain a better understanding of the issues within the industry and develop practical solutions that can address them.

CHARLES IYORE

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MA FÉ

We are the world

MA FÉ IN EDO LANGUAGE and her various other dialects means, we are wealthy, we are endowed, we have worthy brothers and friends, we are unfettered and free. There could be no better description of the state of man. (– A code breaker as a child, able to decode any language by the age of three years, and to make that decoded language from whatever location, his reference or "mother tongue" through life). If only men were God, many would, out of conscious or unconscious bias, prevent these children from decoding and acquiring languages without their endorsement. And so it is, that this all important certification of speech is not awarded by men, but obtained by demonstrated ability. Also, the courage children demonstrate in developing walking skills and achieving motor independence is yet another of these universal attributes, available to all children, naturally equipped to put in the effort. A true seal (warrior)!

That is the nature of mankind. We are the world!

If individually, almost unaided, man as a child is able to achieve these remarkable feats, what then puts them, in many instances, on a downward development spiral, as groupings later in life?

My earliest memory of documented validation as a pupil growing up, from outside the family, was by my head teacher, Mr. J. E. Jones, who wrote in my school leaving testimonial, "Charles has remarkable latent abilities."

I have always believed that all, in that valedictory cohort, had remarkable latent abilities. Life therefore has been about bringing those abilities to play for the individual and common good. For that to happen however, talent must meet opportunities to gain full expression. Beyond the individual's efforts as exponents, one way of bringing talents and opportunities together is through social order, otherwise called governance.

If governance is unable to bring these innate talents to full expression, then it fails the individual and the society as a consequence, by denying all of the benefits possible. This may well have informed the notion of "Opportunity Britain" away from extreme ideological political positions and the halfway house option of governance driven by Welfarism.

Life is the ambition and courage you put into it

"We need to be ambitious for our common good"

Life needs to be driven by courage and ambition to deliver transformational results, but that ambition should not just be limited to the personal but must transcend in concentric circles to the family, clan and to society, anchoring eventually to shape global direction if it makes the mark. The more the individuals following that trajectory, the better communities become.

Against that background, the cohesion of societies and by extension world order, is tied to the quality of leadership in the home, through communities and ultimately to countries, who allow for the progression of that productive free expression, as demonstrated by the child (in formation).

Developed and underdeveloped countries are separated by the quality of ambitious projections for the common good as delivered, after enunciation, by the leadership. – A destination of purpose and the mountain tops of challenges and possibilities placed before them. When they surmount these challenges, progress is made. And "Yes we can".

If every state action is transactional and driven by narrow personal interests, you would deliver a state with a lot of motion but no movement (progress) –The hustle.

Social order in its basic description.

Societal civilization as measured by sustainable growth, is the ability of the membership to deploy their commonwealth in the design and the continuous improvement of their creature comforts. Governance must therefore evolve an administrative structure, able to hold it all together, and always deliver on this objective. A wide deviation from that objective is anti-social and if continuous, may well be on a path to failing.

The leadership, as derived by whatever politics of choice, must first recognise the strengths of the population in their demographics and deliberately challenge them to their abilities. The young need to be in training and under instruction to be able to replace the workforce as it ages. The workforce, charged with converting the commonwealth into the desired creature comforts, must be appropriately skilled and the aged should be properly cared for, to uphold the dignity of life, after a hard working life.

Given the finite state of matter and the inability of man to create it, many are driven to thinking that the commonwealth would not go round and hence resort to bestial struggles of primitive acquisition.

The ability to develop an ordered process that continuously adds value, is what the husbanding of the commonwealth entails, as measured by:

- How well the aged and war veterans are cared for?
- What 'skill sets' are available in the workforce and how quickly they can be retrained to meet changing demands and match the competition?
- How effective the programme of instruction and training is, to prepare the youths for joining the workforce?

The support system to make all these possible, are built around the following:

1. Money in its right conception and circulation
2. The building of critical utilities and infrastructure, leveraging on the economics of scale
3. Securing internal peace and cohesion, as well as, the preservation of the territorial integrity of the state.

Putting together the tapestry of bureaucracy to deliver on these objectives can be quite challenging and isomorphic mimicry is the wrong path to take in the weaving process. – Because it looks like it, does not mean it is.

The sense of belonging that delivers patriotism comes from the good execution of the first set of pre-requisites: care for the aged, quality of the workforce, as well as, the training and instruction of the youths to prepare them for joining the workforce.

The ability to deliver on them however, is predicated on how leaderships understand and deliver on the second set of objectives, which are a clear understanding of the concept of money as impetus for domestic productivity gains, the ability to efficiently evolve the many utilities and significantly reduce the unit cost to lower cost of production, and how all these can make internal peace and the preservation of the territorial integrity an acceptable collective effort, because all are involved.

When all these linkages fail and the output cannot be justified by the commonwealth deployed, then there is the need to go back to first principles and press the reset button.

Governance fails because of the choice of team players or the poor pegging of the field at play.

The disarray presented is like that of a herd of sheep without a good shepherd, and the shepherd chosen must therefore be alive to the responsibilities as outlined above. The enormity of the challenges, when the ship of state is wide adrift, will have very little tolerance for poor decision making.

What is the commonwealth?

The commonwealth is all that lies below and above the said jurisdiction, sits/lives on the jurisdiction and to a certain distance into the adjoining body of water, as agreed by binding international agreements.

The broad description of public and private sectors, as well as, the third way, does not put those assets outside of the asset management responsibility of the shepherd. If the vision of the shepherd is to put all the assets into flight in a sustainable way, then the wings must be well designed to keep the body in flight with no one left behind. So what are the wings? What is the body that must be carried? And what are the transmission mechanisms for keeping the state in flying orbit? All of these assume that the direction of flight will always be determined well in advance, to avoid turbulence and rough paths. (PLANNING).

It's akin to financial derivatives, where the quality of the underlying assets will determine its market acceptance and the yield following market value price discovery. So when governance settles, it must begin the process of team assembly which is driven by a single vision and often developed through ordered and continuous induction till all are engaged.

Sustained leadership induction.

The development of ideological and management inductions has an established pattern. The leader chooses a team (disciples), who in turn choose their teams and all the way, till all are engaged. This ranges from fully paid positions through partly paid positions to unpaid citizenship engagements. When the messages delivered through such channels (administrative set-ups) remain clear and do not suffer from the attributes of "Chinese whispers" then it is possible, running on the right ideas, to go into orbit. Such an arrangement will permit the individuals to unleash their full potentials, reduce the turf wars and from the point of view of organisational commitment, bringing about automatic internal adjustments needed in membership groupings.

The leadership is then able to design a playbook and set measurable deliverables in line with expectations. With that done, the footprint can then be expanded as a playbook to include the region, so the units thereof (countries) are able to establish fiscal consolidation, and come into economic convergence. – The European model.

With so many countries in orbit together, it is difficult to ignore the region in international exchange calculations. Such an economic sphere of influence is far more important than simple political aggregations and the continuous verbal displays by their leaders on international platforms.

Choosing the path of progress

If we choose this path of progress, it should be clear by now, that this is not a single subject analysis, but one that requires the use of economic principles as technology for markets and the use of scientific discovery in the delicate balancing act of using technology for development.

If it all looks and sounds too abstract, here then is the primer.

The transmission lines of governance are the political administrative structures, as well as, the ministries, departments and agencies (MDAs). If you disable them, there can be no transmission. So by disabling the 774 local governments because they are not applying themselves well, is like the government bucking her own governance processes. You must find ways to make them work.

If the same applies to all the other departments and agencies of the three tiers of government, then you can begin to imagine the extent of dysfunction. The government, by setting the tone of making herself dysfunctional, very quickly influences the conduct of business in the private sector and the third way (non-governmental agencies and charities) and therefore not equipped to regulate them.

A more detailed primer will require point data and details from the system.

There now, my friends, are the entropy (disorder) levels, of our collective undertakings.

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COP28 and its impact on Nigeria's economy (2)

SUNNY CHUBA NWACHUKWU

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CONFRONTING THE REALITIES of global warming by corporate resolution in every economy of the world, and sending all stakeholders in the global energy business in the right direction, is a starting point in the finishing stages for the implementation of the United Nations' climate action policy that will effectively reverse the status quo of the global scourge. This is in appreciating the fact that international politics subtly influences certain critical policy decisions that are made; and how those decisions are taken or implemented by countries involved in the act, and who are publicly recognised as heavy emitters of the greenhouse gases (GHGs). Their roles inadvertently pose the global challenges of efficient management of such decisions. Invariably, it waters down the effective implementation of a time-bound policy like this COP28 deal, by not being actualized at set target, considering (most especially) the sensitivity of this climatic threat on man's environmental sustainable existence. The essence of all these efforts being made globally at the annual climate summits sponsored by the United Nations is for the world economies to once again, become carbon-free at target time in all energy engagements (inclusive of production and utilisation from every known source). Such effort, no doubt, is ultimately expected to shift positively on certain global economic dynamics that impact food security, global health challenges and the numerous other social factors that are driven by this worsening climate crisis.

One striking issue that bothers most concerned people regarding the aspect of heavy emissions of GHGs from production and utilisation of fossil fuels' sources of energy by the economies that are significantly responsible for this global warming and the ensuing environmental challenges, is the issue of non-compliance to global energy transition policy agenda, or application of the expected measures that focus on carbon balancing (either as feasible or practical solutions that could nullify completely, or reduce the excessive generation of the GHGs) through strict applications of the diverse forms of carbon tax policy, carbon capture and storage technology. They continue to act adamant, uncontrollable and liberally turn deaf ears to heavy emission pervasive practices, in spite of the catastrophic threat to man's continuing existence on earth. For whatever reason, this should not be taken as a yardstick by poorer nations of the world but as an opportunity to persevere and rightly key into the globally agreed strategies (as much as possible) towards this collective fight against global warming. This opinion however, does not in any form stop the low carbon emission economies that are poor, and that are equally endowed with rich hydrocarbon natural resources, from exploiting such divinely available comparative advantages for economic gains through exploration and production; by optimising their opportunities for foreign exchange earnings through exports at their respective upstream subsectors, and at the same time service their domestic energy needs at the downstream. This is a logically constructive and economically viable posture in running a progressive economy, on the basis that their respective contributions to the carbon emissions impact are at minimal levels and insignificant, especially if they are able to technologically apply the strategy of "maximum energy, minimum emissions". Nigeria clearly belongs to this class and falls into the bracket of such economies being referred to in this piece. The board chairman of NNPC Limited, Pius Akinyelure, recently lent his voice as well to encourage local production of refined products, towards the economic growth and development of the country.

It is on this note that oil exporting countries, among the poorer nations of the world, are urged to "make hay, while the sun shines", by aggressively exploiting the situation at hand to grow their economies, as long as the COP28 deal still permits. However, as technology keeps evolving along the global energy transition programme value chain, with the likes of new inventions and introduction of voltaic powered vehicles and machinery, in this imminent fourth industrial age of artificial intelligence (AI), everyone is urged to join in these competitively evolving technological innovations because change is constant. The World Bank, in line with the school of thought on Clean Energy programme, has selected four African countries (Tanzania, Rwanda, Somalia and Sao Tome and Principe), on a pilot to test a programme that is expected to help up to 100 million Africans/people across 20 countries within the sub-Saharan Africa (SSA) by 2030; at an investment cost of $15 billion. It is a programme aimed at enhancing sustainable and clean energy access within SSA. It is a programme called "Accelerating Sustainable and Clean Energy Access Transformation" (Ascent) slated over the following seven years that shall expand to 20 nations in Africa. Such energy programmes within Africa are welcomed, at this critical moment of the climate action war.

In closing this piece, let me recall the words of the World Bank President, Ajay Banga, who said, about Ascent:"We know it won't solve the problem of access to power for the entire continent since there are more than 600 million Africans facing the problem. But we see it as a start and also a platform to draw more interest among partners to also join the cause through similar investments".

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Thriving hearts together for flourishing minds

The Coaching Psychologist
with
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ALMOST TWO DECADES AGO, I was entrusted by President Olusegun Obasanjo's office to lead a coaching psychology grief recovery mission for Nigeria, particularly in the aftermath of plane tragedies. This was an indelible honour that set the stage for a transformative journey in the field of health and wellbeing.

Leadership Reflection 1
Embracing challenges for transformation:

Reflecting on the past, I recall the challenging yet rewarding experience of navigating grief recovery amidst the aftermath of plane tragedies in Nigeria. This was a pivotal moment that taught me the importance of embracing challenges for transformation. As a leader, it is crucial to approach difficulties with resilience and a commitment to positive change. The seeds of transformation were sown, and the journey towards healing had begun.

Leadership Reflection 2
Collaborative initiatives for educational transformation

A decade ago, the Ekurhuleni Metropolitan Municipality in South Africa, led by former Mayor Mondli Gungubele, extended an invitation for me to contribute to a coaching psychology initiative. This initiative focused on transforming learning challenges into opportunities for students, particularly those facing economic hardships. It was a privilege to witness the power of collaborative initiatives in bringing about educational transformation. This experience reinforced the notion that true leadership involves working together to uplift communities and create lasting impact.

Leadership Reflection 3:
Africa's Health and Wellbeing Hero 2023:

Today, I am honoured to be recognised as Africa's Health and Wellbeing Hero 2023 by the African Portal. This accolade holds

profound significance, symbolizing a collective commitment at the African Institute of Mind towards advancing health and wellbeing across the continent. The recognition serves as a testament to the dedication of our team and the impact of our initiatives.

Conclusion:

As we celebrate this momentous achievement, we invite you to embark on a shared journey with the African Institute of Mind. Our mission, "Ignite Your Inner Light; where hearts thrive and minds flourish," encapsulates our commitment to fostering health and wellbeing across Africa. The lessons learned from navigating grief, transforming education, and being recognised as Africa's Health and Wellbeing Hero 2023 have become integral parts of our story.

In the spirit of collective leadership, we extend a call to action to leaders across all sectors. Let us join hands in championing initiatives that uplift communities, inspire positive change, and create lasting impact. The African Institute of Mind stands as a testament to the transformative power of collaboration, resilience, and a shared vision for a healthier and more resilient continent. Can we choose to collectively be a part of the movement to ignite the inner light within individuals, where hearts thrive, and minds flourish? Together, let us lead the way towards a brighter, healthier, and more flourishing Africa.

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Supply chain management, festive periods and customer satisfaction

OLUFEMI ADEDAMOLA OYEDELE

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FESTIVE PERIOD IS A season of high sales! People buy at a record rate to celebrate the New Year. Statista, a global data and business intelligence platform, forecasted that retail sales during the Christmas period of year 2023 in Britain alone could amount to 84.9 billion pounds sterling. For two weeks unending, people will buy anything they need and it is the duty of sellers to have them!

A company creates a network of suppliers ("distributors" in the chain) that move the product along from the suppliers of raw materials to organisations that deal directly with users. Supply chain management (SCM) is the process of managing the flow of goods and services to and from a business, including every step involved in turning raw materials and components into final products and getting them to the ultimate customer. Effective SCM can help streamline a company's activities to eliminate waste, maximise customer value, and gain a competitive advantage in the marketplace.

A market survey was conducted on the challenges of supply chain management in Nigeria and 673 supply chain practitioners responded. Eighteen percent (18%) stated that 'inventory management' is the major challenge of supply chain management, 11 percent stated it was 'distribution optimisation', 14 percent stated it was 'supplier collaboration', 39 percent stated it was 'demand forecasting'; and 18 percent stated it was 'transportation and logistics' due to bad roads and inadequate warehouses.

Inventory management, a critical element of the supply chain, is the tracking of inventory from manufacturers to warehouses and from these facilities to a point of sale. The goal of inventory management is to have the right products in the right place at the right time. Demand forecasting is used to predict what customers' demand will be for a product or services, with varying levels of specificity. Distribution optimisation minimises a given distribution error by utilising an evolutionary distribution algorithm (network).

For effective application of supply chain management in business, most experts and purchasing and supply practitioners refer to the following five critical components of supply chain management:

(1) Planning: Plan and manage all resources required to meet customers' demand for a company's product or service. When the supply chain is established, determine metrics to measure whether the supply chain is efficient, effective, delivers value to customers and meets company goals.

(2) Sourcing: Choose reliable suppliers to provide the goods and services needed to create the product. Then, establish processes to monitor and manage supplier relationships. The key processes of sourcing include: ordering, receiving, managing inventory and authorising supplier payments.

(3) Manufacturing: Organise the activities required to accept raw materials, manufacture the product, test for quality, package for shipping and schedule for delivery.

(4) Delivery and logistics: Coordinate customer orders, schedule deliveries, dispatch loads, invoice customers and receive payments.

(5) Returning: Create a network or process to take back defective, excess or unwanted products.

Supply chain management is important because:

Effective supply chain management systems minimise cost, waste and time in the production cycle. The industry standard has become a just-in-time supply chain where retail sales automatically signal replenishment orders to manufacturers. Retail shelves can then be restocked almost as quickly as the product is sold. One way to further improve on this process is to analyse the data from supply chain partners to see where further improvements can be made.

By analysing partner data, CIO.com identifies three scenarios where effective supply chain management increases value to the supply chain cycle:

(1) Identifying potential problems. When a customer orders more product than the manufacturer can deliver, the buyer can complain of poor service. Through data analysis, manufacturers may be able to anticipate the shortage before the buyer is disappointed.

(2) Optimising price dynamically. Seasonal products have a limited shelf life. At the end of the season, these products are typically scrapped or sold at deep discounts. Airlines, hotels, cinemas and others with perishable or short shelf-life "products" typically adjust prices dynamically to meet demand and push their products off the shelves. By using analytic software, similar forecasting techniques can improve margins, even for hard goods.

(3) Improving the allocation of "available to promise" inventory: Analytical software tools help to dynamically allocate resources and schedule work based on the sales forecast, actual orders and promised delivery of raw materials. Manufacturers can confirm a product delivery date when the order is placed - significantly reducing incorrectly-filled orders.

Key features of effective supply chain management

The supply chain is the most obvious "face" of any business for customers and consumers. The better and more effective a company's supply chain management is, the better it protects its business reputation and long-term sustainability.

IDC's Simon Ellis in "The Path to a Thinking Supply Chain" defined supply chain management by identifying the five "Cs" of the effective supply chain management of the future:

(1) Connected: Being able to access unstructured data from social media, structured data from the Internet of Things (IoT) and more traditional data sets available through traditional ERP (enterprise resource planning) and B2B (business to business) integration tools.

(2) Collaborative: Improving collaboration with suppliers increasingly means the use of cloud-based commerce networks to enable multi-enterprise collaboration and engagement.

(3) Cyber-aware: The supply chain must harden its systems and protect them from cyber-intrusions and hacks, which should be an enterprise-wide concern.

(4) Cognitively enabled: The AI platform becomes the modern supply chain's control tower by collating, coordinating and conducting decisions and actions across the chain. Most of the supply chain is automated and self-learning.

(5) Comprehensive: Analytics capabilities must be scaled with data in real time. Insights will be comprehensive and fast. Dormancy is unacceptable in the supply chain of the future.

Many supply chains have begun this process, with participation in cloud-based commerce networks at an all-time high and major efforts are underway to bolster analytics capabilities.

How supply chain management evolved

While yesterday's supply chains were focused on the availability, movement and cost of physical assets, today's supply chains are about the management of data, services and products bundled into solutions. Modern supply chain management systems are about much more than just where and when. Supply chain management affects product and service quality, delivery, costs, customer experience and ultimately, profitability.

As recently as 2019, a typical supply chain expert accessed 50 times more data than just five years earlier. However, less than a quarter of this data is being analysed. That means the value of critical, time-sensitive data - such as information about weather, sudden labour shortage, political unrest and microbursts in demand - can be lost.

Modern supply chains take advantage of massive amounts of data generated by the chain process and are evaluated by analytical experts and data scientists. Future supply chain leaders and the Enterprise Resource Planning (ERP) systems they manage will likely focus on optimising the usefulness of this data - analysing it in real time with minimal delay.

Thanks, President Tinubu, but go beyond tokenism

CHIDO NWAKANMA

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PRESIDENT BOLA AHMED TINUBU DISPLAYED outstanding dribbling skills pre-Christmas and scored a goal for the government. It was a positive step. However, because it has the features of Maradona's Hand-of-God goal, prejudice, short-termism, and reluctant acceptance cloud it. Nevertheless, President Tinubu deserves applause.

As reported across media platforms, with The Cable as our guide here, "President Bola Tinubu (has) approved a 50 percent discount for inter-state road travels, and 100 percent for train trips, for Nigerians travelling to celebrate Christmas with their families.

"Dele Alake, minister of solid minerals, disclosed the development on Wednesday while briefing state house correspondents. He said the discount will run from December 21 to January 4, 2024.

"In recognition of the economic situation of the country, which he is working very hard to turn around, President Tinubu wants Nigerians to be able to travel within Nigeria to wherever they want to go to meet their loved ones without the extra burden of paying exorbitantly for inter-state public transportation," he said.

"It is in this wise that the Federal Government is announcing, beginning tomorrow, a special discounted holiday season fare on road transport and zero-fare by rail across Nigeria.

"What this means is that from tomorrow, Nigerians willing to travel can board public transport via luxury buses at a 50 percent discount of current cost and all our train services on the routes the trains currently serve at zero charges to and from on their travels this holiday season.

"Alake said to achieve the discount, the federal government, through the Ministry of Transportation, will be working with transporters, road transport unions, and the Nigerian Railway Corporation (NRC)."

Presidential Special Adviser Bayo Onanugu named the designated routes and transporters the next day. The summary is that Eastern routes are dominated by buses. It also reflects the travel map and trajectory of this season of the Great Annual Migration to SouthEast Nigeria.

Somehow, adverse reactions have trailed the positive gesture. First was understandable disbelief. Soon followed by mockery.

A TikTok video caricature captured the tendency. A driver tore the dress of a passenger who paid fifty percent of the bus fare. The passenger's authority was his understanding of the presidential proclamation. The driver countered that the president does not fuel his vehicle!

The skit is in bad taste and is even an over-the-bar joke. Is the Sienna bus owner one of the designated transporters for the Tinubu Transport Rebate? The joke is on the citizen if it is not, as seems to be the case here with no identification of the bus service.

The rebate is not an open cheque and does not apply to every transporter. We should stem and counter such ignorance from spreading. It does no good to those spreading it.

The Tinubu Transport Rebate is a symbolic goodwill gesture to the SouthEast. The SouthEast should appreciate it. Then, it should hold its designated transporters accountable to ensure it works. It is a minuscule effort. However, in the Tinubu economy today, every little counts. Travellers on the routes are grateful, as should the transporters.

The Tinubu Transport Rebate came just as the annual Lamentations of Travellers to the East was cresting its peak. Transporters on the route, bus and air, took advantage and charged in multiples of the standard fare.

The Tinubu Rebate is a tokenish effort at tackling a severe challenge. A primary trigger is the Tinubu Petrol Tax. However, the fact that the problem of outrageous fare increases on these routes predates Tinubu, gives the FG a pass.

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Grim 2023 Nigeria economy closes with foggy 2024 ahead

MARCEL OKEKE

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BY EVERY MEASURE, THE year 2023 has been one of the most challenging in living memory to operators in all sectors of the Nigerian economy: all economic projections and benchmarks missed their targets by wide margins. The year opened with an acute scarcity of cash (Naira notes) and is coincidentally ending with another round of Naira scarcity — evidently marked by crowds of bank customers in various banking halls, especially in Lagos and other major cities across the country. The failed Naira redesign project and its aftermath unleashed unprecedented scarcity of Naira notes early in 2023; more so, as the general elections in February and March drew near. This bizarre situation, coupled with heightened electioneering tensions, translated into untold pain and hardship for the populace.

These political and economic tensions coupled with the backdrop of social upheavals and widespread insecurity in the land characterised the first five months of the year. And then, at his inauguration on 29 May, President Bola Ahmed Tinubu, apparently pandering to the dictates of the Bretton Woods institutions, made the now 'unpopular' fiat: "fuel subsidy is gone." The import, impact and ripples of this singular pronouncement have remained the proverbial last straw that broke the camel's back. It practically threw the economy into a state of topsy-turvy, as the price of petrol (Premium Motor Spirit, PMS) went through the roof. This fed into the prices of all goods and services; and has fuelled a sharp and consistent spike in the rate of inflation.

From a headline inflation of 21.82 percent in January 2023, the figure had risen by over 600 basis points to stand at 28.2 percent as at end-November 2023. It is very likely to hit almost 30 percent, as 'warned' by the Bank of America in July this year. In an interview with Bloomberg, the bank's sub-Saharan Africa Economist, Tatonga Rusike, had warned that at the pace inflation was trending, it could hit 30 percent by year-end. He then advised Nigeria's apex bank to respond to the trend by increasing its policy (interest) rate, stressing that if this was not done, "foreign investors might exercise caution before investing in the country." Rusike's views have turned prophetic!

In the past seven months or so, the fuel subsidy removal and kindred policies like Naira floatation (or exchange rates unification) and return of 43 items (denied access to official window of forex market since 2015) to official forex window, have brought the economy to the nadir. For example, the Naira exchange rate to the dollar and other currencies has collapsed to worrisome levels: from around N465/US$ as of May, the rate has crashed to over N1000/US$ by mid-December. In the parallel window, the rate is fast hitting N1250/US$ as the year is drawing to a close.

Rather than the economy getting stimulated via government policies, it has been further stunted by a nondescript potpourri of palliative packages for the populace. The federal government on its part, came up with 'doling' out of five billion Naira to each state for further sharing (in cash and kind) to the very vulnerable poor in their domains. Each state government also had to come up with motley palliative packages to assuage the pains unleashed on the citizenry by the fallouts of government policies — especially, fuel subsidy removal.

Some state governments had to reduce their official working days from five to two or three, in the face of the increasingly unaffordable transportation costs to the citizenry (their civil servants). Others chose to pay some token 'salary awards' to their workers. In the heat of all these, many business concerns had to either temporarily cut down operational capacity or adopt outright closure. The latter option is now proven to have been chosen by a number of multinational companies that have shut down their operations in Nigeria in the last seven months. The business environment has practically choked them out of the country.

As inflation was practically making nonsense of the purchasing power of the citizenry, Organised Labour had been in a ding-dong with the federal government. As Labour (represented by the Nigeria Labour Congress, NLC, and Trade Union Congress, TUC, and their affiliates) was pushing for significant improvement in the welfare and wellbeing of workers (of all categories), the federal government kept dilly-dallying and prevaricating. Apparently unsure of the full impact of its policies or reforms, the federal government, through the instrumentality of the Federal Industrial Court, continued to stall public protests and demonstrations. For the umpteenth time the federal government obtained court injunctions restraining Labour from organising any protest/strike, pending the determination of (certain) substantive suit(s). And this has continued *ad infinitum!*

With all of these, the dawdling economy kept moving with its Achilles heel — the piling stock of public debt — which had hit N88 trillion at end-September 2023. According to the latest report by the Debt Management Office (DMO), Nigeria's total public debt rose to N87.91 trillion (or $114.35 billion) as of September 30, 2023, from N87.38 trillion in June 2023. The rise in the debt stock is attributable to an increase of N1.80 trillion in domestic debt, moderated by a reduction in foreign debt from $43.16 billion as of June 30, 2023, to $41.59 billion as of September 30, 2023.

As the federal government is grappling with the reality of the impact of its economic reform measures, the World Bank in its most recent Nigeria Development Update (NDU) said: "The economic outlook for Nigeria in the short to medium term hinges on the continuation and effectiveness of its macroeconomic stabilisation agenda." The NDU report said the successful implementation of the initiated reforms would be the first step towards improving Nigeria's growth prospects.

The federal government, apparently sharing the World Bank's optimism, had couched its 2024 budget on unrealistic assumptions, including an inflation rate of 21.4 percent; exchange rate of N750/$ and oil price of $77.96 per barrel. But a dispassionate consideration of these benchmarks will show that the budget is built on a flimsy foundation. Nothing in the global or local economic horizon can support the rate of inflation dropping from close to 30 percent by year-end 2023 to the assumed 21 percent for 2024. Same for the exchange rate, now hovering at around N1000/$ in the official window of the foreign exchange market.

The subsisting scarcity of dollars in the foreign exchange market, which ensures that demand over-strips supply of the green back, is bound to linger far into 2024 and beyond. In a forex market left to the forces of demand and supply (with the apex bank almost being the sole supplier) low dollar (earning) inflow into Nigeria is bound to tilt the balance against the Naira. Really, unless Nigeria's dollar earnings improve dramatically (say, in a matter of months), the local currency will keep crashing against the dollar and other hard currencies.

At present, even the assumed level of oil production in the 2024 budget is faulty; for a long while, Nigeria's oil production has been seriously threatened by the bizarre phenomenon of oil theft, vandalism on facilities and widespread sabotage. It is therefore very doubtful if the production level that only recently inched up to 1.4 million barrels per day (mbd) could sharply rise to the 1.78 million mbd target in the 2024 Appropriation Bill. Also contending against this hoped-for-rise in production/export volume is an impending OPEC quota cut for Nigeria.

Nigeria's new OPEC quota is believed to be in the region of 1.5 mbd, owing to its underwhelming performance over the years. In other words, for several years, Nigeria has been producing/exporting far below its official quota (of about 2 mbd). All these seriously belie the optimism on which improved (forex) inflow from oil is founded. It indeed leaves the entire economic outlook for 2024 yet foggy.

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Thanks, President..

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Look inwards, brothers. Speak to yourselves.

Reactions to the gesture have been more negative than positive.

- Nigerian Labour Congress: The Nigeria Labour Congress (NLC) has dismissed President Bola Ahmed Tinubu's cut in transport fares by 50 percent for interstate travellers and free train rides during the Yuletide celebrations.

NLC head of information and public affairs, Comrade Benson Upah, told LEADERSHIP that the federal government was only "killing a cow with the mouth," a term which indicates that it is a declaration that will not work.

There were others on my Facebook wall.

WHY NOT SIMPLY REDUCE DIESEL (AGO) AND FUEL(PMS) PRICES BY 50% AND LEAVE THE REST FOR THE PEOPLE. By that singular act, Transport and even food prices will Crash! He's merely dust-casting! -` Patrick Obinxe Okwuibe.

Oga mi, all these na propaganda, Lagos propaganda template, five companies out of how many? No wonder Alake is involved. -Tayo Olatoye

Vanguard report. Despite the Federal Government's intervention, slashing transport fares by 50 percent during the Yuletide, transport fares have not gone down; instead, commuters at various bus stations in Lagos, Abuja and other major cities had to cough out vast sums of money to travel following the rise in fares.

What remains is culture. Ndigbo say that when you appreciate the caterer of the delicacy of black beans, next time he adds ugba.

There has yet to be any word from Ohanaeze or Aka Ikenga. Granted that members of these bodies fly rather than board buses, the people they represent should get directions on how to respond to the government.

On behalf of the Igbo, I want to thank President Tinubu.

We can now enter the inner room for some truths.

The Tinubu Transport Rebate was an example of extreme tokenism and how the federal government rewarded the favoured demographics in Nigeria while pretending to be fair. For one, only five transporters are going to the East. What can they do compared with trains from the South-West to the North? Lagos to Ibadan, Oshogbo, Abuja, Kaduna, and vice versa, train passengers will pay nothing. Yes, zero Naira, while those heading to Asaba, Onitsha, Enugu, Owerri, and Abakaliki will negotiate a 50 percent rebate from the sharks. Will they suffer stomach upset if the government absorbs the fare fully as it did for train passengers? Note that the trains will ferry more passengers!

There is still time to modify and change to free bus rides. It is to negotiate with the transporters, who are luckily so few.

Who will manage this short-term effort? Where are the ministers of Transport or Humanitarian Affairs and Disaster Management who look like the natural fit for this assignment?

We will soon hear how this scheme played out from the bus passengers and transporters.

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Aba Power's local content strategy turns to transformer acquisition

Ben Eguzozie

ABA POWER, NIGERIA'S 12TH electricity distribution company, is extending further its local content utilisation strategy, this time to acquisition of 20 pieces of power transformers.

Four months ago, the power company embarked on a Nigeria local content utilisation strategy, with the purchase of vehicles made in Nigeria for its operations in nine of the 17 local government areas in Abia State where it provides power to assist the growth of local businesses.

Patrick Umeh, Aba Power's managing director, noted that the company is confident about adopting the policy of patronising only Nigerian-made distribution transformers.

The electricity distribution utility which began operations in September 2022, is testing the integrity of the 20 transformers before deployment to its facilities.

"Once we confirm in the next couple of weeks or months their technical integrity", we will order 50 additional transformers in the first instance," said Umeh, a former commissioner with the Nigeria Electricity Regulatory Commission (NERC).

Business A.M. was reliably told that Aba Power paid Danelec Ltd, based in Port Harcourt, Rivers State, N10.497 million for each of 10 500KV/11 distribution transformers with 100% copper winding and N10.560 million per unit of 10 500/33KV transformers, bringing the total amount to N139.825 million, including a value-added tax of N4,73 million.

Uneh, the Aba Power managing director, said: "We will commission these 20 distribution transformers immediately, because there are a lot of old, faulty, and poorly maintained transformers in the system, many of them bought well over 30 years ago."

Electricity industry experts say,

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LANRE
TOWRY-COKER, PHD.

Dr. Lanre Towry-Coker, FRIBA, FNIA, MA Law (UL), Ph.D, a former commissioner for housing in Lagos State, with a doctorate from Lagos State University, is founder of Towry-Coker Associates since 1976, and a professional architect with a postgraduate qualification in Architecture from the University of North East London. He had his professional training at the world famous Royal Institute of British Architects (RIBA) and is an Associate of the Chartered Institute of Arbitrators in the United Kingdom (ACI.Arb.); a Fellow of the Nigerian Institute of Architects (FNIA), he was elected Fellow of The Royal Institute of British Architects, (founded 1834), in November 2016, and is one of only forty architects worldwide to be so honoured. He is also the author of the book, "Housing Policy And The Dynamics Of Housing Delivery In Nigeria: Lagos State As Case Study" published by Makeway Publishers, and available on Amazon and also at The Royal Institute of British Architects, Portland Place. London.

His consortium, Towry-Coker Associates/Neue Heimat Abuja Consortium, was also one of the master planners of the Federal Capital Abuja, along with Japanese architect Kenzo Tange and Brazilian architect Oscar Neimeyer.

Matters Arising

Nigeria's urgent need for 'trickle down' economics

'TRICKLE-DOWN ECONOMICS' is a theory that suggests if you cut taxes on the wealthy and reduce regulations, the benefits will eventually "trickle down" to the rest of society in the form of increased investment, job creation, and economic growth. However, it's a controversial concept because the extent to which these benefits actually reach the broader population is a much debated topic.

Critics argue that in practice, wealth often accumulates at the top, and the benefits don't trickle down as effectively as promised. So, the phrase "trickle down" must "trickle down" because it implies that the benefits of policies aimed at the wealthy should ultimately benefit everyone. Whether this actually happens is a matter of debate and the effectiveness of such economic policies varies depending on many factors.

And that's why it must happen in Nigeria as soon as possible under the new government.

The question of whether "trickle-down economics" should or must happen in Nigeria under a new government is a matter of economic policy and political debate. Proponents argue that implementing policies that promote economic growth, often associated with trickle-down economics, can lead to job creation, increased investment, and a more prosperous economy for all.

However, it's crucial to consider the specific context of Nigeria and the unique challenges it faces. Nigeria has a diverse and complex economy, and issues like income inequality, poverty, and unemployment are significant concerns. Implementing trickle-down economics in Nigeria would require careful planning and consideration to ensure that the benefits do indeed reach the broader population.

Critics of trickle-down economics argue that it can exacerbate income inequality and disproportionately benefit the wealthy. The success of such policies also depends on effective implementation, addressing corruption, and ensuring that the gains from economic growth are distributed equitably.

Ultimately, whether or not Nigeria should pursue trickle-down economics is a decision for the government and its citizens to make based on their economic and social priorities, taking into account the specific challenges and opportunities of the Nigerian context. Public discourse and informed policy decisions are essential in determining the path the country chooses to take in pursuit of economic development and social well-being.

Much attention has been paid to the Federal Government in the past for some of the policies leading to economic growth.

However, with the loosening of the levers of the federal government concerning items from the exclusive list to the concurrent list, the ball has now been placed in the corner of state governments to get their collective acts together, and rise up to the challenge of making their states viable homelands for all the citizens inhabiting therein.

There lies the challenge for all of us as well, to get the message across to them.

More … Matters Arising

The global imperatives of good governance

GOOD GOVERNANCE IS CRUCIAL on a global scale for several imperatives.

1. Stability: Good governance fosters political stability, reducing the likelihood of conflicts and civil unrest, which can have far-reaching global repercussions.

2. Economic growth: Countries with good governance tend to have stronger economies, which can contribute to global economic stability and growth.

3. Rule of law: It promotes the rule of law, protecting human rights and ensuring that international agreements are upheld.

4. Sustainable development: Good governance is essential for achieving sustainable development goals, such as addressing climate change and reducing poverty, which are global challenges.

5. Transnational issues: Many global challenges, like terrorism, pandemics, and environmental crises, require cooperation and coordination between nations, which is facilitated by good governance.

6. International relations: Nations with good governance are often seen as more reliable partners in international diplomacy and cooperation.

7. Human rights: It helps protect and promote human rights globally, contributing to a more just and equitable world.

8. Global trust: Good governance enhances trust between nations and institutions, which is crucial for international cooperation.

9. Conflict prevention: By addressing grievances and ensuring inclusive governance, it helps prevent conflicts that can escalate to international crises.

10. Accountability: It holds governments and institutions accountable for their actions, reducing corruption and improving transparency on a global scale.

Overall, good governance is essential for addressing the complex global challenges of our time and fostering a more peaceful, prosperous, and equitable world.

'If the poor go hungry, the rich cannot sleep.'

The IMF Needs to Lead on Climate Finance

PROJECT SYNDICATE

LAURENCE
TUBIANA

KEVIN P.
GALLAGHER

Laurence Tubiana, a former French ambassador to the United Nations Framework Convention on Climate Change, is CEO of the European Climate Foundation and a professor at Sciences Po, Paris. Kevin P. Gallagher is Professor of Global Development Policy at Boston University and Director of the Boston University Global Development Policy Center.

PARIS/BOSTON – With their agreement at COP28 to "transition away from fossil fuels in energy systems," countries have made genuine progress on tackling climate change. But there is still much to do to mobilize the level of financing needed to turn the commitment into reality. International organizations – especially the International Monetary Fund – must step up. Though the IMF was relatively slow off the mark in the race to combat climate change, it has made great strides under Managing Director Kristalina Georgieva. But it must take its climate leadership much further.

The Independent High-Level Expert Group on Climate Finance estimates that, between now and 2030, emerging-market and developing economies will need to mobilize $2.4 trillion annually to fight climate change, with $1 trillion of that sum coming from external sources. This might seem high, but it is nothing compared to the costs of inaction.

Already, severe hurricanes and flooding in the Caribbean, drought in Sub-Saharan Africa and Argentina, and wildfires in many advanced economies are fueling instability and causing severe economic damage, including balance-of-payments crises in some countries. As climate-related disasters multiply and intensify, the costs of building resilience and moving onto a low-carbon development path will only rise, while countries' ability to cover those costs will fall.

To avert this outcome, the IMF – the only multilateral institution charged with promoting the stability of the international financial and monetary system, with the goal of facilitating longer-run development – has a critical role to play. After all, fiscal-resource mobilization and financial stability are at the heart of the IMF's mandate.

Like much of the financial system, the IMF was slow to grasp that climate change could be just as "macro-critical" as, say, advanced-economy interest-rate shocks, wars, or financial crises. But this is now changing. In 2021, the IMF conducted a "comprehensive surveillance review," which led the Executive Board to mandate that climate change be placed at the center of the Fund's surveillance and advisory operations. A comprehensive climate strategy soon followed. And last year, the IMF created the Resilience and Sustainability Trust (RST) to help low-income and vulnerable middle-income countries withstand climate shocks.

These actions put the IMF at the forefront of the climate fight. To solidify this position, the Fund is now adding staff, improving its modeling of climate-related issues, updating its country advice, and providing more financing for the climate-vulnerable. But, according to a preliminary assessment by the independent Task Force on Climate, Development, and the IMF, the Fund must do much more.

While praising the IMF's recent progress, the Task Force urges the institution to diversify its policy advice beyond carbon taxes. While putting a price on carbon-intensive activities is undoubtedly important – both to increase government revenues and to motivate economic actors to reduce their emissions – it is no panacea. Other, complementary policies, such as emissions standards, fossil-fuel phase-outs, and green industrial policy, also warrant consideration.

Yet another shortcoming of the IMF's current approach is that its advice on climate mitigation covers only the top 20 carbon-emitting economies, and only on a voluntary basis. This is shortsighted, not least because today's top emitters might not be tomorrow's.

More broadly, the IMF must ensure that all of its surveillance and advice related to climate change advances one core mission: helping member countries mobilize the trillions of dollars needed to fund the green transition in a manner that is fiscally sound, politically feasible, and compatible with financial stability. Crucially, this includes helping countries prepare for and recover from climate shocks, and identifying and developing viable substitutes for the economic activity and fiscal revenues currently provided by fossil fuels.

The RST is a welcome addition to the IMF's toolkit, but it needs to be scaled up. The same goes for the Catastrophe Containment and Relief Trust (CCRT), which covers debt-service payments for the poorest and most vulnerable countries when they are struck by catastrophic natural disasters or public-health crises.

As it stands, climate-vulnerable countries together owe roughly $40 billion to the IMF, yet most of them are currently ineligible for the CCRT, which has only $100 million to disburse. The CCRT must be given the means to deliver more funding to more countries. Similarly, more countries need "pause clauses" in their IMF loan agreements – as the World Bank has just pledged to implement – so that they do not have to make debt-service payments while fighting climate shocks.

Another key priority for the IMF must be to align its main lending programs with the 2015 Paris climate agreement, and ensure that its loan conditions properly account for the fiscal costs of pursuing the UN Sustainable Development Goals in debt-distressed countries. IMF research has found that "green stimulus" packages would deliver a major boost to growth. Likewise, a Brookings Institution study has

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The Coming Debt Crisis

PROJECT SYNDICATE

ANNE O. KRUEGER

Anne O. Krueger, a former World Bank chief economist and former first deputy managing director of the International Monetary Fund, is Senior Research Professor of International Economics at the Johns Hopkins University School of Advanced International Studies and Senior Fellow at the Center for International Development at Stanford University.

WASHINGTON, DC – In its latest World Economic Outlook, the International Monetary Fund reported that a rising share of countries – 56% of low-income countries and 25% of emerging markets – are "in or at high levels of debt distress." While some of these countries are already working on reform programs that will make them eligible for IMF funding and offer good prospects for economic growth, many are not. A developing-world debt crisis is looming.

Extremely high levels of indebtedness are usually preceded by a period during which creditors roll over claims or extend new loans, with increasingly high interest rates. There is no simple way to determine when that debt becomes unsustainable. Analysts often use the debt-to-GDP ratio, but interest rates make a difference here. Low-income countries facing concessional interest rates might have lower ratios than emerging-market economies, for which interest rates are higher. The maturity structure of the debt also matters: if most of it will come due soon, the required rollovers (or renewals) will be much larger than for debts with a longer maturity.

Borrowing by poor countries is warranted if the loans finance activities that will yield a high rate of return for the borrower, whose own resources are already financing worthwhile activities. In such a scenario, debt-service can be self-financing (barring unforeseen shocks). The problem is that, in many countries, sovereign borrowing has largely been to finance expenditures with low or negative rates of return, such as sports stadiums or pre-election handouts.

Such spending – together with large debts and fiscal deficits – can make lenders wary, leaving countries struggling to borrow, especially in times of rising interest rates. When creditors start refusing to roll over outstanding debt coming due, or when the interest rate that would be charged on new or rolled-over debt is prohibitive, a debt crisis erupts.

To many, the solution to developing-country debt distress seems obvious: provide debt relief to countries that need it, so that debt-service payments can be reallocated toward expenditure on social services, such as health and education. But experience shows that such reallocation is far from always guaranteed. When the debt of the world's poorest countries was forgiven under the IMF-World Bank Heavily Indebted Poor Countries Initiative, launched in 1996, adequate economic reforms did not follow. Many of these countries are again highly indebted.

Debt relief is certainly needed. But to lend, even on soft terms, to governments that cannot or will not pursue sound, realistic, and business-friendly economic policies is simply to increase their future debt-servicing obligations. That is why debt relief must be conditioned on such reforms.

This is not a new idea. From the mid-twentieth century, when sovereign creditors formed the informal Paris Club grouping to find solutions to countries' debt-servicing difficulties, they relied on the IMF to assess debtors' economic prospects and determine the policy adjustments needed to improve economic performance. The creditors recognized that, without reforms, debt would simply pile up again until another crisis erupted.

But some governments borrow so much that no reasonable policy adjustments would be sufficient to enable them to fulfill their debt-servicing obligations without imposing a "haircut" on creditors. In such cases, Paris Club members may allow for the rescheduling of debt service, thereby reducing the net present value of the debt to a sustainable level.

Once such an agreement is reached, an IMF loan enables the country to resume imports while economic reforms take effect, leading to higher growth. Obviously, most private-sector creditors also must agree to any restructuring; otherwise, the country would be left servicing debts to holdouts, reducing the amount available for those agreeing to restructuring.

In the 1990s, changes were implemented that accelerated the resolution of debt problems, although delays were frequent and, for debtor countries, costly. But by the end of the twentieth century, governments were increasingly borrowing from private sources. In 2010, low- and middle-income economies owed 46% of their long-term public and publicly guaranteed external debt to private creditors. By 2021, that share had risen to 61%.

Though the Paris Club's share of debt declined, its procedures continued. When Turkey confronted debt-servicing difficulties in 2002, it undertook policy reforms and received an IMF loan, quickly restoring rapid GDP growth. Around the same time, Argentina became unable to meet its obligations, so its debt had to be restructured.

Today, however, there is another major sovereign creditor on the block – China – and it has refused to join the Paris Club. Other creditors are naturally reluctant to participate in debt restructuring if China does not, lest they end up effectively bankrolling full debt-service payments to China. Already, Sri Lanka and Zambia have faced long delays in receiving debt relief, because their Chinese creditors refuse to agree to the debt-restructuring terms agreed in the Paris Club, even though the IMF had backed the associated economic-reform programs.

Fortunately, neither country's financial situation attracts headline news, and creditors did not withdraw lending from others. But some countries – including Egypt, Lebanon, Pakistan, Turkey, and many smaller economies – report high debt-to-exports and debt-service-to-GDP ratios. In Lebanon, external debt reached 603% of exports and 381% of gross national income in 2021.

If several of the larger emerging markets and low-income countries are simultaneously confronted with rising interest rates and an increasing reluctance by creditors to roll over their debts, a global debt crisis is likely to erupt. To avoid this scenario, the world needs an international agreement that establishes procedures for supporting debt-distressed sovereigns, thereby enabling the IMF to deliver loans faster. And all creditors must adhere to it.

The IMF Needs...

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shown that if countries deployed stimulus packages in times of economic distress, they would achieve higher growth and improved creditworthiness, while mobilizing the finance they need to combat climate change.

The latest UN Framework Convention on Climate Change report is right: when it come to ambitious climate action, it is "now or never." The IMF should heed that warning and step up its ambition to mobilize the financing the world needs to confront the climate crisis. There are no second chances.

Africa Needs an Entrepreneurial Boom

PROJECT SYNDICATE

HIPPOLYTE FOFACK

Hippolyte Fofack, a former chief economist and director of research at the African Export-Import Bank, is a former World Bank economist, a research associate at the Harvard University Center for African Studies, and a fellow at the African Academy of Sciences.

CAMBRIDGE – For decades, Africa has been the world's most commodity-dependent continent. At the same time, it has become overly reliant on imports from the rest of the world: intracontinental trade accounts for only 15% of total African trade, compared to 60% in Asia and 70% in the European Union. Worryingly, imports of manufactured goods into African countries have grown by more than 25% over the decade ending in 2022.

The continent's import dependency can be explained primarily by the dearth of African industrial entrepreneurs. And Africa's projected population growth and burgeoning middle class suggests that this dependency will only grow in the medium term, with significant implications for macroeconomic stability, unless local actors begin driving innovation and creating new products and services to meet the needs and desires of domestic consumers.

The problem, however, is not sustained import growth per se, especially when the rise of global value chains and increasing fragmentation of production have reduced the power of exports as a driver of short-term demand. Instead, the main issue is that African countries are participating in global value chains largely through backward activities, systematically exporting natural resources and primary commodities and importing manufactured goods, an imbalance that drains wealth away from the continent. For African fossil fuel-producing countries, the carbon-intensive "round-tripping" model of exporting crude oil and importing refined petroleum has been costly, resulting in immense deadweight losses and foreign-exchange leakages. In Nigeria, for example, the opening of a much-anticipated oil refinery could save the country $26 billion annually.

Moreover, in an era of hyper-globalization when intermediate goods account for 50% of global trade, African countries' high level of forward participation in global value chains has scuttled prospects for structural transformation and shrunk the continent's share of global trade to around 3%. It has also perpetuated the unhealthy correlation between growth and commodity-price cycles, resulting in increased exposure to global volatility and persistent structural current-account deficits.

While limited access to finance has been cited as a binding constraint on African economic development, what if the chronic deficit of entrepreneurs is equally limiting? After all, entrepreneurship, which improves competitiveness and business efficiency to lower prices for consumers, has become a leading driver of innovation and growth in many countries in recent decades. And Africa lags behind in this area: in the latest edition of US News and World Report's Best Countries for Entrepreneurship, the continent's highest-ranked country, South Africa, places only 44th.

One top-ranking country on that list, which includes some of the world's wealthiest and most complex economies, is Singapore. Recently, companies based in the city-state have pursued major growth opportunities across myriad sectors and industries in Africa, highlighting the continent's entrepreneurship deficit. The Tolaram Group, for example, created the instant-noodle market in Nigeria, producing 4.5 billion packets annually and generating almost $1 billion in annual revenue.

Compared to more diversified and higher-ranking countries like Singapore, where tight labor markets have pushed unemployment to natural rates, a shortage of industrial entrepreneurs may be doubly costly for Africa, where persistent widespread poverty and high unemployment fuel insecurity and migration pressures. For example, the unemployment rate is at Great Depression-era levels – above 30% in two of the continent's largest economies, Nigeria and South Africa. In other countries, economic informality – think of street vendors hawking imported toothpicks, candles, cell phones, and batteries – has become a form of disguised unemployment.

An increase in entrepreneurship on the continent would generate wealth more sustainably, expand employment, and reduce migration flows. In many African countries, industrial entrepreneurs, in particular, could help diversify sources of growth, improve the current-account balance, and broaden the tax base. This, in turn, would expand countries' fiscal space, improve debt sustainability, and gradually ease the constraints associated with capital scarcity.

Moreover, when the rules of origin for the African Continental Free Trade Area (AfCFTA) are finalized, they will serve as an "industrialization passport" enabling made-in-Africa goods to circulate duty-free. This would provide local entrepreneurs with a much-needed boost to operationalize continental trade integration and enhance Africa's economic dynamism.

But to take full advantage of the economies of scale and the growth opportunities provided by the AfCFTA – most notably the drastic reduction of risk associated with investing in smaller markets – African entrepreneurs need the support of entrepreneurial states. Fostering business environments that ensure a level playing field for all participants, together with policy coordination at the regional and continental level, would go a long way toward increasing Africa direct investment and stimulating the development of robust regional value chains.

African policymakers must also implement financial reforms to eliminate the credit rationing that has long undermined entrepreneurship. Finance is the lifeblood of business; yet, expressed as a percentage of GDP, domestic credit to the private sector has remained very low across Africa, especially in Sub-Saharan Africa, where it averaged 37.1% of GDP in 2022. By contrast, the GDP share of domestic credit to the private sector in the ten countries that US News and World Report ranked as being the best for entrepreneurship ranges from 83.6% in Germany and 129.5% in Singapore to 175.9% in South Korea and a whopping 216% in the United States.

In addition to providing easy access to capital, the most successful and enterprising countries share other important attributes: technological expertise, highly skilled labor, well-developed infrastructure (both physical and digital), transparent business practices, and comprehensive legal frameworks. They are also globally connected and fully integrated into value chains, often as manufacturing powerhouses.

According to an African proverb, it takes a village to raise a child. Likewise, it will take a host of industrial entrepreneurs and proactive entrepreneurial governments to transform African economies and improve their global engagement with the rest of the world. Supporting local entrepreneurship is the surest path to a more self-reliant and prosperous continent.

PROJECT SYNDICATE - BUSINESS A.M. PARTNERSHIP

Is 2% Really the Right Inflation Target for Central Banks?

Both the US Federal Reserve and the European Central Bank appear to be dead set on getting inflation back to their 2% target. But while 2% is viewed as a kind of "sweet spot" for inflation – neither so high that consumers struggle to cope, nor so low that it stifles economic dynamism – it is ultimately arbitrary, and its primacy in monetary policymaking is a relatively recent phenomenon.
In this Big Question, we ask Michael J. Boskin, John Cochrane, Brigitte Granville, and Kenneth Rogoff whether it is time to rethink the 2% target.

PROJECT SYNDICATE

MICHAEL BOSKIN

Michael J. Boskin is Professor of Economics at Stanford University and Senior Fellow at the Hoover Institution. He was Chairman of George H.W. Bush's Council of Economic Advisers from 1989 to 1993, and headed the so-called Boskin Commission, a congressional advisory body that highlighted errors in official US inflation estimates.

WINSTON CHURCHILL FAMOUSLY quipped that "democracy is the worst form of government except for all the other forms that have been tried." The same logic applies to advanced-economy central banks' inflation targets: compared to anything higher or lower (by a non-trivial margin), 2% is likely to be better.

A comprehensive assessment of the proper target would require us to answer a number of questions. One would be: How accurate are inflation measures? Despite important improvements in measuring inflation, an upward bias of a bit less than one percentage point remains, owing primarily to incomplete and lagging quality-change and new-product adjustments. So, when inflation measures show 2%, actual inflation is roughly 1%. When they show 4%, actual inflation is 3%. So, raising the as-measured inflation target from 2% to 4% triples the actual inflation target.

Second, we must ask what the optimum inflation rate is. In analysing this question, economic luminaries – including Knut Wicksell, Milton Friedman, Robert Mundell, James Tobin, and Edmund S. Phelps – have come up with different measures of the "inflation tax" and reached different conclusions about the optimal relationship between Treasury deficit policy and monetary policy. Friedman argued for deflation and inflation at different points in his career.

More recent models illuminate the tradeoffs, but basic questions remain, related to the substitutability of bonds and money, the relevant conditions (for example, if there is an upper limit on the private sector's willingness to hold bonds), and the relative cost of other distortionary taxes. We must consider the likely costs of a higher inflation target for the real economy, incurred, for example, through higher variance in relative prices or higher taxation of capital which is not inflation-indexed and where the tax distortion increases exponentially over time.

A third question is: Is a stable inflation rate preferable to one that varies significantly, at least within some modest range? If so, we must ask whether central banks can realistically keep a higher inflation rate relatively stable.

Fourth, we must ask whether a higher target is compatible with a rules-based monetary-policy approach pursued (by the Fed) under a dual mandate that includes maximum employment. To what extent would this amount to the abandonment of price stability, and could the likely fallout be contained? Once the 2% target was abandoned, could it be adopted anew, or would the monetary authorities have lost too much credibility?

Finally, we must consider whether a higher target would discourage elected officials from exercising fiscal discipline – an area where they are already falling far short. It is also worth remembering that President Richard Nixon imposed wage and price controls on the American economy when inflation got up to 4%. All things considered, sticking with 2% seems to be by far the best option.

PROJECT SYNDICATE

JOHN COCHRANE

John H. Cochrane is a senior fellow of the Hoover Institution, an adjunct scholar at the CATO Institute, and the author of The Fiscal Theory of the Price Level (Princeton University Press 2023). He maintains the Grumpy Economist blog.

NO, 2% IS NOT THE right target. Central banks and governments should target the price level. That means not just pursuing 0% inflation, but also, when inflation or deflation unexpectedly raises or lowers the price level, gently bringing the price level back to its target. (I say "and governments" because inflation control depends on fiscal policy, too.)

The price level measures the value of money. We don't shorten the metre [by] 2% every year. Confidence in the long-run price level streamlines much economic, financial, and monetary activity. The corresponding low interest rates allow companies and banks to stay awash in liquidity at low cost. A commitment to repay debt without inflation also makes government borrowing easier in times of war, recession, or crisis.

Central banks and governments missed a golden opportunity in the zero-bound era. They should have embraced declining inflation, moved slowly to a zero-inflation target, and then moved gently to a price-level target.

Why not? Some focus on the short run and say that central banks should raise the inflation target, because getting inflation to 2% will require too much pain in the form of unemployment. But inflation is falling alongside very low unemployment, proving this argument wrong again. And shifting the goalposts undermines the stable expectations that allow relatively painless disinflation.

The other argument says that a higher inflation target creates more room to use rate cuts to stimulate the economy in times of recession. But that is like wearing shoes that are too tight all day, because it feels so good to take them off at night. This argument presumes that expected inflation is set mechanically by previous experience. Moreover, the evidence that slightly lower overnight rates provide much stimulus is weak. The potential benefit is not worth permanently abandoning a stable value of money.

PROJECT SYNDICATE

BRIGITTE GRANVILLE

Brigitte Granville, Professor of International Economics and Economic Policy at Queen Mary University of London, is the author of Remembering Inflation (Princeton University Press, 2013) and What Ails France? (McGill-Queen's University Press, 2021).

EMPIRICAL EVIDENCE suggests that the 2% inflation target is indeed arbitrary. When I first reviewed that evidence a decade ago for my book Remembering Inflation, I concluded that variations in the inflation rate of up to around 5% have no material effect whatsoever, either positive or negative, on rates of real economic growth, especially if the inflation rate isn't too volatile. Since then, I have seen no new research that would cast doubt on this conclusion.

Moving from the general to the particular – that is, the present situation – it would be counterproductive to persist with monetary tightening until the consumer price index falls to 2%. This would mean further compression of real household incomes, which have been stagnating or declining, on average, for the past decade, and heightening the risk of social and political disruptions.

The result would be more macroeconomic volatility, especially if aggressive monetary tightening also triggered renewed bank failures or wider financial instability, as seen earlier this year. Conversely, a recovery in real average wages, alongside higher-than-2% inflation, would provide a much-needed boost to productivity, as it would motivate workers, particularly in the health-care and education sectors, and create incentives for more labour-substituting investment.

Domestic investment demand will, in any case, grow in response to climate-related concerns and the ebbing of the globalisation tide. In this new economic environment, average inflation should naturally be somewhat higher than it has been in recent decades. Under these circumstances, central banks' doctrinaire insistence on driving inflation down to 2% is harmful.

PROJECT SYNDICATE

KENNETH ROGOFF

Kenneth Rogoff, Professor of Economics and Public Policy at Harvard University and recipient of the 2011 Deutsche Bank Prize in Financial Economics, was the chief economist of the International Monetary Fund from 2001 to 2003. He is co-author of This Time is Different: Eight Centuries of Financial Folly (Princeton University Press, 2011) and author of The Curse of Cash (Princeton University Press, 2016).

THERE IS CERTAINLY nothing magical about 2%, although as Stanley Fischer has argued, it is low enough that the public doesn't feel the need to think about inflation. There are two obvious arguments for a higher inflation target – one convincing, one not so much. The convincing argument stems from the fact that it is very difficult for firms to cut nominal wages. Having a higher inflation target allows for more room for relative wages to change, especially within a firm.

The less convincing argument is that there is an immutable zero lower bound on nominal interest rates. In fact, it would be relatively easy and straightforward to implement an effective negative nominal-interest-rate policy. It would of course require various tax, institutional, and legal changes, but none terribly radical. Indeed, merely having the inflation rate 1-2% higher would not be nearly enough to deal with major adverse shocks that require interest-rate cuts of at least 5-6%, and perhaps more. The only real challenge is how to pay a negative interest rate on large cash currency holdings, but this, too, is easily solved – for example, by phasing out large-denomination currency notes and by relaxing the one-to-one exchange rate between the digital- and paper-currency dollar.

In any case, any argument for raising central-bank inflation targets to, say, 3% or 4%, is trumped by the fact that 2% targets have been in place for decades. Any effort to change the target would inevitably lead to a period of sustained policy uncertainty, not to mention confusion over whether the target might be opportunistically raised again in the future.

With the overwhelming dominance of digital currency rapidly approaching, the energy it would take to raise the inflation target would be better directed toward highlighting the fact that allowing for occasional negative short-term rates would enable central banks to maintain low inflation, something that is very popular with the public.

PROJECT SYNDICATE - BUSINESS A.M. PARTNERSHIP

PROJECT SYNDICATE

The Myth of the Unprecedented

STEPHEN S. ROACH

Stephen S. Roach, a faculty member at Yale University and former chairman of Morgan Stanley Asia, is the author of Unbalanced: The Codependency of America and China (Yale University Press, 2014) and Accidental Conflict: America, China, and the Clash of False Narratives (Yale University Press, 2022).

NEW HAVEN – I have been in the forecasting business for more than 50 years. Over that period, I have heard the constant refrain that the world is in the midst of "unprecedented changes." This popular trope frequently resulted in equally hyperbolic corollaries: breathless claims that we have never faced greater risks or such an uncertain future, that forecasting has never been harder. Repeat it enough, and it starts to become believable.

Confession: my crystal ball has been cracked so many times by purportedly unprecedented developments that I have lost count. The 1970s was a decade of extraordinary turmoil: the oil shock of 1973 was swiftly followed by the "Great Inflation" and a period of stagflation, setting the stage for the first seemingly unprecedented phase of the post-World War II era. The subsequent disinflation of the 1980s allowed the horror movie of the 1970s to run in reverse well into the 1990s, which came to an end with the Asian financial crisis, ushering in what was initially billed as the first crisis of globalization.

But today, we look back on these episodes as mere tremors preceding the seismic shocks to come. The information-technology revolution and the dot-com bubble of the late 1990s and early 2000s hinted at the profusion of asset bubbles that afflicted global property markets and many financial instruments, from sub-prime mortgages to broader credit flows and equities. When the music stopped, the resulting cross-border and cross-instrument contagion fueled the global financial crisis of 2008-09 – another extraordinary upheaval for what had become, at that point, a crisis-battered world.

Just when everyone thought global conditions couldn't get much worse, a once-in-a-century pandemic and extreme weather events fueled by climate change turned conventional thinking on its head, as did the rising tide of protectionism, trade and tech wars, and a potential superpower collision between the United States and China. Add to that the outbreak of war in Eastern Europe and the Middle East, and the unprecedented has become the new norm. Books on the "permacrisis" and the "polycrisis" now make the bestseller list.

The cynic in me says, "Been there, done that." But just because I have plied my trade as a forecaster during a half-century of turmoil doesn't mean I have a unique understanding of what comes next. Bearing in mind Mark Twain's observation that history often rhymes, I offer three key lessons from my experience in attempting to make sense of what may lurk in the uncertain future:

First, learn to expect the unexpected. The human species is inherently autoregressive, always looking to the recent past as the best predictor of the future. Policymakers are especially prone to this myopic approach – repairing flaws in systems that led to the last crisis but never considering what could spark the next one. For example, in the late 1990s, Asian economies built up large reservoirs of foreign-exchange reserves – a move that would have helped prevent the next Asian financial crisis but did nothing to stop the one that actually occurred, which arose from the bursting of an equity bubble.

Second, there is an unmistakable continuum from one so-called unprecedented era to another. One crisis tends to beget the next. Led by the great Paul Volcker, the US Federal Reserve took tough measures to arrest the Great Inflation (as did other central banks). But despite winning the war, policymakers squandered the peace – taking interest rates far too low to preserve financial stability.

Similarly, as global capital markets seized up during the Asian financial crisis, central banks discovered the miracle drug of near-zero policy interest rates. That, in turn, set the stage for the profusion of asset bubbles to come – not just equities but also bonds and credit – that culminated in the global financial crisis a decade later.

Third, crises and the "extraordinary" developments they spawn are now the rule, not the exception. In recent decades, there has been an average of one catastrophe every three or four years. The Latin American debt crisis in 1982 was followed by the 1987 stock-market crash and the 1986-95 savings and loan crisis in the US; implosions in Japan (1990), Mexico (1995), and Asia (1997); the near-collapse of the hedge fund Long-Term Capital Management (1998); the collapse of the dot-com bubble (2000); Enron's accounting scandal (2001); the sub-prime mortgage disaster (2007); the eurozone's sovereign-debt crisis (2010), the "taper tantrum" spurred by fear of policy normalization by the Fed (2013); a Chinese stock-market crash (2015), a US-China trade war (2018), COVID-19 (2020), and deglobalization (2023).

It is against this background that forecasters face the seemingly impossible task of predicting the future. Of course, public policymakers face an equally profound challenge: While another crisis is coming, probably sooner rather than later, aligning forward-looking policy with the pitfalls of a highly uncertain future is the functional equivalent of balancing a heavy weight on the head of a pin.

But that hardly justifies self-serving excuses for policy mistakes, or portraying asset-market mispricing and economic dislocations as unavoidable accidents arising from so-called unprecedented circumstances. I have run out of patience with policymakers, corporate decision-makers, and investors who collectively throw up their hands and say, "Don't blame me."

This is largely a cop-out. Shocks are here to stay, and our task is not to predict the next one – although someone always does – but to sharpen our focus on resilience. Staying the course of politically mandated policies while minimizing the inevitable dislocations is easier said than done. But that is no excuse to fall for the myth of being victimized by the unprecedented.

PROJECT SYNDICATE

Will Trump Be on the Ballot?

RICHARD K. SHERWIN

Richard K. Sherwin, Professor Emeritus of Law at New York Law School, is the author of When Law Goes Pop: The Vanishing Line between Law and Popular Culture (University of Chicago Press, 2000).

NEW YORK – On March 5, 2024, the people of Colorado will vote in a "primary election" to determine which candidates can compete for the US presidency in November. The question now looming is whether former President Donald Trump's name will appear on the Republican Party's primary ballot.

In a recent decision – variously characterized as a "bombshell," "explosive," and "a huge moment for democracy" – the Supreme Court of Colorado answered "no." A 4-3 majority on the court ruled that Trump's fate was sealed by Section 3 of the Fourteenth Amendment, which prohibits "insurrectionists" from holding federal or state office.

The Court's decision follows from a lower state court determination that Trump engaged in insurrection in late 2020 and early 2021, by knowingly and intentionally seeking to disrupt the orderly transition of power. In addition to lying about election fraud, he also incited his followers to disrupt the counting of electoral votes, and simultaneously participated in a plan to replace certified state electors with fake pro-Trump slates. The Court concluded that these actions amounted to an active rebellion against the US Constitution.

Trump's behavior places him in the company of past government officials who, in 1860 and 1861, participated in their states' secession from the Union and ensuing establishment of the Confederate States of America. That effort failed, following a protracted and bloody conflict. The end of the Civil War (1861-65) was consummated by a bundle of Constitutional Amendments that have been referred to as America's "second founding": the Thirteenth Amendment, which ended the institution of slavery, the Fifteenth Amendment, which established universal male suffrage, and the Fourteenth Amendment, which endowed "all persons" with federal rights of due process and equal protection and, in Section 3, sought to further safeguard democracy by barring insurrectionists from public office:

"No person shall be a Senator or Representative in Congress, or elector of President and Vice President, or hold any office, civil or military, under the United States, or under any State, who, having previously taken an oath… to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid or comfort to the enemies thereof."

While the two Colorado courts agreed that Trump "engaged in insurrection," their legal analyses diverged. The lower court ruled out disqualifying Trump from participating in the Colorado primary election on the grounds that the term "officer" does not apply to the presidency. But the state's Supreme Court called this interpretation absurd.

In the Court's view, the plain meaning of the word "office," based on how it was used at the time the amendment was drafted, undoubtedly included the presidency. Moreover, the higher court notes, what sense would it make for the drafters to disqualify every oath-breaking insurrectionist except the most powerful one? Surely, no one believed that Jefferson Davis, the former president of the Confederacy who had previously sworn to uphold the US Constitution as a senator and secretary of war, would be eligible to become US president. The Congressional Record, which documents the debates surrounding the amendment, offers unambiguous support for this view.

The last word on this controversy has yet to be heard. It lies secreted in the hearts and minds of the current US Supreme Court, which will soon have to rule on the matter. In the meantime, Trump's name will remain on the ballot. The Colorado Supreme Court stayed – or postponed – its ruling from taking effect until January 4, 2024: the day before the Colorado secretary of state is required to certify the candidates on the state's presidential primary ballot. The outcome thus depends on what the US Supreme Court decides to do before the stay ends.

There is ample room for the high court – with its hard right majority – to reverse the Colorado decision. For one thing, it could reject both state courts' findings of fact regarding Trump's engagement in insurrection. Typically, however, higher courts tend to defer to lower courts' fact-finding. After all, reviews on appeal involve a cold record; there is no opportunity to assess a witness's demeanor or other hints of credibility (or a lack thereof) that live trial testimony offers.

But other issues remain. For example, the US Supreme Court has never ruled on whether Section 3 is "self-executing," or requires some enabling legislation by the US Congress before it can be applied. Colorado's Supreme Court says the states are entitled to interpret their own election laws concerning constitution-based ballot disqualifications without waiting for federal guidelines.

This view finds support in the Court's well-aimed citation of a decision by Justice Neil Gorsuch before he became a member of the current US Supreme Court. But, of course, justices have a history of changing their minds. As to whether the high court will endorse an inclusive or narrow definition of the word "office" remains anyone's guess.

The US Supreme Court has been called the "least dangerous branch" of the federal government, for it has neither the legislature's power of the purse nor the presidency's command of the armed forces. Its sole currency is the public's willingness to accept the legitimacy of its authority. That currency has been devalued of late, not least by the court's mounting ethics scandals and shocking reversal of Roe v. Wade, which repudiated longstanding precedent upholding a woman's right to privacy in choosing whether to continue a pregnancy.

Upon reviewing questions surrounding Trump's engagement in insurrection and whether Section 3 applies to the president, the Supreme Court will have to consider whether, or to what extent, it is willing to gamble on further eroding the public's support. It is a fraught time for the republic, and for a Court already freighted with heightened suspicion of conflicts of interest and political capture.

Business a.m. Reporter

RAF Museum, Arsenal FC, 4D cinema

How TEXEM-UK's helping Nigerian execs lead successful transformation

TEXEM UK's recently completed flagship executive development programme, "Leading Transformation for Strategic Outcomes," unfolded as a symphony of strategic brilliance at the prestigious Hilton London Olympia. Dr. Alim Abubakre, the visionary founder of TEXEM, sets the stage with his profound words, "In the flux of disruption, we find the catalyst for transformation."

The four-day odyssey transcended traditional learning, immersing CEOs in a dynamic blend of activities meticulously designed to shape strategy, optimise performance, unlock value, instil an innovative culture, and achieve sustainable success in both the government and private sectors. The journey began with a visit to the Royal Air Force Museum, setting an extraordinary tone that echoed the programme's commitment to excellence. Senior executives on the TEXEM programme arrived at the Royal Air Force Museum at 10.30 am. The tour was led by Harry Raffal, head of research & collections, and Nick Brown, head of finance, who emphasised how the UK's Royal Air Force strategy has evolved and its key lessons.

Arsenal legend and double title winner Perry Groves, Dr. Alim Abubakre Founder of TEXEM, and a cross section of very senior executives from CBN, E-Tranzact, Galaxy Backbone, Bilaad Realty, Nigerian Customs, Federal Inland Revenue Service, Jubilee Life Mortgage Bank, Zenith Pension at the Arsenal changing room.

Thereafter, to facilitate team bonding, participants experienced a 4D cinema which simulated a key Royal Air Force Mission. At 12.00 pm at the Boardroom, Marguerite Jenkin, director, finance & resources, shared critical insights on how they have navigated the turbulent external environment. Particularly, she shared critical insights with the TEXEM participants into her decision-making process around financial planning, risk management, and capital structure decisions. She also shared valuable insights into how she helped the Royal Air Force Museum achieve financial success and sustainability of the organisation in these dire times.

The adventure continued with a visit to the hallowed grounds of Arsenal Football Club, where Perry Groves, an Arsenal legend, who won two titles as a player of Arsenal, graciously welcomed the participants. Perry Groves inspired the TEXEM participants into his experience as a player and working with diverse coaches, lessons around leadership that he has learnt as a player and plenipotentiary.

Noteworthy was the master class led by John Peters, a professor, a luminary in transformational leadership, and former prisoner of war (POW) who was tortured by Iraqi forces during captivity. His insights, drawn from a rich tapestry of experiences, illuminated the path for leaders navigating change.

Professor Rodria Laline, a beacon of academia and practice, leveraged TEXEM's proven and tested methodology while delving into Governance, Big Data, Analytics, and Artificial Intelligence, enriching the minds of participants.

The grand finale with professor Paul Griffith, a trailblazer in both management and space exploration, was nothing short of spectacular. The emphasis on Change Management, Organisational Culture, and hands-on workshops reinforced TEXEM UK's dedication to practical skills for real-world implementation.

This programme depicts TEXEM UK's ability to seamlessly blend academia; real-world experiences, games, peer-to-peer learning and interactive methodologies. The TEXEM methodology has created a blueprint for executive development that goes beyond the conventional. Delegates were not just spectators but active contributors to their own learning journey, fostering a sense of ownership and commitment to the transformative process.

Testimonials reverberated with praise for the extraordinary faculty. Kayode Awolu, managing director and chief executive officer, Jubilee Life Mortgage Bank Plc., lauded the "tremendous faculty combination and TEXEM's impactful methodology." On the other hand Niyi Toluwalope, chief executive officer, eTranzact Group, hailed the programme as "engaging" with "top-notch professors, founders, innovators, and creative experts."

As the echoes of "Leading Transformation for Strategic Outcomes" resonate, TEXEM UK's unwavering commitment to excellence in executive development sets a new standard. The programme not only imparts skills but ignites a spark for continuous growth and innovation. By seamlessly blending academia, real-world experiences, and interactive methodologies, TEXEM UK creates a transformative blueprint for executive development.

In a world in constant evolution, TEXEM UK's forward-thinking approach ensures leaders not only adapt but thrive. The impact of this transformative experience will ripple through boardrooms globally, shaping leadership excellence for years to come. As the curtains draw on this chapter, the legacy of "Leading Transformation for Strategic Outcomes" becomes a cornerstone in TEXEM UK's ongoing mission to effectively inspire leaders who lead change with foresight, resilience, and strategic acumen.

For more information, visit texem.co.uk or email texem.co.uk

Aba Power's local...

Continued from page 9

while the Nigerian government has over the decades focused on power generation and transmission in the country, it paid little attention to the distribution segment in the electricity value-chain.

Distribution companies supply electricity directly to homes, offices and factories.

According to Cliff Eneh, who was an engineer with Texas Power & Light, USA, the consequence of the lip service attention on the distribution aspect, is the very poor state of the distribution network.

Eneh was also a former senior manager with the defunct Power Holding Company of Nigeria (PHCN).

He explained that the poor condition of the distribution network is responsible for why the public electricity supply cannot power many machines, equipment in the country, forcing millions of people to self-generate at humongous costs.

As of 2022, the Association of Nigerian Electricity Distributors (ANED) said Nigerians spend N12 trillion annually on self-power generation.

Umeh disclosed that his company's policy to use only Nigerian-made transformers to help address the crisis in the distribution network came from the founder and chairman of the Geometric Power group, Bart Nnaji, a former minister of power, who had earlier headed the ministry of science and technology.

Nnaji, a professor of engineering and robotics, is erstwhile director of the United States National Science Foundation-endowed Centre for e-Design in the University of Pittsburgh.

MONEY Nuggets

TUNDE OYEDOYIN

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Time to put things together

LET ME START BY WISHING YOU, dear readers of this newspaper and by default, this column, a very jolly, merry and exciting Christmas.

A big shout out to Ayobami in particular and to my very own dear retired banker brother. Perhaps, will mention his name before the next presidential election comes round in 2027.

Now, to our subject matter. But tell you what? Yours truly had put down a different title and had been thinking of it until Wednesday, the 20th, when I opted for this particular one.

So, it's time to look back at the various pieces of the past few months and start putting things together in order to prepare to take action.

Among others, there was the piece on: "Don't outsource your bit of due diligence" and "My takeaway from Ike Anya's book launch." The bit on finding how to "collaborate" to find your own bread and butter in this dispensation of President Bola Ahmed Tinubu's administration is also there for consideration. Not to even forget last week's piece.

The way to put things together is to pick and shortlist just three of all the articles. From that, you can then adopt one to own and act on. It could be that you fancy not "taking your cue from" the United States way of managing their public finance. Whatever you zero on is entirely up to you. But ensure to do the needful.

Yours truly is particularly fancying "Take that tiny step," in a particular direction.

On this note, I'm signing off and here's wishing you all a prosperous new year in advance.

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

STOCKS MARKET

	NSE	NSE 30	FTSE 100	DOW JONES	S & P 500	FTSE/JSE	NASDAQ
	71,541.74	2,630.00	7,914.13	33,808.96	4,133.52	77,910.96	12,072.46
CURRENT	0.17	0.22	0.15%	0.07%	0.09%	-1.23%	0.11%
YEAR TO DATE	39.59	42.78	6.21%	2.00%	7.66%	6.66%	15.34%

TOP TRADERS

Company	Volume	Value
FIDELITYBK	28133841	230175290.5
FCMB	18031994	108188814.2
ZENITHBANK	18022988	596723516.6
UBA	13397315	254224852.4
FBNH	12020614	192047954.9

TOP GAINERS

No	Equity	Opening	Closing	%Change
1	THOMASWY	N 3.30	N 3.63	10.00%
2	IKEJAHOTEL	N 2.93	N 3.15	7.51%
3	OMATEK	N 0.42	N 0.45	7.14%
4	AIICO	N 0.67	N 0.70	4.48%
5	CUTIX	N 2.21	N 2.30	4.07%

TOP LOSSERS

No	Equity	Opening	Closing	%Change
1	CADBURY	N 14.00	N 12.60	-10.00%
2	FLOURMILL	N 31.00	N 28.20	-9.03%
3	SOVRENINS	N 0.36	N 0.33	-8.33%
4	GUINEAINS	N 0.25	N 0.23	-8.00%
5	GEREGU	N 339.50	N 315.00	-7.22%

COMMODITIES

SYMBOL	PRICE	CHANGE	%CHANGE	VOLUME
OIL	89.02	-0.35	-0.39	20,066
BRENT	92.16	UNCH	UNCH	0
NAT GAS	2.92	-0.037	-1.25	123,295
RBOB GAS	2.377	0.016	0.66	16,444
GOLD	1,993.10	12.6	0.64	279,888
SILVER	23.53	0.499	2.17	79,035
COPPER	903.6	5.4	0.6	18,010
PALLADIUM	3.553	-0.048	-1.33	71,516
WHEAT	1,102.50	-16	-1.43	2,324
SOYBEAN	488	-10	-2.01	790
CORN	584.25	-9.75	-1.64	79,232
SUGAR	1,302.25	-13.25	-1.01	121,102
COFFEE	495.5	-9.5	-1.88	248,510
COTTON	26.85	-0.44	-1.61	38,481
ROUGH RICE	165.65	1.7	1.04	35,469
COCOA	82.44	-1.83	-2.17	30,690
	15.88	0.105	0.67	496

Africa, Asia DFIs see potential $100bn harvest for climate change

• Urge companies to tap into fund for projects
• Looks at collaborating to leverage fund

Onome Amuge

THE WORLD BANK HAS argued that every dollar spent on climate adaptation has a multiplier effect of four dollars in economic benefits, highlighting the importance of investing in climate solutions. Similarly, the African Development Bank (AfDB) has estimated that Africa needs to spend $250 billion annually to meet its climate finance needs. This suggests that climate spending is not only necessary for environmental sustainability, but also for economic growth.

The World Bank and AfDB's estimates highlight the scale of the challenge that Africa faces in addressing climate change. With so much money needed, it is clear that a coordinated and sustained effort will be required to make meaningful progress.

It is concerning to note that Africa only receives 12 percent of the $250 billion needed per year, and that only two percent of this amount is available for spending. The funding gap is a major obstacle to addressing climate change in Africa. The Copenhagen Accord, agreed upon at COP15 in 2009, was a step in the right direction, but it has not been enough to close the funding gap. The Accord committed developed countries to a goal of mobilising $100 billion per year by 2020 to support climate action in developing countries. This goal was reiterated at COP16 in Cancun and COP21 in Paris, and was extended to 2025.

To this end, the Association of African Development Financing Institutions (AADFI) and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) have identified a potential $100 billion annual fund that could be used to tackle climate change challenges in developing countries, including Nigeria. The two associations suggest that companies in these countries could tap into the fund to develop and implement projects that address the impacts of climate change.

The potential of the $100 billion annual climate fund was revealed at a recent forum in Abuja, Nigeria, hosted by the Bank of Industry (BoI) and the African Development Bank (AfDB). The event, titled "Strategic Role Towards a Climate-smart

L-R: Haruna Jalo-Waziri, managing director/CEO, Central Securities Clearing System (CSCS) Plc; Nonso Okpala, chief executive officer, VFD Group Plc; Temi Popoola, chief executive officer, Nigerian Exchange Limited (NGX); Jude Chiemeka, executive director, capital markets, NGX; Elile Olutimayin, chief executive officer, CardinalStone Securities Limited; Chima Edomobi, Debt Management Office (DMO), Nigeria; Modupe Kadri, chief finance officer, MTN Nigeria; Oluseyi Osunkeye, managing director, Pilot Securities Limited; and Wale Agbeyangi, group managing director, Cordros Capital Limited, during the 2023 NGX Made of Africa Awards at the Exchange in Lagos, recently. IMAGE BY PIUS OKEOSISI

Future," brought together over 300 delegates and 30 speakers from across Africa and the Asia Pacific.

The forum focused on the need for strategic partnerships and collaboration to address the challenges of climate change, and explored how development finance institutions can play a role in this effort. Representatives from the BoI and AfDB discussed how they are working to support climate-smart projects and initiatives.

Doris Uzoka-Anite, the Nigerian minister of trade and investment, called for global action to promote a climate-smart future. Uzoka-Anite, who was represented by Mimi Abu, the director of human resources, emphasised the role of Development Financial Institutions (DFIs) in mobilising private investment to address climate challenges. She explained that DFIs can play a critical role in facilitating access to capital, mobilising resources, and developing innovative financing mechanisms to support climate-smart initiatives.

Uzoka-Anite noted that if DFIs fail to create solutions for climate change mitigation and adaptation, it could have severe consequences for the agriculture and infrastructure sectors. She noted that these are areas where climate change is already having a significant impact, and where the effects are likely to become even more severe in the future. She therefore stressed the need for swift and decisive action to address these challenges.

The minister pointed out that DFIs can play an important role in addressing the needs of the agriculture sector and reducing hunger through innovation. She urged African businesses to include climate-resilient products and measurable targets in their business models, and called for the expansion of actionable plans to derisk sustainable investments in the region.

Uzoka-Anite noted that by investing in climate-smart agriculture and infrastructure, DFIs can boost productivity and reduce hunger, while also reducing the risks associated with climate change. She stressed that these investments can have a significant impact on the livelihoods of people in Africa, and help to ensure a more sustainable and resilient future for the continent. She expressed confidence that the decisions made by DFIs at the conference have the potential to change the economic landscape in Africa for the better.

On his part, Olasupo Olusi, the CEO of the Bank of Industry (BOI), said the bank has been working with partners to raise over $5 billion in the past five years to support climate action in Nigeria. This funding is in line with the vision of President Bola Tinubu, who has made building a climate-smart Nigeria a priority. Olusi also recalled that the Bank of Industry recently secured a credit line of €100 million from the French Development Agency (AFD) for the expansion of green finance in Nigeria.

"As Nigeria's leading DFI, one of the primary drivers of BoI's developmental strategy is to accelerate the country's development through supporting environmental-friendly and sustainable projects across the key sectors of the economy. We at BoI are committed to promoting this strategy to deliver on our mandate," he said.

In addition to the launch of the joint forum, the AADFI-ADFIAP CEO Forum also announced the creation of the Association of African Development Financing Institutions in Africa Working Group on Climate Change. This group will focus on identifying funding opportunities for green projects, and will collaborate with the African Financial Alliance on Climate Change (AFAC) to support member institutions in addressing climate change challenges.

This new working group is an important step in increasing the capacity of African financial institutions to finance climate action. The group will bring together a variety of disciplines to share knowledge and expertise, and to develop innovative solutions to the challenges faced by African countries in addressing climate change.

With the launch of this new group, AADFI-ADFIAP stated that it is taking a proactive approach to addressing the challenges of climate change. By identifying funding opportunities and collaborating with AFAC, the group is considered well-positioned to make a significant impact on the continent's ability to finance climate action.

A statement by the group explained that it will also focus on developing a roadmap for climate change in Africa. This roadmap will be designed to help African countries meet their climate goals and mitigate the impacts of climate change. In addition, the group will support climate change solutions by providing technical assistance and capacity building to member institutions. This will ensure that the institutions have the expertise and resources they need to effectively finance climate action.

Michael Ma'hmoud, an economist and development management expert, discussed the importance of sustainable capital for the success of development financing institutions (DFIs). He noted that in the past, DFIs were regulated and supervised in the same way as commercial banks, which led to the failure of several institutions in francophone countries.

Ma'hmoud emphasised that in order for DFIs to be successful, they need to be more sustainable. This requires a focus on long-term goals and the careful management of resources. He also noted that sustainability is essential for mobilising resources to address the challenges of development.

Zeph Nhleko, the chief economist at the Development Bank of Southern Africa, stated that while DFIs are important for climate financing, more needs to be done to attract more capital. He suggested that innovative models, such as green bonds and blended finance, could be used to raise additional funds. He also highlighted the importance of collaboration among DFIs, governments, and the private sector to make progress on climate change.

Overall, Nhleko emphasised the need for more resources and better coordination to support the financing of climate change initiatives.

Quoted Insurers

Security	P/Close	Open	High	Low	Close	%Change	Volume	Value
AIICO	0.75	0.75	0.75	0.75	0.75	0	2,648,773	1,980,330.97
MANSARD	4.5	4.5	4.35	4.3	4.3	-4.44	1,762,654	7,659,419.39
NEM	5.9	5.9	-	-	5.9	0	25,913	141,727.00
MBENEFIT	0.52	0.52	0.53	0.48	0.53	1.92	67,276,275	33,698,332.49
CORNREST	1.36	1.36	1.42	1.4	1.4	3.7	495,778	696,130.86
LASACO	1.92	1.92	1.9	1.9	1.9	-1.04	846,382	1,613,147.68

How insurers can tap industry's future transformation - Deloitte

Stories By Cynthia Ezekwe

THE INSURANCE INDUSTRY is in the midst of a major transformation, driven by the confluence of several powerful forces. New technologies, including artificial intelligence and blockchain, are revolutionising the way insurance is done, while shifting consumer demands and economic conditions are creating new challenges for insurers. These challenges are compounded by the increasing frequency and severity of global risks from climate change to cybercrime.

Based on this, Deloitte, in a recent report titled "2024 Global Insurance Outlook:Insurers evolving to address changing operating environment and precipitate even greater societal impact", outlines several strategies for insurers to consider in order to evolve and stay relevant in 2024 and beyond.

The multinational professional services network identifies key issues that insurers will face in the coming years, such as changes in the operating environment, the need to improve societal impact, and the need to address the effects of climate change. It also suggests strategies for insurers to adopt, including the use of technology, innovation, and talent development.

Deloitte's report paints a picture of a rapidly changing world, where the pace of change is unprecedented. It notes that a variety of factors are driving change, including climate change, technological advancements, workforce changes, and shifting customer and societal expectations. These factors are also having an impact on macroeconomic and geopolitical factors, creating a complex and challenging environment for insurers.

To survive and thrive in this environment, the report suggests that insurers need to transform their businesses in several key areas. These include technological infrastructure, products and services, business models, and organisational culture.

Deloitte noted that the goal of these transformations is not only to generate profits, but also to ensure the long-term sustainability and viability of the insurance industry. This includes addressing important societal and environmental issues, such as climate change and inequality.

L-R: Omoshalewa Rufai, marketing associate, Jumia Nigeria; Robert Awodu, regional head of public relations and communication, sub-Saharan Africa, Jumia Group; and Obianuju Odiodio, KOL lead, Jumia Nigeria, during a visit to the Lagos Food Bank Initiative in Lagos recently, where Jumia Nigeria donated clothing items to the beneficiaries of the Cloth Banking programme, as part of its efforts to support community welfare and individuals in need in Nigeria. IMAGE BY PIUS OKEOSISI

According to the report, the insurance industry is uniquely positioned to create positive social change because of its existing role as a financial safety net for society. The industry provides protection against a wide range of risks, from natural disasters to accidents and illnesses.

The report suggests that by expanding its role beyond financial protection to include social and environmental good, the industry can have an even greater impact on society. This could involve initiatives such as using data and analytics to identify and address social risks, developing products and services that promote social equity, and partnering with other organisations to create positive change.

The report notes that many insurers are beginning to realise that they can play a more proactive role in helping to prevent risk, rather than simply providing financial compensation after the fact. This shift in thinking is being driven by a number of factors, including the growing number and severity of risks, such as climate change and cybercrime, and the increasing need for financial protection for people who are uninsured or underinsured.

It also brought to fore that insurers are exploring new ways to address these challenges, such as using data and analytics to identify and address risks before they occur, and developing new products and services that prevent or mitigate risk. The report suggests that this new approach can have profound benefits for both individuals and society at large. By addressing risks before they occur, insurers can help to prevent or reduce the damage caused by disasters, health emergencies, and other events. They can also help to close the protection gap, making sure that more people have access to the financial protection they need. This can have a significant impact on reducing inequality and improving the quality of life for people around the world.

"Even while the most extreme events may appear unavoidable, insurance combined with proactive risk management can still help minimise the degree of their impact on affected individuals and communities," the report highlighted.

Deloitte lays out five core strategies that insurers can use to evolve and better serve industry, society, and the planet. These strategies include:

- Improve the bottomline by decreasing the frequency and severity of insured events and thereby lower loss ratios.

- Enhance brand reputation by enlightening consumers and communities that support it year-round, rather than only at the point of sale, renewal, or when a claim is filed.

- Upgrade the insurance value proposition by placing standard risk-transfer policies at the centre of a much broader, more holistic risk mitigation programme.

- Create access and inclusion for all underrepresented and unprotected segments.

- Build trust and confidence of consumers by being more transparent, responsible, and involved in environmental and societal issues.

In order to successfully implement the strategies outlined in the report, Deloitte highlights the need for insurance companies to adopt new technologies such as generative AI. Generative AI is a type of artificial intelligence that can create new data based on existing data, which can be used to generate insights and predictions about future events.

In addition, the report suggests that insurers should seek to collaborate with other industries to access a wider range of data sources, products, and services. The report also highlights the importance of talent development, noting that employees with the right skills and knowledge will be essential to effectively using new technologies and implementing new strategies.

"Transformative change will likely have to go beyond adding new tech bells and whistles. More proactive insurers are also beginning to embrace enterprise wide culture change to reduce silos, elevate their talent, and achieve a more ubiquitous focus on customer-centricity. For global insurers, this may include rethinking how capabilities are shared across geographies and business lines to help drive a more consistent and integrated customer experience," the report stated.

In addition to the technological and strategic changes outlined in the report, Deloitte also stresses the importance of a strong commitment to diversity, equity, and inclusion (DEI) as a key factor in the success of the insurance industry. This commitment, it stressed,should be demonstrated through a variety of actions, including ensuring that the workforce is diverse and inclusive, and that products and services are accessible to all customers.

The report points out that improving the industry's DEI record will help to build trust with stakeholders, including regulators, legislators, and rating agencies, as well as the general public.

It argues that by demonstrating a commitment to DEI, insurers have the potential to not only improve their own bottom line, but to elevate the perception of the insurance industry as a whole. It added that by taking on a more holistic approach to consumer interactions, insurers can build deeper relationships with their customers, which can lead to increased trust and loyalty.

According to Deloitte, this could ultimately lead to a shift in the way the industry is viewed, from a purely transactional role to one that is seen as having a positive impact on society as a whole. This shift in perception could lead to even more growth for the industry, as consumers would be more likely to view insurance as an essential part of their lives, rather than a grudging necessity.

The report stresses that this is a long-term process, but one that is well worth the effort. By demonstrating a commitment to DEI and building a positive reputation, insurers can create a virtuous cycle that leads to more growth and better societal outcomes. This would be a significant departure from the traditional view of the insurance industry, which has often been seen as a necessary evil, rather than a force for good.

The report suggests that insurers who are able to make this shift could be well-positioned for success in the coming years.

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ECONOMICS & FINANCE

How Web3 and AI Will Transform Finance

JASON P. DAVIS

Associate Professor of Entrepreneurship and Family Enterprise

ARTIFICIAL INTELLIGENCE and crypto are not only reinventing financial products and delivery, but also influencing who gets to participate.

Since the birth of ChatGPT, writing summaries from long reports or crafting personalised emails have become a thing of the past for many people. One year on, the ability of generative AI (GenAI) to extract and synthesise data and sentiments from massive volumes of data has made complex information more accessible than ever before. It is now also possible to tailor one-to-one online customer interactions at scale, from product search to purchase.

The exponential increase in operational and cost efficiencies made possible by GenAI is observed across domains – including the way financial services are delivered and experienced by consumers. Its ability to personalise market intelligence and the customer journey in a fraction of the time presents a huge growth opportunity, said Rishi Ramchandani, the APAC Web3 Lead at Google.

This comes at a time when the finance world is being disrupted by yet another formidable force: Web3 technologies, or what is commonly known as blockchain. In the INSEAD Future Forum themed "How Will Web3 and AI Transform Finance?", practitioners took a deep dive into how these technologies are shaping finance as we know it.

Heralding a new era

The potential of GenAI to drive cost and operational efficiencies, as well as mass customise interactions at scale is unprecedented, concurred experts on the "Generative AI: A Game Changer for the Future of Finance" panel discussion. In an increasingly uncertain commercial and regulatory landscape, it can help developers and analysts make sense of regulatory changes and identify or even automate the required changes. For instance, GenAI can distil the essence of the Basel Framework that is relevant to the business and identify related parts of a product document and code repository where change is required.

The fact that GenAI processes text, as well as image, voice and video not only makes a variety of use cases possible, but also does a lot to increase inclusiveness, said Alex Honchar, Director of AI Engineering and Partner at Neurons Lab. Indeed, beyond the tangible changes, there are philosophical ones – including financial inclusiveness, noted Stefano Bury, INSEAD alumnus (MBA'13D) and COO of LongHash Ventures.

With blockchain, everyone and anyone can now access financial services from anywhere. In the past, huge sums of money were often locked up in financial markets due to middlemen and other forms of operational friction. But the decentralised, community-based and -owned nature of blockchain technology makes it possible to bypass traditional, institutionally owned systems – together with their associated fees, rules on minimum transaction volume and operational lag.

In the panel discussion "How Will Web3 Shape Finance 2.0", it is clear that the reduced cost, speed (think: instant settlement) and improved accessibility are a big win for financial inclusivity.

Moreover, digital assets and the underlying blockchain technology are giving rise to new asset classes. Following in the footsteps of cryptocurrency, real-world assets such as mortgages are being tokenised. Digital assets such as Bitcoin could also serve as economic instruments to hedge inflation (like gold) or raise venture capital, said Samar Sen (INSEAD MBA'08D), Senior VP and Head of APAC at Talos. However, he cautioned that the maturity levels of different use cases vary, and it is too early to tell which will be successful.

Harald Eltvedt, INSEAD alumnus (GEMBA'20J) and venture builder at SC Ventures asked: "We can tokenise everything, but does everything need to be tokenised?" His answer was "probably not".

Are we there yet?

As these relatively nascent technologies continue to unfold, like many panellists, Hassan Ahmed, Country Director for Singapore at Coinbase, pointed to scalability being a challenge, primarily due to the lack of interoperability and market stability.

Interoperability requires market players, as well as the relevant stakeholders, to operate using common rules, standards and systems. Literally and figuratively, it calls for a common language.

Second, market stability is a necessary ingredient for trust and increased adoption. To ensure a more stable global market, regulatory collaboration and joint oversight can go a long way. We are now seeing cross-border cooperation between regulatory communities, such as between Europe and Singapore, Asia and Europe, as well as US to Singapore and Africa, said Anton Ruddenklau, Head of Financial Services at KPMG Singapore. For consumer trust and protection, liquidity reserves can be implemented as a safety net. There will be shocks in the systems and we need to build trust and liquidity in these systems, he said.

With little standardisation, market stability and regulatory certainty, progress at a global scale will look nothing more than patchwork. In the meantime, pension funds and big players will simply wait at the sidelines.

Four steps to business transformation

Ramchandani highlighted four steps for companies to better leverage the potential of GenAI. In fact, these steps are applicable to Web3 or other emerging technologies.

First, identify possible use cases and prioritise them. Leaders need to evaluate business needs alongside generative and traditional AI capabilities. Taking a realistic perspective of the time to value for each use case will help companies determine the feasibility of each one.

Second, once they have ascertained their priorities, firms should take a "data first" strategy. Lay a solid AI foundation by bringing together disjointed data sets and strong governance. To ensure that AI models are robust and serve the purpose they are built for, organisations must audit both the AI models and training data, said Laurence Liew, Director of AI Innovation at AI Singapore. A case in point is how OpenAI spends most of its resources on humans checking the outputs of their models.

Third, integration and implementation of AI solutions can only be successful if the organisation is ready. Thus, leaders need to look beyond the cost and benefits of GenAI solutions and consider the organisation's AI readiness. Like most panellists, Zaid Hamzah, Managing Partner of FutureLaw.ai, agrees on the need for learning and reskilling, and along with that, the need to strike a balance between dependence and professional judgement. He said that investing in people not only helps companies reap the return of investment into GenAI, but also ensures that everyone can benefit from GenAI.

Fourth, recognise that not all AI is built equal. Test proofs of concept to identify what works for the business before scaling them. A deeper understanding of how the technology works and its capabilities can help decision makers move from asking "Where can we use it?" to "How good is it right now?", said LingYi Chang, Founder and AI Consultant at 01 Solar.

Integrating GenAI will continue to raise these questions: How do we control our data? How to be both accurate and explainable? How to integrate our existing data and applications? How to control costs? How to deal with fraud and security? While some of these issues can be tackled at the company level, some require an ecosystem effort, or even regulatory intervention.

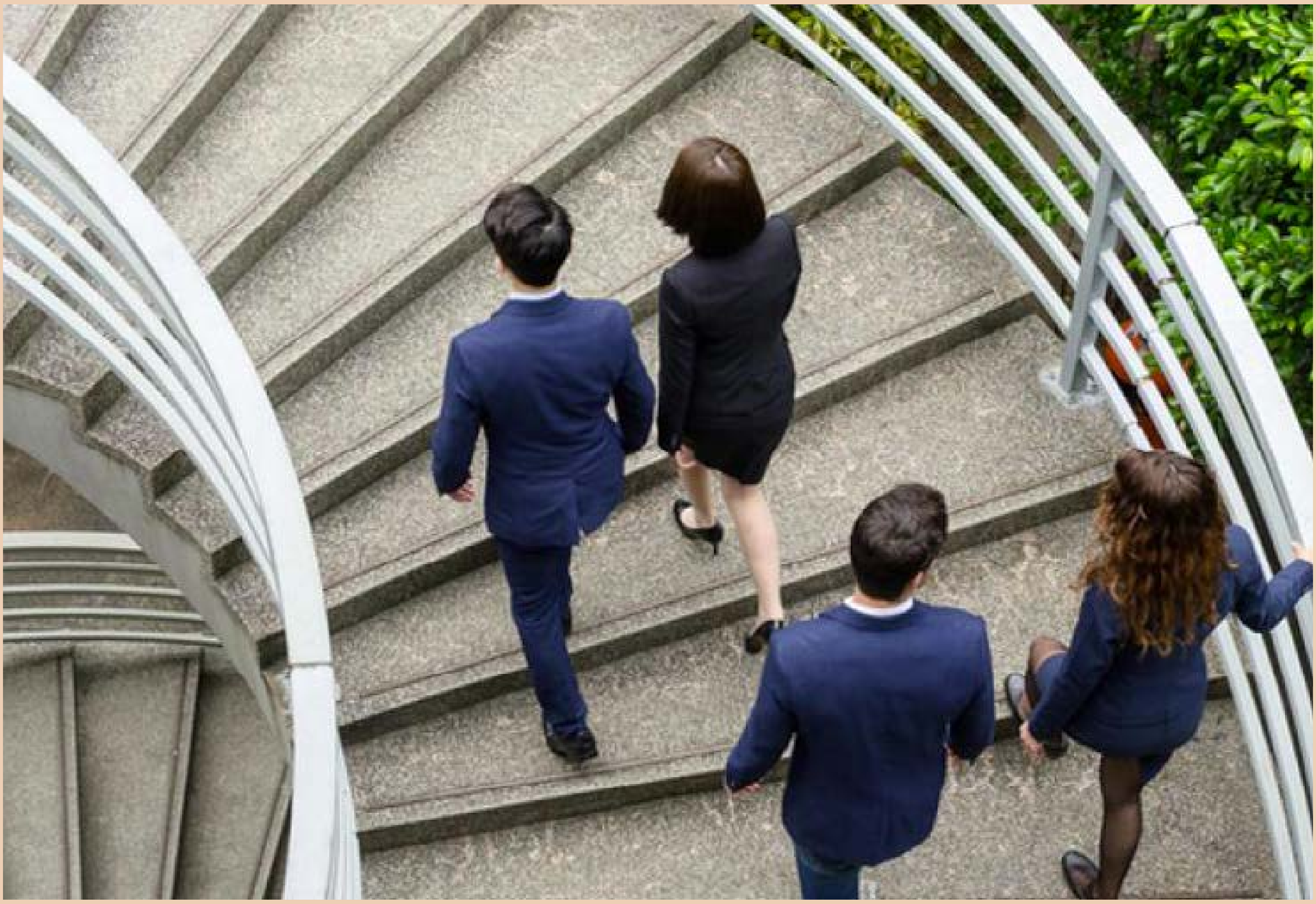
Where do we go from here?

From the perspective of governance and regulation, the question is: How to create guardrails and ensure responsible use? In the case of GenAI, audit is most critical at the foundational model stage, where the model runs in a controlled environment, remarked Vihang Patel, INSEAD alumnus (CGM'21) and Founder and CEO of Splore. It is much more challenging to regulate or provide guardrails "after the fact", he said. Therefore, the perfect time is sooner, rather than later.

In addition, a different approach is required in the regulation of GenAI. Current regulations tend to focus on the inputs and outputs of AI models, whereby regulations are based on the size of model and responsible use of outputs. But we need to go beyond the size of model to look into human responsibility in the use of GenAI, such as the issue of bias.

On the Web3 front, in spite of the recent collapse of FTX amid other crypto fallouts, Sen noted that safety has in fact improved in the last five years. He highlighted the "good" that came out of recent disasters: winding up of scamming companies, increased consolidation in the sector – and more importantly, a better understanding of the need to separate custodian and trading. The benefits of blockchain allowing everyone and anyone to access financial services come with an urgent need for consumers to better educate themselves, he cautioned.

At what point then would we have "arrived"? In an ideal, abstract world, transactions would take place without the need for external intervention, Sen projected. In any case, there's no turning back. "We are on this ship together and there is nowhere to escape," said Chang.



X-Teams: Three Principles to Guide Today's Leaders

HENRIK BRESMAN

Associate Professor of Organisational Behaviour

IN THE EVER-EVOLVING BUSINESS landscape, adapting to change is not just a skill; it's a necessity. In addition to thinking about internal alignment, teams must reach out to the wider ecosystem to include the widest diversity of thought.

In this INSEAD Knowledge podcast, Henrik Bresman, Associate Professor of Organisational Behaviour at INSEAD, sheds light on the second edition of his book, X-Teams: How to Build Teams That Lead, Innovate, and Succeed, co-authored with Deborah Ancona from the MIT Sloan School of Management.

The premise of X-Teams, first introduced in 2007, is that we need to reimagine how we build and lead teams. While acknowledging the importance of internal cohesion in teams, the authors argue that it's no longer sufficient.

Reigniting excitement to run better teams

The decision to write a second edition was spurred by a shift Bresman and Ancona observed. Not only is the business environment more volatile, uncertain, complex and ambiguous than ever, it's also become increasingly asynchronous since the pandemic. "We now live in a VUCA world on steroids," says Bresman.

"We still found people clinging to the old, internally focused traditional model", he adds, "even though it kept failing them." The second edition aims to reignite leaders' excitement about running better teams. At the same time, the book is a celebration of those teams that made the ideas in the first edition work, says Bresman.

In a landscape that's exponentially harder to navigate, X-Teams operate based on three broad principles.

1. Out before in: External engagement matters

Teams need to relentlessly go out there to write and rewrite their maps. What does the world look like? Every business variable – e.g. customers, competition, technologies – keeps changing. Most teams know they should keep probing their environment, but they fail to do so because it's exhausting.

Teams must also continually analyse where the power lies. Where are the resources? Where are the lines of resistance? Lastly, teams must know their stakeholders well enough to understand what language to use and how the various pieces of the puzzle fit together in terms of task coordination.

2. In matters too: Building a robust internal environment

While external engagement is crucial, teams must still ensure that all is well within their own confines. The cornerstone of this is psychological safety. Bresman explains that psychological safety is nurtured through a shared understanding of uncertainty levels. Just how much failure should we expect and are we willing to accept?

Teams also need inclusive and empathic leadership. For instance, leaders need to lower the cost of speaking up and be proactive in eliciting diverse ideas. They need the humility to acknowledge their incomplete knowledge and leverage the strengths of their team members.

3. Pulse: The art of timely transitions

X-Teams introduce a temporal dimension to team dynamics. After venturing to the external world, team members must return home to reflect and learn. Bresman compares this to experiential learning, emphasising that the true value of experiences lies in the reflection and learning that follows. The ability to pulse – alternating nimbly between inward and outward focus – is critical for teams to adapt, pivot and navigate the complexities of the modern business landscape.

Getting practical

The podcast also touched on some of the tactics laid out in the book to implement X-teams. Bresman shared the story of how a junior staff having coffee with a college professor helped a pharmaceutical drug development team score a major win. While the junior staff was inexperienced, his professor had the exact expertise the team needed to make a breakthrough. The link is not always so direct. Sometimes bright ideas can come from exposure to peripheral ideas and industries.

No matter the industry, the knowledge today's managers need keeps growing at a furious pace. The power structure within firms is also changing. People used to be able to look at an organisational chart and know where the power was. As Bresman points out, this is no longer true, as formal authority is less and less of a currency.

The bottom line is that we are now far more interdependent than we used to be. We need to work with others, both inside and outside of our own team and organisation. Firms need teams with diverse knowledge and technical skills. But when their members go out in the wide world, they need a safe base to return to in order to debrief and regroup. This is the way of the X-teams.

How Mobile Money Fosters Financial Inclusion

Mobile money platforms can be a huge help to economies struggling with inadequate financial infrastructure, Wharton research shows.

VALENTINA ASSENOVA

Edward B. and Shirley R. Shils Endowed Term Assistant Professor of Management, Govil Family Faculty Scholar, 2020-2021

IN A SIGNIFICANT MOVE this summer, Kenya's leading telecoms operator, Safaricom, extended its innovative mobile money service M-Pesa to Ethiopia, Africa's second-most populous country, seen as the "last frontier" for digital banking. M-Pesa has been instrumental in incorporating tens of millions of unbanked individuals into Kenya's financial system, empowering people to store and transmit money using their mobile phones. A recent study by Wharton doctoral candidate Aparajita Agarwal and Wharton management professor Valentina Assenova sheds light on the transformative impact of such mobile money platforms in emerging economies.

Over the past decade, mobile money has emerged as a dominant force, particularly in regions like sub-Saharan Africa, Latin America, and South Asia grappling with inadequate infrastructure in credit markets, commonly referred to as "institutional voids." These voids impede access to financial products and services, hindering the growth of businesses and limiting economic productivity. The study by Agarwal and Assenova shows how mobile money platforms, through unique features and mechanisms, effectively fill these institutional voids, fostering financial inclusion and economic development.

"Mobile money platforms help out in places where credit information is missing and infrastructure isn't well developed," said Agarwal, who is the paper's lead author. "Mobile money platforms provide alternative data and fill for the infrastructure gap, causing positive spill-over effects on economic activity for various players in the market."

Mobile Money Boosts Financial Inclusion in Three Critical Ways

Named after the Swahili word for "money," M-Pesa's expansion into Ethiopia signifies a transformation in the financial landscape. These platforms stand out by not only capturing economic value but also creating it, disrupting existing industries and expanding market transactions. The distinctive features of mobile money platforms include data-driven business models, distributed value creation, and "network effects," where the value of the service increases for both users and service providers on the platform as more people use it.

The authors argue that these features empower mobile money platforms to address institutional voids in credit markets in three critical ways.

1. Creating a digital record of financial activities.

First, they verify users by assessing digital data on the platform. Mobile money operators play a pivotal role in providing alternative means for lenders to assess creditworthiness, especially for people lacking established credit history. By creating a digital record of users' financial activities, platforms like M-Pesa enable lenders to make informed decisions on loan approvals. "These platforms create a digital record of users' financial activity, such as their recent transactions — data that can help lenders make decisions on whether someone is able to pay back a loan," Agarwal explained.

2. Simplifying access to financial services.

Second, they offer simplified access to financial services. Through their decentralized networks, mobile money platforms connect various financial services and products from partners like banks. This one-stop-shop approach fills gaps caused by limited access points, such as bank branches, in emerging economies, facilitating the distribution of financial products. "Mobile money is providing a one-stop-shop to access a whole range of financial services," Agarwal said.

3. Establishing a massive network of users.

Third, these platforms leverage network effects to speed up their growth, allowing them to quickly expand and reach millions of new users who previously didn't have access to banking services. M-Pesa has more than 51 million customers across seven African countries. This not only enhances financial access but also serves as a bridge to established financial groups like banks, credit unions, and microfinance institutions, facilitating credit access for individuals and businesses alike.

"These loans help individuals and small businesses expand their growth and enhance their productivity. In the absence of credit, small businesses cannot grow," Agarwal said, highlighting the deficiencies in traditional financial systems.

Policy Reforms Can Broaden Financial Inclusion and Sustain Growth

To reach these conclusions, the study delved into the impact of regulatory changes that allowed non-banking entities, including mobile network operators and fintech start-ups, to introduce mobile money platforms. Analyzing data from more than 71,000 adults before the reforms in 2014 and some 80,000 adults after the reforms in 2017 across 78 countries, the authors discovered that initially, only 11% had access to formal financial services. Post-regulatory changes, mobile money usage increased, and access to credit from formal financial institutions rose significantly, with the reforms leading to a 22% rise in the likelihood of borrowing.

"The increase was even more significant for women, the poorest individuals, and those with limited education," said Agarwal, indicating that mobile money platforms have played a crucial role in broadening financial service access in emerging and developing economies.

The research carries significant implications for policymakers and regulators. The findings suggest that regulatory reforms welcoming new entrants into the financial services sector can potentially boost financial access. "By enabling the launching of these platforms, governments can promote more collaborations between mobile money platforms and traditional financial institutions, thereby fostering innovation and co-creation in the financial sector," said Assenova. "This provides more products and services on the rail of mobile money, so policymakers can contribute to sustainable growth and development."

LEADERSHIP

How to Make Your Team Smarter

Wharton's Adam Grant explains how leaders can unlock the hidden potential of their teams.

ADAM GRANT

The Saul P. Steinberg Professor of Management, Professor of Psychology

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

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Nano Tool

Putting people together in a group doesn't automatically make them a team. Neither does convening a group of individual experts and giving them a problem to solve. Research reveals that the smartest teams aren't composed of the smartest individuals. The best teams are aligned around a common goal, evaluated on a collective outcome, organized around a unique role for each member, and motivated to share their knowledge and coach each other regularly.

Every team has hidden potential. Sometimes people's strengths aren't recognized; other times their voices aren't heard. Unlocking the hidden potential in groups requires leadership practices, team processes, and systems that harness the capabilities and contributions of all their members.

Action Steps

Choose the right leader. Leaders have the authority to transform a group of individuals into a team — but we rarely choose the person with the strongest leadership skills, instead going for the most talkative person (researchers call it the Babble Effect). Mistaking confidence for competence and quantity for quality means that team cohesion and performance suffer. Collective intelligence is maximized when leaders put their mission above their ego. Their goal isn't to be the smartest person in the room but rather to make the room smarter. They make sure every voice is heard. When someone points out a problem, instead of shooting the messenger, they reward the messenger.

Use brainwriting rather than brainstorming. For more than half a century, brainstorming has been the go-to method for teams to surface new ideas. But there's ample evidence that shows it rarely works well. Research shows that individuals working separately tend to generate more creative ideas than groups brainstorming together. Good ideas get lost due to pressure to conform, fear of looking foolish, and the difficulty of breaking through the noise. A more effective option is brainwriting: team members come up with ideas on their own, share them anonymously with the group, and evaluate them separately before the whole team chooses the most promising ones. Collective intelligence requires individual creativity and group wisdom.

Create a lattice hierarchy rather than a ladder. Most organizational hierarchies are set up to reject unproven ideas. They give one person the power to shut down suggestions. Conversely, a lattice system uses an organizational chart with channels across levels and between teams, which provides many possible paths to the top. Different from a matrix, which puts a number of different bosses or managers above you who can hold you back and shoot you down, its goal is to give you multiple leaders who are willing and able to help move you forward and lift you up.

How Leaders Use It

The story of the 2010 Chilean mine collapse that trapped 33 men behind 700,000 tons of rock is well known. But what's often missing from the story is the $10 device invented by a small-time entrepreneur that allowed contact with the miners — and the 24-year-old engineer whose suggestions enabled the rescue. Team leader André Sougarret was selected because of his "exceptional ability to listen and reach conclusions after listening to all sides." He knew that considering ideas from a range of people was key to success because there was no one "super leader who had all the answers." He set up a brainwriting process, gathering ideas from around the world via a website and enlisting a team to vet the submissions. And he created a lattice system that allowed a young engineer delivering drilling equipment to come directly to him with an unconventional idea for accessing the miners.

Contributor to This Nano Tool

Adam Grant, PhD, Saul P. Steinberg Professor of Management, The Wharton School; host of the podcast WorkLife; and author of five #1 New York Times bestselling books. This Nano Tool is adapted from his latest book Hidden Potential: The Science of Achieving Greater Things (Viking, 2023).

Quoted Insurers

Security	P/Close	Open	High	Low	Close	%Change	Volume	Value
AIICO	0.75	0.75	0.75	0.75	0.75	0	2,648,773	1,980,330.97
MANSARD	4.5	4.5	4.35	4.3	4.3	-4.44	1,762,654	7,659,419.39
NEM	5.9	5.9	-	-	5.9	0	25,913	141,727.00
MBENEFIT	0.52	0.52	0.53	0.48	0.53	1.92	67,276,275	33,698,332.49
CORNREST	1.36	1.36	1.42	1.4	1.4	3.7	495,778	696,130.86
LASACO	1.92	1.92	1.9	1.9	1.9	-1.04	846,382	1,613,147.68

...INSURANCE ...PENSION ...BROKER ...RISK MGT ...SPECIALTY ...COMPANY ...PEOPLE ...REGULATION

Insurers' claims payment up 50% to N365.5bn in Q3 '23

Cynthia Ezekwe

NEW DATA RELEASED BY THE NATIONAL INSURANCE COMMISSION (NAICOM) show that the amount paid out in insurance claims in the third quarter of 2023 was significantly higher than the same period in the previous year. According to the data, insurers paid out N365.5 billion in claims during the third quarter of 2023, representing a 50.7 percent increase from the N242.6 billion paid out during the same period in 2022.

Breaking down the data on a quarter-on-quarter basis, the report shows that the amount of claims paid by insurers increased by 112.4 percent from Q2'23 to Q3'23. This represents a significant jump in claims payment in a relatively short period of time.

NAICOM attributes the growth in claims payment to a combination of factors, including increased public awareness of the benefits of insurance and improvements in claims management. In particular, the commission notes that the growing awareness of the benefits of insurance has led to an increase in demand for insurance products and services.

Mele Kyari (third from right), group chief executive officer, NNPC Ltd., displays the 2023 The Whistler Newspaper Transparency & Innovation award, shortly after receiving it from the Governor Alex Otti ((second from right) of Abia State. Applauding the moment are from left: Sophia Mbakwe, managing director, NNPC Enserve Ltd; James Ume, publisher/CEO, The Whistler; NNPC Chief Upstream Investment Officer; Festus Osifo, president-general, Trade Union Congress (TUC), and Lawal Sade, managing director, NNPC Trading Ltd, during the newspaper's annual awards night, held in Abuja, recently.

At the same time, insurers have been working to improve their claims management processes, which has led to faster and more efficient processing of claims. However, NAICOM cautions that the increase in claims payment is putting pressure on insurers to generate more premium income, and to quote rates that are adequate to cover the cost.

Olusegun Omosehin, the chairman of the Nigerian Insurers Association (NIA), expressed his satisfaction with the resilience of the insurance sector, despite the various challenges it faces.

Omosehin noted that despite the difficulties presented by factors such as inflation and economic downturn, the sector has remained strong and viable. He attributed this success to the commitment and hard work of insurance professionals and the strong regulatory environment provided by NAICOM.

"Despite the economic downturn being experienced in Nigeria with its cataclysmic effect on all aspects of our national life, the Nigerian insurance industry continues to take its pride of place in the Nigerian economic space as the economic driver, restorer of businesses and a dependable safeguard for national assets," he said.

Omosehin acknowledged that the insurance industry has faced a number of challenges over the past year, including the economic and socio-political problems facing the country as a whole. These challenges, he said, have had an impact on the industry, but the sector has been able to overcome them and maintain its strength. He cited the dedication and hard work of insurance professionals as a key factor in the industry's resilience. He also highlighted the importance of maintaining a strong regulatory framework to ensure the sector's continued success.

Omosehin added that the association is working closely with NAICOM and other stakeholders within the financial services and technology segments to promote the business of insurance and increase its contribution to national gross domestic product (GDP).

AIICO acquires 5% stake in InfraCredit

AMERICAN INTERNATIONAL INSURANCE COMPANY LIMITED (AIICO) has acquired a five percent stake in the total share capital of InfraCredit, a Lagos-based credit guarantee institution. This marks the second time a domestic institutional investor has invested in InfraCredit, with the first being Leadway Assurance Plc.

The new equity investment has enabled InfraCredit to increase its paid-in capital base to N148.55 billion, which translates to an aggregate guarantee issuing capacity of up to N742.77 billion. This significant increase in capital demonstrates the growing demand for infrastructure finance in Nigeria and the increasing importance of credit enhancement in facilitating project financing.

Infracredit, in a statement, notes that the equity investment will form part of its core capital, which will strengthen the company's ability to issue guarantees and maintain its 'AAA' credit rating. The investment is also expected to help diversify InfraCredit's ownership structure, which is an important step in the company's overall capital structure.

In addition to strengthening its financial position and credit rating, InfraCredit also noted that it is committed to continuing to innovate and find new ways to mobilise private sector financing for infrastructure projects. This,it stated, is an important part of the company's overall mission and will be supported by the new equity investment.

Commenting on the investment, Babatunde Fajemirokun, CEO of AIICO Insurance, said, "This investment is the evolution of what we at AIICO Insurance believe will be a long-term partnership with InfraCredit."

According to Fajemirokun, over the past two years, AIICO Insurance has invested in InfraCredit guaranteed bonds and participated in novel financing arrangements promoted by the company to bring infrastructure investment to areas that have been significantly underserved. The AIICO Insurance CEO expressed confidence that the partnership with InfraCredit for the' long haul' underscores its commitment to bridging the infrastructure gap in Nigeria.

Sanjeev Gupta, chairman of the InfraCredit board of directors, expressed his excitement about AIICO's investment. He noted that this investment will play an important role in attracting private sector capital for infrastructure financing and will be beneficial in improving the private sector's involvement in the company's ownership structure.

Ifeanyi Azubike, the chief executive officer, InfraCredit stated "The admission of AIICO Insurance, the second private domestic institutional investor in InfraCredit, reinforces the confidence in the sustainability of InfraCredit's unique business model."

In a statement, Azubike noted that AIICO's equity investment further strengthens the company's core capital base and expands its guarantee capacity. He added that this will allow InfraCredit to continue acting as a catalyst for attracting domestic credit from pension funds, insurance firms, and other long-term institutional investors into credit-worthy infrastructure projects.

Azubike also noted that AIICO's equity investment aligns with its sponsor's strategic objective of broadening its investor base through private sector participation,enabling InfraCredit to expand its capitalisation and strengthen its capacity.

Buying long-term insurance with the end in mind

INSIDE INSURANCE

EKERETE OLAWOYE GAM-IKON, MNIM, CPP

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TODAY, ACROSS THE WORLD, THERE are a good number of long-term insurance (Life Assurance) providers that have hit the 100 years mark, and a few going for the 'Double Century' mark!

This means these insurance companies have sustainably provided benefits over 10 times and more to individuals that have bought long-term (5-20 years) policies from them.

These global brands have survived wars, pandemics, recessions and depressions and thrived through visionary leadership and focused commitment to their missions.

The individuals that had committed their investments of hard earned funds to them, those persons who believed in them and told others about them through these years are certainly the real "Heroes of Individual Life Assurance Policies"!

Excitingly, I can announce to you that some of these global insurance brands arrived in Nigeria some years ago and more are willing to come, simply because we have the numbers.

Nigeria is poised to be the third most populous country in the world by 2050 based on credible estimations. Meanwhile, we have one of the highest youth populations in the world today, and can hope to become one of the wealthiest by 2050 leveraging insurance!

The challenge on the minds of these global insurance brands in Nigeria is: How do we convert most of the young persons in Nigeria to insurance policyholders with our products?

On my mind, however, is the question: How many of us or our youth know and understand the linkage between insurance and wealth creation cum protection years from now?

If they do, how do they know which insurance companies to invest their lives in?

Certainly, it will not only be the longevity of these global insurance brands that will count for them but also their ability and willingness to meet their claims obligations.

Management remains a key determinant too and Nigerian insurance professionals will be overtly challenged to continuously deliver disciplined and ethical management driven by reliable data and continuous digitization.

The confidence and trust needed to enable the youthful insuring public in Nigeria to commit their futures to these global insurance brands will be seen in the shared prosperity of the insurance professionals with their policyholders.

To attract the investments of our youthful population into the increasingly robust insurance ecosystem, the behaviour of our local professionals engaged to drive the values of these tested global insurance brands will have to be primed and improving positively.

Interestingly, some of our hitherto wholly owned Nigerian insurance brands are also becoming international, starting with the African market.

All said, when you see an insurance brand bold enough to set foot in other countries, recognize that its vision for longevity has been defined and set to advance.

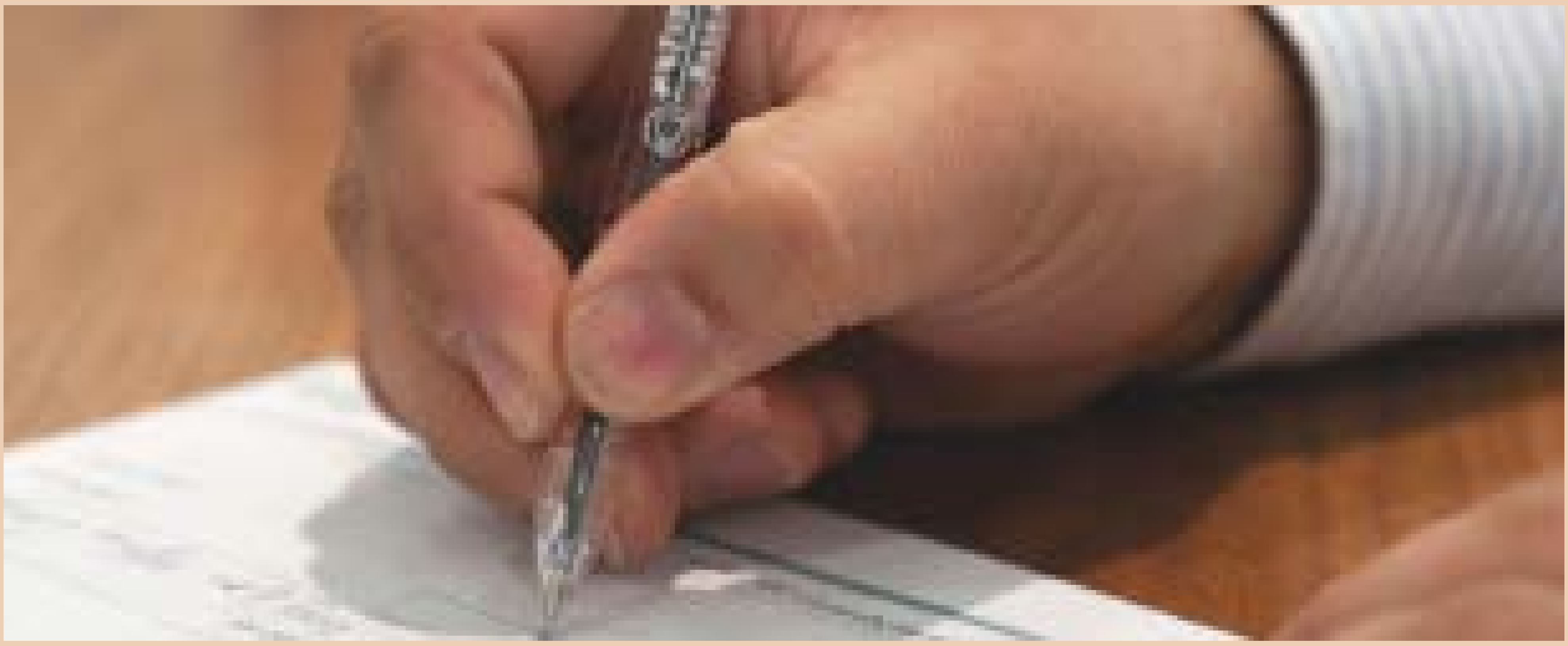
With the digitalization of today's business environment, you are informed even when you do not want to be, so the tendency of losing your investment in long-term insurance has been reduced.

Insurance is the assurance that you will not lose.

Let's make insurance, whether short-term or long-term, work for us in Nigeria as more global insurance brands commit their futures to us.

Accept my compliments of the season!

I remain...
Assuredly Yours,



Climate risk is reshaping the insurance sector in emerging markets

– New global initiative seeks to support countries vulnerable to climate risk
– Modelling climate risk offers a path towards more holistic insurance policies
– Insurance industry has an opportunity to rethink how businesses mitigate risk
– Merging net-zero targets with insurance strategies is a promising approach

WITH THE LAUNCH OF a new joint initiative to support the countries that are most vulnerable to climate change, the global insurance industry is evolving in ways that could carry important implications for business in emerging markets.

The Global Shield against Climate Risks (GSCR) was announced by the ministers of finance of the so-called Vulnerable Twenty Group (V20) and the G7 after the COP27 UN Conference on Climate Change in Sharm El-Sheikh Egypt in November last year. It seeks to address weaknesses in the financial protection structure in climate-vulnerable economies through prearranged finance disbursed before or just after disasters happen.

The urgency of the climate crisis has been especially apparent this summer, when the warmest June on record was followed by 10 of the hottest days on record in early July. Scientists forecast that 2023 has an 81% chance of being the warmest year to date.

Initial contributions for the GSCR included around €170 million from Germany and more than €40 million from other countries, with the first recipients of Global Shield packages – referred to as Pathfinder countries – comprising Bangladesh, Costa Rica, Fiji, Ghana, Pakistan, the Philippines and Senegal.

The World Bank, for its part, has created a Global Shield Financing Facility to help developing countries access financing for recovery from natural disasters and climate shocks.

Legacy issues

The failure of developed countries to deliver on the annual $100 billion in climate finance promised at the COP15 UN Conference on Climate Change in Copenhagen in 2009 has had dire effects on the implementation of mitigation and adaptation measures. According to the V20, the group has collectively incurred more than $525 billion in climate impacts since 2000.

The problem for V20 countries may be deeper than previously understood. Recent research found that roughly 98 percent of the nearly 1.5 billion people in V20 countries do not have financial protection. As the damage induced by climate change continues to grow, the cost of capital and debt is rising to unsustainable levels, especially across climate-vulnerable economies, whose workforces are mainly employed by small and medium-sized enterprises.

Reimagining risk

The GSCR offers the insurance industry a major opportunity to expand its offering to V20 countries, which could lead to strategies for related bodies such as the Climate Vulnerability Forum – a grouping of 58 emerging markets disproportionately affected by climate change – and help to shape a more effective global response to climate change.

The industry is starting to leverage collaborative platforms, including the Insurance Development Forum (IDF) and the InsuResilience Global Partnership (IGP), to develop mechanisms to enact the GSCR.

At the IGP's annual forum in June 2023 in Bonn, Germany, the V20 and the G7 launched the Global Shield Solutions Platform, a multi-donor grant facility to support Global Shield countries.

Meanwhile, the task force for nature-related financial disclosures, also launched at COP27, will play a key role by developing a set of recommendations, expected to be published in September, for assessing and reporting the financial risk associated with nature-related risks and opportunities.

Insurers have already evolved in recent years from a model of concentrating on a specific industry and its operational risks to a more holistic approach, which best applies for modelling climate risk and embracing clean energy technologies. By modelling the risks and potential impact of climate-induced catastrophic events, insurers can develop appropriate policies for clients as well as investors.

The Global Risk Modelling Alliance (GRMA), established after COP26 in 2021 in partnership with the IDF, will be a key resource for the GSCR. The GRMA aims to use open-source technology and standards optimised for public sector use cases; a public good fund to help countries fill model and data gaps; and a technical assistance team of public and private sector practitioners to work with V20 countries on applied projects.

In July Ghana held its first consultation with government officials, as well as local and international stakeholders, about how to identify strategies and priorities on climate and disaster risk finance and insurance, and to leverage support from both the GSCR and the GRMA. Ghana is the chair of the V20 through to 2024, having taken over the position from Bangladesh in 2022.

Insuring green energy and finance

With COP28 to be hosted in November by the UAE, which is also the headquarters of the International Renewable Energy Agency, there is the potential to build on the progress the insurance industry has made thus far, not least because of the UAE's commitment to compliance with environmental, social and governance principles, having declared 2023 the Year of Sustainability.

The UAE has put forward innovative solutions that address climate risk for the financial services sector, and has made a concerted push to implement the recommendations of the Task Force on Climate-related Financial Disclosures, a private-sector framework launched in 2017 with the objective of developing common global standards for corporate climate-related disclosures.

In March Abu Dhabi Global Market's Financial Services Regulatory Authority and other members of the UAE's Sustainable Finance Working Group launched a public consultation on a new set of draft principles for UAE-based financial sector firms.

Insurance companies can capitalise on the emergence of ambitious national-level policies to enable the energy transition and include new public-private partnerships as well as the commercialisation of new clean energy technologies in their efforts to develop innovative risk management and financing solutions.

With the use of renewables – most notably solar power – accelerating in the Middle East, insurance companies can also provide insight into risk reduction. For instance, by analysing issues with certain solar panels or the construction of solar fields or power stations, companies can apply their industry knowledge to build out vital projects as quickly as possible.

Linking net zero to insurance

Another major opportunity for insurance companies to help businesses mitigate climate risk is to harness the momentum across the world for setting net-zero targets with a robust energy transition plan, with many insurance and reinsurance companies already setting goals.

In January, at the World Economic Forum, the UN-convened Net-Zero Insurance Alliance (NZIA) launched its first target-setting protocol, which enables NZIA members to independently set science-based, intermediate targets for their respective insurance and reinsurance underwriting portfolios in line with a net-zero transition pathway.

However, in July the alliance dropped the requirement that all members set such targets due to political pressure in the US, which is expected to slow momentum on the initiative.

Nonetheless, insurers looking to expand their client base have plenty of opportunities to underwrite and invest in green energy infrastructure systems, carbon markets and nature-based systems in Africa, where several new net-zero-target-based schemes have been deployed.

The voluntary Africa Carbon Market Initiative aims to produce 300 million carbon credits annually by 2030 and 1.5 billion credits annually by 2050 through the commercialisation of natural assets, while the Alliance for Green Infrastructure in Africa, an initiative launched by the African Union, the African Development Bank Group and Africa50, aims to raise $500 million for early-stage project development. The voluntary carbon market – spanning carbon credits as well as nature-based carbon offset projects such as planting new forests – could lead to an estimated $1.3 billion in demand for new specialist insurance policies and services, according to a 2021 report by carbon market consultancy BeZero Carbon and insurance brokers Howden Broking and Blackford, with this rising to $2 billion-4 billion under more optimistic scenarios.

MARKET COMMENTARY FOR THE WEEK ENDED 22ST DEC., 2023

Nigerian Banks: Core banking to drive growth

In 2023, the Nigerian banking industry recorded an impressive performance, driven majorly by the impact of the Naira devaluation and elevated interest rates. The Naira devaluation led to most of our coverage banks recording material FX revaluation gains due to their positive net position in foreign currency-denominated assets as well as the devaluation-induced expansion of their balance sheets. Also, elevated interest rates supported the growth in our coverage banks' Interest Income, which in turn led to growth in net interest income.

As of 9M'23, gross earnings were up by an average of 95% y/y, while net profit grew by an average of 162% y/y. The remarkable growth in earnings came as a result of the material FX revaluation gains and the monetary authority's efforts to keep interest rates elevated in a bid to stem inflationary pressures. This drove asset yield higher across loans and advances and in some cases, Fixed Income (FI) securities, but also raised the cost of funds (CoF). So far, the overall performance of banks on the NGX has been impressive, spurred by the policies which the new administration has implemented.

Elevated interest rates to drive growth in core banking income

Following the removal of the 2 billion cap on the SDF window by the CBN, we have seen fixed-income yields move upward as liquidity thins out in the financial system. Of note, the removal of the cap on the SDF provides our coverage banks the window to earn from their excess liquid assets. Also, the adjustment of the asymmetric corridor from +100/-700 to +100/-300 basis points around the MPR increases the yields our coverage banks are expected to earn via the SDF window. In simple terms, this means that banks can now earn 15.75% (18.75% - 3.00%) compared to 11.75% (18.75% - 7.00%) yield on their assets through the SDF window.

Rising cost of funds amid shift in deposit mix to subdue NIM expansion

In the first nine months of 2023, our coverage banks' customer deposits grew by 40%, owing majorly to the translation of the foreign-currency (FCY) portion of their customer deposits. Meanwhile, we saw a significant shift in the deposit mix of our coverage banks, particularly a reduction in some of our coverage banks' low-cost of funding mix. Hence, the shift in the deposit mix amid rising interest rate led to cost of funds for our coverage banks on

Focus of the Week: FY'24 SSA Banking Outlook - Core banking to drive growth

average to rise by 73bps YTD to 3.3%(ex-FCMB), which in turn pressured Interest Expenses.

What shaped the past week?

Equities: Gains in the banking index (+7.01% w/w) extended the bullish streak we have seen in Nigeria bourse (0.22% w/w). Particularly, gains in ACCESSCORP (+9.63% w/w), UBA (+7.33% w/w), and ZENITHABNK (+6.00 w/w) drove the Banking index northwards. Meanwhile, it was also a green close in the Consumer Goods space (+0.21%) as well, due to renewed buy interest in CADBURY (+9.93% w/w). Similarly, gains in BUACEMENT (+0.52% w/w) led to the Industrial index (+0.24% w/w) closing in the green. On the other hand, the other sectors closed in the red led by Oil & Gas index (-0.27% w/w).

Fixed Income: Bullish sentiments dominated the fixed income market this week owing to buoyant liquidity levels. Notably, at the bond and NTB's auction held this week stop rates contracted due to stronger than expected demand. Particularly, in the bond auction held on Monday stop rates inched lower by 50bps, 100bps, 100bps, and 85bps on the 2029, 2033, 2038, and 2053 papers to close at 15.50%, 16.00%, 16.50%, and 17.15% respectively compared to the previous auction (16.00%, 17.00%, 17.50%, and 18.00%), while at the NTB's auction held on Wednesday, stop rates contracted in contrast with the previous auction by 275bps, 200bps, and 225bps on the 91-, 182-, and 364-day papers to 6.25%, 11.00%, and 13.50% respectively. Similarly, at the secondary market buy-side dominated trading activities, as yields fell by on average in the bond and NTB's market.

Currency: At the NAFEM, the Naira rebounded, gaining 209.09 w/w to close at 889.86 per dollar.

Domestic Economy: In an appearance before the National Assembly, the Governor of the Central Bank, Yemi Cardoso highlighted his outlook for key economic indicators. He opined that inflation could fall in 2024, while exchange rate pressures could subside. This is hinged on the unification of FX windows to reduce arbitrage and speculative behaviour in the foreign exchange market. While we see inflation decelerating in H2'24 due to base effects, we note that higher pump price adjustments could keep inflation elevated. Should encumbrances (FX forwards, OTC futures and swaps) on the external reserve become due for redemption over the near term, this could impede the apex bank's intervention efforts in the foreign exchange market and contribute to further Naira depreciation. However, the ramp-up of oil production, oil exports, and refined crude exports could be the bull trigger than can boost reserves organically and assuage both exchange market pressures and inflation.

Global: US Treasury yields fell, and stocks surged after central bank officials projected a 75-basis-point reduction next year. This spurred investor optimism for lower borrowing costs. The Fed maintained interest rates at a 22-year high but announced new forecasts pointing to a 75-basis-point cut next year, a more dovish stance than previously anticipated. If borrowing costs fall in 2024, yields will likely drop alongside them. That could push some investors to deploy cash into stocks and other risky investments, while others rush to lock in yields in longer-term bonds.

The European Central Bank held interest rates steady for the second consecutive meeting amid revised lower growth forecasts. With euro zone inflation sharply declining, the decision to maintain the current policy was widely expected. Investors are now focused on cues for the timing of the first rate cut and the ECB's balance sheet reduction strategy. European markets rallied, with the regional Stoxx 600 index reaching its highest level since January 2022, alongside a surge in European bonds. These moves were influenced in part by the US Federal Reserve's decision. Meanwhile, last quarter, the euro zone economy contracted 0.1%, official data has shown, and December's Purchasing Managers' Index (PMI) - seen as a good gauge of economic health - suggested activity has now declined in every month of this quarter. That would mark two consecutive quarters of economic contraction, meeting the technical definition of recession.

In the Asia-Pacific region, markets reacted with mixed results following the US Federal Reserve's announcement of the end of its interest rate hike cycle and indications of forthcoming cuts in the next year. Australia's S&P/ASX 200 climbed 1.65%, reaching levels not seen since August 1, closing at 7,377.9. Japan's Nikkei 225 dropped by 0.73% to close at 32,686.25, while the Topix slipped 1.43% to 2,321.35. Declines in Japan were driven by the financial sector, awaiting the Bank of Japan's upcoming policy decision. South Korea's Kospi stood out, rising 1.34% to 2,544.18. While in China, leaders agreed at an annual meeting on the economy this week to run a budget deficit of 3% of gross domestic product in 2024, three sources with knowledge of the matter said, while other fiscal support may be covered by off-budget debt.

What will shape markets in the coming week?

Equity market: After five straight sessions of positive activity, we saw some profit taking in the banking sector today. However, the sector returned 7.01% w/w compared to last week's 6.08%. On the back of that, we anticipate mild profit-taking activity to start off the week in that space.

Fixed Income: In the next trading session, we expect muted trading activities to persist as liquidity remains constrained. Meanwhile, in the bond space, we expect some profit-taking across the curve.

Indicators	WK CLS	WK OPEN	WTD (%)	YTD (%)
EQUITIES				
NGX 30	2,665.53	2,630.72	1.32	44.67
NGX All-Share Index	72,389.23	71,541.74	1.18	41.24
Market Cap (NGN bn)	39,612.60	39,148.84	1.18	40.81
FEDERAL GOVERNMENT SECURITIES (%)				
91-Day T-Bill	5.93	7.07	(0.16)	7.07
182-Day T-Bill	7.82	10.93	(0.28)	10.93
364-Day T-Bill	13.89	15.21	(0.09)	15.21
2-Year FGN Bonds	12.91	12.92	(0.00)	12.92
3-Year FGN Bonds	13.28	13.27	0.00	13.29
5-Year FGN Bonds	13.80	14.15	(0.02)	13.79
7-Year FGN Bonds	14.54	14.30	0.02	14.88
10-Year FGN Bonds	14.77	14.73	0.00	14.53
20-Year FGN Bonds	15.53	16.70	(0.07)	15.49
INTERBANK MARKET RATES (%)				
NIBOR OPR	22.25	19.17	3.08	3.25
NGN EXCHANGE RATES (₦)				
USD/NGN	889.86	1099.05	19.03	(325.38)
GBP/NGN	1019.87	1006.01	(1.38)	(88.37)
EUR/NGN	875.53	863.45	(1.40)	(83.67)
CNY/NGN	113.50	111.86	(1.47)	(74.72)
ZAR/NGN	44.00	42.61	(3.26)	(67.36)
USD/NGN FORWARDS				
1M	955.43	911.46	(4.82)	(103.71)
3M	975.10	936.69	(4.10)	(103.46)
6M	1001.41	984.35	(1.73)	(104.46)
1Y	1063.94	1037.79	(2.52)	(101.51)

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

SECTOR	INDEX VALUE	WoW Δ	YTD Δ
BANKING	858.79	7.01%	104.40%
CONSUMER GOODS	1,145.93	0.22%	94.58%
INDUSTRIAL GOODS	2,703.04	0.24%	12.47%
OIL & GAS	1,038.32	-0.27%	124.51%
VETIVA 30 ETF	25.85	0.00%	40.49%
INSURANCE	292.33	-0.96%	67.66%

Weekly Top 5 Gainers

Stock	Closing Price (₦)	% Change
INFINITY	2.82	59.32%
SCOA	1.74	28.89%
DAARCOMM	0.46	27.78%
JOHNHOLT	2.23	20.54%
DEAPCAP	0.70	14.75%

Weekly Top 5 Losers

Stock	Closing Price (₦)	% Change
NSLTECH	0.63	-16.00%
NEWGOLD	14590.00	-13.67%
ETERNA	11.55	-11.83%
THOMASWY	2.95	-11.14%
JULI	0.65	-9.72%

Source: Vetiva Research

MARKET DATA

Share Price List as @ Friday 22 December, 2023: The Nigerian Stock Exchange

Company	Previous Close	Open	High	Low	Close	Change	% Change	Volume	Value (N)
ABBEYBDS	1.68	1.68	1.84	1.84	1.84	0.16	9.52%	449,245	826,590.10
ABCTRANS	0.82	0.82	0.76	0.76	0.76	-0.06	-7.32%	471,639	361,908.29
ACADEMY	1.80	1.80	-	-	1.80	0.00	0.00%	827	1,410.54
ACCESSCORP	23.30	23.30	23.75	23.10	23.20	-0.10	-0.43%	20,441,014	476,712,695.30
AFRIPRUD	7.40	7.40	-	-	7.40	0.00	0.00%	681,419	5,034,490.85
AIICO	0.74	0.74	0.77	0.77	0.77	0.03	4.05%	1,334,184	1,028,276.02
AIRTELAFRI	1,887.60	1,887.60	-	-	1,887.60	0.00	0.00%	38,186	65,580,358.90
BERGER	13.00	13.00	-	-	13.00	0.00	0.00%	68,562	895,139.50
BETAGLAS	59.40	59.40	-	-	59.40	0.00	0.00%	120	6,590.00
BUACEMENT	97.00	97.00	-	-	97.00	0.00	0.00%	22,567	2,163,364.00
BUAFOODS	198.90	198.90	-	-	198.90	0.00	0.00%	13,831	2,479,944.70
CADBURY	17.50	17.50	-	-	17.50	0.00	0.00%	149,140	2,376,081.25
CAP	20.00	20.00	-	-	20.00	0.00	0.00%	55,921	1,157,298.60
CAVERTON	1.82	1.82	-	-	1.82	0.00	0.00%	1,624,572	2,783,875.74
CHAMPION	3.55	3.55	-	-	3.55	0.00	0.00%	25,335	89,924.25
CHAMS	1.85	1.85	1.95	1.68	1.80	-0.05	-2.70%	6,728,133	11,961,665.20
CHELLARAM	4.15	4.15	-	-	4.15	0.00	0.00%	100	415.00
CILEASING	5.15	5.15	-	-	5.15	0.00	0.00%	295,004	1,522,901.97
CONOIL	83.90	83.90	-	-	83.90	0.00	0.00%	27,522	2,275,820.85
CORNERST	1.38	1.38	-	-	1.38	0.00	0.00%	55,300	77,418.00
CUSTODIAN	8.50	8.50	8.90	8.50	8.90	0.40	4.71%	819,317	7,027,817.60
CUTIX	2.25	2.25	-	-	2.25	0.00	0.00%	407,269	933,576.57
CWG	7.20	7.20	-	-	7.20	0.00	0.00%	18,217	129,568.56
DAARCOMM	0.63	0.63	0.69	0.69	0.69	0.06	9.52%	6,901,296	4,745,991.58
DANGCEM	320.00	320.00	-	-	320.00	0.00	0.00%	1,500,199	453,944,105.50
DANGSUGAR	56.50	56.50	57.45	56.20	57.45	0.95	1.68%	8,629,233	492,759,038.85
DEAPCAP	0.69	0.69	-	-	0.69	0.00	0.00%	50,223	32,143.87
ELLAHLAKES	2.90	2.90	-	-	2.90	0.00	0.00%	151,056	447,044.21
ENAMELWA	19.30	19.30	-	-	19.30	0.00	0.00%	9,084	172,596.00
ETERNA	12.00	12.00	-	-	12.00	0.00	0.00%	252,719	3,048,683.50
ETI	20.90	20.90	-	-	20.90	0.00	0.00%	271,100	5,795,410.15
ETRANZACT	6.00	6.00	6.05	6.05	6.05	0.05	0.83%	417,450	2,521,400.00
FBNH	24.00	24.00	24.50	23.90	24.00	0.00	0.00%	6,645,615	159,989,522.30
FCMB	7.70	7.70	7.65	7.30	7.30	-0.40	-5.19%	11,396,675	84,551,118.80
FIDELITYBK	10.25	10.25	10.85	10.50	10.50	0.25	2.44%	12,190,179	131,197,443.40
FIDSON	16.30	16.30	-	-	16.30	0.00	0.00%	63,342	1,006,317.15
FLOURMILL	33.00	33.00	33.50	33.00	33.50	0.50	1.52%	10,819,774	361,024,945.45
FTNCOCOA	1.56	1.56	1.55	1.55	1.55	-0.01	-0.64%	1,338,077	2,073,770.27
GEREGU	399.00	399.00	-	-	399.00	0.00	0.00%	18,380,205	6,622,967,041.50
GLAXOSMITH	17.00	17.00	17.05	17.00	17.00	0.00	0.00%	1,059,841	18,027,381.60
GOLDBREW	3.15	3.15	-	-	3.15	0.00	0.00%	2,135	6,725.25
GTCO	40.00	40.00	40.10	40.00	40.05	0.05	0.12%	20,712,155	829,309,690.75
GUINEAINS	0.29	0.29	0.29	0.27	0.27	-0.02	-6.90%	1,538,487	430,869.33
GUINNESS	62.00	62.00	-	-	62.00	0.00	0.00%	142,468	8,774,969.80
HONYFLOUR	3.27	3.27	3.27	3.26	3.27	0.00	0.00%	423,416	1,382,360.04
IKEJAHOTEL	4.99	4.99	4.90	4.90	4.90	-0.09	-1.80%	229,960	1,134,189.87
IMG	9.35	9.35	10.15	10.15	10.15	0.80	8.56%	101,800	1,033,320.00
INFINITY	4.12	4.12	4.53	4.53	4.53	0.41	9.95%	126,700	573,951.00
INTBREW	4.80	4.80	4.40	4.40	4.40	-0.40	-8.33%	635,226	2,949,923.58
JAIZBANK	1.57	1.57	1.60	1.50	1.60	0.03	1.91%	27,584,473	43,238,459.47
JAPAULGOLD	1.66	1.66	1.80	1.68	1.75	0.09	5.42%	9,201,128	16,193,758.85
JBERGER	34.40	34.40	36.20	36.20	36.20	1.80	5.23%	705,028	25,690,621.20
JOHNHOLT	2.34	2.34	-	-	2.34	0.00	0.00%	82,104	205,778.33
LASACO	1.90	1.90	1.90	1.90	1.90	0.00	0.00%	1,081,000	2,058,356.00
LEARNAFRCA	2.90	2.90	-	-	2.90	0.00	0.00%	3,181	9,937.20
LINKASSURE	0.80	0.80	0.80	0.80	0.80	0.00	0.00%	344,133	277,381.40
LIVESTOCK	1.73	1.73	-	-	1.73	0.00	0.00%	161,142	279,176.66
MANSARD	4.63	4.60	4.72	4.60	4.72	0.09	1.94%	1,418,574	6,596,829.76
MAYBAKER	5.05	5.05	-	-	5.05	0.00	0.00%	277,600	1,437,418.00
MBENEFIT	0.51	0.51	0.52	0.48	0.52	0.01	1.96%	30,198,502	14,924,197.96
MECURE	12.00	12.00	-	-	12.00	0.00	0.00%	61,869	673,302.00
MRS	105.00	105.00	-	-	105.00	0.00	0.00%	1,861	185,539.00
MTNN	259.80	259.80	250.00	250.00	250.00	-9.80	-3.77%	2,196,181	550,647,721.20
MULTIVERSE	12.70	12.70	13.97	13.97	13.97	1.27	10.00%	448,964	6,201,954.18
NAHCO	25.50	25.50	26.85	25.80	26.85	1.35	5.29%	2,509,515	65,763,087.85
NASCON	54.00	54.00	51.40	51.40	51.40	-2.60	-4.81%	619,826	32,077,661.65
NB	36.00	36.00	-	-	36.00	0.00	0.00%	662,506	23,903,599.50
NEIMETH	1.90	1.90	1.90	1.89	1.90	0.00	0.00%	863,339	1,646,828.71
NEM	5.35	5.35	5.75	5.75	5.75	0.40	7.48%	288,900	1,591,848.80
NESTLE	1,130.00	1,130.00	-	-	1,130.00	0.00	0.00%	188,698	212,882,136.70
NGXGROUP	22.00	22.00	23.05	22.05	22.05	0.05	0.23%	724,523	16,445,161.00
NNFM	45.50	45.50	-	-	45.50	0.00	0.00%	17,480	753,982.10
NOTORE	62.50	62.50	-	-	62.50	0.00	0.00%	1,000	56,650.00
NPFMCRFBK	1.92	1.92	1.94	1.92	1.92	0.00	0.00%	561,165	1,080,853.95
NSLTECH	0.69	0.69	-	-	0.69	0.00	0.00%	131,750	86,917.50
OANDO	10.65	10.65	10.80	10.80	10.80	0.15	1.41%	2,436,218	26,179,846.00
OKOMUOIL	263.90	263.90	-	-	263.90	0.00	0.00%	74,512	18,113,022.10
OMATEK	0.62	0.62	0.64	0.62	0.64	0.02	3.23%	1,767,054	1,120,246.41
PRESCO	198.00	198.00	193.00	193.00	193.00	-5.00	-2.53%	2,058,428	399,194,527.80
PRESTIGE	0.51	0.51	0.47	0.47	0.47	-0.04	-7.84%	320,645	150,795.15
PZ	25.00	25.00	26.00	26.00	26.00	1.00	4.00%	7,008,861	182,093,656.00
REDSTAREX	3.18	3.18	-	-	3.18	0.00	0.00%	206,555	608,667.40
REGALINS	0.34	0.34	0.37	0.37	0.37	0.03	8.82%	1,176,000	435,000.00
ROYALEX	0.63	0.63	0.64	0.64	0.64	0.01	1.59%	124,600	79,739.00
RTBRISCOE	0.67	0.67	-	-	0.67	0.00	0.00%	133,490	86,531.26
SCOA	1.98	1.98	-	-	1.98	0.00	0.00%	67,626	134,515.77
SEPLAT	2,310.00	2,310.00	-	-	2,310.00	0.00	0.00%	1,204,832	2,769,902,720.70
SKYAVN	25.35	25.35	-	-	25.35	0.00	0.00%	1,000	22,850.00
SOVRENINS	0.35	0.35	-	-	0.35	0.00	0.00%	155,650	58,977.00
STANBIC	64.60	64.60	64.90	64.90	64.90	0.30	0.46%	256,102	16,692,575.30
STERLINGNG	4.49	4.49	4.50	4.23	4.50	0.01	0.22%	10,324,256	45,748,786.08
SUNUASSUR	1.16	1.16	-	-	1.16	0.00	0.00%	70,000	82,800.00
TANTALIZER	0.48	0.48	0.49	0.49	0.49	0.01	2.08%	516,725	253,242.50
THOMASWY	2.65	2.65	-	-	2.65	0.00	0.00%	43,669	105,693.60
TOTAL	385.00	385.00	-	-	385.00	0.00	0.00%	45,636	15,897,753.00
TOURIST	2.84	2.84	-	-	2.84	0.00	0.00%	1,000	2,560.00
TRANSCOHOT	58.00	58.00	63.80	55.65	63.80	5.80	10.00%	418,923	25,085,216.85
TRANSCORP	8.47	9.30	9.30	8.61	8.80	0.33	3.90%	41,933,376	383,074,938.52
TRIPPLEG	2.15	2.15	-	-	2.15	0.00	0.00%	43,589	94,590.30
UACN	15.00	15.00	-	-	15.00	0.00	0.00%	1,397,950	20,230,434.00
UBA	26.00	26.00	26.05	25.55	25.60	-0.40	-1.54%	13,826,865	357,596,955.90
UCAP	20.95	20.95	23.00	21.10	23.00	2.05	9.79%	9,421,368	210,937,964.00
UNILEVER	14.85	14.85	-	-	14.85	0.00	0.00%	288,865	4,225,339.35
UNIONDICON	8.10	8.10	-	-	8.10	0.00	0.00%	1,000	7,300.00
UNITYBNK	1.49	1.49	1.60	1.48	1.60	0.11	7.38%	15,441,161	23,623,476.78
UNIVINSURE	0.26	0.26	0.28	0.25	0.26	0.00	0.00%	41,944,421	10,946,084.13
UPDC	1.23	1.23	1.23	1.23	1.23	0.00	0.00%	1,042,985	1,283,563.85
UPDCREIT	4.95	4.95	-	-	4.95	0.00	0.00%	9,618	47,907.30
UPL	2.40	2.40	-	-	2.40	0.00	0.00%	12,000	30,260.00
VERITASKAP	0.35	0.35	0.35	0.34	0.35	0.00	0.00%	4,709,393	1,618,635.05
VFDGROUP	202.90	202.90	-	-	202.90	0.00	0.00%	6,283	1,221,234.00
VITAFOAM	22.50	22.50	21.50	21.25	21.25	-1.25	-5.56%	1,196,339	25,526,740.05
WAPCO	31.60	31.60	31.60	31.40	31.45	-0.15	-0.47%	6,667,030	210,032,517.75
WAPIC	0.67	0.67	0.67	0.65	0.66	-0.01	-1.49%	4,473,460	2,956,968.08
WEMABANK	5.50	5.50	5.49	5.25	5.49	-0.01	-0.18%	4,348,411	23,155,014.47
ZENITHBANK	38.65	38.65	38.65	37.80	37.90	-0.75	-1.94%	26,295,298	1,000,694,343.65

Stories by Onome Amuge

Nigeria's agriculture slides deeper into crisis as deficit hits N424bn in Q3'23

DESPITE THE FEDERAL government's efforts to boost agricultural production declaration of a state of emergency on food security amid promises to ramp up local production and improve food security, an analysis of data from the National Bureau of Statistics (NBS) shows that the country's agricultural sector continues to run a significant trade deficit which reached N423.69 billion in Q3 2023, up from N376.46 billion in Q2 2023

According to the NBS data, Nigeria's total agricultural trade for the third quarter of 2022 amounted to N863.67 billion. Of this, exports accounted for N219.99 billion which is about 25 per cent of the total, while imports made up the remaining N643.68 billion,about 75 per cent of the total.

A closer look at the data shows that imports are dominated by processed and finished products such as wheat, wheat flour, sugar, milk powder, and other processed products, which are mainly sourced from countries such as China, India, the Netherlands, among others. On the other hand, Nigeria's agricultural exports are mainly raw and semi-processed commodities such as sesame seeds, cocoa beans, and cashew nuts, which are mostly exported to countries such as Turkey, the Netherlands,India etc. This imbalance in the types of products being traded highlights the lack of value addition and processing capacity in the country's agricultural sector.

The NBS report noted that the value of agricultural exports in Q3 2023 fell by 21.68 per cent compared to Q2 2023, and rose by 161.25 per cent compared to Q3 2022. This indicates that the sector's exports have been volatile over the last year, with significant fluctuations in the value of exports.

The report also showed that agricultural imports increased by 22.36 per cent in Q3 2023 compared to Q2 2023, and by 25.64 per cent compared to Q3 2022. The higher value of imports puts further pressure on the country's foreign exchange reserves and the exchange rate of the naira.

The report attributes the increasing import and resultant agricultural trade deficit to a higher level of imports relative to exports, a worrisome situation which analysts attribute to declining production.

According to data from the Food and Agricultural Organisation of the United Nations (FAO), Nigeria's yield per hectare of agricultural land is among the lowest in Africa. Specifically, the country's yield of maize, rice, and cassava is only one-third of the yields achieved in some other African countries.

When looking at the average yield per hectare of rice and maize across the globe, it is clear that Nigeria's yield is far below the global average. In fact, the average yield of rice globally is 4.4 MT per hectare, which is more than double the average yield in Nigeria. Similarly, the average yield of maize is 7.1 MT per hectare globally, nearly four times the average yield in Nigeria.

This is a worrying trend, as it indicates that Nigeria is not producing enough food to meet the needs of its growing population not to talk of meeting a trade balance in the agricultural sector.

Analysts contend that the underperformance in terms of agricultural production has serious implications for Nigeria's food security and its ability to trade agricultural products. It also indicates that the country is not making the most efficient use of its land and resources. They argue that if this trend continues, it could lead to increased food prices and potentially cause social unrest, noting that it is clear as crystal that there is a need for urgent action to improve the country's agricultural productivity.

The comments from the analysts suggest that Nigeria is not self-sufficient in food production and relies heavily on imports to meet its food needs. This is a significant problem, as it makes the country vulnerable to fluctuations in global food prices and supply disruptions. Additionally, it means that a large portion of the country's foreign exchange is being spent on food imports, rather than on other critical areas such as infrastructure and education.

Promise Amahah, chief executive officer, Mainstay Agro-Allied Services Ltd, points to several factors that have led to a significant decline in production levels in Nigeria's agricultural sector.

Amahah noted that to begin with, the high inflation rate and increased cost of living have led to a reduction in the purchasing power of consumers, which in turn has impacted the profitability of farmers and led to a decline in production.

He added that the high cost of doing business in the country, including increased prices for fuel and other essential inputs, has further exacerbated the situation. The combination of these, he explained, has resulted in lower levels of agricultural production, and in turn, a decline in the supply of food and an increase in food prices.

Oyelaran-Oyeyinka, who is an expert on industrialization and economic development, presented his solutions for improving Nigeria's food and agriculture system during a lecture at the Africa Social Impact Summit in Lagos.

Among the solutions he proposed were strengthening the country's food and agriculture value chain through investment in infrastructure, technology, and human capital. He also emphasized the importance of addressing systemic issues such as market access and weak institutional capacity.

Oyelaran-Oyeyinka used the concept of the low-income trap to illustrate the challenges facing rural populations in Africa who depend on agriculture for subsistence. He noted that about 70% of Africa's rural population rely solely on agriculture for their livelihoods, and that many are caught in a cycle of poverty due to factors such as limited access to markets, lack of infrastructure, and inadequate financing.

In his view, to address the low-income trap and improve the lives of rural populations, it is necessary to strengthen the food and agriculture sector through improved market access, enhanced infrastructure, and investment in rural communities.

During the lecture, Oyelaran-Oyeyinka identified several fundamental challenges facing the agricultural sector in Nigeria and Africa more broadly. He noted that the sector is characterized by small farms with low yields, a lack of irrigation systems, and limited use of modern farming inputs. The lack of irrigation, in particular, means that many farmers are at the mercy of the weather, which can lead to fluctuations in crop yields and food insecurity.

The senior special adviser on Industrialisation to the President of the African Development Bank (AfDB,)argued that to address these challenges, it is important to invest in modern irrigation systems, improve access to inputs such as fertilizers and seeds, and promote the doption of improved farming practices. In addition, he called for greater investment in research and development to support the development of more resilient and high-yielding crops.

Oyelaran-Oyeyinka also highlighted the need for policy reforms to improve the functioning of agricultural markets. He suggested that policies should focus on reducing barriers to trade, improving access to credit for farmers, and strengthening extension services to help farmers adopt new technologies and farming methods.

Iron ore up on hopes of increased demand

THE PRICE OF IRON ORE FUTURES rose for the fourth straight session on the Dalian Commodity Exchange, the longest streak since November. The gains were driven by optimistic news from China's state banks that they will offer more loans to qualified steel companies. This is expected to boost demand for iron ore, the main ingredient used in steelmaking.

The Dalian iron ore futures contract for May delivery closed 3 per cent higher at 973 yuan ($136.16) per metric tonne, its highest level since November 2022. The contract had been rising since the beginning of the week, leading to a 3.2 per cent gain for the week. Similarly, the iron ore futures contract for January delivery on the Singapore Exchange (SGX) also rose during the week, reaching $137.5 per metric tonne, its highest level in more than a month.

The state banks announced that they would be lowering interest rates on some deposits, potentially making it cheaper for businesses and individuals to borrow money. The banks, including the Agricultural Bank of China and China Construction Bank, made the announcement via their websites. This move by the state banks is seen as a way to stimulate economic activity and consumer spending, and it has led to a rise in the prices of industrial metals such as iron ore.

Atilla Widnell, managing director at Navigate Commodities, said that the price increase in iron ore and other metals was a result of China's efforts to spur borrowing and spending.

Widnell believes that the price of SGX 62 per cent iron ore futures could reach $145-$158 per metric tonne in the coming quarter. This projection is based on several factors, including the recent resistance break at $136 per metric ton, an increase in production from Chinese blast furnaces, and the need to replenish internal iron ore stocks.

Additionally, Widnell noted that the price increase would help to offset expected losses from mine maintenance programmes during the first quarter.

The Chinese Academy of Social Sciences (CASS) released a forecast predicting a decline in the country's steel demand in 2023 and 2024. CASS expects a 3.3 per cent drop in demand next year, followed by a further 1.7 per cent decline in 2024. The forecast is based on the expected drop in construction activity, which accounts for a large portion of the country's steel demand.

While iron ore futures rose on the news of increased demand from Chinese blast furnaces, other steelmaking ingredients such as coking coal and coke saw mixed results. The Dalian coking coal contract, which tracks the prices of a key ingredient in steel production, saw a modest 2.9 per cent increase, while the coke contract, which tracks the prices of another key ingredient, saw a larger 3.7 per cent increase. Meanwhile, contracts for other steel products such as wire rod and hot-rolled coil also saw modest gains.

Stories by Onome Amuge

Gold prices slump to 3-week high on dovish Fed outlook

GOLD PRICES ROSE TO THEIR highest level in nearly three weeks as investors sought the safe-haven asset amid concerns about global economic growth. The dollar and bond yields fell, leading to increased demand for gold. The rise in gold prices came ahead of key inflation data from the U.S., which could have a significant impact on the Federal Reserve's interest rate policy.

Gold prices continued to climb on Friday, with spot gold reaching $2,061.60 per ounce and U.S. gold futures hitting $2,073.70.

This represents a significant rise from the previous session and the highest levels since Dec. 4. Gold is also on track for a weekly gain of 2.2 per cent, its second week of gains in a row. The price rise was supported by lower U.S. bond yields and a weaker dollar, both of which make gold a more attractive investment. The overall market sentiment was also boosted by the expectation that the Federal Reserve will slow the pace of interest rate hikes

The CME FedWatch tool, which tracks market expectations for the Fed's policy rate, indicates that traders are now expecting a significant decrease in rates by March 2023. They are pricing in an 83 per cent probability of a rate cut in the near future. This suggests that the market is more optimistic about the economic outlook than Fed officials, who have been cautioning against expectations of rapid rate cuts.

People buying tomatoes ahead of Christmas celebration at Ile Epo Market along Lagos Abeokuta Expressway in Lagos recently. IMAGE BY PIUS OKEOSISI

However, despite the Fed's efforts to temper expectations, investor sentiment remains positive and is driving the rise in gold prices. The market seems to be betting on the Fed reversing course sooner rather than later and lowering rates in response to economic conditions.

Craig Erlam, senior markets analyst at OANDA, noted that If the markets are pricing in so many rate cuts and the dollar and yields are lower, then gold is going to perform really well.

The price of other precious metals, such as silver, platinum, and palladium, also climbed, following the trend of gold. Silver, in particular, saw a significant gain of 0.4 per cent, while platinum and palladium rose 0.7 per cent and 0.8 per cent respectively. The gains in all three metals can be attributed to the same factors that drove the increase in gold prices, including the weakening of the U.S. dollar and lower bond yields.

Soybean prices drop on expectations of increased Brazilian output

SOYBEAN FUTURES ON THE Chicago Board of Trade fell to their lowest level in two weeks as forecasts for increased rainfall in Brazil eased concerns about crop yields. The expected rain is seen as a boon for the soybean crop in the country, which is the world's largest exporter of the commodity.

Soybean futures rebounded slightly from their earlier decline, but were still trading near their lowest level in two weeks. Prices fell as low as $12.98 per bushel during the day, their lowest point since December 7. Even though prices recovered some of their losses, they were still down about 1 per cent on the week, reflecting the overall negative sentiment in the market.

The dry weather in Brazil, a major soybean producer, has led to a reduction in estimates for the country's soybean harvest in the 2023-24 season. Rabobank, a leading agricultural lender, lowered its estimate for the soybean harvest to 158 million metric tonnes, down from the previous estimate of 163 million metric tonnes. However, the forecast also noted that rainfall in January could help to mitigate the damage to crops in some areas.

Similarly, Argentina, another major producer of soybeans, has also seen its crop yields affected by dry conditions.

According to StoneX analyst Arlan Suderman, soybean production in Argentina could potentially double to 50 million metric tonnes, which could offset production losses in Brazil. In addition, Paraguay and Uruguay are also expected to see an increase in soybean production, which could further offset the loss in Brazil. Together, the three countries could make up for 12 million metric tonnes or more of soybean exports that would have been lost due to Brazil's production problems

Brazil has become a major competitor to the United States in the soybean export market, shipping more soybeans and corn to China in November than the United States. This is unusual, as the United States typically sees a surge in exports during the harvest season, when the new crop becomes available. However, Brazil has been able to capitalize on its large soybean crop, which reached record levels this year. This has allowed the country to become a more competitive exporter and has put pressure on U.S. soybean prices.

Meanwhile, despite the closure of some rail crossings on the Texas-Mexico border, the price of corn on the Chicago Board of Trade has been relatively stable. The price rose slightly to $4.72-3/4 per bushel, but this is still near the three-year low that it has been trading at recently. The large U.S. harvest this year has led to a glut of supply, which has kept prices down.

The European Commission increased its forecast for usable EU production of maize (corn) in 2023/24 to 61.4 million metric tonnes from 59.9 million and lowered its forecast for EU maize imports to 19.0 million tons from 20.0 million.

On the other hand, the price of Chicago wheat has been stable at $6.12-3/4 per bushel, but it has declined by around 2.5 per cent over the course of the week. Despite this drop, the global production of wheat is expected to rebound next year, which could help stabilise prices in the long term.

Aluminium prices jump as supply tightens amid trade disruption

ALUMINIUM PRICES ROSE to their highest level in more than eleven weeks due to several factors. One of the most significant was the fuel depot blast in Guinea, a major producer of bauxite, the raw material used to make aluminium. The blast raised concerns about potential supply disruptions, which helped to push prices higher.

In China, a key market for aluminium and its byproducts, futures prices for alumina, a material used to make aluminium, reached record highs following the news of the blast in Guinea. The blast caused concern that the supply of bauxite, the raw material used to make alumina, would be disrupted.

The price of three-month aluminium on the London Metal Exchange (LME), a major global trading hub for the metal, hit $2,311.5 per tonne, the highest level seen since October 3.

In the aftermath of the blast at the Guinean fuel depot, industry experts such as Alastair Munro have voiced concerns about the potential for disruptions in the supply of bauxite to Chinese aluminium smelters.

China is a major producer of aluminium, but its domestic bauxite supplies are constrained by the winter season. This means that the country relies heavily on imports of the raw material, making it particularly vulnerable to disruptions in Guinea.

As Munro points out, the scenes of devastation at the depot are reminiscent of a war zone, which highlights the severity of the situation.

It's worth noting that the price gains in aluminium were not solely driven by the events in Guinea. According to Munro, another factor at play was the activity of Commodity Trade Advisor (CTA) investment funds. CTA funds are hedge funds that use computer algorithms to make investment decisions, rather than relying on human traders.

In this case, the algorithms identified the potential for rising aluminium prices due to the situation in Guinea, and initiated buying activity. This added to the overall upward pressure on the price of aluminium.

The threat of vessel attacks in the Red Sea is also a factor that is impacting global metals trade. Maritime carriers are avoiding the area, which has caused disruptions in traffic through the Suez Canal, a vital shipping route. As the trader quoted in the article notes, about 12 per cent of global trade passes through the Suez Canal. This includes shipments of refined aluminium from the Middle East.

The delays caused by the re-routing of ships are likely to have a knock-on effect on the availability of aluminium in global markets.

In addition to the price movements in aluminium, other metals on the London Metal Exchange also saw significant fluctuations. Copper prices were up 0.3 per cent to $8,623.5 per tonne, while lead and tin prices were up 0.6 per cent and down 0.2 per cent respectively. Zinc prices saw the biggest increase, rising 2.4 per cent to $2,608. Nickel prices were down 1.2 per cent to $16,690.

UBA secures $175m AfDB loan to support Nigeria's infrastructure development

Joy Agwunobi

THE AFRICA DEVELOPMENT BANK GROUP (AfDB) has approved a $175 million financial package to UBA to support private sector development and infrastructure projects in Nigeria. The package consists of a $100 million long-term senior loan, a $50 million medium-term senior loan for trade finance, and a $25 million risk participation programme.

The long-term senior debt facility will enable UBA to finance infrastructure projects in the energy, transport, power, and agribusiness sectors, as well as provide support for manufacturing and SME businesses. It is also expected to help strengthen the bank's balance sheet and allow it to offer longer-term financing to its customers.

The financial package also includes technical assistance to increase access to finance and technical assistance for women-owned SMEs through the Affirmative Action for Women in Africa (AFAWA) initiative. The trade finance senior debt will provide UBA with the much-needed dollar liquidity to support SMEs and local corporates involved in export-import activities in the short and medium term. In addition,the unfunded risk participation agreement will strengthen UBA UK's capacity as a regional confirming bank and expand access to international markets for African issuing banks.

L-R: Adedoyin Shittu, programmes officer, Karis and Eleos Hand of Hope Foundation; Alaba Olalekan, dean, students' affairs, Yaba College of Technology; Olukemi Ogunsakin, corporate affairs and sustainability specialist, Nigerian Bottling Company (NBC) Limited; Diana Otisi, sales academy manager, NBC; and Ogunrinola Oladele, sub-dean, students' affairs, Yaba College of Technology, during the 2023 campus edition of the NBC Youth Empowered initiative held at Yaba College of Technology in Lagos, recently.

Under the terms of the risk participation agreement, the African Development Bank and UBA UK will share the risk associated with a portfolio of trade transactions originated by African issuing banks and indemnified by UBA UK. The agreement provides a mechanism for sharing risk between the two institutions, with each party bearing 50 per cent of the risk in the event of a default. This is considered an important element of the overall financial package, as it will help to reduce the risk exposure of UBA UK and enable it to support more trade finance transactions.

Following the approval of the package by the AfDB's board of directors, Lamin Barrow, director general for Nigeria at the AfDB Group, expressed his excitement to support UBA with the package.

Barrow stated that the package aligns with four of the bank's "High 5" priorities, which are Light Up and Power Africa, Feed Africa, Integrate Africa, and Industrialise Africa. These priorities are part of the Bank's Ten-Year Strategy for 2013-2022 and focus on supporting inclusive and sustainable economic growth in Africa.

Ahmed Attout, acting director for financial sector development at the AfDB, stated that the intervention will help meet unmet demand for trade finance in Nigeria and Africa by providing medium-term finance to support exports and the importation of intermediate goods needed to sustain key economic sectors.

Attout noted further that It will also unlock stable and affordable funding for SMEs, which are the engines of Nigeria's economic growth and job creation.

Oliver Alawuba, Group managing director and CEO of UBA, commented that the new facility will further strengthen UBA's support for key sectors of the Nigerian economy, especially women-owned businesses and SMEs, which are often referred to as the 'engine of any country's economic development.

BUA Group expands operations with 700-tonne-per-day mini LNG project

Business a.m

BUA GROUP, ONE of Africa's largest conglomerates in foods, mining, manufacturing, and industry, has entered into a partnership with CIMC ENRIC, a global leader in the energy equipment industry. The two companies have signed a Memorandum of Understanding (MOU) to build a 700-tonne-per-day mini LNG plant in Nigeria.

The partnership between BUA Group and CIMC ENRIC is considered a major milestone for the Nigerian conglomerate as it expands into the energy sector. BUA Group said it is committed to utilising sustainable energy solutions across its business operations, and this partnership will further support this objective.

In addition to the development, the partnership is expected to not only expand the company's operations into the energy sector but also contribute to Nigeria's overall energy supply, helping to meet the country's growing demand for energy.

Abdul Samad Rabiu, Chairman of BUA Group, stated that the partnership with CIMC ENRIC is in line with the company's environmen-

tal, social, and governance (ESG) commitments and sustainability initiatives.

Rabiu explained that BUA has been relying on natural gas as a major source of energy for its operations across its over 1,000MW captive power plants ,and that the mini LNG project will further support the company's power needs.

The BUA chairman further noted that the mini LNG plant will not only benefit the company's power needs but also contribute to its broader environmental sustainability efforts. He explained that the plant will utilise the latest technology, including cryogenic storage tanks and a liquefaction system, to minimize emissions and ensure efficient operation.

"We are excited about the prospects of this project and look forward to a fruitful collaboration with CIMC ENRIC and Axxela," he added.

The signing of the agreement was a momentous occasion for both companies, symbolising the significance of the mini LNG plant for the region's energy landscape and Nigeria's broader energy goals. The agreement was signed by representatives from both companies, who expressed their enthusiasm and support for the project.

Moniepoint MFB offers incentives for customers in 'Refer and Earn' programme

Business a.m

MONIEPOINT MICROFINANCE Bank has announced the launch of its "Moniepoint Personal Banking Refer and Earn" programme. The initiative,available to small and medium-sized businesses in Nigeria, as well as their customers and employees, is designed to reward them for their loyalty and support in tandem with the spirit of giving, generosity and goodwill that defines the Christmas season.

With close to two million businesses leveraging Moniepoint MfB'S reliable and robust infrastructure in accessing payments, credit and business management tools that they need to grow,this referral programme is a great opportunity for customers to earn rewards for referring new users to the Moniepoint personal banking app. By referring just three new users to the app, customers can earn up to N100,000 or more during the campaign period. Moniepoint agents can also take advantage of this opportunity by helping their customers to download and sign up for the app.

To participate in the "Refer and Earn" programme, Moniepoint Business customers can access their unique referral code/link through the "Referral" section of the Moniepoint Business Banking app. They can then share this code/link with their customers, who can use it to sign up for the Moniepoint Personal Banking app. Once the referred customer has successfully signed up and transacted using the app, the referrer will receive a reward.

In addition to the referral reward for each new customer signed up, Moniepoint has also developed a unique incentive structure that rewards participants for the activity of their referred customers. For every outward interbank transaction conducted by the referred customer in the 12 months following their sign-up, the referrer will receive an additional 4 naira, making it a very straightforward and transparent incentive structure.

The referral programme is expected to have a significant impact on the growth of the Moniepoint user community, as it harnesses the power of word-of-mouth marketing. By tapping into the influence and trust of its existing customer base, Moniepoint is able to expand its reach and build a wider user community. This is seen as a strategic move by industry watchers and analysts, who view the referral program as a win-win for both Moniepoint and its users.

Commenting on the initiative, Babatunde Olofin, managing director, Moniepoint MfB,said "at the heart of Moniepoint's success are our valued customers, and this initiative is a heartfelt expression of gratitude for their trust, loyalty, and transactions. It is also about exemplifying the Bank's mantra of powering dreams and our visionary resolve to create a society where everyone experiences financial happiness."

On the bank's approach to the personal banking services, Olofin stated that Moniepoint's innovation and reliable banking infrastructure extends beyond businesses to the individuals they serve, providing them with the tools and solutions they need to manage their finances better and lead more productive lives. He added that Moniepoint is committed to being the bank of choice for personal banking, providing products and services that are easy to use, accessible, affordable, and transparent.

Olofin further added that the personal banking referral programme was designed not only to reward Moniepoint customers for their loyalty, but also to encourage them to share the joy of using the bank's services with others. He noted that personal banking with Moniepoint is an experience that is unlike any other, and the bank wants to make it possible for its customers to introduce this peerless and trusted digital banking experience to their own customers, earning rewards in the process.

$19bn Dangote refinery strengthens operations with additional 1m barrels of crude oil

Onome Amuge

BARELY TWO WEEKS AFTER the Dangote Oil Refining Company received delivery of one million barrels of crude oil,the $19 billion refinery has taken delivery of an additional one million barrels of crude, paving the way to meeting its production goals and providing much-needed petroleum products to the Nigerian market.

The Refinery's purchase of the first one million barrels of crude oil was from Shell International Trading and Shipping Company Limited (STASCO), a major player in the Nigerian and global oil and gas industry. This purchase represents the first phase of a larger crude oil supply agreement, which will see the Refinery receiving a total of six million barrels of crude oil from a range of suppliers.

The second shipment of one million barrels of crude oil has been successfully discharged into the refinery's crude oil tanks, bringing the total number of barrels delivered to two million.

Experts in the oil and gas industry have expressed optimism that the Dangote Refinery will have a significant positive impact on Nigeria's economy, as well as the economies of other West African

L–R: Abimbola Babalola, head, market surveillance and investigation, NGX Regulation Limited; (3) National Youth Coppers won gifts in the form of shares in listed companies; Ejemai Ahimie, head, administration, Nigerian Exchange Limited (NGX); Nweke Stella Talatu, National Youth Service Corp (NYSC) Lagos; Irene Robinson-Ayanwale, divisional head, business support service and general counsel, NGX; Chinonso Ume, retail banking, Zenith Bank; and Angel Gift, APT Securities, during NGX financial literacy initiative, X-Lit to the NYSC Orientation Camp, Iyana-Ipaja, Lagos, recently.

countries.

In a statement, NJ Ayuk, Executive Chairman of the African Energy Chamber, said that he was "very excited to see that the Dangote Refinery has secured its crude cargoes," describing it as "a significant milestone for the country and the West African region."

Ayuk noted that the Dangote Refinery's capacity of 350,000 barrels per day makes it an important addition to Nigeria's refining sector, which has traditionally relied heavily on imports despite the country's vast oil reserves. He emphasized the importance of the refinery in terms of promoting energy security and economic growth in Nigeria and West Africa.

Ayuk also noted that the arrival of the first cargo of crude oil for the Dangote Refinery is not only a milestone for the company, but also has broader implications for the Nigerian economy and the region as a whole. He explained that the refinery's production of diesel, aviation fuel, and LPG will enable Nigeria to become self-sufficient in these products, and even export them to neighboring countries. This, he said, will have a positive impact on the country's fiscal dynamics, ending fuel subsidies, high prices, and inconsistent supply, and serving as a model for other resource-rich countries in Africa.

"The project is designed 100 per cent for Nigerian crude and is expected to meet 100% of the country's demand for refined products, with surplus exported. This, in itself, is a testament to the instrumental role the facility will play in facilitating growth in Nigeria, enabling the country to rely predominantly on its own resources to sustain its economy. We commend the facility for this milestone achieved and we look forward to the first supply of Nigerian fuel products," he stated.

Diran Fawibe, chairman of International Energy Services, also expressed his support for the development, describing it as a "welcome" one that would create "many multiplier effects," including additional jobs. Fawibe noted that any country that produces oil would want to refine some of its output locally, making this a crucial step in making the Nigerian oil industry "complete."

In addition to the jobs that will be created as a result of the refinery's operations, Fawibe noted that it will also generate much-needed revenue for the country and diversify the economy.

NNPC, TotalEnergies ink deal on methane detection solutions

Business a.m

THE NIGERIAN NATIONAL PETROLEUM COMPANY LTD. (NNPC Ltd.) has entered into a Memorandum of Understanding (MOU) with TotalEnergies for the implementation of a methane detection technology called Airborne Ultralight Spectrometer for Environmental Application (AUSEA) in all of its upstream operations. The MoU was signed as part of the NNPC's commitment to reducing its greenhouse gas emissions.

Through this agreement, which was secured as a direct result of NNPC's participation in the recent United Nations Climate Change Conference (COP28) in Dubai, UAE, the company will be able to use TotalEnergies' AUSEA technology to measure methane emissions from its upstream operations. This data will be used to develop and implement measures to reduce emissions, contributing to the global effort to combat climate change.

The MOU was signed by Oritsemeyiwa Eyesan, executive vice president of NNPC's Upstream business, and Matthieu Bouyer, managing director and country chair of TotalEnergies EP Nigeria.

At the MoU signing event, Mele Kyari, the GCEO of NNPC, expressed his excitement about the collaboration with TotalEnergies. He described the company as a "great and reliable partner" that NNPC was eager to work with on new opportunities in Nigeria's energy sector. Kyari also expressed his optimism about the potential of the AUSEA technology to make a positive impact on reducing emissions and advancing the country's energy transition.

In his remarks, Patrick Pouyanné, Chairman and CEO of TotalEnergies, stated that the company was providing its AUSEA technology to NNPC as part of its commitment to promoting responsible hydrocarbon production. He emphasised that NNPC's willingness to adopt this cutting-edge technology was a testament to its dedication to environmental stewardship and sustainability.

Pouyanné also commended NNPC for its successful transition into a limited liability company, noting that the reforms have brought a renewed energy and dynamism to the company and the energy sector as a whole. He stated that TotalEnergies was enthusiastic about the opportunities that the reforms would create and the benefits that they would bring to Nigeria's oil and gas industry.

Zenith Bank lands spot on the World Finance 100 list

Joy Agwunobi

ZENITH BANK PLC has been listed on the World Finance 100 2023 released by World Finance Magazine,a leading international financial publication.

The World Finance 100 is an annual list of the world's leading financial institutions, chosen by a panel of experts. It celebrates companies that have reached the pinnacle of achievement across a wide variety of fields of expertise., purely based on excellence in their field.

To be included on the list, companies must not only excel in one area but must demonstrate a well-rounded approach to their business. Innovation is crucial, as companies must be willing to take risks and think outside the box. Customer service is also a major consideration, as the best financial institutions are those that put their customers first. Financial performance is a key factor, as only the most successful companies are considered for the list.

Zenith Bank's inclusion as the only Nigerian company in the elite list underscores the bank's outstanding achievements and resilience in a dynamic and competitive global market.

In response to Zenith Bank's inclusion in the World Finance 100 2023 list, Ebenezer Onyeagwu, the bank's Group Managing Director/ CEO, stated that the recognition is a testament to the bank's unwavering commitment to its stakeholders, innovative approach, and consistent growth. He noted that despite challenging economic conditions, Zenith Bank has been able to maintain its position as one of the leading financial institutions in Nigeria and the region.

"It is with great pride that we accept this recognition as the only Nigerian company on the World Finance 100 2023 list. This achievement is a testament to our unwavering dedication to our valued stakeholders, our innovative spirit, and our continued growth, even amidst economic challenges,"he stated.

Onyeagwu further stated that the recognition by World Finance affirms Zenith Bank's position as a leading financial institution in the country. He said the bank continues to set the standard for other financial institutions in terms of financial performance, corporate governance, and financial stability.

Golden Morn brings business sustainability hope to young farmers

Business a.m

IN A MOVE TO support the next generation of agricultural entrepreneurs, Golden Morn, a leading brand of Nestlé Nigeria, has presented seed funds to 25 young agripreneurs who emerged as winners of the Agripreneurship Programme in 2023.

The Golden Morn Agripreneurship Webinar Series, a collaborative initiative between the Golden Morn brand and the Enterprise Development Center of the Pan Atlantic University, aims to promote sustainable food systems by increasing youth engagement in the agricultural sector.

Since its launch in 2021, the Golden Morn Agripreneurship Programme has provided training, financial assistance, mentorship, and networking opportunities to over 2,000 young people involved in, or aspiring to venture into agriculture.

In his remarks at the event, Wassim Elhusseini, MD & CEO of Nestlé Nigeria, stressed the importance of youth involvement in agriculture in building sustainable food systems.

He said,"To establish sustainable food systems, we must ensure youth participation in agriculture.Nestlé is therefore dedicated to helping young people develop the capabilities and skills they need to drive innovation in agriculture."

In a statement, Obianuju Okafor, project and finance manager of the Enterprise Development Center, highlighted the importance of the partnership with Golden Morn in providing essential skills and knowledge to young agripreneurs.

"This collaboration underscores a shared commitment to empower and enhance the offerings of aspiring agripreneurs, contributing to the growth and sustainability of the agricultural sector,"he added.

Expressing his delight on behalf of all the beneficiaries of Golden Morn Agripreneurship Webinar Series and the grant recipients, Chukwudi Imhokha, CEO Azimhoc Ventures, Delta State said the journey with Nestlé's Golden Morn has been a great learning opportunity.

Imhokha praised the practicality and value of the business model and circularity training, while expressing his gratitude to Golden Morn and Nestlé for their investment in young people.

Rakiya Sadiq, CEO of Zulru Integrated Farms, also expressed her gratitude for the support and training received from Golden Morn.

source; simple flying

Avolon's firm backlog reaches 1,037 after massive Boeing, Airbus orders

AVOLON HAS COMPLETED two massive orders from Airbus and Boeing, with the lessor purchasing 100 Airbus A321neo and 40 Boeing 737 MAX. The latest order expanded the lessor's 737 MAX order book to over 110 aircraft, split between the 737 8 and 737 10 variants. In total, Avolon now has a firm backlog of 1,037 aircraft, compared to 897 that it had at the end of September 2023.

Ordering A321neos and 737 MAXs

Andy Cronin, the chief executive officer of Avolon, emphasised that the order reflects the lessor's belief in a positive outlook for the aviation industry. The purchase, if approved, would allow Avolon to meet airlines' needs to take delivery of 737 MAX aircraft out to 2030, with Cronin noting that the "availability of aircraft is very limited."

"We have now committed to 80 new, fuel-efficient 737 MAX aeroplanes this year, supporting the transformation of our fleet to lower emissions airplanes."

The CEO also highlighted that Avolon took delivery and leased the 1,000th Boeing 737 MAX aircraft and the first-ever aircraft of the type, which Malindo Air, now known as Batik Air Malaysia, took delivery of in May 2017. The aircraft, registered as 9M-LRC, is still being flown by the airline.

Brad McMullen, the senior vice president of commercial sales and marketing at Boeing, said that the manufacturer is ready to support lessors that are looking to grow their narrowbody jet fleets with long-term travel demand expected to remain strong. "Avolon continues to be a significant and much valued customer for the 737 program," McMullen added, noting that this was the second 737 MAX order from the lessor during 2023.

The lessor's previous order was finalised during the Paris Air Show in June 2023, when it purchased 40 Boeing 737 MAX aircraft. At the time, Cronin also highlighted that the order would allow the company to deliver the type to airlines that want to expand their fleets up to 2030. During the same trade event, the lessor also purchased 20 Airbus A330neo aircraft.

Transforming to new technology aircraft

Reflecting on the deals Avolon has made throughout 2023, Cronin said that the 200 newly ordered aircraft would support the lessor's fleet transformation to a more fuel-efficient and lower-emission fleet. "The scale of our order book reflects the strength of Avolon's balance sheet, our proven ability to execute swiftly, and the longstanding relationships we have with both Airbus and Boeing," the lessor's CEO added.

Meanwhile, Christian Scherer, the chief commercial officer (CCO) and head of international at Airbus, stated that the order for 100 A321neos has allowed Avolon to secure delivery slots in the long term with the right aircraft for its airline customers. "This way, Avolon and its customers can benefit from the strong wave of growth and replacements being observed globally across all markets," Scherer added.

According to Boeing Orders & Deliveries filings, the manufacturer has booked 677 orders for the 737 MAX as of October 31, 2023. Avolon and other lessors, such as Aviation Capital Group, BOC Aviation, and SMBC Aviation Capital, have ordered 81 737 MAX aircraft so far during the year. In comparison, Airbus' filings showed that it had sold 1,136 Airbus A320neo aircraft as of November 30, 2023, which includes the record-breaking IndiGo order for 500 A320neo family aircraft, split between the A320neo and A321neo.

Selling more aircraft

Between January and October 2023, Boeing booked 677 orders for the 737 MAX. During the same period last year, the manufacturer sold 530 aircraft, adding 167 units to its backlog throughout the last two months of 2022. This included United Airlines' large order when the carrier finalised a massive order for Boeing 737 MAX and 787 aircraft in December 2022. At the time, the United States (US)-based airline purchased 100 Boeing 787s, including 100 options, exercised option rights for 44 737 MAXs, and added 56 firm orders for Boeing's narrowbody jet.

In contrast, Airbus has blown past its 2022 A320neo family order numbers. While it finished the previous year with 851 net orders for its best-selling narrowbody family, up to November 2023 it already had 1,136 net orders for the A320neo family, primarily driven by net orders for the A321neo (763). Net orders for the A320neo were 372 at the end of last month.

ANALYST INSIGHT
The Airport Customer Experience

Passenger experience initiatives in 2023

THE INTERNATIONAL AIRPORT Review compiled some examples across airports where passengers were given high quality experience which left them satisfied. This is in recognition of the fact that satisfied passengers lead to growth in revenue and traffic and also increases the reputation of the airport. These were initiatives taken in 2023 by various airports across the globe that "have shown true innovation, customer – centric values and 'waw factor'", states the publication. (international airport review: Top 10 airport passenger experience initiatives from 2023).

Airports in Africa while learning from these initiatives should put in mind the level of sound proofing at their airports so that what is intended to improve upon the passenger experience does not become a source of noise and unwanted distraction to passengers. Also safety and security concerns should be thoroughly considered.

Barcelona International Airport was suddenly filled with funky beats while some very talented dancers took to the floor breakdancing and throwing shapes, reports the International Airport Review. It was their summer "Feel the Rhythm campaign." The effect was that passengers quickly formed a crowd, using their phones to film the experience as they grooved to the beat. It was a surprising experience to see the airport as a dance floor with a carnival atmosphere.

It was a new and improved sense of community as Edmonton International Airport played host to a well-known live music programme. The aim of the live music programme is to assist emerging musicians by giving them a venue to showcase their music at the airport as well as through the social media channels of the airport. This is reported as a programme that has been and will continue to be a celebration of the arts in the region.

Munich Airport Center gave climbing enthusiasts an opportunity to test their personal limits at dizzying heights. It was an experience for both new and experienced climbers as they tried new challenges. Experienced trainers were on hand to provide instructions as well as the safety equipment required to use the various climbing stations.

At Bahrain International Airport, transit passengers passing through Bahrain can experience the rich culture and heritage of the kingdom while waiting for their connecting flights. So passengers who have a layover ranging from five to twenty-four hours can now avail a free city tour that will get them to Bahrain's landmarks and historical hotspots.

Innovation moved to the virtual world at Changi Airport with their Roblox metaverse Changiverse in April this year. What this innovative virtual world did was to take users all across Changi airport with the aim of exploring and engaging with the space. This also was an opportunity for those who had not visited the airport to do so. The airport is reported as being the first in the world to create a virtual world on Roblox, a popular game which attracts a monthly engagement of 200 million users. Here players can look forward to various mini games that emulate the airport experience such as check-in and baggage claim.

A unique and fashionable second-hand concept store was established in Helsinki airport. This is said to be the first of its kind in the world, which will combine aspects of recycling culture along with a popular café to advance the commitment to sustainability by the airport.

Children with special needs were given a tour of Miami International Airport. The tour allowed participants to walk through the airport travel experience from start to finish in a safe and controlled manner.

For Perth airport it was a brand new beauty salon in Terminal 4. It offered travellers looking for a quick beauty fix, premium blow waves, barber services as well as beauty, nails and massages. This is reported as part of the broader initiative by the airport to diversify and enhance passenger experience.

There is a market for excursions at airports that can yield more revenue to airports not only during this festival period, but also at different times of the year. Innovative passenger experience in Africa can bring the rich cultures of the continent closer to the airports for diversified and enhanced passenger experience and improved revenue generation.

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).

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MTN taps Starlink, other satellite service providers to drive connectivity 95% by 2025

Joy Agwunobi

TELECOMMUNICATION GIANT MTN has set a target of providing broadband access to 95 per cent of the population in its African market by 2025, up from the current level of 88%. To achieve this goal, MTN is exploring partnerships with various satellite service providers, including Starlink, a company developed by SpaceX, the aerospace company founded by Elon Musk. Other potential partners include Lynk Global and AST SpaceMobile.

By partnering with satellite companies, MTN hopes to expand its coverage in areas that are difficult to reach with traditional infrastructure, such as rural and remote regions.

MTN disclosed that it is conducting trials of Starlink in Rwanda and Nigeria. In addition, MTN is also in discussions with Lynk Global to conduct direct to cell testing in Ghana and South Africa. These efforts are part of MTN's ongoing commitment to expand broadband access and improve connectivity in its markets.

The trials of Starlink and discussions with Lynk Global are just the latest examples of MTN's investments in technology and infrastructure to meet the growing demand for connectivity. The company has previously partnered with other satellite providers, such as SES Networks, to expand its reach.

AST SpaceMobile is another company that MTN is in discussions with to conduct trials of its technology in South Sudan and Nigeria. The company is looking to test different technologies and approaches to find the most effective way to bring broadband connectivity to remote and underserved areas.

L-R: Chimaobi Nwaokoma, senior manager, investor relations, MTN Nigeria; Modupe Kadri, chief financial officer, MTN Nigeria; Temi Popoola, chief executive officer, Nigerian Exchange Limited (NGX); Jalo-Waziri Haruna, managing director/CEO, Central Securities Clearing System Plc; and Jude Chiemeka, executive director, capital markets, NGX, at the Nigerian Exchange Made of Africa Awards held on December 20, 2023, where MTN Nigeria was named the Most Compliant Listed Company for the Year 2023.

In a statement, Mazen Mroué, MTN's chief technology and information officer, said that the company is driven by its belief that everyone deserves to enjoy the benefits of a modern, connected life. He added that MTN's Ambition 2025 strategy, which includes a goal of "Leading digital solutions for Africa's progress," will be achieved through its continued efforts to expand broadband access.

Mroué emphasized the importance of connecting people and communities in Africa and the positive impact that it can have on their lives. He also highlighted the role of technology in accelerating progress and development across the continent.

"Time is of the essence, and we realise that we cannot do this alone. Collaboration with partners is critical.Over the years, we have worked with numerous rollout partners and implemented new technology using OpenRAN to narrow coverage gaps in rural areas,"Mroué stated.

Mroué explained that the use of LEO satellites could help to complement MTN's existing terrestrial network, which faces challenges in remote and rural areas. He noted that LEO satellites offer a number of advantages, including the ability to connect the unconnected, extend mobile connectivity to more remote areas, and improve the resilience of networks. He added that these technologies could be used in conjunction with MTN's existing infrastructure to provide reliable and affordable broadband services.

Mroué also noted that the partnerships with LEO satellite providers will help MTN achieve its goal of 95 per cent broadband population coverage by 2025. Over the long term, the company hopes to achieve universal access and ensure that everyone has access to digital services and opportunities.

In addition to the benefits of LEO satellites for service delivery, Mroué explained that these satellites typically orbit the Earth at lower altitudes than other types of satellites, with shorter orbital periods. This allows for faster data communication and more frequent revisits to specific areas, which can be beneficial for certain applications.

According to the chief technology and information officer, the lower altitude of LEO satellites also results in lower signal travel times, leading to lower latency. This can be important for applications that require real-time communication, such as video conferencing and online gaming. Additionally, the significant decrease in the cost of launching payloads into space over the last few decades has further increased the appeal of using LEO satellites. With lower launch costs, it is now more cost-effective to deploy large constellations of satellites, providing greater capacity and improved coverage.

Remote encryption attacks on the rise as ransomware groups hit businesses globally

Onome Amuge

A NEW REPORT FROM Sophos, a leading cybersecurity provider, has found that the most active and prolific ransomware groups are choosing to use "remote encryption" as a way to carry out their attacks. This method allows the attackers to encrypt the victim's files from a remote location, without the need for physical access to the victim's system. Once the files are encrypted, the attackers demand a ransom to decrypt them.

The global leader in innovating and delivering cybersecurity as a service, in a report, titled "CryptoGuard: An Asymmetric Approach to the Ransomware Battle",analysed the activities of several ransomware groups, including Akira, ALPHV/BlackCat, LockBit, Royal, and Black Basta. The report found that these groups are increasingly using remote encryption as a way to evade detection and ensure their attacks are successful. By encrypting files remotely, these groups can cause significant damage to the victim's systems and data, without having to worry about being detected or stopped. This is a worrying trend, as it indicates that these groups are becoming more sophisticated and adaptable, and that their attacks are becoming more difficult to prevent or mitigate.

A remote encryption attack, or remote ransomware attack, is a type of cyberattack in which the attacker encrypts data on a victim's computer network by exploiting a vulnerability in an endpoint device. Endpoint devices are the various devices connected to a computer network, such as laptops, desktops, smartphones, and tablets. In this type of attack, the attacker gains access to a single endpoint device and then uses that device to encrypt data on other devices connected to the same network. These attacks can cause significant damage and disruption, and can be very difficult to recover from.

To combat remote encryption attacks, Sophos developed CryptoGuard, a technology that monitors the system for signs of malicious encryption and can roll back any changes made to files if ransomware is detected. Even if the ransomware itself is not detected, CryptoGuard can still roll back the changes it has made, preventing the attack from being successful. This innovative technology makes it possible to protect against even the most sophisticated and persistent remote encryption attacks.

The inclusion of CryptoGuard in all Sophos Endpoint licenses makes it easy for organisations to implement this protection, without the need for additional hardware or software

The unique anti-ransomware technology is a last line of defense in Sophos' layered endpoint protection, only activating if an adversary triggers it later in the attack chain.

"Companies can have thousands of computers connected to their network, and with remote ransomware, all it takes is one underprotected device to compromise the entire network. Attackers know this, so they hunt for that one 'weak spot'—and most companies have at least one. Remote encryption is going to stay a perennial problem for defenders, and based on the alerts we've seen, the attack method is steadily increasing," said Mark Loman, vice president, threat research at Sophos, and the co-creator of CryptoGuard.

Loman pointed out that since this type of attack involves encrypting files remotely, traditional anti-ransomware protection methods deployed on remote devices don't "see" the malicious files or their activity, failing to protect them from unauthorised encryption and potential data loss.

According to Sophos, instead of looking for ransomware itself, CryptoGuard looks for signs of ransomware activity in the files that are being manipulated. This "file-first" approach is designed to detect the threat early in the attack cycle, before it has a chance to cause damage. It uses mathematical algorithms to analyse documents and identify patterns that are indicative of malicious encryption. These patterns are often subtle and difficult to detect, but CryptoGuard is designed to spot them quickly and effectively.

This approach is notable for several reasons. First, it does not rely on traditional detection methods, such as indicators of breach, threat signatures, or artificial intelligence. This makes it more effective against new and unknown ransomware strains. Second, the strategy is designed to increase the costs and complexity for attackers, while reducing the costs and complexity for defenders. This shifts the balance of power in favor of the defenders, making ransomware attacks less profitable and more difficult to carry out. Finally, this strategy is designed to be autonomous, requiring little to no input from the defender to be effective.

Airtel Africa hits 150m customers with broadened telecom services

Joy Agwunobi

AIRTEL AFRICA, a leading telecommunications provider, has reached a major milestone by registering 150 million customers across its 14 markets in Africa, highlighting its commitment to providing reliable and quality digital and mobile money services to its users.

According to the network provider, the achievement was underpinned by the deployment of innovative products and services, as well as a focus on customer satisfaction. The company also noted that it has invested heavily in infrastructure and technology to ensure that its customers have access to the best possible services.

The growth also reflects Airtel Africa's commitment to reaching more people, with more services, in more places than ever before.

"By bringing mobile banking, data, and telecoms to underserved communities across sub-Saharan Africa, Airtel Africa is driving financial and digital inclusion and helping to unlock the potential of people, businesses, and societies," the company said in a statement.

In addition to registering 150 million customers, Airtel Africa is also expanding its network to meet the increasing demand for accessible and affordable services. This expansion includes the deployment of fiber and 5G technologies to provide customers with the latest in digital products, services, and content.

The company has also shown its commitment to providing the best possible experience for its customers and is constantly innovating to meet their needs. This includes the launch of new digital services such as Airtel Money, which allows users to make payments and transfers, and Airtel TV, which provides access to a wide range of entertainment content.

Segun Ogunsanya, Group CEO of Airtel Africa, expressed his gratitude to the company's stakeholders, including customers, partners, and staff, for their contribution to achieving this important milestone. He also noted that this is only the beginning of a journey that will see the company achieve even more in the years to come.

Mastercard rolls out new contactless payments solutions in Nigerian market

Joy Agwunobi

MASTERCARD HAS RECENTLY ANNOUNCED a new contactless payment solution that will allow businesses to accept card payments through a tap on their smartphones. The solution, known as QR Pay by link and Payment link, will enable businesses to accept payments without the need for a traditional point-of-sale (POS) terminal. Mastercard noted that with over 40 million small businesses in the country, the new solution would be an affordable and convenient way for them to accept payments.

The Central Bank of Nigeria (CBN) released a framework for QR code payments in January 2021, which outlined the guidelines and requirements for using QR codes to make payments. In October 2022, the CBN released a draft of its guidelines for contactless payments, which clarified the use of Near Field Communication (NFC), Radio Frequency (RF), and QR codes for contactless payments. The guidelines stipulate that contactless payments must be conducted securely and with the highest levels of privacy and data protection.

Mastercard believes that contactless payments can be particularly beneficial for small businesses in Nigeria, which may have limited resources or operate in remote locations. Traditional payment terminals can be expensive, but contactless solutions can be implemented using low-cost smartphones and QR codes. This allows businesses to accept payments quickly and securely, without the need for additional hardware.

In addition to reducing costs and improving security, contactless payments also make the entire checkout process faster and more convenient for everyone involved. With contactless payments, customers don't need to fumble with cash or cards, or input their PIN into a terminal. Instead, they can simply tap their phone against the terminal to make a payment. This reduces the amount of time spent at the checkout and improves the overall customer experience. It also makes it easier for businesses to process payments quickly and efficiently.

Kari Tukur, vice-president of customer solutions at Mastercard, commented on the launch of the new contactless payment solutions in Nigeria, stating that the company is excited to bring these innovative payment methods to businesses and consumers.

Tukur emphasised that Mastercard is committed to driving financial inclusion and economic growth through the adoption of digital payment technologies. He also highlighted the importance of these solutions for small businesses, which can benefit from the reduced costs and improved efficiency of contactless payments.

Data & Information Governance Insight

Revolutionising big business: The generative AI wave

MICHAEL IRENE, PhD

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ARTIFICIAL INTELLIGENCE, generative AI, has emerged as a game-changer, pushing the boundaries of what's possible in data-driven innovation. As big enterprises navigate the intricate realms of digital transformation, leveraging generative AI offers a plethora of possibilities that extend beyond conventional approaches.

Generative AI excels at content creation, enabling big enterprises to automate the generation of diverse and engaging content across various platforms. Whether it's crafting marketing copy, blog articles, or social media posts, generative models can understand the context, tone, and style to produce high-quality content. This not only saves time and resources but also ensures a consistent and coherent brand voice.

Big enterprises deal with vast amounts of customer inquiries daily. Generative AI-powered chatbots and virtual assistants are revolutionising customer support by providing instant, personalised responses. These AI systems learn from historical interactions, adapting to customer preferences and providing a seamless support experience. This not only improves customer satisfaction but also frees up human resources for more complex problem-solving tasks.

In the realm of machine learning, having diverse and representative datasets is crucial for model performance. Generative AI can be employed to augment datasets, creating synthetic yet realistic data to train models effectively. This is particularly valuable in scenarios where acquiring large and diverse datasets is challenging. It enhances the robustness and generalisation of machine learning models deployed in big enterprises.

Generative AI transforms the product design process by assisting in the creation of innovative and optimised designs. By understanding design constraints and objectives, generative models can propose multiple design alternatives, considering factors such as materials, functionality, and manufacturing constraints. This accelerates the prototyping phase, fostering creativity and efficiency in product development within big enterprises.

For enterprises with extensive manufacturing operations, ensuring the optimal functioning of machinery is paramount. Generative AI facilitates predictive maintenance by analysing historical data, identifying patterns, and predicting potential equipment failures. This proactive approach minimises downtime, reduces maintenance costs, and enhances overall operational efficiency.

Generative AI is a boon for big enterprises aiming to deliver highly personalised marketing campaigns. By analysing customer behaviour, preferences, and demographic data, generative models can generate tailored marketing content, from personalised emails to targeted advertisements. This personalised touch significantly improves customer engagement and increases the effectiveness of marketing efforts.

In the finance sector, accurate forecasting is indispensable for strategic decision-making. Generative AI can analyse a myriad of financial data, market trends, and external factors to generate dynamic and adaptive financial forecasts. This empowers big enterprises to make informed decisions in real-time, navigating the complexities of the financial landscape with agility and precision.

In embracing these use cases, big enterprises unlock a new era of efficiency, innovation, and competitiveness. However, it's crucial to acknowledge that the integration of generative AI comes with its set of challenges, including ethical considerations, data privacy concerns, and the need for transparent decision-making processes. Striking a balance between reaping the benefits of generative AI and addressing these challenges is paramount for a sustainable and responsible implementation.

Generative AI is not just a technological advancement; it's a catalyst for transformative change within big enterprises. From automating mundane tasks to fostering innovation in product development, the potential applications are vast. As big enterprises harness the power of generative AI, they embark on a journey towards unparalleled efficiency, agility, and innovation, redefining the landscape of business in the digital age.

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OLUKAYODE OYELEYE

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Aid, loans, commodity exports and prospects of Africa's prosperity (2)

SUSTAINABILITY OF FOREIGN AID to Africa is prone to a lot of challenges as the world increasingly comes under pressure that demands more use of resources in more areas that come under an array of crises. The aftermath of those crises in the forms of those from natural and anthropogenic causes continues to make a lot more demands on agencies involved in overseas aid in response to crises that require humanitarian assistance for the vulnerable. African countries that depend so much on foreign aid could experience sudden implosion without any safeguard measures or exit strategies when aid support from some sources dwindles significantly or ceases entirely. An important point needs to be established, that Africa hardly needs foreign aid if the various countries are well managed by the political leaders at country, regional and continental levels.

A proper redefinition of certain global dynamics is sorely needed. From the UK, The Guardian edition published on May 24, 2017, a story had this headline: "World is plundering Africa's wealth of 'billions of dollars a year.'" From the report credited to a coalition of UK and African equality and development campaigners including Global Justice, the rest of the world is profiting more than most African citizens from the continent's wealth as "more wealth leaves Africa every year than enters it – by more than $40bn (£31bn) – according to research that challenges "misleading" perceptions of foreign aid." It stated that aid and loans to the continent are outweighed by financial flows to tax havens and costs of climate change mitigation. It said African countries received $162 billion in 2015, mainly in loans, aid and personal remittances. But in the same year, $203 billion was taken from the continent, either directly through multinationals repatriating profits and illegally moving money into tax havens, or by costs imposed by the rest of the world through climate change adaptation and mitigation. This led to an annual financial deficit of $41.3 billion from the 47 African countries where many people remain trapped in poverty, according to the report, Honest Accounts 2017.

According to the campaigners, illicit financial flows, defined as the illegal movement of cash between countries, account for $68 billion a year, three times as much as the $19 billion Africa receives in aid. African governments received $32 billion in loans in 2015, but paid more than half of that – $18 billion – in debt interest, with the level of debt rising rapidly. This is worrisome as debt is encroaching on the revenues the countries should be deploying to development projects. The extent of impact of all the aid coming to Africa from governmental and non-governmental sources remains debatable, especially since the deployment is subject to a variety of factors. However, a source has provided an insight into what seems like the overriding observation across the continent on foreign aid over the years. Apart from the disclaimer by the UK campaigners that the prevailing narrative where rich country governments say their foreign aid is helping Africa is "a distraction and misleading," the verdict from the Canadian International Development Agency (CIDA) before its restructuring and repurposing was instructive. CIDA's assessment was that the $12.4 billion Canada had spent on bilateral assistance to sub-Saharan Africa since 1968 had produced little if any results. It follows logically that a thorough assessment of the interventions of other aid agencies in Africa may have produced similar outcomes and Africa therefore needs to urgently re-examine the place of aid in its socioeconomics and urgently explore local interventions for sustainable development.

Japan, for instance, is one of those countries providing aid for Africa. One of Japan's methods of engagement with Africa is through the Tokyo International Conference on African Development (TICAD), which the government of Japan has been leading since 1993, co-hosted by the United Nations, United Nations Development Programme (UNDP), World Bank and African Union Commission (AUC). In particular, the TICAD process reflects UNDP's foundational belief that sustainable development can only happen with the full participation of a range of partners. The Japan International Cooperation Agency (JICA) is an implementing agency of Japanese official development aid (ODA) for the purpose of supporting the socioeconomic development, recovery or economic stability of developing regions. In particular, JICA advances the development of quality infrastructure by investing approximately $10 billion in Corridor development (which includes three geographical priority areas where the Japanese private sector shows high interest), natural resource and energy development, and urban development.

A publication on JICA's Initiatives on Africa, highlighting progress and achievements in activities for "Investment for the Future of Africa," revealed yearly increases in loan aid to Africa from 2013 to 2017 under the Yokohama Declaration and Yokohama Action plan arising from TICAD V. Measured in hundred million Yen, it grew from ¥718.06 in 2013 to ¥1,062.17 in 2014, to ¥1688.25 in 2015, to ¥2,667.51 in 2016, to ¥1,665.92 in 2017. These are apart from the annual grant aid of ¥591.31, ¥316.98, ¥480.36, ¥324.37 and ¥595.77 for the years 2013, 2014, 2015, 2016 and 2017 respectively. On technical cooperation, JICA's assistance profile was as follows: ¥469.11, ¥459.00, ¥450.96, ¥464.70 and ¥472.64 every successive year over the five years. The total annual assistance – loan aid, grant aid and technical cooperation – was ¥1,778.48, ¥1,8388.15, ¥2,589.57, ¥3,456.58 and ¥2,736.33 from the period under review. Overlapping the TICAD V's Yokohama Declaration was the 2016 Nairobi Declaration and Nairobi Implementation Plan that was designed for 2016 to 2018, which will not be delved into here.

The Canadian International Development Agency (CIDA), established in 1968, is Canada's lead agency for development assistance to administer the bulk of Canada's official development assistance programme, providing humanitarian assistance and supporting sustainable development to promote a more secure, equitable and prosperous world. In Africa alone, CIDA works in Ethiopia, Ghana, Mali, Mozambique, Senegal, South Sudan, Sudan, and Tanzania. It rendered considerable humanitarian assistance in Sudan in 2003 during the Darfur conflict. In March 2013, CIDA was dissolved and its responsibilities absorbed by the newly renamed Department of Foreign Affairs, International Trade and Development (formerly DFAIT), thus signalling a change in Canada's approach to aid, adding commercial and foreign-policy objectives to a programme that was previously exclusively humanitarian. Again, this is one reason for Africa to prepare to be weaned off foreign aid.

The Department for International Development (DFID) was a ministerial department from May 1997 to September 2020 when it merged with the Foreign and Commonwealth Office to create Foreign, Commonwealth and Development Office (FCDO) FCDO. Out of this merger arose the UK Aid, an agency funded by FCDO. Africa takes a chunk of UK Aid funding as three of the top five countries to receive UK aid money in 2022 were from Africa, namely Nigeria, Somalia and Ethiopia. The other two are Afghanistan and Ukraine. Over time, the UK Aid's bilateral ODA to Africa has been decreasing. The decrease was by £883 million (33.8 per cent) from £2,610 million in 2020 to £1,727 million in 2021 and by £486 million (28.2 per cent) from £1,727 million in 2021 to £1,240 million in 2022, probably the smallest share of the UK's bilateral aid the continent has received since the 1970s, as the agency felt and responded to the trends in a challenging global context. This underscored the fact that government aid cuts and converging global crises have had a substantial impact on the UK's ability to deliver on its development goals.

The United States Agency for International Development (USAID) is considered as the world's premier international development agency and a catalytic actor driving development results. Its presence in Africa has been somehow legendary. In fiscal year 2021, USAID and the U.S. Department of State provided $8.5 billion of assistance to 47 countries and eight regional programmes in sub-Saharan Africa. In fiscal year 2022 alone, USAID provided more than $6 billion in lifesaving, multi-sector humanitarian assistance to the people of Africa as catastrophic drought and torrential flooding continued to affect countries across the continent, leading to catastrophic food security outcomes. The Horn of Africa in particular has been facing the most severe food security crisis in the world, leading to a risk of famine, with 21 million people across the region remaining vulnerable. Other countries, such as China, Russia, Turkey and India are trying to make donations to Africa, further presenting Africa as a chronic aid dependent continent. This needs to change.

Countries are expected to be more effective in the distribution of public goods and social services because of the critical mass of personnel and officials equipped with state powers, which are great enablers of impacts. In Africa, however, the impacts of state authorities on development have been dismally low and their distribution of resources have been grossly inefficient. Many countries have received enormous amounts of aid from many private not-for-profit charities or non-governmental organisations (NGOs) over the years. One of them is Ford Foundation, an agency that has been operating since 1936, operating in the areas of natural resources governance, tax policies and finance and currently with regional hubs in Africa: East, West and South where its grantmaking involves an array of interventions, many of which come in form of core programmes, project supports or programme-related investments (PRI). Another philanthropic charity organisation, the Rockefeller Foundation, founded in 1913, has been operating in Africa since 1966, forming strong ties with African governments, academic institutions, and pan-African entities in the their efforts to improve lives with advances in public health, food, energy, and finance, helping to expand opportunities for poor or vulnerable people and to help ensure that globalisation's benefits are more widely shared.

The fact that such philanthropic foundations can make some modicum of impact on the well-being of humanity in some places through their funding provides a strong indication on the failure of state actors in their deployment of state resources all across the continent. In 2019 and 2020, approximately $632 billion went to intervention towards financing for climate-related projects around the world. Out of this, only $19 billion came to Africa, with just $2 billion from the private sector. A lot of funding gap in Africa remains to be filled. Another philanthropic organisation that has become influential in Africa lately is the Bill and Melinda Gates Foundation, operating in the areas of intervention in health, nutrition and agriculture sectors. It is an indictment on African governments that such charities are able to generate much more useful and reliable data in many sectors of the countries where they operate than what the governments of such countries generate or disseminate. Quite often, those data generated by these non-state charities become reference data for governments in their official activities. That is rather embarrassing. African leaders need to urgently review the continent's aid dependence status and make appropriate adjustments to free the continent from continued dependence on foreign aid. It is clear that the status quo is a problem that persists because those who have the wherewithal to make changes have low integrity, poor accountability, feeble political will and low determination to make such changes. The longer Africa depends on foreign aid, the worse it gets for the continent. Something urgent must be done now. Dependence on huge sums of foreign aid should discontinue forthwith, or at least end soon. Let African countries learn to fend for themselves. The leaders have a lot of roles to play in this.

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