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business a.m.
TOWARDS MORE EFFICIENT MARKETS

Global business insolvencies to stabilise higher in 2025 after accelerating in 2024

PHILLIP ISAKPA IN LONDON, UK

5 challenges make 2024 year of reality check for firms, economy

AVERAGE GLOBAL BUSINESS insolvencies, which raced to a positive 29 percent in 2023 from +23 percent in 2022, is expected to maintain another acceleration this year at +9 percent year-on-year before stabilising at a high level in 2025, says global insurer, Allianz, in its 'Global Insolvency Outlook: Reality Check' report recently made available to Business a.m.

The report noted that the acceleration to +29 percent in 2023 represented the fastest momentum since 2009 when the global average increase in business insolvencies printed +33 percent on the back of the global financial crisis of 2008.

But Allianz said, "While we do not expect a repeat of the tsunami of insolvencies seen after the 2008 financial crisis, advanced economies will face a noticeable catch-up in 2024. In 2008 and 2009, business insolvencies skyrocketed by +17% and 19% y/y, respectively. But for 2024, our central scenario suggests a +9% y/y increase in business insolvencies, with most regions and four out of five countries seeing rising numbers and the largest increases notably in the US (+28% y/y), Spain (+28%) and the Netherlands (+31%)."

According to the report, this broad-based rise would push two out of three countries above their pre-pandemic number of insolvencies in 2024 (2016-2019 average), from half of them in 2023, adding that in 2025, it expects there to be a "somewhat stabilisation of our Global Insolvency Index," with a majority of countries expected to post a trend reversal put at -9% y/y

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Subsidy, FX reforms fetch N10.14trn

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Indorama gets lenders' $1.3bn for fertiliser

INDORAMA ELEME FERTILISER and Chemicals Limited, a leading producer of urea in sub-Saharan Africa, has secured a significant financing package worth $1.25 billion to enable the expansion of its fertiliser production capacity. This investment is expected to have...

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Probing CBN's N30trn 'Ways and Means'

THE SENATE'S REVIEW of the N30 trillion 'Ways and Means' passage by legislative action or executive order, highlights the gaps in the inner workings of the realms of state.

It highlights the weakness of the treasury, the cloud over the...

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Nigeria's public debt in race to N100trn by June, warn analysts

ONOME AMUGE IN LAGOS, NIGERIA

Debt builds up on unabating borrowings

WITH GRIM STATISTICS SHOWING unabating borrowings by the President Bola Tinubu-led federal government, a carry-over from its predecessor government led by Muhammadu Buhari, the lines appear to be straightening into one as analysts now project that Nigeria is heading steadily to a public debt position of N100 trillion or more by June this year.

The projection is based on the spate of the country's current borrowing trajectory, which is feared to continue and head to at least one hundred trillion naira mark by mid-year. The Nigerian government is highly geared domestically and this was seen as responsible for a climb in public debt in the latest data to December 2023 released by the Debt Management Office (DMO).

Yet, the government's domestic borrowing appetite, which has been met with some satisfaction, has not slowed its hunger to swallow more, especially from international sources, raising analysts' fear about hitting the N100 trillion mark. In addition to its domestic borrowings, the government is actively courting international lenders to finance its infrastructure projects. While these loans may provide some short-term relief, they come with high interest

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L–R: Bala M. Bello, deputy governor, corporate services directorate, Central Bank of Nigeria (CBN); Temi Popoola, group chief executive officer, Nigerian Exchange Group (NGX Group); Olayemi Cardoso, governor, Central Bank of Nigeria (CBN); Haruna Jalo-Waziri, managing director/CEO, Central Securities Clearing System (CSCS); Akin Morakinyo, registrar and chief executive, Chartered Institute of Bankers of Nigeria (CIBN), during a strategic meeting between NGX Group and CBN in Abuja recently

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Umeoji breaks ceiling at Zenith Bank

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Nigeria's gaming set for $245bn play

NIGERIA, A COUNTRY KNOWN for its youthful population and rapid technological adoption, has become a magnet for investment in a variety of sectors. Among them...

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THE CENTRAL BANK OF NIGERIA (CBN) recently announced the removal of foreign exchange restrictions on the importation of milk and dairy products...

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Give Women with Disabilities a Chance

ACCRA – It is well known that women in developing economies have fewer educational and employment opportunities than their male counterparts, leading to higher rates of poverty. In Ghana, for example, men have higher employment rates and incomes than women, and are less likely to be engaged in...

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EXECUTIVE KNOWLEDGE SERIES

Will the Shifting Economic Power Balance Topple

A VIEW ON WHERE GLOBAL democracy stands and where it's headed in the new economic world order.

Over the past decade, academics, politicians and journalists have raised concerns about the state of democracy worldwide in books, academic publications and newspaper articles. The topic has been discussed...

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rates and strict repayment terms that could put the country's finances at risk. In the long run, this debt mountain could become an albatross that would hamper economic growth and lead to social unrest.

Latest data shows that the Nigerian government's debt burden has reached unprecedented levels under the Bola Tinubu administration, with public debt hitting N97.34 trillion in the fourth quarter of 2023 - a 10.73 percent increase from the previous quarter's N87.91 trillion.

The Debt Management Office (DMO) presented the latest data on Nigeria's public debt in a statement made available to Business a.m., which disclosed that the mounting debt is made up of the domestic and external debt stocks of the federal government, the 36 states and the Federal Capital Territory (FCT).

The N9.43 trillion increase in public debt from the previous quarter was largely attributed to new domestic borrowing by the federal government in order to partially finance the deficit in the 2024 Appropriation Act, as well as disbursements by multilateral and bilateral lenders.

According to the DMO, Nigeria's total domestic debt amounted to N59.12 trillion, making up 61 percent of the country's total public debt stock. Meanwhile, external debt stood at N38.22 trillion, accounting for the remaining 39 per cent.

"Consistent with the debt management strategy, Nigeria's external debt stock was skewed in favour of loans from multilateral (49.77%) and bilateral lenders (14.02%) or a total of 63.79% which are mostly concessional and semi-concessional," it stated. The DMO recognises that while it is employing best practices in public debt management, additional efforts are needed to ensure debt sustainability. It pointed to the ongoing efforts by the fiscal authorities to increase revenue as a key factor that will support debt sustainability.

The mounting debt crisis in Nigeria is largely attributed to the government's heavy reliance on domestic borrowing, which has resulted in spiralling interest payments and mounting questions about the country's ability to repay its debts. This has put immense pressure on the Nigerian economy, with the government devoting a large portion of its budget to servicing debt rather than investing in critical areas like education, healthcare, and infrastructure.

According to an analysis by The International Center for Investigative Reporting (ICIR), the public debt of Nigeria, if divided by the country's population of 216.78 million people as estimated by the National Bureau of Statistics (NBS), amounts to N449,022.94 per person. This is a significant increase from September 2023, when each Nigerian owed N405,520 and the quarter before that (June 2023), when each person owed N396,376.19. Breaking down the country's external debt, The ICIR found that the federal government owed $37.89 billion, while subnational states owed $4.61 billion, totaling $42.50 billion in external debt. The ICIR converted this figure to Nigerian naira using the Central Bank of Nigeria's official exchange rate, which was N899.393 to one dollar in December 2023. This amounted to N38.22 trillion in external debt, further highlighting the severity of the debt crisis.

In its October 2023 report on Africa, the International Monetary Fund (IMF) forecasted that Nigeria's debt-to-GDP ratio would increase by 4.3 percentage points from 38.8 percent in 2023 to 42.1 percent in 2024. This forecast is based on the government's continued borrowing, as well as slower economic growth and exchange rate depreciation.

Uche Uwaleke, president of the Association of Capital Market Academics of Nigeria (ACMAN), commented on the marginal increase in public debt, noting that it suggests that the pace of public debt accumulation has slowed, which is evident in both the marginal increase in total public debt as well as the decrease in the external component of public debt.

While Uwaleke noted that the slowdown in public debt accumulation is a positive development, he expressed concern over the fact that the majority of domestic debt is held in FGN bonds, which are not tied to specific projects. This means that the benefits of the debt are not necessarily directed towards the development of the country. Uwaleke stressed the need for greater accountability and transparency in the use of public funds, with a focus on directing debt towards projects that can create jobs and drive economic growth.

According to Uwaleke, "It is important that future domestic borrowings are done using more of infrastructure bonds such as Sukuk and Green Bonds instead of FGN bonds which tend to compound the debt service burden since they are not connected to any self-liquidating project."

As Nigeria's voracious appetite for loans grows, so does its reliance on debt to finance its projects. This pattern has continued under the Bola Tinubu administration, signalling that the country's debt burden will only increase in the near future. While the government continues to justify its borrowing by pointing to its massive infrastructural needs, economists warn that the country is headed for a financial crisis if it does not change course. The underlying issue is that Nigeria is failing to generate sufficient revenue to fund its expenditures. While the government is taking steps to improve tax collection and diversify its revenue sources, reports show that it is still far behind in closing the gap between its revenues and its spending, leaving it vulnerable to financial shocks. Moreover, the increasing cost of debt servicing is diverting precious resources away from social and economic development, leading to poverty and inequality. The situation is further complicated by a weak and unstable currency, which has made debt servicing even more expensive.

According to some economists, if Nigeria's current borrowing trajectory continues, the country could be saddled with a public debt of N100 trillion or more by June 2024. In addition to its domestic borrowings, the government is actively courting international lenders to finance its infrastructure projects. While these loans may provide some short-term relief, they come with high interest rates and strict repayment terms that could put the country's finances at risk. In the long run, this debt mountain could become an albatross that would hamper economic growth and lead to social unrest.

As Nigeria finds itself walking a tightrope of debt, experts agree that there is a way out. They say that with prudent fiscal policies, responsible spending by public officeholders, and citizens who dutifully pay their taxes, the country can eventually move away from being debt-dependent.

L–R: Clifford Akpolo, head, marketing and corporate communications, Nigerian Exchange Limited (NGX); Iheanyi Anyahara, director, directorate of accounting standards (public sector), Financial Reporting Council of Nigeria (FRCN); Rabiu Olowo, chief executive officer, FRCN; Emmanuel Faber, chair, International Sustainability Standards Board (ISSB); Governor Babajide Sanwo-Olu of Lagos State; Ndidi Nnoli-Edozien, board member, ISSB; and Temi Popoola, group chief executive officer, Nigerian Exchange Group Plc (NGX Group), during a courtesy visit by the chair, ISSB, to Governor Sanwo-Olu in his office at Alausa, Ikeja, recently.

Global business...

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in simple average for the countries concerned. The report noted that European countries would see the largest declines, most often from a strong bounce-back over 2021-2024 and/or from a historic high.

The report described 2023 as recording "a high-speed and broad-based rebound in business insolvencies," but that this was expected, adding that 2024 started with insolvencies above pre-pandemic levels in most advanced economies.

"The number of business insolvencies rebounded in three out of four countries in 2023, with most recording a double-digit increase," it stated in a review of last year's figures.

It noted that while business insolvencies accelerated last year, there were exceptions in emerging markets, notably the BRICS - Brazil, Russia, India, China and South Africa.

"But they account for a noticeable share of global GDP (30%) and thus our global insolvency index (38%), lowering the annual increase of our headline indicator," the report authors explained.

Regarding Allianz's global insolvency index, the report stated that this increased by +7 percent for the full year of 2023, from +1 percent in 2022, noting that Western Europe was a key contributor to the global rise despite having a slower rebound of +15 percent year-on-year, with a stable momentum at the Eurozone level of +14 percent.

"North America also boosted the global rebound, with the US recording a major surge (+40% y/y), while the prolonged low number in China offset the increase in insolvencies observed in most other Asian countries (Japan, South Korea, Australia, Hong Kong, New Zealand)," the authors wrote.

The acceleration in 2024 and stabilisation at a high level in 2025 that the report predicts will be on the back of the projections that four out of five countries will see business insolvencies increase this year at +12 percent year-on-year on average.

The 'Allianz Global Insolvency Outlook' authors said they identified five main challenges that will make 2024 a year of reality checks for companies and economies around the world, particularly in Europe.

The first reality check, they said, is that there is a looming profitability squeeze, noting that before benefiting from the global recovery in sight for 2025, firms will have to manage the deceleration in global demand that may affect them directly or indirectly.

"In several countries, the level of activity is unlikely to reach the minimum required to at least stabilise the number of insolvencies, with below-trend GDP growth in particular in the US (+1.4% in 2024), the Eurozone (+0.8%) and emerging markets, including China (+4.6%)," they wrote.

According to the report, going by long-term sensitivities, the Eurozone and the US would both need +0.7pp in additional GDP growth on average in 2024-2025 to stabilise their numbers of insolvencies, with both only gradually reducing the GDP gap compared to 2023, adding that weaker-for-longer demand is likely to result in increased competition, leading to reduced pricing power and declines in revenue growth, increasing the pressure on profitability at a time of still-high operating costs, with little relief from energy prices and recovering labour costs.

Elaborating on this looming profitability squeeze, the report cited recent earnings seasons that have already shown listed firms with comparative advantage, including in pricing power, starting to feel the pinch from waning demand and high production costs, as well as lingering supply chain pressure.

"This is notably the case for consumer durables, pharmaceuticals, paper, chemicals and metals. The latest market expectations also confirm the margin squeeze ahead: As of mid-February, analysts have revised down their estimates for earnings per share (EPS) for the full year 2024 by -0.7pp globally, with similar revisions for Europe (-0.7pp) and the US (-0.8pp)," the report stated.

Companies and economies will also be faced with the reality check of rising uncertainty, including from geopolitics to rising non-payment risk, the report noted.

Specifically, it mentioned that following a series of recent years of shocks, "the packed election calendar in 2024 will add to economic uncertainty as countries that account for 60% of global GDP head to the polls. This context will add a layer of complexity and risk to business operations by making it harder for firms to make accurate forecasts and business plans, and creating volatility in input costs, such as for raw materials, and FX, making it difficult for firms to effectively manage their supply chains and budgeting processes."

Allianz added that regulation, which is on a rise, may force firms to make costly additional efforts to comply, noting that its non-payment risk score reveals that firms are getting more and more concerned by non-payment.

The report also sees a third reality check for firms in financing and liquidity conditions, which are still tight, and observed that "central banks may pivot earlier than previously expected, thanks to the accelerating pace of disinflation, but interest rates are unlikely to decrease significantly in the short run," it state, observer, however, that it still expected to see more lagging effects of past decisions in monetary policies.

"In this context, firms will continue to face costly financing, maintaining concerns on their capability to absorb the costs of borrowing and mitigate the pressure on overall profitability, while the limited availability of financing will put the most exposed sectors and firms at risk," the report explained.

New businesses are also primed to face what the report called their first real resilience test as part of the reality checks for 2024. It noted that startups and younger firms often face a higher risk of financial difficulties and insolvency compared to their more established counterparts,

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Subsidy, FX reforms help FG, states, LGs to N10.14trn in 2023 revenue share

23.5% or N1.9trn Y-on-Y rise in FAAC allocation

Business a.m.

REFORMS OF THE PETROLEUM subsidy regime through cancellation and the foreign exchange markets through the floatation of the naira by the federal government led to a striking upsurge in revenue allocation from the federation account, resulting in N10.14 trillion being shared by the federal, state and local governments in 2023, a N1.93 trillion increase (23.56%) when compared to N8.209 trillion recorded in 2022.

The removal of petrol subsidies by President Bola Tinubu, announced on the day of his inauguration as president on 29 May 2023, sent petrol prices soaring from N198 per litre to over N600 per litre. This move, though controversial, has resulted in an upsurge in revenue allocations from the federation account as recently reported by the Nigeria Extractive Industries Transparency Initiative (NEITI).

A breakdown of the N10.14 trillion revenue receipts showed that the federal government received N3.99 trillion (39.37%) of the total sum, N3.585 trillion (35.34%) was allocated to the 36 states, while N2.56 trillion (25.28%) was given to the 774 local government councils.

The report compared the first quarter of 2023 to the first quarter of 2022, finding a 33.19 percent increase of N579.71 billion. The second quarter also showed a 10.32 percent increase, the third quarter saw a 27.49 percent increase, and the fourth quarter had a 23.42 percent increase.

The report also highlighted the specific changes in the allocation for each level of government. The federal government's share increased by N574.21 billion (16.79%) from N3.42 trillion in 2022 to N3.99 trillion in 2023. Likewise, the state governments' share increased by 29.99 percent from N2.76 trillion in 2022 to N3.59 trillion in 2023. The local government councils' share grew by 26.22 percent from N2.032 trillion in 2022 to N2.57 trillion in 2023.

L-R: Sam Anyawu, national secretary, Peoples Democratic Party (PDP), with Yakubu Mahmood, chairman, Independent National Electoral Commission (INEC), during the commission's meeting with the leaders of political parties in Abuja recently

According to the report, the overall increase in revenue allocations varied between different levels of government, with the states and local governments seeing the largest percentage increases of 29.99 percent and 26.22 percent respectively. On the other hand, the federal government saw a 16.79 percent increase, the smallest percentage increase of the three levels of government.

Delta State received the highest individual allocation, N402.26 billion, out of all states in 2023. This amount, referred to as the gross allocation, includes the state's share of oil and gas derivation revenue.

Delta and Rivers states, both major oil producers, received the largest and second-largest allocations, respectively, followed by Akwa-Ibom, another major oil-producing state. Nasarawa State, which is not an oil-producing state, had the lowest gross allocation of N73.32 billion, while Ekiti and Ebonyi states, which are also non-oil producing states, had the second and third lowest allocations at N74.04 billion and N73.91 billion, respectively.

In addition to the states' respective shares of the total allocation, the nine oil-producing states received a 13 percent share of the mineral revenue, which is a constitutional entitlement for all states that produce mineral resources.

The NEITI report highlighted an interesting detail regarding the sharing of mineral revenue, noting that solid minerals producing states did not receive derivation revenues during the fourth quarter of 2023. This was due to a stipulation in the derivation formula that requires mineral revenues to accumulate over time before sharing can take place.

The report observed that Delta State had the highest debt deductions in 2023, with a total of N12.97 billion. This was far more than the deductions for Bauchi State, the second-largest, which totaled only N282 million. Lagos State had the lowest cumulative debt deductions, amounting to just N370 million.

It also noted that the reduced debt burden was primarily due to an increase in the size of the Federation Account allocations, rather than a reduction in the amount of debt.

The three main sources of revenue inflows to the federation account, as outlined in the NEITI report, were the Nigeria Upstream Petroleum Regulatory Commission (NUPRC), Federal Inland Revenue Service (FIRS), and Nigeria Customs Service (NCS). The NUPRC contributed through earnings from oil and gas royalties, petroleum profit tax, and the NNPC's direct remittance. The FIRS contributed with company income tax, while the NCS contributed through value-added tax, port duties, and excise duties.

Commenting on the findings of the report at the NEITI House, Abuja, Ogbonnaya Orji, the executive secretary of NEITI, explained that the agency had undertaken the NEITI FAAC quarterly review to improve public understanding of the Federation Account allocations and disbursements, as reported by the government.

Orji attributed the increase in revenue to the removal of petrol subsidy and the floating of the exchange rate by the new administration, which led to improved remittances to the federation account.

"The ultimate objective of this disclosure is to strengthen knowledge, awareness and promote public accountability of all institutions in public finance management," he said.

NEITI recommended that the government should base future budgets on more conservative estimates for crude oil prices and production, in order to improve budgetary performance, reduce budget deficits and borrowing, and strengthen fiscal stability.

NEITI once again highlighted the importance of economic diversification and increased investment in power generation, arguing that these policies were crucial for reducing dependence on oil revenues and promoting local production. The agency noted that improved power generation would not only boost small, medium and large businesses, but would also attract foreign investment and create jobs.

NEITI also called on state governments to collaborate with the federal government to address insecurity in rural areas, where agro-based businesses were most prevalent. The agency stressed that insecurity had a negative impact on these businesses and impeded their growth. NEITI further recommended that states should focus on increasing internally generated revenue (IGR) through innovative approaches and leadership that focused on the needs of citizens.

Aig-Imoukhuede Foundation moves closer in drive to empower 3000 PSLs

3rd cohort of PLP turn out 68 participants

Business a.m.

A COMMITMENT BY THE Aig-Imoukhuede Foundation, a not-for-profit organisation dedicated to developing leaders in Africa, to empower 3000 public sector leaders (PSLs) has moved a notch further with the successful completion of its 2023 Public Leaders Programme (PLP) class.

The ceremony, held in Abuja, Nigeria, March 20, 2024, marked the end of the six-month programme, conducted in partnership with the Blavatnik School of Government, University of Oxford. The PLP, which aims to equip public servants with the skills and knowledge to be effective leaders, involved 68 participants from a range of African countries.

An important component of the PLP was the development of capstone projects, through which participants applied the knowledge and skills gained during the programme to address challenges within their respective Ministries, Departments, and Agencies (MDAs).

In his opening remarks, Aigboje Aig-Imoukhuede, chairman of the Aig-Imoukhuede Foundation, congratulated the graduating class on completing the programme. He stressed the importance of the programme in equipping Africa's public servants with the necessary skills and knowledge to transform their ministries, departments, and agencies. He also emphasised the crucial role that capable and empowered public servants can play in lifting Africa out of underdevelopment and leading the continent towards a brighter future.

He acknowledged the support of Folasade Yemi-Esan, head of the Civil Service of the Federation, in making the programme a success. He commended Yemi-Esan for her leadership and commitment to fostering a positive working relationship between the Aig-Imoukhuede Foundation and the Nigerian public service, stressing that this relationship has resulted in better outcomes

for both the Foundation and the Service, highlighting the importance of effective partnerships in driving positive change.

In his keynote address, Olatunji Olaopa, chairman of the Federal Civil Service Commission, spoke about the need to transform Nigeria's public sector to meet the challenges of the 21st century.

He noted: "Key to the transformation of the public sector is the emergence of change agents who are motivated, competent, and sufficiently incentivised to push the change management process forward.

"The AIG Public Leaders Programme plays a fundamental role in producing world-class graduates with the urgently needed dose of innovativeness and administrative capacity to become change managers ready to tackle the critical task of guiding the public sector towards genuine service and innovation," Olaopa said.

The graduating class of 2023 comprised 68 public sector leaders from Africa, with one participant coming from Kenya. The closing ceremony was attended by dignitaries and government officials, including Folasade Yemi-Esan, the head of the civil service of the federation, Tunji Alausa, the minister of state for health and social welfare, and a number of permanent secretaries and directors from ministries, departments, and agencies across Nigeria.

There was also a strong representation from the private sector, with a number of partners of the Aig-Imoukhuede Foundation in attendance.

The Aig-Imoukhuede Foundation's commitment to developing public sector capacity is demonstrated by its training of over 700 public servants through a range of initiatives. The graduation of the 2023 class of the AIG Public Leaders Programme represents a significant achievement for the Aig-Imoukhuede Foundation, as it brings the Foundation closer to its goal of empowering over 3,000 public sector leaders in the next decade.

Commodities industry takes $100bn profits in 2023 amid global turmoil

Onome Amuge

THE GLOBAL COMMODITIES trading sector has had a roller-coaster ride over the years, but 2023 proved to be a year for the books as profits soared to $100 billion, despite a tumultuous global economic landscape.

Though the profit was a major drop from the record-breaking $150 billion seen in the year prior, analysts explained that the fall is due in part to volatility in the markets, as well as economic uncertainty and global upheaval. But even with these challenges, the sector remains a force to be reckoned with - and one that's standing strong, thanks in part to the large cash reserves held by the top trading houses.

An in-depth look at the financial performance of the commodities trading sector, conducted by management consulting firm, Oliver Wyman, came up with some surprising findings. While profits in 2023 were down from the record highs of 2022, they still outpaced those of the 2008-2009 global financial crisis, a period of extreme economic turmoil.

But while the commodities trading sector has experienced a downturn from its record-breaking year in 2022, it is important to note that the industry has maintained a positive trajectory over the past few years. The consultancy firm estimated that industry cash reserves are in the range of $70 to $120 billion, reflecting the sector's ongoing strength.

L-R: Ndidi Edozien, chairman, Circular Economy Innovation Partnership; Emmanuel Faber, chairman, International Sustainability and Standard Board; and President Bola Tinubu, during their meeting at the Presidential Villa in Abuja, recently.

According to the latest report from Oliver Wyman, the past year was marked by significant volatility, but the long-term structural factors that support the industry's profitability are still in place.

Adam Perkins, a leading consultant at Oliver Wyman, attributed the resilience of the commodities trading sector to the favourable margin environment driven by ongoing supply and demand dynamics. He noted that despite the volatility seen in specific sectors, the industry as a whole has been able to maintain a relatively stable level of profitability.

Meanwhile, the metals and mining sector experienced the most significant decline in profitability from 2022 levels, with profits falling by more than 50 percent due to the sharp drop in coal prices. On the other hand, milder than expected winter conditions and an increase in liquefied natural gas (LNG) stocks led to lower gross margins in the power and gas sector. Crude oil trading margins also took a hit, as the decreased volatility in 2023 made it harder to profit from price movements.

According to the report, while the decrease in volatility has impacted the profitability of crude oil trading, disruptions in supply chains and shortages of diesel and fuel oil have partially offset this decline. These disruptions have caused price increases, providing some cushion for trading firms.

There are also growing indications that the recent windfall profits enjoyed by commodities trading firms have had a profound impact on the individuals who work within them. As top executives and partners become multi-millionaires, the industry witnessed a generational shift in leadership as these highly successful traders move on to retirement.

While the transition from one generation of leadership to another is seen to be challenging, analysts said it also offers a unique opportunity for innovation and growth. This is as the new breed of leaders within the commodities trading sector have exhibited their capacity to be well-equipped to navigate the increasingly complex and fast-paced world of global trade.

Rising business risks seen in developing economies due to climate change – Report

Joy Agwunobi

CLIMATE CHANGE POSES A significant threat to businesses and economies across the globe, and its impact is being felt the hardest by businesses in developing countries, according to the British International Investment's Emerging Economies Climate Report.

The report, which focused specifically on businesses in developing countries such as Nigeria, said countries are particularly vulnerable to the effects of climate change, due to their geographical location, their reliance on sectors such as agriculture, and their lack of adaptive capacity.

The findings of the report were released at an event co-hosted by the Grantham Research Institute on Climate Change and the Environment and the Overseas Development Institute, two organisations that are committed to understanding and addressing the challenges of climate change. The findings highlight that the impacts of climate change are accelerating, with the number of businesses affected by its effects increasing from 68 percent in 2022 to 79 percent in 2023.

The report found that 72 percent of corporate organisations surveyed had experienced an extreme weather event in the last five years, such as droughts, floods, and heat waves. It stated further that these extreme weather events are expected to become more frequent and severe in the future, which will pose an even greater threat to businesses and economies.

Notably, the survey revealed that different sectors and types of businesses reported varying levels of impact from extreme weather events. Agricultural businesses were particularly impacted, as the nature of their work makes them particularly vulnerable to the effects of droughts, floods, and other extreme weather events.

The survey also examined the specific physical climate risks that businesses in Africa are facing, both at present and in the future. Drought was found to be the most pressing risk at the moment, with flooding and extreme temperatures close behind. For the next five years, businesses are most concerned about the risks posed by drought and extreme temperatures.

The survey asked businesses to look ahead 10 years and assess the physical climate risks they expected to face. The findings revealed that drought and extreme temperatures were considered the top two risks, with flooding a close third.

To effectively address the physical climate risks facing businesses, the report highlights the need for more information and support. This includes access to better data and risk modelling, more comprehensive climate science research, and financial tools to help businesses plan for and adapt to climate change.

The survey also found that although businesses are aware of the long-term benefits of climate action, they often lack the know-how and resources to implement the necessary changes. The majority of respondents said they would benefit from more technical training on how to implement climate-friendly solutions, as well as targeted investment and policy support.

Commenting on the report, Amal-Lee Amin, managing director/head of climate, diversity and advisory at British International Investment, said: "Our research shows that businesses in emerging economies are already feeling the impacts of climate change. As investors, it is our responsibility to provide capital and expertise to help businesses in these markets adapt to and mitigate the effects of climate change."

Nick Robins, professor in practice – sustainable finance – at the Grantham Institute, said that the survey findings demonstrate the importance of targeted investment for businesses in emerging economies that are seeking to tackle the climate crisis. The expert in sustainable finance noted that it is crucial to ensure that this investment is fair and just, so that the people and communities who are most affected by climate change are also able to benefit from the transition to a low-carbon economy.

Robins pointed out that the report highlights the need to increase access to capital for businesses and communities in emerging economies, in a way that is fair and just. He added that this should include promoting quality jobs and gender equality, as well as investing in infrastructure and other initiatives to improve living standards in these economies.

Nigerian Women in Public Relations advocates PR for conflict resolution

Onome Amuge

THE NIGERIAN WOMEN IN PUBLIC RELATIONS (NWiPR), an impact organisation that advocates for and provides growth resources to Nigerian Women working in public relations and communications, recently concluded its 2024 Experiencing PR conference with a call for stronger relationships, greater ethical standards, and a more positive image of the public relations industry.

The conference, themed "Quiet Wars: Leveraging Public Relations for Conflict Management", was recently held at the Civic Towers in Victoria Island, Lagos.

During her keynote address on the conference theme, Ndidi Okonkwo Nwuneli, founder of LEAP Africa and African Food Changemakers, urged the industry to place greater emphasis on trust, integrity, and consistency in addressing conflict management, stating that these values are the cornerstone of effective crisis management, which is essential to mitigate the negative effects of conflict on society. Drawing on the acronym REST (Relationship, Excellence, Service, and Tenacity), Nwuneli spoke at length about the skills and qualities that PR professionals should possess in order to successfully manage conflicts, or what she called "quiet wars." She stressed the importance of building and maintaining quality relationships based on trust, integrity, loyalty, and consistency. These qualities, Nwuneli said, are essential for effective PR and for facilitating conflict resolution.

"As a PR professional, build and leverage quality relationships with everybody. You need to build relationships with multiple stakeholders because the most powerful PR workers and leaders are people who can call anyone and they will respond positively," she advised.

James Hewes, chief executive officer of the Public Relations and Communications Association (PRCA), in a virtual address, commended the growing community of PR professionals in Nigeria and West Africa. He highlighted PRCA's key priorities for the next few years, including campaigns around artificial intelligence and accessibility. He stressed the importance of expanding the talent pool for PR communications, and outlined the need to make PR a career of choice for young people around the world.

The conference featured two panel discussions on the topics, "From the Generals: Stakeholder Management Strategies that Worked" and "PR Strategies to Win Quiet Wars in Business and Government", focused on effective stakeholder management strategies and how PR can be used to resolve conflicts in the public and private sectors. The conference sessions were led by a lineup of distinguished speakers, including: Lucy Pearson, country director of the British Council in Nigeria and director of West Africa; Nene Bejide, founder of Blanche Aigle Communications; Debbie Larry-Izamojie, COO of Brila Media Limited; Bolaji Abimbola, MD/CEO of Integrated Indigo; Eloine Barry, founder and CEO of the African Media Agency; and Edemekong Uyoh, regional head of marketing and communications for the British Council's cultural engagement division in sub-Saharan Africa.

How Capitalism Became a Threat to Democracy

MORDECAI KURZ

Mordecai Kurz is Emeritus Professor of Economics at Stanford University and the author, most recently, of The Market Power of Technology: Understanding the Second Gilded Age (Columbia University Press, 2023).

SINCE THE 1980S, AMERICAN capitalism has been transformed into a winner-takes-all economy in which one or a few technologically dominant firms monopolize each sector at the expense of consumers, workers, and overall growth. And with permanent market power comes the kind of political power that is antithetical to democracy.

STANFORD – Does free-market capitalism buttress democracy, or does it unleash anti-democratic forces? This question first emerged in the Age of Enlightenment, when capitalism was viewed optimistically and welcomed as a vehicle of liberation from the rigid feudal order. Many envisioned an equal-opportunity society of small producers and consumers, where no one would have undue market power, and where prices would be determined by the "invisible hand." Under such conditions, democracy and capitalism are two sides of the same coin.

Domestic propaganda in the United States has pushed the same optimistic vision over the past century, aiming to convince voters that free-market capitalism is essential to the "American Way," and that their liberty depends on supporting unfettered free enterprise and distrusting government. But economic developments in recent decades suggest that we should re-examine such beliefs.

To see why, allow me first to clarify some background ideas about what I call technological competition among innovating companies seeking to amass market power. Such competition differs from conventional price competition by producing only one or a few winners, rather than permitting all firms to survive with lower profits.

The winners of technology races are uniquely positioned to consolidate their market power through diverse strategies – including issuing periodic technology updates, acquiring competitors, or erecting barriers to entry with patents (often attaining far greater market power than intended by patent legislation). Technological domination thus is the basis for achieving market power over products sold to consumers, which in turn allows a company to extract monopoly profits.

In such situations market power becomes so entrenched that potential rivals prefer to cooperate with the top firm rather than compete with it. Laissez-faire policies that permit the growth of monopolies only enhance such power. As a result, market power becomes a permanent feature of a capitalist economy. Technological competition is ineffective, and creative destruction does not restore economic efficiency.

Permanent market power alters capitalism by ushering in a winner-takes-all economy in which one or a few technologically dominant firms monopolize each sector. Such an economy not only deploys resources inefficiently; it also produces a concentration of economic and political power that threatens democracy, whose survival then becomes dependent on the creation of new policy tools to protect it.

THE SECOND GILDED AGE

The First Gilded Age (1870-1914) is an essential reference point for comprehending the current moment, because its anti-democratic worship of business power undermined the optimistic Enlightenment view of markets. True, it was a period of extraordinary technological and economic progress, delivering most of the major twentieth-century innovations. Between 1895 and 1904, however, more than 2,000 firms were merged into 157 large conglomerates, leaving virtually every sector of the US economy dominated by a powerful monopolist.

Those who created these trusts believed they were doing God's work of strengthening the economy by saving it from "ruinous" competition. Supported by the ideas of the eugenicist Francis Galton and Herbert Spencer's theory of social Darwinism, business leaders saw themselves as the superior, intelligent men who had prevailed in the process of natural selection.

This selection process also applied to their firms, through which they were building a new society in which a few strong men would lead. It followed that small and weak firms must be eliminated or swallowed up within strong monopolies. The latter were seen as superior to all the unfit firms that were going bankrupt in frequent depressions. The big monopolies were also considered progressive organizations. As John D. Rockefeller put it, monopolization was unstoppable because it was "the law of God."

These ideas were rejected by Progressive reformers and those pursuing antitrust enforcement under President Theodore Roosevelt after 1901, and under President Franklin Roosevelt in the New Deal era. Americans in these periods chose democracy and rejected the power-worshiping oligarchy, resulting in a long era of economic growth with shared prosperity.

But that story ended in 1981, when renewed laissez-faire economic policy led to the contemporary techno-winner-takes-all economy. In this Second Gilded Age, the worship of power and wealth has returned with a vengeance. Capitalism's strong incentives for innovation and growth remain, but the survival of democracy hinges on whether the system's most destructive effects can be contained.

In a techno-winner-takes-all economy, the market power conferred by innovation leads to one or a few firms monopolizing each industry. One firm might offer costly products of high quality, while a second may offer low-cost products of adequate quality. All these products are trademarked, and all monopoly profits are considered "innocent" by law, because they result from "spontaneous" innovations and are not subject to antitrust enforcement.

In this environment, small firms on the margin are vulnerable to either hostile acts or acquisition by larger firms. Dominant firms find it easy to snatch up competing innovative technologies, because small firms are reluctant to risk losing an economic war against powerful incumbents.

When a firm increases its price and earns monopoly profits, that leads to inefficient use of its economic resources, ultimately resulting in significantly lower output and lower demand for labor and capital inputs. As an approximation, a monopoly firm's output and inputs might be reduced by as much as half. When market power is widespread, this results in lower investment, lower wages, and a lower rate of wage growth. The aggregate outcome is lower levels of income, consumption, and capital stock.

Moreover, when prices are too high, too few consumers will benefit from new innovations – as one often sees with costly drugs. There is substantial evidence that market power leads to extensive abuses of power more broadly. These might include the erection of high entry barriers to would-be competitors, suppression of competing innovations, efforts to compel acquisition of competitors, and so forth. The result is a gross national product that grows more slowly than is technologically feasible.

CAPITAL INCOME AND MONOPOLY PROFITS

The existence of monopoly profits changes business accounting. Under competitive conditions, the income created by a firm is divided into a labor share and a capital share. But with permanent market power, a firm's income is divided into three shares: labor, capital, and monopoly profits.

This distinction between capital income and monopoly profits is central to techno-winner-takes-all capitalism. Net income paid to capital consists of interest payments at the prevailing market rates, whereas monopoly profits extracted by pricing higher than incremental costs are paid to the source of market power: mostly privately owned technology and other intellectual-property rights.

The fact that firms led by technologists "exploit" both labor and capital is the heart of the story, setting techno-winner-takes-all capitalism apart from the socialist view, in which capital always exploits labor.

Rising market power has caused most Americans to experience declining or, at best, slowly rising real (inflation-adjusted) incomes. Most monopoly profits originate in innovations, but the proportion of people who invest in risky startups or in companies engaged in risky innovations is small. Those profiting most from an innovation are the innovator and a small circle of financial advisers and early investors who buy the firm's initial shares at low prices.

When an innovation succeeds, the firm's stock becomes publicly traded, and its value rises sharply, making the owners wealthy within a short time. This explains why most monopoly profits and executive incomes earned today – and the wealth created by those profits since the 1980s – have benefited only a small minority of Americans. Income and wealth inequality have duly risen ever since.

The rapid rate of wealth accumulation caused by innovations contrasts sharply with the slow pace of growth attained by the accumulation of capital through savings. An extremely high rate of monopoly profits is the only way one can accumulate unimaginable wealth within one's lifetime, and it explains why the US has 756 billionaires.

In a techno-winner-takes-all economy, conventionally measured profits are divided between capital and market power. Economic theory explains that interest payments compensate owners of capital for their past savings, whereas a patent pays royalties for a monopoly over a technology. These are two different economic functions. Equally, capital income and monopoly profits are different: a retiree with saved wealth is a capitalist who earns capital income, whereas an entrepreneur-inventor who owns a successful Silicon Valley startup makes mostly monopoly profits.

The same distinction between capital income and monopoly profits requires markets to differentiate between a firm's associated assets, capital, and monopoly wealth. While a firm's capital is the value of the tangible assets it owns (such as equipment, structures, and inventories), monopoly wealth is the current market valuation of future monopoly profits it is expected to earn.

In 2019, most capital owned by US corporations was financed by bonds, implying that the value of companies' capital was expressed mainly in the bond market, leaving the stock market to reflect mostly monopoly wealth. In the same year, monopoly wealth accounted for 75% of the total value of stocks on US exchanges. The stock market has become primarily an arena for trading monopoly wealth, and the main risk of owning a firm's common stock is the risk to its future earnings of monopoly profits.

Continues on next edition

Mismanagement, economic woes and neocolonialism (2)

SUNNY CHUBA NWACHUKWU

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THE STRATEGIC MANAGEMENT of the naira exchange rate by the country's financial experts and managers of the economy at this point in Nigeria's history, to attain stability, could be the required joker to positively turn the economy around, by encouraging massive exports of non-oil goods; and attracting the much needed foreign direct investments (FDI). This will not only help raise the country's gross domestic product (GDP) through high productivity performances within the economy, it shall directly favour an import substitution policy, once the real sector is injected with fresh entrants in the local production of consumer items that are most frequently sought after, and also the "cost-centres" of Nigeria's foreign exchange demands. Applying this strategy would reduce the pressure on foreign currency needs and demands and, of course, ease the stress that often piles up against the naira.

With the attractive large market that Nigeria is, and the economic strength of Nigerian consumers (based on their huge aggregate disposable income indices) and their large cumulative expenditure profiles, it would be advisable for the government, through the instrumentality of the existing investment promotion organs (both at federal and state levels), to initiate an aggressive campaign; where private sector operators or the indigenous global merchants are persuaded to market their foreign business partners to come in and open production bases. With very irresistible minimal investment capital that will be brought into the country at such a very low naira exchange rate, they will also enjoy cheap labour cost for production at the same time. The attractive export trade assurance, which the weak exchange rate of the local currency competitively offers against expensive exports from economies with stronger currencies, stands as an advantage. This innovative strategy (if insecurity can be effectively checked) will not only reduce unemployment within the economy; it shall greatly improve the volume of the disposable incomes of the working class within the economy. It shall, also, ultimately reduce crime rate among unemployed youths, as well improve the standard of living of all employable adults within the economy.

The African Continental Free Trade initiative, AfCFTA, is a trade scheme that the 54 African economies are poised to effectively utilise as a trade tool in checkmating the excesses of neocolonialism within the continent. The continent, being the power-house of natural resources that are carted away in their raw forms for pittance and at almost meaningless revenue generated values by the developed world, would have a chance to be recreated through value addition by indigenous manufacturers, before being exported as finished goods to other continents. Such innovative schemes under the integrated market for trade in goods and services (including movement of capital and people within the continent), will conserve enormous wealth within the continent. A successfully unleashed continental free trade scheme (with a combined GDP estimated at $3.4 trillion) will definitely check imperialist exploitations. For Nigeria alone, numerous businesses would be provided the opportunities to access a wider market, to increase their export competitiveness and profitability, leveraging and taking the advantage of the low naira exchange rate to penetrate external market frontiers. The AfCFTA initiative, no doubt, will tremendously beef up the volume of the continent's international trade performances globally. It shall also create and conserve wealth to the benefits of African countries. Its challenges, particularly in Nigeria, at the same time, should not be ignored – like the absence of deliberate and timely incentive offers, and also, the regulatory bottlenecks within the economy.

The Aba electricity plant, an independent power project that will produce 188 megawatts, built by Geometrics Power, that is pioneering in the power sector, to light up the economy with uninterrupted power supply for home consumption and, more importantly, for manufacturers, is a great testimony as it is the first independent Power transmission station in Nigeria. Energy deficiency is actually one major impediment that slows down economic growth because, without productivity there would be no chance for any meaningful economic prosperity. Geometrics Power has skillfully demonstrated a very good example of the key economic drivers needed to unlock the growth potentials and economic opportunities through application of the right infrastructure that drives the economy to enviable heights with a brighter future for the country. Professor Bath Nnaji, who proclaimed that dead businesses will come alive again, has done well by showing the way (as an indigenous private sector driven power solutions provider) the country needs to go to economic stardom. A company from Taiwan, the manufacturers of Maxxis tyres, has already come to Aba to open shop, and has signed a deal with the Abia State governor, to establish Africa's biggest tyre factory there. This is the kind of template (for a backward integration strategy) and the good news that the economy needs in this time the economy is passing through hard times.

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Cycling Without Age

Spreading joy and compassion, one ride at a time

IN THE BUSTLING STREETS OF Copenhagen, a heartwarming initiative known as 'Cycling Without Age' has been transforming the lives of the elderly, one bike ride at a time. Inspired by a chance encounter and fueled by compassion, Ole Kassow embarked on a journey that has touched the hearts of thousands around the world.

The story began on a bright morning when Ole, an avid cyclist, noticed an elderly man sitting alone in a park with his walker. Instead of passing by, Ole paused, struck by a simple yet profound idea: why not offer the joy of cycling to those who may have longed for it but lacked the means or opportunity? With determination, Ole rented a trishaw, a specially designed three-wheeled bike, and ventured to a nearby nursing home.

To his delight, his offer was met with enthusiasm. A staff member and an elderly resident eagerly became the first passengers of Cycling Without Age. From that moment, the movement gained momentum, spreading across continents and touching the lives of over 575,000 elderly individuals worldwide.

Cycling Without Age isn't just about bike rides; it's about fostering connections, combating loneliness, and promoting well-being among the elderly. Participants have recounted the simple joys of feeling the wind in their hair, the delight of sharing stories with fellow riders, and the renewed sense of purpose that comes from being part of a community.

Reflecting on Ole Kassow's inspiring journey, here are four leadership insights to ponder:

1. Compassion fuels action: True leadership begins with empathy. Ole's decision to act on his compassion sparked a movement that continues to make a difference in countless lives.

Call to action: Let's emulate Ole's example by seeking out opportunities to serve others in our communities. Volunteer at a local nursing home or organise a similar initiative to bring joy to the elderly in your area.

2. Inclusivity builds stronger communities: 'Cycling Without Age' emphasizes inclusivity, welcoming people of all ages and abilities to participate. In doing so, it creates bonds that bridge generational divides and strengthen the fabric of society.

Call to action: Advocate for inclusivity in your community by supporting initiatives that bring people together regardless of age, ability, or background. Encourage local organisations to adopt inclusive policies and practices.

3. Small acts can have a big impact: What started as a simple idea has blossomed into a global phenomenon. It's a reminder that even the smallest acts of kindness and generosity can ripple outwards, creating waves of positive change.

Call to action: Don't underestimate the power of your actions. Look for opportunities to make a difference, no matter how small. Whether it's donating to a charitable cause or lending a helping hand to someone in need, every act of kindness counts.

4. Leadership is about service: At its core, leadership is about serving others. By prioritising the well-being and happiness of those around us, we can inspire others to join us in making the world a better place.

Call to action: Commit to servant leadership by actively seeking out ways to support and uplift those in your community. Mentorship programmes, community service projects, and advocacy efforts are all meaningful ways to lead by example and make a positive impact.

As we reflect on these leadership principles, let's not just admire Ole Kassow's example — let's emulate it. Let's commit to acts of kindness and compassion in our own communities, whether it's offering a helping hand to a neighbour or volunteering at a local charity.

Together, we can continue the legacy of 'Cycling Without Age' and create a world where everyone, regardless of age or circumstance, feels valued, connected, and empowered.

In Harold Anderson's words: "A good leader is a caring leader — he not only cares about his people, he actively takes care of them."

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Global business...

Continued from page 2

which can weather economic downturns better.

Accordingly, the report stated that post-pandemic acceleration in business creation is likely to push up the 'natural' rise in business insolvencies in 2024; and observed that in Europe, new business registration proved to be +14% higher in 2021-2023, compared to 2016-2019.

"For those firms, 2024 will be the first 'true' test of resilience, especially in the countries that saw the most new businesses created, notably France (+47%), the Netherlands (+28%) and Belgium (+14%). In terms of sectors, the information/communication (+32%), transportation/storage (+28%) and real estate/B2B services (+24%) are the ones to watch," the Allianz report stressed.

The fifth reality check for firms this year, according to the report, lies in the fact that some sectors pose higher risks to jobs and the economy, with construction and real estate catching up with hospitality, transportation and wholesale/retail.

The report authors wrote: "The sectors and firms most exposed to the risks of weaker-for-longer demand and prolonged high financing costs are those that rely on discretionary spending (manufacturing and retail of non-essential goods, hotels, restaurants, tourism and other leisure activities) and labour-intensive ones (construction, road transportation, hotels, restaurants, health care, specific business services).

Ways to improve Nigerian states' revenue generation

OLUFEMI ADEDAMOLA OYEDELE

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A RECENT NEWS REPORT highlighted the fact that no fewer than 24 states will not be able to pay the salaries of their workers in 2024 without waiting for allocation from the federal government through the Federation Account Allocation Committee (FAAC). This means these affected states of the 36 states that make up the federation have to wait for the deliberations of the FAAC before they can pay salaries and even carry out infrastructure development projects. Only about 12 out of the 36 state governments of the federation can independently pay their workers' salaries without depending on federal allocations, according to an analysis of the state governments' approved budgets for the 2024 fiscal year.

The states with robust internal revenue are Lagos, Kano, Anambra, Edo, Enugu, Imo, Kaduna, Kwara, Rivers, Osun, Ogun and Zamfara. According to the 2024 budget, 24 states cannot fund salaries payments from their Internally-Generated Revenues (IGRs) and, as such, will have to resort to Federal Government allocations or borrowing from banks and related institutions (internally or externally) or sell bonds to the public. The problems of the states which are not financially independent are that their respective wage bills surpass their various IGRs and that they cannot pay the pensions and gratuities as at when due, raising concerns about workers productivity and state governments' efficiency in internal revenue generation (financial management).

As examples, Oyo State will pay N132.67 billion to workers after generating N92.79 billion as IGR. The state will need additional funding of N39.88 billion to be able to pay the salaries alone. Niger State with projected revenue of N61.87 billion will need a loan to pay its civil servants N70.24 billion while Nasarawa will pay its workers N54.45 billion from its projected revenue of N43.3 billion and source the balance through other means. Further analysis of the budgets showed that states such as Kogi will pay its workers N65.07 billion from its revenue of N30.23 billion and federal allocation, while Kebbi will pay N37.3 billion as salaries from its N17.8 billion internal revenue and the balance from federal allocation.

Katsina will spend N56.3 billion on salaries from its N40 billion internal revenue and federal allocation, while Jigawa will pay its workers N64.84 billion from its revenue of N50.64 billion and federal allocation. Gombe must pay salaries worth N35.27 billion from its anticipated revenue of N22.32 billion and federal allocation. Ekiti will spend N2.78 billion on salaries from its N1.5 billion revenue and federal allocation. Ebonyi's N28.16 billion wage bills surpass its revenue of N25.1 billion, while Borno will pay its workers N50.28 billion from its revenue of N27.5 billion and federal allocation.

Furthermore, Benue State with revenue of N23.9 billion will pay N56.9 billion as salaries, while Bauchi must pay salaries worth N46.9 billion from its anticipated revenue of N37.1 billion and federal allocation; Adamawa will spend N52 billion on salaries from its N26.9 billion revenue and federal allocation; Akwa-Ibom will spend N127.8 billion on salaries from its N60 billion revenue and federal allocation while Delta with projected revenue of N110.3 billion must seek assistance to pay its workers N164.3 billion. Also, Abia with revenue of N32.14 billion will pay N47.83 billion as salaries while Cross Rivers with projected revenue of N34.7 billion must seek external funding to pay its workers the N67.75 billion required.

Revenue generation, in recent times, has been the bane of states' infrastructural development, salaries, wages and pension payments; employment generation and welfare programmes in Nigeria. The states have comparative advantages in agricultural development, industrial development and solid minerals which they have neglected to develop. All states, including the twelve states that can conveniently pay their workers' salaries without getting allocation from the federal government can also still improve their internally generated revenue. States in Nigeria have advantages of having at least a river or a water-body (blue infrastructure) running through them. States like Kogi, Benue, Kaduna, Rivers, Bayelsa, Cross River, Edo, Akwa Ibom, Borno, Ondo, Ogun and Lagos can produce the fish that we so much import in Nigeria and save us the $1.2 billion that we spend yearly on importation.

All states have good arable land that can be used for palm kernel plantation, groundnut, beans, maize, cassava, cocoa, cashew, pineapple, orange, yam, banana, plantain, teak tree, rubber tree etc. Most of the states in Nigeria fall within the tropical rain forest zone and have abundant timber that can be efficiently managed to generate foreign exchange. In a true democracy, states will not depend on the federal government to fund the salaries of their workers; rather, the federal government will depend on states to fund the exclusive list functions of the federal government like security of the nation, external affairs, central administration of the nation, maintenance of our foreign reserves etc. It is high time that the states that cannot pay the salaries of their workers started thinking outside the box and look for means of generating enough money to be sustainable. A day is coming when it will not be possible to rob Paul to pay Peter, and states will have to eat what they bring to the dining table!

All states in Nigeria have one mineral resource or the other. While states like Zamfara, Jigawa and Osun have gold, states like Ogun, Ondo, Oyo and Ekiti have rocks that can be blasted into granites (gravels) for construction of buildings and roads. Nigeria is sitting on a land area of 923,768 square kilometres. With a population of about 230 million people, states can generate enormous amounts through effective land management. States like Lagos, Ogun and Osun have enacted Land Use Charge Laws. Land Use Charge is a consolidation of tenement rate, which local governments are empowered to demand and collect by Section 7 (4th Schedule) of the 1999 constitution of the Federal Republic of Nigeria; and Taxes and Levies (Approved List of Collection) Act No. 2 of 1998, Neighbourhood Improvement Tax and Ground Rent (Land Use Act of 1978).

Lagos State has the best opportunities and structure for the collection of land use charges in Nigeria followed by FCT and Rivers State. Studies have found that Lagos State has not gotten to 10 percent of the total amount that is collectible on Land Use Charge as at December 2023! With the engagement of experts in land-based taxes, states in Nigeria can do better in land-based taxes including land use charge. If states can see their region as a piece of estate and engage professional estate managers to consult for them on the potentials of their land holdings, all states in Nigeria will be viable.

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Senate probe of N30trn 'Ways and Means' budget appropriation

Past ... present ... and future

CHARLES IYORE

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THE SENATE'S REVIEW of the N30 trillion 'Ways and Means' passage by legislative action or executive order, highlights the gaps in the inner workings of the realms of state.

It highlights the weakness of the treasury, the cloud over the treasury select committee of the legislature, and the captive state of the mint. The system seems to have been left to the whims and caprices of the executive (even perhaps the unelected inner pretenders in their courts). A clear carryover of the command and control mind-set of the military.

The probe therefore should not be just about the related circumstances for now, but a comprehensive review of the past, the present and the future. This approach will afford us the opportunity to learn from the past, correct the present and ensure that these lapses do not recur in the future.

This probe coming on the heels of the Senate plenary, debating Senator Ningi's statement on budget padding, might actually offer our political elite an opportunity to press the reset button of the political system.

For that to happen, there needs to be an elite consensus, starting from the legislature, with a focus on defending the common good, rather than the continuous protection of narrow private/group interests. Turning-off the microphone as Senator Agom Jarigbe queried the constituency project budget allocations, created the wrong impression of selective transparency, which should not be.

That act of "off the mic" could be seen as validation of former President Obasanjo video, now gone viral, of how constituency projects are inserted in the budget and executed.

Despite the individual foibles evident during the plenary, the refusal of senators to be overly drawn into their comfort zones, of tongue, tribe and creed, saw the first progressive sparks in our political history of issues debate and like the gospel choir will sing, "this little light of ours must be fanned into a flame, to shine and lift us all out of this overhanging veil of darkness." Congrats to the Senate!

Against the background of the treasury, legislature (treasury select committee) and mint (CBN), painted earlier, it is clear that our sovereigns, over time, have neither had a grip of the currency nor been able to manage the other utilities (common services) well enough, for economic growth.

Going by President Obasanjo's account, he was also taken captive whilst in office. If the realms of State are taking each other captive, who is fooling who?

Only those in denial of the truth will blame the unending waves of incidents of graft of public funds on individual character flaws – corruption – when clearly what we have is a systemic failure.

In a brilliant article by Tatalo Alamu, published in "The Nation" on Sunday March 17, 2024, titled, Haiti and the future of the Black Person, the writer describes the failure of the State in the Haiti nation as perhaps, "the absence of bureaucratic knowledge, philosophical wherewithal, and the scientific nous, to run a modern government and its state apparatus."

I wonder how many black nations would fit into that same description. The broad sweep of Tatalo Alamu's description, is that statecraft is not the foray of single subject exponents no matter how brilliant they are, but a careful assembly of exponents, able to work together to deliver a bureaucracy, driven by the right philosophy and planning with the available technology, to deliver national development.

THINK-TANKS

When the system seems to be all over the place, think-tanks could be useful in creating the kernels around which purposeful administration can be built.

Tatalo Alamo, the writer, could be at the centre of one such think-tank. The idea of a think-tank is not necessarily a bunch of eggheads, but those able to bring the bright ideas coming out of ministries, departments and agencies (MDAs) to a cohesive framework. Many of the operatives in the bureaucracy who have over long periods been without co-ordinated supervision from central planners, often have a narrow view of governance.

They are driven by revenue targets without appropriate planning for capacity building, (a key prerequisite for sustainable growth). Their desire to deploy academic case study scenarios to local challenges, but with a poor understanding of the initial and boundary conditions, often compounds the challenges they are trying to resolve.

- Expatriate levy
- Channels for palliative distribution etc.

We must not be afraid to think our way out of the quagmire.

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Economics Commentary

CBN dabbles into agric murky waters over food inflation

MARCEL OKEKE

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IN WHAT COULD BE SEEN as an outright volte-face, the Governor of the Central Bank of Nigeria (CBN), Olayemi Cardoso, on Wednesday, March 13, 2024, doled out a whooping N100 billion (worth of fertilizer) to the Federal Ministry of Agriculture and Food Security (FMAFS) "to boost food production across the country." Over the years, the apex bank had been muddied in its efforts at trying to improve agricultural productivity across the country through a variety of (funding) interventions. Till date, huge sums are yet to be retrieved by the CBN from numerous beneficiaries of those intervention (concessionary) facilities. Indeed, the outstanding repayment is estimated to be in trillions of naira.

While making the latest donation to the FMAFS at Abuja, Cardoso explained that while the CBN had been implementing several initiatives to curb inflation in the short term, the inflationary pressure had remained predominantly driven by escalating food prices. Cardoso pointed out that while transient inflationary pressure might persist, the government anticipates substantial alleviation by the third quarter of 2024. "This is precisely why we convene today to strengthen our collaboration with the Ministry of Agriculture with a shared objective of mitigating the surge in food prices," Cardoso said.

In explaining his food-inflation-fighting gambit, the CBN governor further said: "In alignment with our strategic shift towards focusing on our fundamental mandate, the CBN has veered away from direct quasi-fiscal interventions, and transitioned towards leveraging conventional monetary policy tools for executing monetary policies." Truly, the apex bank has had its fingers burnt in spreading its attention and resources too thinly across practically all sectors of the Nigerian economy. In November 2023, during the Bankers' Dinner organised by the Chartered Institute of Bankers of Nigeria (CIBN), Cardoso had thoroughly excoriated the erstwhile leadership of the apex bank for this 'adventure.'

Cardoso said at that dinner: "Hitherto, the CBN had strayed from its core mandates and was engaged in quasi-fiscal activities that pumped over 10 trillion naira in the economy through almost different initiatives in sectors ranging from agriculture, aviation, power, youth and many others." These initiatives, he said, "clearly distracted the Bank from achieving its own objectives and took it into areas where it clearly had limited expertise." It therefore looked odd and a cause for worry, when the CBN boss, Cardoso, had to once again, veer off track (as it were) to hand over the sum of N100 billion to the FMAFS — in a manner reminiscent of the activities of the CBN of recent years.

Today, Nigeria's agricultural sector is facing a daunting challenge as farmers and agricultural firms grapple with repaying a staggering sum of N380.97 billion in loans provided by the CBN under motley intervention programmes. The due amount comprises both unpaid principal and accumulated interest, according to reports from the apex bank. This outstanding indebtedness amply shows the hurdles being encountered by the CBN in recovering funds it disbursed to stimulate agricultural productivity and enhance food security. The apex bank had injected an estimated N2.07 trillion into agricultural development through eight targeted loan programmes, with a huge chunk of this sum yet unrepaid, raising concerns about the sustainability of these interventions in bolstering the nation's economy.

In the agricultural sector alone, among the eight intervention schemes of CBN were the Accelerated Agricultural Development Scheme (AADS), Anchor Borrowers' Programme (ABP), Commercial Agricultural Credit Scheme (CACS), Maize Aggregation Scheme (MAS), National Food Security Programme (NFSP), Paddy Aggregation Scheme (PAS) and Rice Distribution Facility (RDF). In all these, while almost all have had substantial disbursements and some repayments, most are facing considerable outstanding balances and repayment arrears.

Specifically, the ABP with a disbursement reportedly exceeding N1.12 trillion is yet harbouring an outstanding principal balance of N581.87 billion and due repayments totaling N367.06 billion. Similarly, the CACS is said to still have an outstanding principal of N115.26 billion, while the NFSP has an outstanding principal of N32.27 billion. In the face of all these, Mr. Cardoso while doling out the N100 billion (or the fertiliser equivalent), claimed he was (indirectly) fighting the runaway inflationary pressure that has seen the Consumer Price Index (CPI) standing at 31.70 percent in February 2024.

It becomes apposite, however, to ask: what is the overarching agricultural development blueprint of the FMAFS that the apex bank is keying into through the 'fertiliser donation?' Even if the 'fertiliser donation' is an agenda of the erstwhile leadership of the CBN, must it be carried through in the current circumstances? Has the apex bank not been 'over exposed' by virtue of its countless interventions in recent years in the Nigerian economy? Indeed, there is little or no nexus between 'fertiliser donation' to the FMAFS and the quest to tame soaring inflation.

In point of fact, the CBN under the leadership of Olayemi Cardoso had either cancelled and/or adapted a number of programmes and initiatives it inherited from its predecessors. Therefore, the excuse is lame that the 'fertiliser donation' is a carryover from the past regime; it is by no means compulsory for the CBN to keep engaging in frivolous donations or quasi-fiscal engagements that add no value to national life.

Without any known agriculture plan of the FMAFS, who and where are the farmers that stand to benefit from the CBN's dole? It is on record that a large number of the beneficiaries of the ABP, for instance, have been chased out of their farms in their hamlets and villages. Today, most of them live in the internally displaced persons (IDPs) camps across the country. This situation is more widespread in the states and regions normally referred to as the 'food basket' of the country. The ever worsening spate of banditry, kidnapping for ransom, insurgency, Boko Haram invasion, among other social upheavals are existential threats to farming and farmers across the land. In recent years, not a few farmers have paid the supreme price for venturing to be in their farms.

All these tend to put a serious question mark over the CBN's support for the largely unknown plan of the FMAFS for improved food production in Nigeria. Truly, for the apex bank, it is a very circuitous and windy process of 'fighting inflation.' It is like the CBN has come to its wits end, by practically licking its vomit to now keep committing resources to things that 'distract' it.

As it is, the CBN should have cancelled the N100 billion (or fertiliser equivalent) support to the FMAFS, an obligation it claimed to have inherited. By its seeming volte-face in making the donation, the CBN could unwittingly be creating the perception that it is still tied to the 'ugly past.' It should be better focused in tackling Nigeria's subsisting economic challenges and do everything possible to avoid dabbling, once again, into the murky waters of (in)direct agriculture financing.

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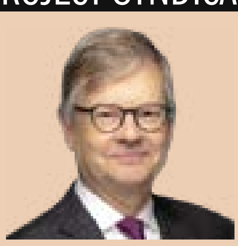
PROJECT SYNDICATE

Inflation Targeting Isn't for Everyone



STEFAN GERLACH

Stefan Gerlach, Chief Economist of EFG Bank in Zurich, is a former executive director of the Hong Kong Monetary Authority and a former deputy governor of the Central Bank of Ireland.

ZURICH – Inflation targeting is widely regarded as the best approach to monetary policy, including for small, open economies. Pioneered by New Zealand and Canada in the early 1990s – and quickly adopted by Australia, Sweden, and the United Kingdom, and then Iceland and Norway, among others – it is credited with having dramatically lowered the level and variability of inflation wherever it has been consistently applied. Lower and predictable inflation has, in turn, proved conducive to better economic performance, helping to prevent the large shifts in income distribution that can follow from unexpected inflationary surges (at least until the COVID-19 pandemic struck).

It is not difficult to see why inflation targeting has had this effect. The approach forces the central bank to focus squarely on price stability in ways that earlier policy strategies did not. It thus offers transparency with respect to monetary-policy goals and the measures needed to achieve them, and these signals build public confidence.

And yet, the standard narrative about inflation targeting rests on a false assumption. In fact, many of the economies that apply this approach are not all that open. World Bank data show that the trade-to-GDP ratio is only about 50% in Australia and New Zealand, 70% in Canada and the UK, and 90% in Scandinavia. That is a far cry from the 384% ratio in Hong Kong, 336% in Singapore, 140% in Switzerland, and 128% in Denmark – all economies that do not employ inflation targeting.

Given the latter cohort's strong performance, it would seem that inflation targeting is not right for extremely open economies. That is why economies in the European Union with a trade-to-GDP ratio of over 300%, including Luxembourg and Malta, have banded together with others to use the euro. It is also why Denmark, which is adjacent to the much larger eurozone economy, has tied its exchange rate to the single currency.

Hong Kong, too, has fixed its exchange rate, though largely for reasons that are unlikely to apply to other economies. Its currency board was introduced in 1983, when the Hong Kong dollar experienced a catastrophic depreciation following China's declaration that it would resume sovereignty over the region in 1997. These kinds of political developments can have large exchange-rate effects that are unwarranted on macroeconomic grounds. By fixing its exchange rate, Hong Kong could insulate its economy from such shocks.

Considering that the Hong Kong economy is adjacent to the huge economy of mainland China, it would be natural for it to fix its currency to the renminbi – as was the case until 1935, when both currencies were on the silver standard. But since the mid-1970s, Hong Kong has fixed its exchange rate to the US dollar, because one cannot peg to a currency – like the renminbi – that is not fully convertible, and for which there is no deep and liquid market.

Switzerland and Singapore have chosen another route. Their economies are too exposed to exchange-rate movements for traditional inflation targeting to be feasible, so they have adopted monetary-policy strategies tailored to their own specific circumstances – strategies that share several characteristics.

For starters, both Switzerland and Singapore maintain a clear focus on price stability. While the Swiss National Bank (SNB) has defined this as inflation of less than 2%, the Monetary Authority of Singapore (MAS) has been able to leave it undefined, thanks to a long and successful track record that effectively speaks for itself.

Second, both have a clear view about what exchange-rate level is appropriate, and both steer the exchange rate toward that range. Since the SNB also sets interest rates, it has occasionally used that mechanism to influence the exchange rate (sometimes with massive interventions). The MAS does not set interest rates, so it has established an exchange-rate band.

Third, neither central bank publicly announces the exact exchange-rate level that it considers appropriate. While central banks can set the interest rate at which they lend to, or accept funds from, the banking system, the exchange rate is determined by the market. Were they to disclose a specific exchange-rate objective, market participants would have an open invitation to speculate against the central bank, which could complicate monetary-policy management.

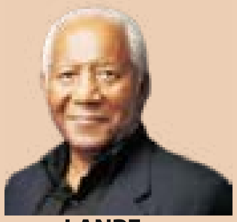
Finally, both strategies recognize the benefit of being able to adjust the exchange rate as economic conditions evolve (a permanently fixed exchange rate is unlikely to be optimal). The result of these strategies are enviable records of inflation control. The average inflation rate in 2000-23 is 0.6% in Switzerland and 2% in Singapore (exactly equal to the 2% for which inflation-targeting central banks generally aim).

Both economies owe their strong performance to the fact that monetary authorities have allowed their exchange rates to undergo large movements when necessary. Bank of International Settlements data show that the effective nominal exchange rate – best thought of as the average exchange rate against all trading partners – strengthened in this period by an average of 1.3% per year in the case of Singapore, and by 2.6% in the case of Switzerland, thereby lowering the cost of imports and dampening inflation.

It is not easy to stand out from the crowd in policymaking. But Singapore and Switzerland have forged their own paths, with great success. While inflation targeting is a good strategy for many economies, extremely open economies would do well to consider the alternatives.

How lack of infrastructure stymies Africa's development

Matters Arising



LANRE TOWRY-COKER, PHD.

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YOU CAN'T HELP BUT WONDER at the high level of infrastructure in a country like Ukraine despite two years of relentless bombardment by Russian forces.

The high rise housing dotting literally everywhere, still standing in most cases, but heavily degraded nonetheless.

Contrast this picture with any country in sub-Saharan Africa (maybe with the notable exception of some parts of South Africa) and you'll see nothing but decrepit schools, unkempt and dirty streets with gutters filled to the brim, all leaving you to just wonder where all the development money has gone in all these countries?

The lack of infrastructure in Africa poses a significant barrier to its development for several reasons, including the following points highlighted below:

Economic growth: Insufficient infrastructure limits productivity and efficiency, hindering economic growth and investment opportunities.

Trade: Inadequate transportation networks impede trade both domestically and internationally, limiting market access and economic integration.

Education and healthcare: Poor infrastructure affects access to education and healthcare services, exacerbating social inequalities and inhibiting human capital development. For example, you can hardly find any major city or conurbation anywhere on the continent with potable pipe borne water or sewage treatment facilities. Lagos Island and other parts of Lagos once boasted of potable pipe borne water. Sadly that's all now a thing of the past.

Energy access: Limited access to reliable energy sources hampers industrialization and modernization efforts, hindering economic diversification and innovation.

Rural development: Many rural areas lack basic infrastructure such as roads, electricity, and clean water, constraining agricultural productivity and rural development initiatives.

Addressing these infrastructure gaps is essential for Africa to unlock its economic potential and improve the well-being of its people. It requires significant investment, effective governance, and innovative solutions tailored to the continent's unique challenges.

In consideration of the above factors which are not unique to sub-Saharan Africa, here are some additional implications of the lack of infrastructure in our continent:

Urbanisation challenges: Rapid urbanisation without adequate infrastructure leads to overcrowding, informal settlements, and increased pressure on limited resources, resulting in social tensions and environmental degradation.

Climate resilience: Weak infrastructure exacerbates vulnerability to climate change impacts such as extreme weather events, sea-level rise, and droughts, undermining sustainable development efforts and increasing humanitarian crises.

Digital divide: As the world is increasingly dependent on digital transformation the limited access to reliable internet connectivity and ICT infrastructure hinders digital inclusion, e-commerce growth, and participation in the global digital economy, perpetuating disparities in access to information and opportunities. In other words, lack of action has long term consequences.

Industrialisation barriers: Insufficient infrastructure, including transportation, power, and water supply, impedes industrialisation efforts and limits the ability of African countries to attract foreign investment, diversify their economies, and create jobs.

Governance and corruption: Inadequate infrastructure often reflects governance challenges, including corruption, inefficiency, and lack of transparency in public spending and project implementation, further undermining development efforts and eroding public trust.

Regional integration: Infrastructure deficits inhibit regional trade and cooperation by creating barriers to cross-border connectivity, hindering the development of regional markets, and limiting the potential benefits of economic integration initiatives such as the African Continental Free Trade Area (AfCFTA).

Sadly foreign actors (countries) still play a pivotal role in destabilising many countries in sub-Saharan Africa.

Conclusion

Addressing all these implications requires coordinated efforts from governments, international organisations, private sector stakeholders, and civil society to invest in infrastructure development, improve governance and regulatory frameworks, and promote sustainable and inclusive development strategies tailored to the needs of African countries and communities.

From my own experience, governments cannot do it alone and must be reminded on a regular basis of their responsibilities at all levels, including all the tiers of governance.

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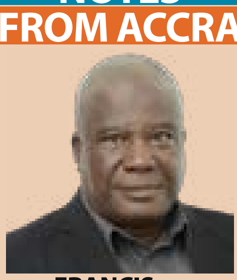
Africa must wake up from its slumber over Climate Change!

NOTES FROM ACCRA



FRANCIS KOKUTSE

Francis Kokutse is a journalist based in Accra and writes for Associated Press (AP), University World News, as well as Science and Development. Net. He was a Staff Writer of African Concord and Africa Economic Digest in London, UK.

THE LATEST TALK ABOUT Climate Change demands that African leaders should start working to find solutions to future threats in order not to be overtaken by events. Actuaries worldwide have started issuing cautions on the future of Climate Change, for this reason, African leaders must wake up to the realities of what is being said.

In a new report, the actuaries called for a "more realistic climate risk assessments," which they said must include the "risk of ruin": the point past which global society can no longer adapt to climate change.

They warned that global heating could be accelerating, and possibly breached the 1.5°C goal, adding that, "could trigger multiple tipping points, such as the collapse of the Greenland ice sheets, with potentially irreversible effects," they added.

This means that African governments should not be waiting, until their countries have been overtaken by events, before they start looking for what to do. In fact, what the actuaries are saying does show that Africa must not pretend to be deaf to the discussions on Climate Change any longer.

In their report, "Climate Scorpion: the sting is in the tail" by the Institute and Faculty of Actuaries (IFoA) and the University of Exeter –– the actuaries argued for the need to use financial services risk management to evaluate and communicate climate risk. They then called for the advocacy of the "worst-case" scenario thinking around climate change.

The IFoA is a royal chartered, not-for-profit, professional body. Research undertaken by the IFoA is not commercial. As a learned society, they use research to fulfil their royal charter requirements to further actuarial science and serve the public interest.

Actuaries provide commercial, financial, and prudential advice on the management of a business's assets and liabilities, especially where long term management and planning are critical to the success of any business venture. They also advise individuals as well as on social and public interest issues.

Among other things, the key findings of the report said, "the rate of global warming accelerated in 2023," which the report said, had an early indication that this may not be temporary, because the rate of global warming accelerated last year. In addition, scientists are not yet sure what is the cause, and therefore do not know how much of this is a temporary fluctuation or permanent change. Furthermore, it said life in the tail-increased warming is now driving more severe impacts across the planet, indicating that climate change has arrived, with severe impacts emerging at lower temperatures than expected. It also noted that climate risks are complex, interconnected and could threaten the basis of society and economy, for which a system approach is required to consider how connected risks might increase societal impacts.

"Even without considering cascading impacts, there is a 5% chance of annual insured losses of over $200 billion in the next decade, with total (insured and uninsured) economic losses breaching the $1 trillion mark," the report said.

It also said an overshoot of the 1.5°C temperature threshold is likely, an indication that, there is an increasing disconnect between current net zero carbon budgets and the 1.5°C temperature goal, with several scientific agencies reporting that levels of global warming in 2023 were close to or already at 1.5°C.

"An overshoot of the 1.5°C temperature goal by 2030 is increasingly likely and current net zero carbon budgets give a low probability of limiting temperature. We need to re-calibrate carbon budgets, given uncertainty and experience to date," the report said. Based on their key findings, the report said, "our world knows not what it is gambling with, and if we don't control this fire, it will burn us all down," adding that, "the earth's climate may be more sensitive than we thought, meaning the planet may warm more quickly than expected for a given level of greenhouse gases."

They said, this would increase carbon budgets and it is not clear how much more warming the world is committed to post 2030, an uncertainty due to many factors, including ice melt rate decreasing earth albedo, the impact of aerosol cooling, climate tipping points, and the pace of the energy transition.

What is also worrying is the fact that, warming above 1.5°C is dangerous, because it increases the risk of triggering multiple climate tipping points, which include the collapse of ice sheets in Greenland, West Antarctica and the Himalayas, permafrost melt, Amazon dieback and the halting of major ocean current circulation.

The report said, "passing these thresholds may constitute an ecological point of no return, after which it may be practically impossible to return the climate to pre-industrial (Holocene) stability. They also said, tipping points may interact to form tipping cascades, which act to further accelerate the rate of warming and climate impacts. Global warming is driven by the concentrations of greenhouse gases (GHGs) in the atmosphere, which are increasing due to human activity.

"The greenhouse effect means that there is more energy coming in (absorbed sunlight) than energy going out (heat radiated to space). This is referred to as earth's energy imbalance. Even if we reduced emissions to zero today, because of the level of GHGs already in the atmosphere, warming would continue until the Earth reaches thermal equilibrium, a state where energy absorbed from sunlight is equal to heat radiated back out to space," the report said.

Sandy Trust, lead author and IFoA council member, said: "There is an urgent need to provide policymakers with realistic assessments of climate risk, to support decisive policy action to accelerate the energy transition. Alongside clarity on the risks, we need to invest in educating policymakers and the public on positive tipping points and behavioural change to support a more rapid transition.

"As actuaries, we have a responsibility to play an active role in addressing the sustainability challenge. Our long-term thinking, financial system understanding, risk management mindset and probabilistic reasoning combine powerfully to complement climate science and communicate risks clearly to regulators and policymakers," Trust added.

Professor Tim Lenton, from the University of Exeter, said "this report puts forward the case for why and how the actuarial approach can be used for climate change. It compellingly argues that we should view climate risk as a problem of 'Planetary Solvency,' understanding and managing risks to the long-term survival of global society. In short, we need to have a best guess about the worst-case and make policy on that basis."

Professor Johan Rockstrom, director of the Potsdam Institute Climate Impact Research, said "the report shows how important it is for us to collaborate across disciplines on climate change. It re-emphasises how important it is to treat 1.5°C as a physical limit and not a political target, recognising the risk from tipping points. Four of these are showing scientific evidence of now being at risk already at 1.5°C, really putting humanity's future at risk. This is a planetary crisis which we must address with co-ordinated policy action to accelerate the energy transition."

Lord Stern, chair of the Grantham Institute, said: "This report underlines just how overwhelming the scientific evidence is now: helping politicians to understand that climate change presents very serious global risks, to life, health, and wealth, demanding an urgent global response from policymakers to avoid the worst impacts. We are already experiencing the impacts of climate change, and these will worsen, impacting the basic elements of life for people around the world – access to water, food production, health, and the environment. Unfortunately, the current pace of progress is not nearly rapid enough and if we fail to curb the impact of climate change, it could damage society and the global economy more than the World Wars."

VISIONARY VOICES

Give Women with Disabilities a Chance

NKECHI S. OWOO

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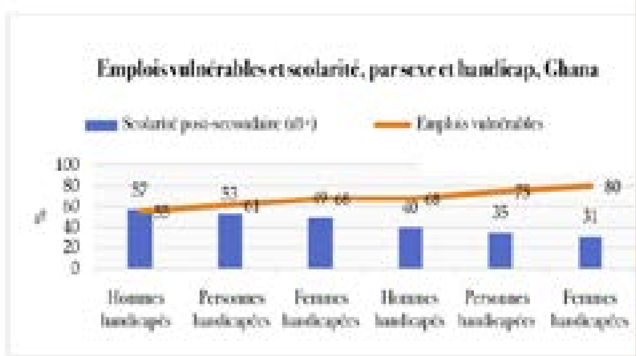
ACCRA – It is well known that women in developing economies have fewer educational and employment opportunities than their male counterparts, leading to higher rates of poverty. In Ghana, for example, men have higher employment rates and incomes than women, and are less likely to be engaged in vulnerable jobs. Less widely recognized is that, by some metrics, the gap is not narrowing quickly enough: women in developing economies continue to account for a significant share of the economically disadvantaged. Add disability to the mix, and the challenges facing women are even greater.

There are over one billion people living with disabilities worldwide, some 80% of whom reside in developing countries. While there are many models for measuring disability, some conclusions are indisputable: disability is more prevalent among women (19%) than men (12%); people with disabilities face high barriers to education and employment, leading to higher rates of lifelong poverty; and outcomes for women with disabilities are even worse than those for their male counterparts.

Ghana's experience is a case in point. Women are disproportionately represented among the 8% of the population who face functional limitations related to sight, hearing, mobility, cognition, self-care, and/or communication. And, as the chart shows, 68% of men with disabilities are in vulnerable employment, compared to 80% of women with disabilities, while 40% of men with disabilities have attained secondary and post-secondary education, compared to just 31% of women with disabilities.



Source : Recensement de la population et du logement du Ghana 2021

These poor outcomes partly reflect social biases. Expectations of the capabilities of people with disabilities tend to be low, so households are often unwilling to spend limited resources on educating and training family members with disabilities, and employers tend to be reluctant to hire them. Since women and girls are more often underestimated than men and boys – nearly 90% of people worldwide hold fundamental biases against women – they are more likely to be left behind.

Though legal protections for people with disabilities are in place – Ghana ratified its Persons with Disability Act (Act 715) in 2012, and the United Nations Convention on the Rights of Persons with Disabilities has been in force since 2008 – they have been insufficient to counteract entrenched biases. A key reason may well be the lack of comprehensive data on disability-related issues, particularly in Africa. Such data is essential to design and implement more effective policies.

The first step toward addressing discrimination against persons (especially women) with disabilities is thus to ensure adequate collection of relevant information, especially labor-market data, not least by emphasizing more inclusive sampling. This would facilitate disability-disaggregated research and enable robust evidence-based policymaking.

Strengthening disability laws requires the use of sufficiently precise language – and implementation of supportive policies – to ensure that people can take advantage of the opportunities to which their right is guaranteed. For example, Ghana's Persons with Disability Act 715 guarantees persons with disabilities a free education, but fails to clarify until which level, let alone establish relevant supportive structures. The consequences of these failings are far-reaching: a comprehensive, high-quality education is vital to lift people with disabilities out of poverty, vulnerability, and exclusion.

So is access to quality employment. But here, too, laws in many countries – including Ghana – are lacking. Since the public sector can provide only so many jobs, governments must encourage private employers to ensure that (suitably qualified) persons with disabilities account for a certain share of their workers. Both "carrots" (like tax rebates) and "sticks" (repercussions for non-compliance) can be used. In Ghana, the Disability Common Fund – a social-protection program aimed at alleviating poverty among people with disabilities – should also be scaled up.

But economic empowerment is just the beginning. Women with disabilities in Ghana and elsewhere grapple with reduced access to health care and higher risks of sexual exploitation. Policymakers must therefore devise laws ensuring that all people have equal access to health care and other social services, including domestic-violence shelters.

All such efforts must recognize and account for the diverse challenges faced by people with different kinds of disabilities, as well as the reality that women face even greater discrimination than men. For example, while health-care access must be improved for all people with disabilities, special attention must be paid to the provision of sexual- and reproductive-health services – including breast-cancer screenings and family-planning services – for women with disabilities.

Furthermore, organizations working to protect persons with disabilities must design programs tailored for different groups. And relevant NGOs should promote participatory approaches to the development of interventions aimed at supporting vulnerable groups, including those with disabilities.

But all the policies and programs in the world cannot ensure full social and economic inclusion for people with disabilities. Campaigns are also needed to reduce the social stigma that contributes significantly to the marginalization faced by people with disabilities.

The fact is that disability is both a cause and a consequence of poverty. If the world is to have any hope of achieving the Sustainable Development Goals – especially eliminating poverty, achieving gender equality, and enhancing social and economic inclusion – the needs of people with disabilities must be fully considered.

PROJECT SYNDICATE

Tackling the World's Hidden-Debt Problem

PABLO SAAVEDRA

MANUELA FRANCISCO

DIEGO RIVETTI

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WASHINGTON, DC – From the COVID-19 pandemic to advanced-economy interest-rate hikes, developments over the last few years have left many developing economies struggling to repay their debts. But the problem might be even bigger than the world realizes, as many sovereign debts are hidden, undisclosed, or opaque. This prevents policymakers and investors from making informed decisions.

Some low-income countries have made progress on disclosing their debts: the latest Debt Reporting Heat Map shows a rise in disclosure from 60% in 2021 to 80% today. But some countries have regressed, and significant gaps and weaknesses remain. For example, information might not be released swiftly enough or in adequate detail, and countries might disclose only central-government debts, leaving out other public and publicly guaranteed liabilities.

Consider domestic debts: many low-income countries, shut out of financial markets, have resorted to issuing such debt to meet their financing needs – often without reporting these instruments. Similarly, opaque currency-swap lines are being used to prop up heavily indebted borrowers. The World Bank's 2021 comprehensive report on public-debt transparency in low-income countries anticipated both of these trends.

Boosting debt transparency requires action in three key areas. First, we need to improve the software that records and manages public debt. Just as individuals use internet banking to manage their personal finances, governments rely on specialized software to manage their debt portfolios.

But whereas advanced economies design their own systems – typically as part of an integrated information-technology solution that manages budgetary, accounting, and treasury processes – most low-income countries rely on "off-the-shelf" software subsidized by the international community. These arrangements are often inadequate to deal with countries' increasingly complex debt portfolios, let alone to deliver comprehensive, timely debt reporting.

This became starkly apparent during debt-reconciliation efforts under the G20's Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative. The debt records of the four countries that applied to the Common Framework – Chad, Ethiopia, Ghana, and Zambia – were sometimes incomplete and often inaccurate. To resolve these issues, Excel spreadsheets had to be manually reconciled – a months-long process that significantly delayed restructuring negotiations.

We recommend creating a task force to coordinate the design of better debt-management systems. With the involvement of all the main service providers, task-force members would standardize debt definition and computation methods, and lead the development of user-friendly IT solutions. That way, national authorities could focus on debt analysis and management, rather than remaining bogged down by data entry and reconciliation.

The newly designed software could also allow for input from creditors on loan disbursements and payments, as suggested by the 2023 UNCTAD Trade and Development Report. This would enable the real-time generation of World Bank International Debt Statistics and other statistical reports, based on fully validated data.

The second crucial measure needed to strengthen debt transparency is the creation of incentives for public borrowers to disclose their debts at both the national and international levels. This will require reforms of national legal frameworks as well as efforts by multilateral organizations to promote debt-transparency initiatives.

Already, the World Bank's Sustainable Development Finance Policy includes debt-disclosure incentives for low- and lower-middle-income countries receiving support from the International Development Association. This has contributed to improvements in debt reporting and coverage in more than 40 low-income countries.

Debt restructuring also creates opportunities to implement such incentives. The necessary and often arduous debt-reconciliation process can be used to provide detailed information on outstanding debt, as in the case of Zambia. It also gives countries a chance to wipe the slate clean and organize their debt records from scratch. Eligibility criteria for the provision of debt relief could include minimum transparency requirements to encourage the provision of data until debt relief is fully provided.

The third area where progress is needed is improved reporting by creditors. To facilitate transparency in official bilateral lending, creditor countries should follow the recommendations of the G20 Operational Guidelines for Sustainable Financing, such as improving data collection and publishing more information on new and existing loans.

Bilateral creditors should publicly disclose both outstanding debts and the core terms of foreign exposure, including direct loans, guarantees, and Export-Credit Agency insurance. The US Treasury's loan-by-loan repository offers a good model for creditors seeking to boost the transparency of their portfolios. To support these efforts, creditors should avoid including confidentiality or secrecy clauses in new loan agreements, as a 2022 World Bank paper argues.

Among the debt challenges facing low-income countries, strengthening debt transparency is one where concrete and meaningful progress is within reach. Success will require a combination of practical technical solutions and full cooperation from every stakeholder.

Coronation says Nigeria's infrastructure investment lags population growth of 2.5%

● Highlights poor government CAPEX for decades
● Private sector investment in fixed assets rises

Onome Amuge

NIGERIA IS FALLING SHORT in its efforts to support critical sectors like infrastructure, power, healthcare, and education, which are key to the country's long-term development, according to a new report by Coronation Asset Management.

The report just released by Coronation, a leading financial services firm, observed that while the government has made progress in allocating funds to these sectors, the country's annual population growth rate of 2.5 percent is outpacing these investments, leaving many citizens without access to the basic services they need.

The research team, led by Guy Czartoryski and including analysts Blessing Ishola, Gbemisola Adelokiki, and Goodluck Tamunotonkaye, highlighted the need for increased private sector investment to bridge the gap between Nigeria's population growth and its public spending.

In their analysis, the team cited the country's poor track record in capital expenditure, noting that even when funding was made available, it was often not used efficiently.

"The record of the Nigerian government in capital expenditure over several decades underscores the need to increase private-sector investment. Public expenditure on transportation, education, hospitals, power, housing, and other essential infrastructure has not kept up with the needs of a population growing at a long-term rate of c.2.5% pa," the report stated.

The Coronation research team noted that between 1981 and 1990, the federal government spent an average of 3.6 percent of GDP on capital expenditure. This figure rose to 5.2 percent during the decade from 1991 to 2000, a sign of the government's increasing focus on infrastructure investment.

However, the next decade saw a sharp reversal, with the average falling to 2.5 percent during 2001-2010. This period coincided with a boom in oil prices, which one might have expected to translate into higher levels of capital expenditure. Sadly, the government's failure to invest a significant share of its oil revenues in infrastructure projects represents a missed opportunity for the country. This failure not only reflects poorly on the Nigerian government's priorities, but also raises questions about its ability to effectively utilise its resources for the benefit of its citizens. The Coronation research pointed out that there are multiple estimates of Nigeria's total infrastructure deficit, and while the methods used to calculate this figure differ, they all agree that the deficit is significant.

L-R: Jide Sipe, head, marketing and corporate communications, Ecobank Nigeria Limited; Tola Akerele, founder, Soto Gallery and curator, +234 Art Fair; Austen Osokpor, head, corporate communications, Ecobank Nigeria; and Maeva Sabot, public relations manager, +234 Art Fair, at the media briefing to announce the +234 Art Fair sponsored by Ecobank, Africa Finance Corporation and Soto Gallery held at Ecobank Pan African Centre, Victoria Island, Lagos.

The report explained that one reason for this is that Nigeria's infrastructure deficit is cumulative, meaning that past shortfalls have added up over time. As a result, even if the government were to increase its infrastructure investment, it would still take a long time to catch up to where it should be.

Dwelling further on this, the report explained: "One demonstration of this is Nigeria's long-term record of annual electricity generation. This rose by just 19.6% over the 11 years from 2010 to 2021, according to data from the National Bureau of Statistics (NBS), or a compound annual growth rate (CAGR) of 1.6%.

"In 2021 annual generation (which excludes amounts generated by diesel units at business and domestic premises) was 36.4 terawatt hours (TWh) per annum. A nation with a similar population, Brazil (with 203 million inhabitants), generated 663.0 TWh. A nation with roughly half Nigeria's population, Egypt (104 million), generated 202.0 TWh."

The report highlighted the need for increased private sector investment in Nigeria's infrastructure, noting that the trend of government investment has been inadequate for many years. It also pointed to the growing involvement of the private sector in infrastructure projects through public-private partnerships and the launch of infrastructure funds as signs of progress. However, the report also cautions that the regulatory and legal environment in Nigeria remains a significant barrier to private investment.

According to the report, gross capital formation, which is a measure of the amount of money invested in fixed assets such as infrastructure, has been consistently lower in sub-Saharan Africa than in the rest of the world. However, the data also suggested that Nigeria's gross capital formation began to improve after 2017, potentially reflecting increased private sector investment in fixed assets. This trend is encouraging, but according to analysts, it will take time and further reforms for Nigeria to reach the levels of gross capital formation seen in other parts of the world.

The Coronation analysts attributed the recent rise in gross capital formation in Nigeria in part to an increase in public sector capital expenditure, though they noted that this increase is coming from a very low starting point. The report highlighted the role of the private sector in infrastructure development, noting that private companies have been involved in road construction projects in exchange for tax breaks and other incentives.

The report indicated that this type of public-private partnership can be an effective way to increase infrastructure investment in Nigeria.

"In total capital formation increased on railways, airport terminals, a refinery and roads. These initiatives made tangible improvements but, we believe, did not themselves significantly overcome the historic infrastructure deficit," it noted.

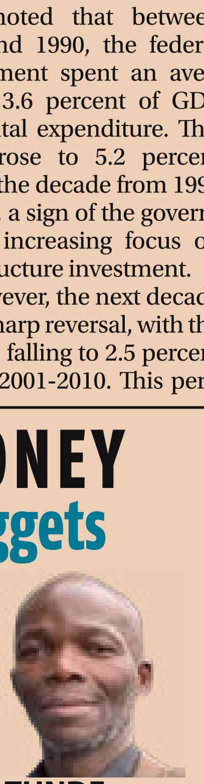
The infrastructure report also highlighted the challenge of "catch-up" that Nigeria faces in terms of infrastructure investment, noting that while the country's recent gross capital formation has been improving, it still lags behind other countries in the region, including Angola, Kenya, and Ghana. This lag is concerning given that Nigeria is the most populous country in Africa and has significant infrastructure needs.

To further examine Nigeria's infrastructure needs, the report recommended looking at the country's pipeline of public-private partnership (PPP) projects. It pointed to the Infrastructure Concession Regulatory Commission (ICRC) as a valuable source of data on individual PPP projects, and suggested that by aggregating this data by sector, a clearer picture of Nigeria's infrastructure needs can be obtained.

The report highlighted the crucial role of private capital in Nigeria's future infrastructure development, noting that the government alone does not have the resources to meet the country's needs. It noted further that the total value of the pipeline of public-private partnership projects for 2022, as reported by the ICRC, was N6.7 trillion naira, or about 40 per cent of the federal government's total budget for that year. Of that budget, only N5.5 trillion was allocated to capital expenditure, less than the value of the PPP pipeline.

It argued that for private sector infrastructure investment to be successful, dealmakers must find a way to structure projects that offer an attractive risk-return profile. This, it stated, can be done by mitigating risk through guarantees provided by infrastructure investment vehicles, such as Infracorp, and by creating a compelling case for institutional investors to participate. It noted further that institutional investors can then provide much-needed liquidity, which in turn can support the development of infrastructure projects that generate long-term returns with a low correlation to public markets.

MONEY Nuggets



TUNDE OYEDOYIN

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Be prepared to take your chances in these tough times

TIMES REMAIN HARD and the rising costs of living seems not to have any interest in slowing down.

As a matter of fact, the harsh economic situation does appear to have left its mark on most sectors. Another notable thing is that it's not been discriminatory against the citizens of any particular country, either.

So, as former U.S President, George W. Bush will put it, "make no mistake about it." Things are tough, especially in a country like our beloved Nigeria where prices don't usually change direction once they go north. My mother reiterated this in my recent call to her. An Abuja-based businessman also mentioned this while I was on the phone to him last week.

However, hard times do not imply that you won't get opportunities to better your lot and make progress. You just have to be prepared to cash in on those unique chances when they come round.

This reminds me of the morning after Manchester United outmuscled Liverpool, 4-3, in that seven-goal FA Cup quarter final thriller at Old Trafford penultimate Sunday. As it turned out, I popped inside my usual Pret A Manger outlet in West London, on the way to work on Monday. It was there that I read the Metro Newspaper's account of Jurgen Klopp's reaction to their loss.

Hear the lamentation of the German. "After 2-1 up, we had so many chances where we [had] to kill the game off," but his players didn't. He noted further that: "we [were] nearly there in normal time."

But Monsieur Mo Salah et. al ., fluffed their lines. Despite not putting United away in regulation time, he said we were even: "nearly there in extra-time," but: "we lost the game." Tough to take in when you've had many chances to hit a home run and didn't do the needful.

That resonates well with personal finance. Like United's game against Klopp's troops, these seemingly difficult times are littered with opportunities as well. Whether it is in your quest to make the five percent class of Nigerians with over half a million naira in their account, or while bringing out the kitchen sink in order to achieve your financial goals; just be on the lookout and be ready to grab any opportunities you fancy.

Just last week, a group of fellow Nigerians I was recently invited to join made a presentation asking for prospective members to have a stake in a business venture. Looks good, especially as the seed capital won't send yours truly to the poorhouse, should anything happen.

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STOCKS MARKET

	NSE	NSE 30	FTSE 100	DOW JONES	S & P 500	FTSE/JSE	NASDAQ
	104,647.37	3,887.08	7,914.13	33,808.96	4,133.52	77,910.96	12,072.46
CURRENT	0.42	0.52	0.15%	0.07%	0.09%	-1.23%	0.11%
YEAR TO DATE	39.95	39.31	6.21%	2.00%	7.66%	6.66%	15.34%

TOP TRADERS

Company	Volume	Value
UBA	29613918	762312604.3
GTCO	15635151	728492880.9
ZENITHBANK	15075732	585297305.1
TRANSCORP	12597775	189915700.5
ACCESSCORP	12083712	280531626.5

TOP GAINERS

No	Equity	Opening	Closing	%Change
1	FTNCOCOA	N 1.62	N 1.78	9.88%
2	ABCTRANS	N 0.71	N 0.78	9.86%
3	NEM	N 6.65	N 7.30	9.77%
4	LIVESTOCK	N 1.55	N 1.70	9.68%
5	SOVRENINS	N 0.43	N 0.47	9.30%

TOP LOSSERS

No	Equity	Opening	Closing	%Change
1	UPDC	N 1.52	N 1.37	-9.87%
2	MCNICHOLS	N 1.29	N 1.17	-9.30%
3	DAARCOMM	N 0.78	N 0.71	-8.97%
4	INTENEGINS	N 1.22	N 1.12	-8.20%
5	REGALINS	N 0.39	N 0.36	-7.69%

COMMODITIES

SYMBOL	PRICE	CHANGE	%CHANGE	VOLUME
OIL	74.84	0.76	1.03	14,339
BRENT	79.66	0.56	0.71	168,053
NAT GAS	2.6	-0.097	-3.6	42,174
RBOB GAS	2.188	0.005	0.22	5,013
GOLD	2,027.90	6.3	0.31	113,945
SILVER	22.69	-0.117	-0.51	25,101
COPPER	911.6	-0.4	-0.04	13,613
PALLADIUM	3.764	0.019	0.49	49,162
WHEAT	942.5	-1.5	-0.16	1,459
SOYBEAN	546	-1.5	-0.27	47
CORN	595.75	10.25	1.75	21,875
SUGAR	1,221	7.5	0.62	40,789
COFFEE	448.75	4.75	1.07	43,793
COTTON	23.71	0.67	2.91	44,249
ROUGH RICE	185.55	5.6	3.11	9,691
COCOA	84.46	1.95	2.36	22,796
	17.625	0.025	0.14	106

Lenders drop $1.25bn to back Indorama's fertiliser expansion

● For third production line of 1.4mmt capacity

Cynthia Ezekwe

INDORAMA ELEME FERTILISER and Chemicals Limited, a leading producer of urea in sub-Saharan Africa, has secured a significant financing package worth $1.25 billion to enable the expansion of its fertiliser production capacity. This investment is expected to have far-reaching benefits for food production and security in the region and globally, as well as for employment and the local economy in Nigeria.

Indorama's $1.25 billion financing package has been provided by a consortium of lenders, including the International Finance Corporation (IFC), the African Development Bank (AfDB), Bangkok Bank, British International Investment (formerly CDC Group), Citibank, the German Investment Corporation (DEG), DZ Bank, and the Emerging Africa Infrastructure Fund (EAIF). This diverse group of lenders highlights the widespread support for Indorama's expansion plans and their potential to make a significant impact on the global fertiliser market.

The package also includes funding from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a Dutch development bank, the Export-Import Bank of India (India Exim Bank) and Export-Import Bank of Korea (KEXIM), two important export credit agencies in their respective countries. Standard Bank Group and Standard Chartered Bank, two major banks in South Africa and the United Kingdom, respectively, are also part of the financing package. The United States International Development Finance Corporation (DFC) rounds out the group of lenders.

The financing package will allow Indorama to fund the construction of a third nitrogenous urea production line, with an annual capacity of 1.4 million metric tonnes. The new line is expected to make a significant contribution to the company's overall production capacity, which will help to meet the growing demand for urea fertiliser around the world.

One of the key components of the financing package is Indorama's commitment to implementing a greenhouse gas (GHG) emissions strategy, which is designed to reduce the emissions from its petrochemical complex by 32 percent by 2026. This will be achieved through a variety of measures, including a significant reduction in gas flaring and other process improvements. The GHG emissions strategy is aligned with Nigeria's pledge to eliminate routine gas flaring by 2030, as part of the Global Gas Flaring Reduction Partnership (GGFR).

The financing for Indorama's petrochemical complex will support the construction of a new urea fertiliser production line, in addition to an export terminal, which will significantly increase the country's urea production capacity. This is critical for supporting Nigeria's agricultural sector, which accounts for approximately 25 percent of the country's GDP and employs around a third of the workforce. In addition, the new facility is expected to create up to 8,000 direct and indirect jobs.

Commenting on the project, Amit Lohia, group vice chairman, Indorama Corporation, expressed gratitude to the company's financial partners for their unwavering support and confidence.

He added: "This financing demonstrates the strong collaboration and alignment of interests between the public and private sector to drive sustainable development and create value for all stakeholders.

"Indorama remains dedicated to playing a vital role in supporting global food security by ensuring consistent supply of high-quality fertilisers in Africa, and beyond, while contributing to Nigeria's broader economic objectives."

Manish Mundra, group director for Africa, Indorama Corporation, said the establishment of this fertiliser plant underscores Indorama's unwavering commitment to Nigeria's industrial growth, economic diversification, and leveraging its strategic geographic location.

"This landmark financing represents a pivotal moment in Nigeria's journey towards becoming a major player in the global fertiliser market. With the addition of this third line, Nigeria is prepared to significantly ramp up its export capacity, thereby enhancing its position as a key exporter of fertilisers to Africa and the world.

"Furthermore, the establishment of this fertiliser plant will not only address critical issues such as broader food security but will also stimulate agricultural growth and create employment opportunities in Nigeria," Mundra stated.

Sérgio Pimenta, IFC vice president for Africa, noted that this investment represents a significant vote of confidence in the Nigerian economy and its agricultural sector. He also highlighted the fact that the financing is being provided by a diverse group of partners, including those from Africa, Asia, Europe, and the United States. Pimenta further noted that Indorama is a vital player in the global food chain, and the expansion of its operations will have a positive impact on food security around the world.

Benson Adenuga, head of office and coverage director for Nigeria at British International Investment, said, "We are delighted to partner with IFC, other impact investors, and the development finance community on this project, which will boost fertiliser production in Nigeria, support food security and create jobs. Our ongoing commitment to back Indorama's expansion will also help to elevate Nigeria's export potential and support the diversification of its economy."

Ousmane Fall, the acting director of the industrial and trade development department at the AfDB, highlighted the Bank's long-standing partnership with Indorama and IFC on projects that are critical to the development of the African continent. He noted that the latest project is in line with the bank's strategic priorities to feed Africa and industrialise the continent, while generating significant development outcomes in Nigeria.

According to Freddy Ong, head of client coverage at Standard Chartered Bank, the investment in Indorama is a significant contribution to IFC's strategy to foster diverse and inclusive growth and create job opportunities in Nigeria.

He noted that IFC's support for the country's manufacturing, agribusiness, healthcare, infrastructure, technology, and financial services sectors is helping to spur economic development and improve the lives of Nigerians.

L-R: Hasfat Rufai, director, Lagos Zone, Securities and Exchange Commission (SEC); Irene Robinson-Ayanwale, divisional head, business support services/general counsel, Nigerian Exchange Limited; Olapeju Ibekwe, chief executive officer, Sterling One Foundation; Oluwasoromidayo George, board chair, UN Global Compact Network, Nigeria; and Tumi Onamade, senior manager, United Nations Global Compact Network, Nigeria. at the ring the bell for International Women's Day commemoration at the NGX supported by Sterling One Foundation in Lagos recently.

NNPC chief talks up exchange listing in commercialisation push

Joy Agwunobi

THE NIGERIAN NATIONAL PETROLEUM COMPANY LIMITED (NNPC) is on the cusp of a major transformation, with a plan to list itself on the Nigerian Exchange, paving the way for a new era of transparency and accountability, as the company becomes subject to the public scrutiny that comes with being a publicly listed entity.

Mele Kyari, the group chief executive officer of the NNPC, recently disclosed that the company's shares will soon be listed on the stock market, in accordance with the provisions of the Petroleum Industry Act (PIA).

Kyari, while addressing an audience of international oil and gas industry players at the just concluded 2024 CERAWEEK Conference in Houston, U.S, stated that the move is crucial to achieving the objectives of the PIA and ensuring transparency, efficiency, and profitability in the Nigerian oil and gas sector.

With the passage of the PIA, the Nigerian government has enacted a comprehensive legal framework that will overhaul and modernise the country's petroleum industry. The new law, which was signed into effect in 2021, addresses a wide range of issues, including the licensing and fiscal regime for the upstream sector, the governance and regulation of the industry, and institutional reforms. These changes are designed to encourage greater investment in the oil and gas sector and promote transparency and efficiency.

The NNPC's transition from a government-owned corporation to a commercially focused entity is a significant change, and one that Kyari says is a reflection of the company's commitment to implementing the PIA. As part of this transformation, Kyari explained that NNPC has undergone significant reforms, including a complete restructuring of its subsidiaries and business units, the establishment of a profit-driven business model, and a renewed focus on accountability to its shareholders.

According to Kyari, NNPC's transition to a public limited liability company will unlock significant opportunities for the company to grow and expand its operations. It will allow the company to raise capital from a variety of sources, including international investors and lenders, and will give it the flexibility to pursue new business opportunities and partnerships. This, in turn, will help NNPC become more competitive on the global stage and help the company contribute to the economic development of Nigeria.

Quoted Insurers

Security	P/close	Open	High	Low	Close	%Change	Volume	Value
AIICO	1	1	1.08	1	1.06	6	4,266,703	4,409,613.93
CORNERST	2.1	2.1	2.1	2.1	2.1	0	260,342	545,262.18
LASACO	2.16	2.16	-	-	2.16	0	215,379	457,731.44
MANSARD	5.72	5.72	5.72	5.7	5.7	-0.35	1,606,947	9,179,645.41
MBENEFIT	0.6	0.6	0.6	0.58	0.6	0	1,009,759	602,867.56t
NEM	8.8	8.8	9.65	8.95	9.65	9.66	3,008,510	27,400,191.45

Stories by Cynthia Ezekwe

Insurers find changing customer expectations defining operations

- Want to engage insurers on their own terms
- Industry rethinking business models
- Customers seeking more convenience
- On-demand policies emerging

THE INSURANCE INDUSTRY is on the brink of a customer-centric revolution driven by the rapid growth of digital channels and changing customer expectations. Customers now expect easy, fast, and seamless interactions with their insurance providers. They want to engage with insurance companies on their terms, through the channels and devices of their choice. This shift is forcing insurance companies to rethink their business models and adapt to meet the evolving needs of customers.

Personalisation has been a buzzword in the insurance industry for years. But it's now more important than ever, as customers increasingly demand tailored products and services that cater to their specific needs. With access to vast amounts of data, insurers can now leverage advanced analytics to gain a deeper understanding of their customers and provide tailored products and services.

The growth of mobile and digital channels has revolutionised the way customers interact with insurance companies. Customers now expect the same level of convenience and efficiency from their insurance providers as they do from other industries, such as retail and banking. This has led to a shift towards omnichannel experiences, where customers can access and manage their policies across multiple devices and channels, at any time and from anywhere. Omnichannel experiences allow insurers to create a seamless and consistent customer journey, which has become a key competitive advantage.

L-R: Edwin Igbiti, president, Chartered Insurance Institute of Nigeria (CIIN); Funmi Babington-Ashaye, convener of the summit; Andrew McKenzie, facilitator, and Yetunde Ilori, director-general, Nigerian Insurers Association, during the Marine and Aviation Insurance Summit organised by Chartered Insurance Institute London in collaboration with Risk Analyst Consultant (UK) Limited, in Lagos recently.

These changes are also giving rise to a new type of insurance product – on-demand policies. These policies can be purchased and activated on a short-term basis, providing protection for specific events or activities. They offer flexibility and affordability for customers, while also opening up new revenue streams for insurers.

Studies have shown that the trend towards convenience is being driven by the rise of e-commerce and mobile apps. E-commerce has transformed the way consumers shop for goods and services, with many customers now expecting to be able to make purchases with just a few taps on their smartphone. This expectation of convenience is now spilling over into the insurance industry, with customers expecting to be able to purchase policies online and manage their policies from their mobile devices.

As explained by Sam White, chief executive officer of Stella Insurance, the insurance sector has been slow to adapt to the changing needs of its customers. For example, while many industries, such as retail and banking, have embraced digital transformation, the insurance industry has been slow to offer the same level of convenience and accessibility. For example, most insurance policies are still purchased through traditional channels, such as brokers or agents, rather than online.

"I think, fundamentally as a society we've probably got lazier and lazier, and our expectations have got higher and higher. Businesses now have to keep pace with that. This is a world where customers are almost expecting businesses to read their mind and know exactly what they want, at any time. On top of this they want to require almost zero interaction," she said.

According to White, insurance companies are still lagging behind in terms of understanding and meeting the expectations of their customers. She acknowledged that many insurers still rely on traditional methods of product delivery and customer engagement, which can be inconvenient for customers who are used to the convenience and speed of digital experiences.

The emphasis on customer experience, according to White, is not just about providing additional services, but about creating a deeper and more personal relationship with customers. She argued that insurers should aim to create a "human-centred" experience that makes customers feel valued and understood.

White warned that insurers who fail to adapt to the changing needs of their customers may find themselves losing out to competitors who are more customer-focused. This could mean losing customers to new digital-first insurers, or even to non-traditional competitors like big tech companies, who are gradually entering the insurance industry, providing services which allow users to compare insurance products from multiple providers.

Zenith General Insurance pays N5bn claims, raising customers' trust

THE COMMITMENT OF ZENITH General Insurance to provide its customers with the financial relief they deserve has been further demonstrated by its payment of N5 billion in claims to policyholders who have suffered insured risks in the financial year 2023.

Jude Modilim, managing director and chief executive officer of Zenith General Insurance Limited, made this disclosure during a visit by the Nigerian Association of Insurance and Pension Editors (NAIPE).

In reflecting on the company's claims payment, Modilim emphasised that Zenith General Insurance was able to help many organisations recover from catastrophic events and return to business.

Specifically, he noted that the N5 billion in claims paid out to these organisations likely prevented them from failing, and that the support provided by Zenith General Insurance was crucial in keeping them afloat during difficult times.

"Many times when I engaged those who said insurance companies are not paying claims to come forward with any claim they have that has not been paid, none of them have been able to do that. So, the public needs to know that insurance companies are paying claims," Modilim said.

The managing director highlighted the company's willingness to collaborate with the Nigerian Association of Insurance and Pension Editors to drive insurance growth in the country. He applauded the organisation for launching programs aimed at promoting the insurance sector in Nigeria.

"We are open for the partnership; the kind of partnership that is a win-win; partnership that will project Zenith General to the public, telling them what we are doing, especially, about our ability to pay claims. We are willing to work with you as long as it is a mutually beneficial partnership," he added.

Modilim expressed his enthusiasm about NAIPE's programmes to raise awareness of insurance, including claims profiling and testimonial reporting. He said these initiatives would have a significant impact on deepening insurance penetration, which is a key goal of the National Insurance Commission (NAICOM) and the insurance industry as a whole.

Speaking on behalf of the Nigerian Association of Insurance and Pension Editors its chairperson,

Nkechi Naeche-Esezobor, described the organisation's mission and accomplishments to date. She explained that the association was founded to unite insurance journalists and help them improve their reporting and writing on insurance-related topics.

Naeche-Esezobor noted that the association has been in operation for over 30 years, with 31 members who are insurance and pension editors at major national newspapers, radio stations, television stations, and online platforms. The goal of these members, she explained, is to raise awareness about the benefits of insurance and to encourage more people to take advantage of the products and services offered by the insurance industry.

"We are concerned about low insurance penetration in Nigeria and the poor perception of Nigerians about insurance and it is a known fact that NAIPE has been working tirelessly over the years to change this negative narrative," she added.

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ECONOMICS & FINANCE

Will the Shifting Economic Power Balance Topple Democracy?

ILIAN MIHOV

Professor of Economics

A VIEW ON WHERE GLOBAL democracy stands and where it's headed in the new economic world order.

Over the past decade, academics, politicians and journalists have raised concerns about the state of democracy worldwide in books, academic publications and newspaper articles. The topic has been discussed both through a narrative approach and quantitative analysis. Undoubtedly, data can reveal dynamics and patterns that are not immediately apparent. In fact, many publications have used data to present the dynamics of democracy, focusing on the deteriorating quality of democratic institutions in a specific country.

However, to gain a good understanding of the global dynamics of democracy, we need a quantitative measure of democracy in relation to economic power. Only then can we fully appreciate the implications of the dynamics.

How to measure global democracy

There are many ways to construct an indicator of world democracy. Invariably, one would start with a standard source of democracy scores for individual countries and aggregate the country data. Here is a non-exhaustive list of possible aggregation approaches.

1. Proportion of democracies: Count the number of countries classified as a democracy and divide by the total number of countries.

2. Average democracy score: Use an index of democracy for all countries and average these figures every year. This measure will differ from the previous one because most rating agencies do not see democracy and autocracy as a 0-1 dichotomy. Instead, they use a range (for instance, 0 to 5) or a mix of variables.

3. Population-weighted democracy score: Each country's democracy score is weighted according to its share of the world population. In this case, China's and India's democracy scores are weighted at roughly 18 percent each, while the United States has a weight of about 4 percent.

4. GDP-weighted democracy score: Each country's democracy score is weighted according to its share of global GDP.

Versions of the first two indicators were recently presented by Daniel Treisman in his 2023 paper "How great is the current danger to democracy?". The author concluded that there is no imminent danger to democracy on a global scale. He wrote: "While eroding democratic quality in some countries is indeed a cause for concern, the fear of a global slide into autocracy appears premature."

Using data from various sources, he demonstrated that the proportion of countries considered democracies has been quite stable over the past 30 years. In a graph showing the biggest decline in the indicator, the proportion of democratic states peaked in the early 2000s and declined only slightly to levels comparable to the mid-1990s, which is considered the heyday of democracy. The figure from the paper (see Figure 1 below) shows the average score using two measures of democracy from 1900 to 2022.

If we want to know the average democracy score today versus 10, 30 or 100 years ago, these graphs provide good answers. But if we want to know whether the average person today lives in a democracy or not, the democracy indicators of countries must be weighted based on their population using the third approach described above.

What I am more interested in, however, is where the world is heading. To get a better sense of this, I believe that the democracy indicators should be weighted based on the economic size of the country, i.e. by its share of global GDP.

Painting a fuller picture of democracy

To capture the state of democracy worldwide, I used data from the Varieties of Democracy (V-DEM) project and GDP (adjusted for purchasing power parity) from the World Bank to construct the indicator described in the fourth approach above. As data from the Soviet republics was not available before 1990 (except the democracy score for Russia), additional calculation was required.

I assigned the score for Russia (as published in V-DEM) to each of the Soviet republics to make up for the lack of democracy score for the rest of the Soviet Union. This implies a similar democratic regime in the 15 republics within the USSR. For GDP, I used data from Angus Maddison's study to construct growth rates of the USSR from 1960 to 1990. Using these growth rates, I reconstructed the GDP in these republics prior to the fall of the Soviet bloc by extrapolating backwards from 1990. Clearly, these are shortcuts, but a more sophisticated technique would be unlikely to have a material effect on the results reported below.

To offer a broader measure of the state of democratic institutions, I used the "accountability" series as an indicator of democracy. This indicator combines "vertical accountability" (politicians being accountable to the electorate), "horizontal accountability" (the presence of functioning checks and balances between institutions, e.g. the judiciary and the government) and "diagonal accountability" (the ability of the civil society and media to hold the government accountable). This measure has been calibrated with a mean of zero and standard deviation of 1 for the entire population. It offers nearly identical results as the more traditional "regime" measures of democracy.

Changes in the graph (Figure 2) may result from changes in the relative share of global GDP of a country (even if the democracy scores are constant) or from changes in the individual democracy scores (even if GDP shares are constant). For example, from the late 1970s to 1989, the western world was growing much faster than the Soviet Union, and because of this, the world democracy score weighted by GDP increased. One might argue that the imbalance of economic power in favour of democratic states precipitated the demise of the Soviet regime. The collapse of the Berlin Wall led to the creation of many democratic states in Eastern Europe, which in turn led to a further increase in the world democracy score.

Democracy through the lens of history

Since 1999, the global democracy indicator has been on a clear downward trajectory – presenting a very different picture from the averages depicted in the first graph above. The decline is driven predominantly by the rising economic power of non-democratic states like China. You may notice that the value in 2022 is roughly the same as in the late 1970s, when the world was in the midst of the Cold War. What is more worrisome is that a reversal of the downward trend is unlikely in the near future.

The graph poses a very important question: Will the dynamics from 2000 onwards precipitate a seismic shift in the world political order as seen during 1976 to 1989? Of course, correlation is not causation and there were many reasons for the collapse of the Soviet bloc. But to ignore the role of economic power in determining the future of the world order is naive. There is no shortage of books and articles about economic statecraft and the role of hegemons in determining political and economic outcomes. A recent paper creates a sophisticated theoretical model to show how hegemons can coerce other countries into specific actions.

More concretely, there are hundreds of articles documenting how China's rising economic power is associated with its impact around the world. In 2019, David Shullman edited a volume ominously titled Chinese Malign Influence and the Corrosion of Democracy, which spotlights Chinese interference in thirteen countries across Eastern Europe, Africa, Latin America and Asia.

However, China is but one part of the explanation for the dynamics of the democracy indicator. Interestingly, the graph would not change much if we were to remove China and the United States from the data set: The value of the indicator would decline 40 percent from the peak (instead of a 65 fall when the US and China are included).

This implies that the decline in the GDP-weighted democracy score is much more widespread. In other words, even if China were to stagnate, many other economies would continue to drive the decline in the indicator. Arguably, the success of China in creating an economic miracle in a non-democratic political setting may have convinced other countries that they can do away with democracy in their economic pursuits.

Drivers of the economic power balance

In addition, there are well-founded concerns that social media and the use of AI tools throughout the world (including democratic states) may have drawn the public closer to anti-democratic politicians, especially where advocates of democracy are less active. Even an abundance of publications on the collapse of democracy may not be sufficient to counteract the opposing forces on social media. Without an active and aggressive strategy to raise awareness about the perils of losing to autocracy, non-democratic states will continue to grow their economic power and overwhelm those that still count as democracies.

On 8 June 1982, then US President Ronald Reagan addressed the British Parliament, speaking about the contest between democracy and authoritarianism. He stated: "the march of freedom and democracy [...] will leave Marxism-Leninism on the ash-heap of history as it has left other tyrannies which stifle the freedom and muzzle the self-expression of the people."

At that time, the democracy indicator was gaining momentum, giving Western politicians confidence that democracies were gaining the upper hand. Today, President Biden has resuscitated this debate, stating repeatedly that the world has engaged in "a battle between democracy and autocracy". Alas, this time democracy might be on the losing end. The global slide into autocracy might be unfolding at this very moment, as the data suggests.

Leadership Should Be a Team Sport

GRAHAM WARD
Adjunct Professor of Organisational Behaviour

ACTIONS SPEAK LOUDER than titles and every voice holds the power to lead.

Just as there is no yin without yang, there is no leadership without followership. The two interdependent and complementary roles cannot exist without each other.

Followership is the symbiotic interchange between a leader and those they seek to influence. However, the word has long carried connotations of subservience, implying that followers are subordinates – a term derived from the Latin word for "lower order". This notion is deeply misguided.

Although the concept of followership is often associated with hierarchy, in organisations, the reality is that important things are accomplished through meaningful discussions between groups of people, horizontally. And while it is true that individuals "hold" symbolic positions of authority, for organisations to flourish, the distance between authority figures and those executing important work needs to be greatly reduced.

Indeed, in the best social systems and organisations, where difficult, adaptive work really gets done, leadership is not a fixed or rigid position but rather a fluid and distributed set of activities. This blurring of roles allows for the most suitable individuals or groups to take on leadership responsibilities, especially when they are better equipped to deliver.

The importance of playing out of position

The world of business is becoming increasingly complex, driven by geopolitical pressures, technological advances and a generation of knowledge workers with looser ties to organisations. The speed at which decisions are required, and the need to work with incomplete information, piles on more pressure. Leaders and followers are therefore required to collaborate ever more closely to solve these challenges.

The mere fact that we are talking about leaders and followers implies a duality. But in truth, there is none. We have moved to a paradigm where these positions are interchangeable. Leadership and followership are fluid, and those roles should be allocated according to the situation and demands.

Whatever is written on your business card neither defines who you are, nor how you act, or when you lead. Leadership is a team sport and all of us are called upon to do it at different times irrespective of our formal roles.

Take, for example, the case of Margot, a partner at a communications consulting firm overseeing the fossil fuels practice. On an almost daily basis, she meets with industry leaders who are often under fire as the world accelerates towards net zero. She has four junior partners and three directors "under" her, who are tasked to research the sector, attend conferences, develop intellectual property, make pitch presentations and communicate with the media.

Although Margot bears responsibility for the practice, everyone on the team holds a significant role in the delivery. Weekly team meetings are free-form, informal and unchaired. These sessions have minimal structure, and all are invited to contribute. While each person "plays" in their position, Margot sees herself more as a team captain. The playing field is level, and she describes the meetings as a "democracy of ideas" sourced from those with the clearest insights at any given moment. There are no barriers preventing any team members from temporarily "playing out of position", such as visiting a client.

While other teams within the firm have more traditional and hierarchical structures, Margot's team is idiosyncratic, yet is the highest performing. This success can be attributed to the presence of strong yet humble egos. Margot has moved along the leadership developmental spectrum to a point where she finds this style of leadership non-threatening. Moreover, her "followers" feel no hesitation in assuming leadership, given the space that is afforded to them. This in turn nurtures their own growth and development.

Helping followers become leaders

Like Margot, leaders should give their direct reports the opportunity to express themselves, experiment, innovate and feel that they will be supported should things go wrong. It is vital to build psychological safety so that team members feel confident to speak up.

At the same time, team members need to explore avenues to express their thoughts and ideas. They need full support to take risks, build confidence and develop their leadership potential. However, many feel blocked from doing so. Early life experiences and ingrained expectations of authority can foster a high degree of dependency on leaders for instruction and guidance.

Harvard developmental psychologist Robert Kegan explains this phenomenon through "orders of consciousness". According to his model, around 58 percent of the population resides in the third order, the socialised order, where they are dependent on and seeking or bound to authority. This mindset tends to stifle their voices and drain their energy. They may become aware of the dichotomy between what they believe is right and what they are instructed to do.

Moreover, this construct hampers true innovation and experimentation, often negatively impacting results. These individuals need to find and use their voice and be courageous in the face of authority. In Kegan's words, they must move to the fourth order – the self-authoring mind – and metaphorically pick up the pen to become the author of their own destiny.

This means listening to the inner voice of integrity, self-dependency and "groundedness". This is not an easy task and requires an uncomfortable interchange between leader and follower. It can involve asking for forgiveness rather than permission.

The three C's of stepping into leadership

As John Quincy Adams, the sixth President of the United States, said: "If your actions inspire others to dream more, learn more, do more and become more, you are a leader". It is entirely within a follower's capacity to inspire new thinking, motivate groups to action, coach and develop others and be a source of intellectual stimulation.

Anyone exercising these behaviours will be seen as a leader, irrespective of their hierarchical position. Followers therefore need to act their way into leadership positions, not wait to be appointed. They need to find ways to include themselves, not wait to be included.

1. **Courage:** Gently challenge leaders when you disagree rather than keeping quiet. This does not need to be done publicly; an email or casual conversation over coffee will suffice. Biting your tongue makes you part of the problem and creates internal dissonance, as you are not being true to yourself.

2. **Context:** Suggest ways for the team to do things differently. Try to change the context of how and where team meetings take place. Demote the boardroom table and see if simply sitting in a circle without a physical barrier changes the energy and engagement. One top team that I have interacted extensively with does this religiously. The team is productive, connected and harmonious.

3. **Communication:** Learn the art of skilled communication: challenge with care, solicit other views and use the expression "I am wondering if…" as a preface rather than "I think…". It is a neat way to introduce an idea without triggering the immediate response of "Well, I think (the opposite)".

Every individual should heed this lesson: Never delay taking the lead or resigning yourself to a subordinate role. Engage your system with every fibre, be intentional about what you want to learn and achieve. Stay true to your integrity and speak up when your inner voice demands it. Time is more fleeting than you dare to imagine.

The Overlooked Causes of Air Pollution

Short bursts of air pollution, often caused by indoor cooking, are being neglected by existing regulations, according to research by Wharton's Susanna Berkouwer.

SUSANNA BERKOUWER

Assistant Professor of Business Economics and Public Policy

AIR POLLUTION, IDENTIFIED by the World Health Organization as the foremost environmental threat to human health, claims between 7 and 9 million lives annually, representing 10%–15% of global deaths. In response to this critical issue, Wharton professor of business economics and public policy Susanna Berkouwer has studied the nuanced causes of air pollution, focusing on the crucial distinctions between short-term exposure peaks and continuous sustained exposure.

"High levels of air pollution significantly decrease life expectancy, but existing regulations primarily focus on the annual or daily averages of pollution, overlooking short-term fluctuations that many people experience. Short bursts of pollution are often caused by indoor cooking," said Berkouwer.

Their paper, co-authored with the University of Chicago's Joshua Dean, argues that shedding light on these nuances is crucial for creating effective environmental regulations to address this global health crisis. Should policies focus on how everyday individuals can reduce peak pollution, or should they address broader, ambient air quality concerns?

Short- and Long-term Air Pollution Impact Your Health Differently

The researchers conducted a field study in Nairobi, Kenya, examining the impact of improved cookstove adoption on pollution and health. Through randomized subsidies and credit access, they generated random variation in the adoption of improved cookstoves and followed up with participants 3.5 years later, employing high-frequency monitoring techniques and detailed health measurements.

To measure air pollution, each participant in the study wore a backpack with devices that recorded tiny particles and carbon monoxide in the air every minute for 48 hours. The study found that the improved stove greatly reduced peak cooking emissions by 42%, significantly improving air quality during cooking. There was also a substantial decrease in average exposure to pollution during cooking in the treatment group using improved stoves compared to the control group (50 micrograms per cubic meter vs. 33 micrograms).

However, the overall impact on daily pollution exposure was much less pronounced, due to the limited time people spent cooking each day (approximately 9% of the time). "Improved cookstoves have a huge impact in that short window of cooking – but not on the 24-hour average," Berkouwer said.

When it comes to health impacts, the improved stove led to a statistically significant decrease (0.24 standard deviation) in self-reported respiratory symptoms, including sore throat, headache, cough, and runny nose. These improvements were not consistently reflected in more clinical health measurements like blood pressure and oxygen levels.

"We find that addressing the short-term peaks really helps resolve the kind of symptoms you'd get if you spend time around a campfire. But we don't see any impact on longer-term medical diagnoses like pneumonia," said Berkouwer.

Climate Policy Needs to Address Diverse Causes of Air Pollution

The results have important policy implications, as they underscore the need for nuanced measures to address the diverse causes of air pollution. While individual efforts, such as using improved stoves, may offer modest health benefits in the short term, the research suggests that government regulations targeting broader environmental factors could yield more substantial and enduring health improvements. "You might need government intervention to address the ambient pollution — it could be regulating emissions from cars or coal-fired power plants," Berkouwer said.

Given that billions of people living in cities, especially in poorer countries, face daily exposure to high pollution levels, the study's implications are global. More than 90% of pollution-related deaths occur in low- and middle-income countries, affecting around 4 billion people who lack access to improved cookstoves, resulting in sporadic bursts of high pollution.

Additionally, the study is relevant to international development and climate policy, in terms of the impact of subsidies on improved cookstove usage. Offering subsidies between $30–$40 resulted in a 72 percentage point-higher ownership rate after 3.5 years. Combining that with the findings on reduced emissions, the study estimates that providing improved stoves for free would cost around $4.90 for every ton of carbon dioxide reduced — considerably lower than many other available methods.

People using these improved stoves in urban areas also continue to save money on charcoal, about $86 per year, suggesting that investing in initiatives like improved cookstoves can be an effective and economical strategy for wealthier countries and international organizations to contribute to carbon reduction efforts. "There's huge financial benefits to be had," said Berkouwer. "Providing improved stoves for free would be a considerably cheaper way to reduce carbon emissions than almost any other technology available today."

TECHNOLOGY

How Leadership Is Defined Differently for Women | Rebecca Schaumberg

Professor Rebecca Schaumberg explains how certain traits, like being self-reliant, can be perceived differently depending on your gender.

REBECCA SCHAUMBERG

Assistant Professor of Operations, Information and Decisions

WHARTON'S REBECCA SCHAUMBERG shares her research on how gender bias can manifest through descriptors such as "self-reliant," which has a different meaning for men vs. women. This episode is part of a series on "Women & Leadership."

What Does Self-reliance Mean in the Workplace?

Dan Loney: How does self-reliance factor into potential career success for a woman? Rebecca Schaumberg is an assistant professor of operations, information, and decisions here at the Wharton School. She has taken a deeper dive into this area over the years, and she joins us here in our studio. Rebecca, what's the importance of self-reliance in general?

Rebecca Schaumberg: Self-reliance is obviously a trait that within the U.S. we talk about a lot. It is a cultural value that especially, for someone like me who has grown up in the Pacific Northwest, kind of the frontier states, it's part of our ethos and our culture. But it is a trait which tends to be associated stereotypically more with men than women.

I think because of that, our understanding of what this trait means and what it conveys — particularly as it is associated with women — is not well understood. And self-reliance is pretty different from how it is often thought about in terms of its association with men.

Loney: Part of the research you did a few years ago looked at how self-reliance in women is perceived in the office setting, and the potential impact.

Schaumberg: Self-reliance conveys this inability to ask for help, this resistance to others. I'm from Oregon. It's kind of like the man in the woods who doesn't want to talk to anybody else. But that just did not align with the examples and historical examples in my own life of women who I thought of as being highly self-reliant. Where, in fact, it wasn't at all a resistance to community, but it was a capacity or an agency.

What inspired this work for me was actually my great-great-grandmother who immigrated to the U.S. from Ireland. She had 11 children, and on her way, her husband dies. She ends up in Nebraska and makes it work through the use of community. I'm like, "That is a self-reliant woman." Female homesteaders in the early 1900s. Those are self-reliant women, and that's just not captured well in our association when we think of men. It's sort of self-reliance and an inability to ask for help.

That's not how I thought about self-reliance for myself. It's not how I thought about self-reliance for the other women in my life. Indeed, it's not how other people appear to perceive self-reliance when it's communicated or associated with women, which is just fundamentally different and means something very different than when it is communicated by a man.

Loney: In terms of the workplace, there are probably historical patterns of how self-reliance is thought of, how it's associated with men probably different than with women.

Schaumberg: I think we just haven't even thought of what self-reliance means, or how the definition changes when it's associated with women. Indeed, I think historically the workplace has been so male-dominated that our understanding of these traits has often been associated with masculine qualities. Or we only see them through that lens of being attached to male employees, as opposed to when often they're associated and attached to female employees. They just may mean something fundamentally different.

The Same Trait Can Imply Different Meanings for Men vs. Women

Loney: Tell us a little bit about the research and what you found.

Schaumberg: What I did and what I was interested in is, pretty simply, if you describe a man as self-reliant, and you describe a woman as self-reliant, do those communicate dissimilar or different things? You hold everything constant, which can be challenging, particular when you're studying something like gender. You take different individuals or different types of leaders or you describe different people, and you hold everything constant except is it a man or a woman, and do you describe them as self-reliant, or another trait like "dominant," or just something neutral?

When you describe a man as highly self-reliant, it communicates more of this inability to connect with others, a lower what we call "communality," which is connection with other people. And that's just not the case for women, where in many ways this self-reliance is orthogonal or independent of any association of communality.

You describe a man as highly self-reliant, and people infer that he's not going to be very social, he's not going to be very warm, he's going to be resistant to working with others. They just don't make that same inference when you describe a woman as self-reliant.

Loney: Right, and when you're talking about the business setting, it seems like the focus right now on community and groups and working together is even greater than we've seen.

Schaumberg: Yes, and I think what's interesting about that is if you view self-reliance from this masculine angle, or as it's associated with men, you would think that it would be in opposition to a team-oriented environment. But when you take, as I say, this more feminine perspective on self-reliance, it is actually quite aligned with that environment — or at least not in opposition to it.

Loney: Is it surprising that there is that separation of what the perception is for men and women?

Schaumberg: On the one hand, yes. I think with traits like self-reliance, dominance, or even caring or compassion, we associate these traits with different genders. We associate caring and compassion stereotypically more with women, so when we hear those traits, we often have an image of a woman and all the stereotypes that go along with that. But what happens when we put that trait in association with a man? We assume it means the same thing, but that's an assumption.

I think what this work shows, which I think is a promising other area of inquiry, is that these same traits mean something different when they're associated with different genders. We can't assume that the meaning of the word or the trait stays the same.

Loney: There is probably a significant business impact component here that needs to be investigated so that you can truly have a better understanding of how your operation works, the ways to reach the levels of success that you want for all employees across the scope.

Schaumberg: What you realize is that if you start to think about the traits and qualities that you would look for in a leader, in a manager, someone to lead a team, a project leader, we have to understand what these qualities mean when they're associated with different genders or different types of groups of people. If we're saying, "I don't think I would want somebody who is self-reliant," because that seems in opposition to being team-oriented or being a leader, that's just not the case if you take in this other perspective associated with women.

Loney: You're not necessarily viewed as a team player if you're self-reliant because you're able to take care of things on your own, and you don't really feel like you need to incorporate other people into the mix.

Schaumberg: Yes, I think that is the dominant perception of what this trait is. Again, because the dominant perception comes from an association of this trait with men in general, we don't realize that trait can mean something different when we associate it with women. I do think that that is surprising, but it is less surprising when I start to think about the association with other things.

There's a term in cultural psychology called horizontal individualism, which is a mouthful but basically means that there are views of the self that you're an independent person, but you're not better or worse than any other person. In my own work, that seems to be more about what self-reliance is conveying for women than it is for men.

Recognizing the Nuances of Words Can Improve Equity in the Workplace

Loney: By understanding this, you're maybe taking away some of those historical beliefs that will make the overall operation or the overall mindset around employees and workers in the company better in the future.

Schaumberg: That's what I would hope. What's also interesting to me with any research related to gender is we often talk about it through the lens of one gender. So I'm talking about self-reliance as it relates to women, but I think this work also sheds light on some of the pressures that we've talked about, self-reliance as it relates to men. For men, that stereotype seems to suggest potentially more of this, "To uphold this value of self-reliance, I'm not supposed to seek help. I'm not supposed to work with other people." The hope would be: Could we change the view of what it means to have the capacity to be self-reliant such that it's not in opposition to being able to work well with others?

Loney: Even though you did this research a few years ago, with all that we've gone through in the last four years with the pandemic and remote work, there's probably more importance to having that understanding.

Schaumberg: I think you're right. I think there was kind of an induction of — many of us didn't want to be going to Walden and Thoreau and being by ourselves during all of that time. And I think it's changing. Some of the benefits of what we found during that time is being able to be more in control and being more agentic over our own work lives as individuals, while also still integrating ourselves within an organization.

I think in many ways the pandemic revealed some of that tension between our own individual agency and needing to integrate with an organization. In some ways, my own work is just showing that tension with self-reliance, where it is both this capacity to be by oneself and to take care of oneself, but that it does not necessitate not being able to work well with others.

Loney: Where do you want to take this next?

Schaumberg: What this revealed to me is often these traits change their meaning and what they convey based on who is possessing that trait. Describing myself as self-reliant could be different from describing my brother as self-reliant. My guess is that there are other traits like that, where we think they might mean the same thing, when we describe, for instance, a man as dominant or a woman as dominant. Or if we describe a woman as caring or a man as caring. But once we associate those qualities with a particular gender, the very meaning of the word could shift.

I think it's important to flesh that out when we're talking about who we are seeking as an employee. What are the qualities that we want in a leader? We have to know what we truly mean, rather than just using the word. If I say, "I'm looking for a self-reliant person," or "I'm looking for a dominant person," or "I'm looking for a caring person," I am assuming that that means the same thing to you as it does to me. But then if I dig deeper and say, "Well, what do you mean? What does that look like to you? Can you describe what that person is like? Then I think we have to actually describe what the person is like because we realize that sometimes using these shorthands or descriptors, we might not be communicating what we intend to communicate.

Loney: What has the research meant for you personally?

Schaumberg: I think about sometimes the challenge. I think about this in academic research, but also as it aligns with what organizations are interested in. Organizations are deeply interested in issues related to diversity and having rigorous empirical evidence one way or the other about how we study issues of diversity in the workplace. I think in some ways what this work has revealed to me is just how challenging that can be. We're trying to say, "Oh, do people judge dominant women differently than dominant men?" And that very well might be the case. But if what we mean by dominance changes when we're describing a woman and a man, then it becomes incredibly hard to study these very things that we care about.

Loney: Yes, I think it's also fun for you to express the connection that it had for you personally with your great-great-grandmother.

Schaumberg: I think that's where a lot of research comes from. Sometimes the research that motivates us the most as academics, where when you look into the world, and you realize your own experience is not necessarily aligning with the things that you're reading, or the things that people are saying. And then that deep exploration into why is it that your experience might be different from what you're reading or what standard beliefs suggest.

Quoted Insurers

Security	P/close	Open	High	Low	Close	%Change	Volume	Value
AIICO	1	1	1.08	1	1.06	6	4,266,703	4,409,613.93
CORNERST	2.1	2.1	2.1	2.1	2.1	0	260,342	545,262.18
LASACO	2.16	2.16	-	-	2.16	0	215,379	457,731.44
MANSARD	5.72	5.72	5.72	5.7	5.7	-0.35	1,606,947	9,179,645.41
MBENEFIT	0.6	0.6	0.6	0.58	0.6	0	1,009,759	602,867.56t
NEM	8.8	8.8	9.65	8.95	9.65	9.66	3,008,510	27,400,191.45

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

Why insurance companies should consider automating underwriting processes

Cynthia Ezekwe

IN RECENT YEARS, THE insurance industry has been going through a digital transformation, and at the centre of this transformation is the automation of underwriting. With the advent of artificial intelligence and machine learning, insurers are using advanced analytics and algorithms to automate the underwriting process, which was previously a very manual, labour-intensive process.

By automating the underwriting process, insurers are now able to assess risks and make decisions more quickly and accurately. The use of advanced analytics and algorithms allows for a deeper understanding of risk factors and risk profiles, leading to better decisions on the part of insurers.

The move towards automated underwriting is not only changing the insurance industry, but it is also redefining the way we think about risk and how we manage it. Automated underwriting systems use predictive analytics and machine learning algorithms to assess risk in real time, allowing for a more nuanced understanding of an individual's or organisation's risk profile. This can lead to more accurate pricing of insurance policies, as well as the identification of potential risks before they occur.

Dwelling on this, Earnix, a global provider of intelligent insurance and banking operations, outlined the six biggest benefits of using automated underwriting systems in the insurance industry.

The key benefits of an automated underwriting system, as highlighted by the insurance solutions platform include:

Integrated workflows

Automated underwriting is that it allows for a more harmonised approach to pricing and rating. By analysing a large amount of data and using sophisticated algorithms, the system can help to ensure that pricing and rating are consistent and accurate. This can help to avoid costly mistakes and to maximise profitability.

L-R: Jide Sipe, head, marketing and corporate communications, Ecobank Nigeria Limited; Tola Akerele, founder, Soto Gallery and curator, +234 Art Fair; Austen Osokpor, head, corporate communications, Ecobank Nigeria; and Maeva Sabot, public relations manager, +234 Art Fair, at the media briefing to announce the +234 Art Fair sponsored by Ecobank, Africa Finance Corporation and Soto Gallery held at Ecobank Pan African Centre, Victoria Island, Lagos.

Easier management

By bringing all underwriting rules and logic into a single platform, automated underwriting systems can significantly reduce the workload on IT departments. Instead of having to manage and maintain multiple systems, IT staff can focus their efforts on other tasks. This can lead to a more streamlined and efficient IT infrastructure, with reduced costs and greater flexibility.

Advanced technology

The ability of artificial intelligence (AI) and machine learning (ML) algorithms to analyse large amounts of data and discover patterns that were previously hidden is a game-changer for the insurance industry. These technologies can help to improve the assessment of risk by identifying patterns in customer behaviour and market dynamics. This allows insurers to make more informed decisions about pricing, underwriting, and product development.

Greater visibility into potential outcomes

Automated underwriting systems streamline the decision-making process, allowing for rapid, well-informed conclusions with minimal effort. Technologies like Underwrite-It offer a real-time, comprehensive view of risk profiles, significantly enhancing the accuracy of risk prediction. This immediate access to detailed risk information enables underwriters to evaluate scenarios with unparalleled precision.

Increased revenue

Adopting a more analytical approach to underwriting can significantly improve decision-making processes, driving higher revenues and increased profitability. By leveraging detailed analytics, insurers gain insights into how different decisions influence key performance indicators (KPIs) and metrics, such as conversion rates, profitability margins, and customer retention.

Greater efficiency

Automating underwriting empowers business users to independently make, test, and implement changes not only boosts efficiency but also introduces a level of agility and productivity previously unattainable. This transformative approach ensures businesses are well-equipped to capture new opportunities swiftly, securing a significant competitive advantage in the fast-paced market.

How insurers keep promises as customer behaviours change

INSIDE INSURANCE

EKERETE OLAWOYE GAM-IKON, MNIM, CPP

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MANY OF US HAVE continued to wonder how insurance companies succeed at what they do with so little that we pay, as premium, for such large risks that they cover!

To provide coverage against accident, death, fire, theft and third party liabilities on a vehicle worth N10 million or N100 million for a Comprehensive Insurance Premium of N500,000 or N5m a year, respectively, sounds incomprehensible and unbelievable to those who are yet to understand the workings of insurance.

Sometimes, for such highly valued vehicles, the N500,000 or N5 million paid as Premium may not be sufficient to fix the damaged fender or rear lights of such vehicles, not to talk about a full accident where lives are lost.

Prior to the tech era, insurers that were determined to keep their promises to us, would consider MORAL HAZARD seriously, so the character of the person or organisation taking insurance was probably the biggest consideration! Based on all the information provided by the prospective customers (policyholders), the insurers would seek to verify and validate them. Where insurance brokers were involved, the insurers would require them to vouch for the character of the customers. Subsequently, when any of the risks - accidents, deaths, fire, theft and third party liabilities crystallised and claims were reported, the insurers responded with confidence that there were no misgivings or hanky-panky. Then, whether due to changes in government policies or changes in customers' behaviours "from abroad", the insurers noticed changes in the information provided by prospective customers.

Falsification of information by customers meant the insurers needed persons that could decode and validate such information.

Like other sectors, the insurance sector had to address the challenges of fake information and fraudulent trends by employing people who could identify the wrongs. This era forced the introduction of technology across the value chain. The insurance industry needed the capabilities that it could not afford at the time and was burdened by characters that it needed to do away with. The insurers desirous of continuing to keep their promises to us quickly started investing in technology, first in their people learning about it and later, in acquiring the equipment.

Today, with digital technology, the insurers are relying on innovative solutions that practically screen persons and organisations, their behaviours and preferences, so keeping promises are also predictive.

Even without having the information and data of persons and organisations, you can use their behaviours and preferences, with the assistance of Artificial Intelligence to create products that meet their needs.

It gets more interesting to see how insurance can work for us, as the insurers that desire to continue keeping their promises do just that!

Let's keep looking out for them. Your next click may be an insurer that makes insurance work.

I remain...
Assuredly Yours,

ANALYST INSIGHT

CHUKWUMA ONONIWU

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Cardinal principles of professional practice and marine insurance

PENULTIMATE WEEK I wrote on the topic, "Proactively mitigating marine insurance claims challenges", with particular reference to marine cargo insurance. Last week, still on the subject of mitigating marine insurance claims challenges, my focus was on marine hull machinery insurances. This week, I want to examine the application of the cardinal principles of the professional practice of insurance in marine insurance.

Please note that marine insurance, aviation insurance, bonds insurance and goods in transit insurance, because of their peculiarities, are classified as special risks insurance. The cardinal principles of insurance are: insurable interest, utmost good faith, proximate cause, contribution, indemnity and subrogation.

Insurable interest: An insurable interest must exist ab initio. There must be a physical object, exposed to maritime perils. The insured must have a financial relationship and a legal relationship to the physical object which is the subject matter of the contract of insurance. For instance, the ownership of a vessel, in consequence of which the insured benefits, by its preservation and is prejudiced by its loss or damage, etc, of which the insured will incur a liability or liabilities or consequential loss or consequential losses.

Whereas in a fire insurance policy and in accident insurance policy, an insurable interest must exist both at the inception of the insurance contract and at the time of loss or damage, etc, the insurable interest in a marine insurance contract, must exist at the time of loss, damage, etc, despite the fact that an insurable interest, may not have existed at the time when the insurance contract, was effected. This is essential, taking into cognizance the mercantile practice, under which there is every possibility of sale and purchase of the vessel, during the course of voyage. Same applies for sale and purchase of the goods, during the course of voyage.

Utmost Good Faith: This is the duty of the proposed insured to disclose truthfully / clearly / appropriately / accurately, all the material facts/ critical facts/fundamental facts/existential facts of the risk(s) to be insured. These are facts that will guide a risk underwriter in accepting the risk(s) and at what premium rate. Also, in deciding the clauses/terms/conditions to be included in the marine insurance policy.

The breaches of the duty of utmost good faith are inclusive but not limited to: Non disclosure; concealment of material facts; fraudulent misrepresentation, etc. The gravity of the breach of the duty of utmost good faith will determine whether the marine insurance policy will be void in the event of a claim. On the other hand, the insurance firm has a duty of utmost good faith, by ensuring that it has the reinsurance treaty capacity to underwrite the risk(s).

Proximate cause: The proximate cause of a claim is the active and the efficient cause that sets in motion a train of events, which brings

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VETIVA CAPITAL MANAGEMENT LIMITED

MARKET COMMENTARY FOR THE WEEK ENDED 22ND MARCH, 2024

Focus of the week: February 2024 Inflation - Inflation nudges to 31.7%, a new 27-year high

HEADLINE INFLATION ROSE by +180bps to 31.70% y/y in February (January: 29.90% y/y). This outturn is a 40bps print above Bloomberg consensus' estimate of 31.30% y/y (Vetiva: 31.12% y/y). We attribute the surge to sustained security challenges in food producing states. On a monthly basis, headline inflation rose to 3.12% m/m (Jan'24: 2.64% m/m) driven primarily by the food basket.

Food inflation: Insecurity continues to drive up food prices

Food inflation surged to a new 19-year high of 37.92% y/y (Jan'24: 35.41% y/y) on the back of sustained pressures on the prices of both farm produce (+68.27% y/y) and processed foods (+32.85% y/y). On a monthly basis, food inflation rose by 58bps to 3.79% m/m (Jan'24: 3.21% m/m), indicating underlying pressures on the food basket. This can be linked to the surge in farmgate prices (Feb'24: +7.34% m/m; Jan'24: +4.78% m/m). According to the Famine Early Warning Network System, conflict intensified throughout the dry season as government forces heighten counter-insurgency efforts amid persisting inter-faction fighting. This conflict, coupled with displacements of thousands of individuals, has limited access to floodplains for dry season cultivation activities.

Core inflation: Lower volatility in PMS prices moderate monthly outturn

Core inflation moderated to 2.08% m/m in February (January: 2.13% m/m). We attribute this to sticky increase in fuel prices. With national PMS prices receding by 0.5% m/m in January, pressure on non-food prices eased m/m. This is despite the sharp volatility in the foreign exchange market, which eventually abated late into the month. On annualized basis, core inflation rose by 123bps to 24.67% y/y in February (Jan'24: 23.44% y/y).

Outlook: Festivities could spice up inflation in March

In March 2024, we see reduced exchange rate volatility and lower energy price increases as tailwinds for inflation. However, insecurity could continually pose a headwind to inflation from the supply side, while Ramadan activities could serve as a demand shock to food prices. Thus, we see inflation rising further to 32.62% y/y in March. With the disruption to dry season cultivation activities and the surprise acceleration in the month of March, we raise our average inflation estimate to 34.8% y/y in 2024 (2023: 24.50% y/y).

Monetary outlook: Price surge could call for additional rate hikes

On March the 20 – 21st, the Cardoso-led MPC will hold its second meeting of the year. After delivering a jumbo 400bps rate hike in February, we expect the Committee to retain its hawkish renditions as inflation surges beyond 30%. Already, short-term yields have risen above 20% in recent primary market auctions. This combined with other policies has made volatility in the foreign exchange market to recede. Nevertheless, due to the lag in monetary policy transmission, these rate actions may not impact inflation just yet. Thus, we do not rule out further rate hikes, especially as the Bank pivots to inflation targeting. Inflation targeting implies the Central Bank is bent on moderating inflation towards its desired target of 21.4% despite the fluctuations in output growth that could ensue from high and rising interest rates

What shaped the past week?

Equities: Profit taking in bellwether stocks such as MTNN (-12.25% w/w), NASCON (-7.81% w/w), NB (-6.04% w/w), DANGSUGAR (-3.67% w/w) and NESTLE (-0.11% w/w) dragged the local market south to close at -0.42% w/w. However, gains in UBA (+11.11% w/w) and FBNH (+4.46% w/w) lifted the banking index by 4.19% w/w. Similarly, price appreciation in BUACEMENT (+1.56% w/w), and OANDO (+6.52% w/w) lifted the Industrial goods (+0.57% w/w) and Oil & Gas (+0.30% w/w) indices respectively.

Fixed Income: System liquidity improved this week, hence, funding pressure eased, as the OPR compressed by 360bps to close at 26.22%. Similarly, in the NTBs space, bullish sentiments dominated as the yield on the 91-, 182-, and 364-days bills compressed 3bps, 10bps, and 14bps, WoW, respectively. Meanwhile, in the bond space, sell-side activity dominated as investors sold down on their bond holdings in anticipation of another rate hike in next week's MPC meeting.

Currency: At the NAFEM, the Naira appreciated by N234 w/w to close the week at N1,431.49 per dollar.

Domestic Economy:

On March the 25 – 26th, the Cardoso-led MPC will hold its second meeting of the year. After delivering a jumbo 400bps rate hike in February, we expect the Committee to raise its benchmark rate by 200bps to 24.75%, especially as inflation surges beyond 30%. Already, short-term yields have risen above 20% in recent primary market auctions. Following the release of the statements by the members of the MPC, we understand that tightening could persist until inflation begins to decelerate. Although the Deputy Governor of the CBN expects inflation to moderate from May 2024, we expect the Committee to remain hawkish in March.

Global: This week saw a continuation of the cautious mood in global markets, with inflation data taking center stage, hence, US stocks ended the week lower after hotter-than-expected inflation data caused a stir. The surprise inflation numbers led investors to reassess their expectations for the Federal Reserve's monetary policy. The hope for interest rate cuts this year may be tempered as the Fed focuses on combating inflation.

In Asia, China's stock markets took a tumble as hotter-than-expected inflation data stoked investor anxieties. The Shanghai Composite Index and the CSI 300, which tracks leading A-shares listed in Shanghai and Shenzhen, both ended the week significantly lower. In a landmark move, the Bank of Japan (BOJ) ended its era of negative interest rates on March 19th, 2024. This decision, the first rate hike in over 17 years, sent ripples through the Japanese economy and financial markets as the NIKKEI rose by 5.6% WoW.

In Europe, stocks managed to notch up gains for the eighth consecutive week, with several markets reaching record highs. This bullish sentiment was likely fueled by dovish signals from central banks, particularly the European Central Bank (ECB).

What will shape markets in the coming week?

Equity market: The market posted rebounds after three straight sessions of declines at the start of the week. Meanwhile, demand in the banking sector was not sufficient in cancelling out losses recorded in other sectors, as the ASI recorded a WTD loss of 42bps. Given the bullish close in banks this week, we might see profit taking action at the start of the week, while market trades tepid in anticipation of the second MPC meeting of the year.

Fixed Income: Looking ahead, we expect the decision of the CBN MPC meeting expected to hold on the first two working days of next week, to determine the direction of the market.

Indicators	WK CLS	WK OPEN	WTD (%)	YTD (%)
EQUITIES				
NGX 30	3,887.08	3,907.47	(0.52)	39.31
NGX All-Share Index	104,647.37	105,085.25	(0.42)	39.95
Market Cap (NGN bn)	59,168.00	59,416.33	(0.42)	44.59
FEDERAL GOVERNMENT SECURITIES (%)				
91-Day T-Bill	16.82	17.27	(0.03)	13.91
182-Day T-Bill	18.41	20.38	(0.10)	12.98
364-Day T-Bill	21.31	24.78	(0.14)	11.10
2-Year FGN Bonds	19.62	17.51	0.12	7.47
3-Year FGN Bonds	18.50	17.64	0.05	6.35
5-Year FGN Bonds	19.93	18.00	0.11	6.63
7-Year FGN Bonds	19.89	18.71	0.06	6.09
10-Year FGN Bonds	19.04	19.00	0.00	4.53
20-Year FGN Bonds	18.68	18.69	(0.00)	4.48
INTERBANK MARKET RATES (%)				
NIBOR OPR	26.22	29.82	(3.60)	11.16
NGN EXCHANGE RATES (₦)				
USD/NGN	1362.50	1594.92	14.57	(55.71)
GBP/NGN	1716.41	2050.42	16.29	(50.25)
EUR/NGN	1472.50	1745.22	15.63	(48.54)
CNY/NGN	188.47	221.96	15.09	(48.80)
ZAR/NGN	71.62	85.26	16.00	(46.01)
USD/NGN FORWARDS				
1M	1460.81	1600.35	8.72	(49.78)
3M	1500.26	1664.04	9.84	(50.89)
6M	1562.99	1723.11	9.29	(52.87)
1Y	1705.82	1841.52	7.37	(56.92)

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

SECTOR	INDEX VALUE	WoW Δ	YTD Δ
BANKING	1,010.18	4.19%	12.59%
CONSUMER GOODS	1,626.50	-0.37%	45.06%
INDUSTRIAL GOODS	4,830.87	0.57%	78.11%
OIL & GAS	1,294.38	0.30%	24.09%
VETIVA 30 ETF	38.80	0.00%	43.70%
INSURANCE	393.40	8.92%	22.30%

Weekly Top 5 Gainers

Stock	Closing Price (₦)	% Change
JULI	7.86	46.10%
NEM	9.65	45.11%
INTENEGINS	1.50	22.95%
JAIZBANK	2.42	20.40%
THOMASWY	2.18	19.78%

Weekly Top 5 Losers

Stock	Closing Price (₦)	% Change
JBERGER	60.15	-17.15%
DAARCOMM	0.67	-14.10%
UPDCREIT	4.80	-12.73%
DEAPCAP	0.63	-12.50%
MTNN	235.00	-12.25%

Source: Vetiva Research

Cardinal principles...

Continued from page 19

about a result, without the intervention of any force started and working actively from a new and independent source. Thus, an insurance firm is liable if an insured peril, for instance, fire, is the proximate cause of the loss or damage, etc, after ascertaining that the proximate cause of the fire in the first instance, was not arson. If an insured peril is only the remote cause of the loss or damage, etc, the proximate cause being an uninsured or excepted peril, the insurance firm is not liable.

Contribution: This a method of distributing equitably among insurers, the burden of claim, for which each insurer shares responsibility. The principle of contribution is premised on the critical fact that if a loss or damage, etc, occurs, and the insured has taken more than one policy of insurance, the claim payment liability, will be covered by the insurance policies issued by the different insurance firms, based on the proportion of the insurance coverage which the insurance policies provide.

Indemnity: The key objective of indemnity is to restore the insured in its pre-loss position. Thus, the insured is not expected and is not entitled to make profit from a claim and consequent claim payment. The indemnity here is the payment of a sum of money agreed, ab initio, (the sum insured or the value of the insurance), that will provide an adequate compensation to the insured.

In professional insurance practice, the sum insured or the value of the insurance is arrived at by the insured, the insurance broker and the insurance firm, agreeing, taking into cognisance, for instance, in the case of marine cargo insurance, the C.I.F., the value of the goods, to which it is the practice to add an agreed 10 percent, which will take care of the general overhead costs and a margin of profit on the transaction.

Subrogation: Subrogation is the corollary of indemnity. The chief purpose is to ensure that the insured is not overindemnified for the risk(s) insured, for the same loss, for the same damage, etc. In marine insurance, subrogation applies only after the payment of a claim, as the insurer is entitled to recover only the amount, which has been paid; in respect of rights and remedies.

Thus, as it is in the application of the principle of indemnity, wherein the insured is not entitled to make a profit from the claim payment, equally, in the application of the principle of subrogation, the insurance firm is not entitled to make a profit from the claim payment.

Loss minimisation is equally very very key. The insured's vessel crew need to ensure that the loss is minimised to the best of their ability. For instance, instead of the vessel capsizing or grounding, the goods on board, if thrown into the ocean (jettison of the goods), will save the vessel, the needful, should be done. Same applies for a marine insurance policy, which has been extended to cover inland goods in transit. In the event of a somersault of the conveying truck, the remaining goods which are not lost or damaged, should be salvaged by the truck crew.

Summary: The right application of the cardinal principles of insurance goes the needed very long way to eliminate or to reduce to the barest minimum, the litigations that arise as a result of the failure to rightly apply the cardinal principles of insurance.

Share Price List as @ Friday 22 March, 2024: The Nigerian Stock Exchange

Company	Previous Close	Open	High	Low	Close	Change	% Change	Volume	Value (N)
ABBEYBDS	2.44	2.44	2.20	2.20	2.20	-0.24	-9.84%	382,339	841,578.89
ABCTRANS	0.78	0.78	-	-	0.78	0.00	0.00%	207,050	170,402.50
ACADEMY	1.74	1.74	-	-	1.74	0.00	0.00%	1,695	2,754.38
ACCESSCORP	23.60	23.60	24.10	23.90	24.00	0.40	1.69%	75,778,055	1,815,922,735.90
AFRIPRUD	7.10	7.10	7.50	7.45	7.45	0.35	4.93%	897,284	6,682,338.10
AIICO	1.00	1.00	1.08	1.00	1.06	0.06	6.00%	4,266,703	4,409,613.93
AIRTELAFRI	2,200.00	2,200.00	-	-	2,200.00	0.00	0.00%	1,069	2,116,620.00
ALEX	7.15	7.15	-	-	7.15	0.00	0.00%	6	39.40
AUSTINLAZ	2.03	2.03	-	-	2.03	0.00	0.00%	201	408.03
BERGER	15.65	15.65	-	-	15.65	0.00	0.00%	87,031	1,316,805.65
BETAGLAS	59.40	59.40	-	-	59.40	0.00	0.00%	50	2,866.55
BUACEMENT	143.20	143.20	-	-	143.20	0.00	0.00%	43,318	5,761,525.85
BUAFOODS	379.90	379.90	-	-	379.90	0.00	0.00%	7,673	2,626,838.00
CADBURY	19.00	19.00	-	-	19.00	0.00	0.00%	77,636	1,441,980.50
CAP	23.50	23.50	-	-	23.50	0.00	0.00%	147,624	3,374,767.80
CAVERTON	1.60	1.60	1.60	1.60	1.60	0.00	0.00%	893,649	1,458,211.54
CHAMPION	3.76	3.76	-	-	3.76	0.00	0.00%	45,537	167,606.65
CHAMS	2.10	2.10	2.25	2.10	2.10	0.00	0.00%	4,063,206	8,965,237.08
CILEASING	3.69	3.69	3.99	3.60	3.99	0.30	8.13%	1,767,088	6,694,236.99
CONOIL	90.90	90.90	-	-	90.90	0.00	0.00%	54,787	4,557,026.20
CORNERST	2.10	2.10	2.10	2.10	2.10	0.00	0.00%	260,342	545,262.18
CUSTODIAN	9.00	9.00	9.00	9.00	9.00	0.00	0.00%	618,750	5,559,716.50
CUTIX	2.80	2.80	2.84	2.80	2.84	0.04	1.43%	906,706	2,544,458.93
CWG	5.50	5.50	5.95	5.50	5.95	0.45	8.18%	961,906	5,484,701.00
DAARCOMM	0.61	0.61	0.67	0.64	0.67	0.06	9.84%	1,361,586	897,768.30
DANGCEM	686.70	686.70	-	-	686.70	0.00	0.00%	6,164	3,809,968.40
DANGSUGAR	59.00	59.00	-	-	59.00	0.00	0.00%	2,631,924	140,811,568.10
DEAPCAP	0.63	0.63	0.63	0.63	0.63	0.00	0.00%	392,300	246,530.04
ELLAHLAKES	3.10	3.10	3.30	3.24	3.30	0.20	6.45%	1,309,531	4,298,006.75
ETERNA	16.50	16.50	16.60	16.50	16.55	0.05	0.30%	1,621,057	26,807,633.15
ETI	26.00	26.00	-	-	26.00	0.00	0.00%	208,595	5,179,174.65
ETRANZACT	6.25	6.25	-	-	6.25	0.00	0.00%	43,503	261,319.90
FBNH	37.80	37.80	41.20	38.00	38.65	0.85	2.25%	75,094,108	2,987,611,160.05
FCMB	8.20	8.20	8.70	8.30	8.50	0.30	3.66%	9,121,809	77,027,126.65
FIDELITYBK	10.00	10.00	10.25	10.00	10.00	0.00	0.00%	37,533,314	377,051,173.05
FIDSON	15.00	15.00	14.70	14.70	14.70	-0.30	-2.00%	746,799	10,917,815.25
FLOURMILL	37.70	37.70	38.00	38.00	38.00	0.30	0.80%	788,034	30,113,709.15
FTNCOCOA	1.76	1.76	1.76	1.75	1.76	0.00	0.00%	1,349,499	2,378,260.51
GEREGU	1,000.00	1,000.00	-	-	1,000.00	0.00	0.00%	4,251	3,825,900.00
GTCO	47.20	47.20	49.50	48.00	48.75	1.55	3.28%	64,124,991	3,115,763,175.50
GUINEAINS	0.39	0.39	-	-	0.39	0.00	0.00%	198,427	77,493.03
GUINNESS	49.50	49.50	49.60	49.60	49.60	0.10	0.20%	839,746	41,141,470.75
HONYFLOUR	3.74	3.74	-	-	3.74	0.00	0.00%	138,129	521,793.52
IKEJAHOTEL	7.20	7.20	6.48	6.48	6.48	-0.72	-10.00%	202,210	1,310,320.80
IMG	13.75	13.75	-	-	13.75	0.00	0.00%	16,900	209,560.00
INFINITY	7.19	7.19	-	-	7.19	0.00	0.00%	20	129.60
INTBREW	5.19	5.19	-	-	5.19	0.00	0.00%	554,645	2,637,099.80
INTENEGINS	1.59	1.59	1.60	1.47	1.50	-0.09	-5.66%	1,085,430	1,652,832.42
JAIZBANK	2.25	2.25	2.46	2.28	2.42	0.17	7.56%	10,345,163	24,893,250.77
JAPAULGOLD	2.14	2.14	2.23	2.14	2.23	0.09	4.21%	5,530,921	12,052,244.40
JBERGER	60.15	60.15	-	-	60.15	0.00	0.00%	116,694	6,945,909.95
LASACO	2.16	2.16	-	-	2.16	0.00	0.00%	215,379	457,731.44
LEARNAFRCA	3.30	3.30	-	-	3.30	0.00	0.00%	25,185	86,704.62
LINKASSURE	0.86	0.86	-	-	0.86	0.00	0.00%	357,698	321,664.75
LIVESTOCK	1.79	1.79	1.79	1.78	1.79	0.00	0.00%	878,900	1,565,981.10
MANSARD	5.72	5.72	5.72	5.70	5.70	-0.02	-0.35%	1,606,947	9,179,645.41
MAYBAKER	5.47	5.47	-	-	5.47	0.00	0.00%	29,233	161,833.36
MBENEFIT	0.60	0.60	0.60	0.58	0.60	0.00	0.00%	1,009,759	602,867.56
MECURE	9.72	9.72	-	-	9.72	0.00	0.00%	48,122	434,514.65
MEYER	5.60	5.60	-	-	5.60	0.00	0.00%	42,618	214,794.72
MRS	135.00	135.00	-	-	135.00	0.00	0.00%	1,393	169,249.50
MTNN	235.00	235.00	235.00	235.00	235.00	0.00	0.00%	1,487,677	348,775,062.20
MULTIVERSE	15.30	15.30	-	-	15.30	0.00	0.00%	3,637	50,081.49
NAHCO	31.35	31.35	33.00	33.00	33.00	1.65	5.26%	595,890	19,126,444.30
NASCON	53.00	53.00	52.55	52.55	52.55	-0.45	-0.85%	1,259,908	64,430,192.90
NB	29.00	29.00	29.00	28.00	28.00	-1.00	-3.45%	21,383,482	609,504,345.95
NEIMETH	1.75	1.75	1.75	1.75	1.75	0.00	0.00%	550,034	963,149.82
NEM	8.80	8.80	9.65	8.95	9.65	0.85	9.66%	3,008,510	27,400,191.45
NESTLE	900.00	900.00	900.00	900.00	900.00	0.00	0.00%	300,319	270,370,150.60
NGXGROUP	23.00	23.00	23.00	23.00	23.00	0.00	0.00%	950,065	21,924,072.00
NNFM	53.65	53.65	-	-	53.65	0.00	0.00%	5,491	265,215.30
NOTORE	62.50	62.50	-	-	62.50	0.00	0.00%	1,255	78,437.50
NPFMCRFBK	1.80	1.80	1.90	1.82	1.90	0.10	5.56%	2,019,760	3,759,035.05
NSLTECH	0.50	0.50	0.55	0.55	0.55	0.05	10.00%	1,231,476	677,226.68
OANDO	11.35	11.35	12.25	11.35	12.25	0.90	7.93%	8,269,324	96,870,084.90
OKOMUOIL	243.00	243.00	-	-	243.00	0.00	0.00%	75,386	18,328,733.00
OMATEK	0.80	0.80	0.80	0.80	0.80	0.00	0.00%	479,292	379,939.50
PRESCO	231.50	231.50	-	-	231.50	0.00	0.00%	69,666	14,594,670.70
PRESTIGE	0.60	0.60	-	-	0.60	0.00	0.00%	134,202	85,498.79
PZ	40.00	40.00	36.00	36.00	36.00	-4.00	-10.00%	283,044	10,189,664.00
REDSTAREX	3.38	3.38	-	-	3.38	0.00	0.00%	10,453	35,540.20
REGALINS	0.39	0.39	-	-	0.39	0.00	0.00%	33,136	13,168.34
ROYALEX	0.74	0.74	0.71	0.71	0.71	-0.03	-4.05%	922,662	666,356.14
RTBRISCOE	0.54	0.54	0.54	0.54	0.54	0.00	0.00%	374,900	200,931.00
SEPLAT	3,370.00	3,370.00	-	-	3,370.00	0.00	0.00%	831	2,520,423.00
SKYAVN	22.95	22.95	-	-	22.95	0.00	0.00%	1,350	27,945.00
SOVRENINS	0.47	0.47	0.44	0.44	0.44	-0.03	-6.38%	1,407,240	621,981.89
STANBIC	58.00	58.00	-	-	58.00	0.00	0.00%	146,270	8,388,227.50
STERLINGNG	5.15	5.15	5.16	5.07	5.12	-0.03	-0.58%	4,530,341	23,181,687.74
SUNUASSUR	1.16	1.16	-	-	1.16	0.00	0.00%	143,915	182,210.75
TANTALIZER	0.34	0.34	0.37	0.33	0.37	0.03	8.82%	1,775,313	618,676.17
THOMASWY	2.18	2.18	-	-	2.18	0.00	0.00%	46,000	108,100.00
TOTAL	346.50	346.50	-	-	346.50	0.00	0.00%	66,433	21,040,500.70
TOURIST	2.56	2.56	-	-	2.56	0.00	0.00%	19,640	49,100.00
TRANSCOHOT	97.90	97.90	-	-	97.90	0.00	0.00%	5,801	532,672.64
TRANSCORP	14.90	14.90	15.80	15.00	15.45	0.55	3.69%	15,705,365	241,032,876.00
TRANSPOWER	383.00	383.00	-	-	383.00	0.00	0.00%	660,117	249,987,253.00
TRIPPLEG	4.13	4.13	-	-	4.13	0.00	0.00%	10,020	37,276.00
UACN	12.85	12.85	13.75	13.00	13.75	0.90	7.00%	1,602,050	21,279,242.70
UBA	27.00	27.00	28.00	27.00	27.00	0.00	0.00%	33,392,778	922,843,249.60
UCAP	24.00	24.00	24.10	23.95	24.10	0.10	0.42%	10,101,400	242,754,185.20
UNILEVER	15.60	15.60	16.75	16.75	16.75	1.15	7.37%	378,024	6,213,006.00
UNIONDICON	8.10	8.10	-	-	8.10	0.00	0.00%	260	2,106.00
UNITYBNK	2.00	2.00	2.16	2.05	2.11	0.11	5.50%	4,799,878	9,978,096.92
UNIVINSURE	0.37	0.37	0.38	0.35	0.36	-0.01	-2.70%	10,242,295	3,855,031.90
UPDC	1.47	1.47	1.42	1.42	1.42	-0.05	-3.40%	445,231	645,297.92
UPDCREIT	4.90	4.90	4.80	4.80	4.80	-0.10	-2.04%	654,559	3,181,320.00
UPL	2.40	2.40	2.45	2.43	2.43	0.03	1.25%	1,105,011	2,695,186.51
VERITASKAP	0.66	0.66	0.67	0.66	0.66	0.00	0.00%	2,288,266	1,524,649.80
VFDGROUP	202.90	202.90	-	-	202.90	0.00	0.00%	163,316	29,845,932.50
VITAFOAM	19.15	19.15	20.05	20.05	20.05	0.90	4.70%	810,731	16,352,429.00
WAPCO	36.05	36.05	37.00	36.15	36.15	0.10	0.28%	5,707,839	209,293,009.40
WAPIC	0.68	0.68	0.68	0.67	0.68	0.00	0.00%	2,025,117	1,374,029.80
WEMABANK	8.30	8.30	8.30	8.30	8.30	0.00	0.00%	1,057,529	8,667,643.42
ZENITHBANK	39.45	39.45	41.50	39.40	39.95	0.50	1.27%	47,650,101	1,915,291,622.00

Stories by Onome Amuge

Analysts question CBN's decision to relax restrictions on dairy imports

THE CENTRAL BANK OF NIGERIA (CBN) recently announced the removal of foreign exchange restrictions on the importation of milk and dairy products in the country, prompting intense speculation about the fate of local farmers and processors, many of whom have been struggling to keep up with demand in the domestic market.

In a circular released on March 12, the CBN announced the lifting of restrictions on the importation of these vital food items, in an effort to curb rising prices and boost supplies. This move comes at a time when the cost of living is on the rise, and consumers are feeling the pinch.

The circular, titled "Lifting of Restriction on the Importation of Milk and Dairy Products", was issued by the CBN's Trade and Exchange Department (TED) and addressed to all banks and authorised dealers. It referenced the CBN's decision to lift restrictions on the importation of milk and dairy products in order to boost local production and availability of these items in the country.

This latest development represents a significant change in the CBN's policies on the importation of goods into Nigeria. In February 2020, when the CBN placed restrictions on milk and dairy products, it announced that only six designated companies would be allowed to access foreign exchange for the importation of these items. The six companies included Nestle, FrieslandCampina WAPCO Nigeria, Chi Limited, TG Arla Dairy Product Limited, Promasidor Nigeria, and Integrated Dairies Limited. These were identified as companies that had invested heavily in local milk production and had the capacity to meet the local demand for milk products. However, after three years, the CBN has now decided to lift the ban, in line with its policy of gradually liberalising the economy and boosting foreign exchange flows.

According to the CBN,prior to the relaxation of restrictions on milk and dairy products, Nigeria spent about $1.5 billion every year on imports of these items, amounting to a significant drain on the country's foreign exchange reserves. The apex bank believes that these restrictions have been counterproductive and is hopeful that the lifting of restrictions will allow businesses to source foreign exchange more easily, while still promoting local production in the long run.

While the lifting of restrictions on milk and dairy imports has been hailed by some,especially milk/dairy importers, as a positive development for the industry, some experts and stakeholders have expressed concern that this could undermine local production.

The Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) has criticised the move, arguing that it could lead to a decline in local production and create a disincentive for investment in the sector.

Dele Oye, the national president of NACCIMA, noted that the relaxation of restrictions on milk and dairy imports comes at a time when the Naira is significantly depreciated against the US dollar, making it more expensive for local producers to source raw materials and equipment. He also raised concerns about the inconsistent application of customs duties, which he argued could put local producers at a disadvantage.

NACCIMA expressed reservations about the lifting of restrictions on milk and dairy imports, acknowledging that the CBN's commitment to refining trade policies in response to the changing economic landscape. The Chamber noted that the decision to open the market to all entities except for selected companies represents a move towards liberalising the sector, which is in line with principles of free-market economics.

Given NACCIMA's expertise in economic matters and its commitment to the growth and stability of Nigeria's economy, its members expressed concern about the potential negative impacts of this policy change, given the current challenges facing the Naira and the inconsistencies observed in customs duty payment.

It stated: "The depreciation of the Naira has already placed a significant burden on importers, with the increased cost of foreign exchange reflecting on the final prices of goods and services.

"The recent policy shift, while potentially increasing competition and broadening market access, could also exacerbate this burden, leading to higher retail prices for milk and dairy products, ultimately affecting the end consumers."

In light of the potential negative impacts of the policy change, NACCIMA proposed a phased approach to liberalisation that would allow

domestic producers time to adjust and prepare for the new competitive environment. The phased approach, it stated, would be coupled with a robust support system for local dairy farmers, including incentives and access to resources, to help them increase domestic production over the long term.

NACCIMA also highlighted the need for harmonisation of customs duty payments to eliminate any disparities or inequalities that may exist. This is expected to create a level playing field for all importers, and promote transparency in the process.

The liberalisation of dairy imports, while potentially beneficial in terms of supply and pricing for consumers, poses significant threats to local production.

Economists and industry experts have also expressed concern that the lifting of foreign exchange restrictions on dairy products could have a negative impact on local producers. Paul Alaje, a leading economist, and Ikenna Nwaosu, an industry expert, argue that this policy shift could lead to an increase in unemployment and destabilisation of local manufacturers. They point out that if imports are not properly regulated, local producers could be at a disadvantage and unable to compete in the market.

Paul Alaje, the chief economist of SPM Professionals, warned that the policy shift could have negative consequences for local dairy producers. While it is true that operators in the sector will have more access to foreign exchange through official channels, this could come at the expense of local producers, who may be unable to compete with imported products. Alaje also expressed concern about the volatility of the Naira, noting that the currency has been susceptible to devaluation over the past 38 years. He argued that without building up local supply, the market would be at risk of shortages and instability.

According to Alaje, the CBN's policy change is based on the classical economic school of thought, which allows market forces to determine prices in the long run. However, he questioned when exactly the "long run" would occur, and how much damage would be done to the local dairy industry in the meantime.

Ikenna Nwaosu, an economist at the Nigerian Economic Summit Group, argued that a more holistic approach is needed to address the issues facing the dairy industry. He pointed to the construction industry as an example, where the government has convened a meeting with investors to discuss the timeline for meeting national demands. Nwaosu suggested that a similar approach should be taken for the dairy industry, where stakeholders could come together to discuss the challenges and opportunities facing the sector, and to develop a roadmap for addressing the issues.

Nwaosu explained that by gathering information on the capacity of local producers, the government could develop a phased plan for lifting import bans on dairy products. This, he noted, would allow businesses to prepare for the transition and ensure a smooth and gradual shift away from imports.

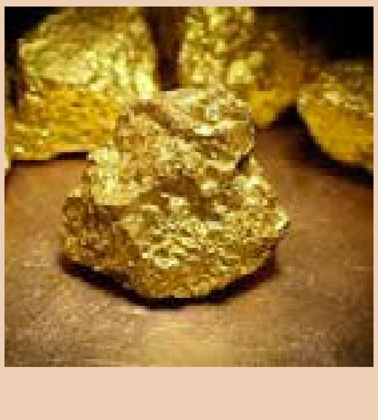
According to Nwaosu, if local producers are able to estimate that they can meet national production levels within five years, the government could lift the ban after that time frame, thus allowing local producers to grow while ensuring a stable supply of dairy products for the country.

Given the perspective of analysts, it is clear that there is broad agreement among industry stakeholders that a more nuanced approach is needed to address the current food crisis in Nigeria. A rush to remove restrictions on dairy imports is also seen to have unintended consequences, including creating an over-reliance on imports and negatively impacting local producers. Instead,they recommend a longer-term plan that includes support for local dairy farmers and a phased transition away from restrictions as a more prudent course of action.

Gold retreats from record highs as dollar strengthens

GOLD PRICES DIPPED SLIGHTLY as the U.S. dollar strengthened, but the precious metal was still on track for a weekly gain after rallying to a record high the previous session following the Federal Reserve's announcement that it would not raise interest rates this year.

Spot gold prices fell 0.5 per cent to $2,170.03 per ounce, after hitting a record high of $2,173.34 on Thursday following the Fed's



announcement. U.S. gold futures for June delivery also declined 0.6 per cent to $2,171.50.

The rise in the dollar, to its highest level in over a month, has added to the pressure on gold prices. A stronger dollar makes gold more expensive for investors holding other currencies, reducing its appeal. However, analysts believe that the recent rally in gold has been supported by a range of factors, including low real interest rates, central bank buying and retail demand.

Phillip Streible, chief market strategist at Blue Line Futures in Chicago, noted that in order for the recent rally in gold prices to continue, the metal must stay above the $2,150-$2,145 support level.

While the dollar remains firm, investors will be looking for gold to hold above this level to maintain its bullish momentum. The CME FedWatch Tool suggests that investors are anticipating a 71 per cent chance of a rate cut by the U.S. Federal Reserve in June, up from a 60 per cent probability before the Fed's announcement.

Meanwhile, other precious metals were also trading lower, with silver down 0.6 per cent to $24.72 per ounce, platinum down 1.3 per cent to $896.18, and palladium down 1.3 per cent to $997.51.

Stories by Onome Amuge

Cocoa rallies to all-time high, up over 15% for the week

COCOA FUTURES ON THE INTERCONTINENTAL EXCHANGE (ICE) soared over 15 per cent in the week to hit new all-time highs, continuing a remarkable rally which has seen prices more than double since the beginning of the year.

July London cocoa futures settled at 6,818 pounds per metric tonne, up 306 pounds or 4.7 per cent on the day and 18 per cent on the week. This was the highest settlement price ever for the contract, which has been on a strong upward trend this year. July New York cocoa futures also reached a record high of $8,382 per tonne, before settling at $8,372, a 4.5 per cent gain for the day and 16 per cent for the week.

Dealers attributed the strength in cocoa prices to a number of factors, including concerns about a potential shortfall in supply from West Africa, the world's biggest cocoa-producing region. Analysts at BMI Research said that the most significant supply-related concerns are in Ivory Coast and Ghana, where heavy rainfall and high temperatures have affected cocoa crops.

Governor Ademola Adeleke of Osun State (left) receiving Oyetunde Oladimeji Ojo, managing director/chief executive, Federal Housing Authority (FHA), during a courtesy/familiarisation visit of FHA officials to the state at Government House recently

According to analyst Jake Hanley at Teucrium ETFs, processing difficulties have also exacerbated the supply problems in the cocoa market. Some processing plants have been forced to halt or reduce operations due to a lack of available cocoa beans. This has added to the concerns about a potential shortfall in supply, driving prices higher.

While cocoa prices rose on Friday, coffee prices fell slightly, with May robusta coffee settling down $27 or 0.8 per cent at $3,358 per tonne. However, the weekly performance was stronger, with robusta coffee gaining two per cent over the five-day period. Arabica coffee futures for May delivery settled down 0.5% at $1.8485 per pound on Friday, but managed to gain one per cent for the week.

According to dealers, supplies of robusta coffee in Vietnam, the world's largest producer of the variety, remain tight. However, they noted that the upcoming conillon harvest in Brazil should help to alleviate some of the supply pressure.

The president of Cooxupe, the world's largest coffee cooperative and a major exporter of Brazilian coffee, stated that farmers associated with the cooperative should produce a similar or slightly larger crop in 2024 than they did in 2023

Meanwhile, May raw sugar futures on the ICE Futures exchange settled down 0.21 cent, or one per cent, at 21.85 cents per pound on Friday. For the week, raw sugar futures fell 1.2 per cent, the second consecutive week of losses. May white sugar futures also declined, ending the day at $638.90 per tonne, down 0.2 per cent on the day and 0.5 per cent for the week.

Analysts and dealers noted that the arrival of rains in the sugarcane-producing regions of Brazil could impact the start of the 2024/25 harvest season. The rains are expected to be heaviest in the south-central region of Brazil, where the majority of sugarcane is grown. However, the exact impact of the rains on the harvest remains uncertain.

Oil slips on talks to end Gaza conflict, ends week near flat

OIL PRICES FELL IN TRADING, erasing some of the gains made during the week. The potential for a ceasefire in the ongoing conflict in Gaza weighed on prices, but losses were tempered by ongoing concerns about supply disruptions from the war in Europe and a declining number of oil rigs in the U.S.

Brent crude futures for May delivery closed at $85.43 per barrel, down 35 cents from the previous close. U.S. West Texas Intermediate (WTI) crude futures for May delivery closed at $80.63 per barrel, a loss of 44 cents.

John Kilduff, a partner at investment firm Again Capital LLC, noted that a ceasefire in Gaza could have far-reaching implications for the oil market. He said that a successful peace deal could result in the Houthi rebels in Yemen allowing oil tankers to travel through the Red Sea, a crucial shipping route for crude oil.

U.S. Secretary of State Antony Blinken expressed optimism about the ongoing talks in Qatar aimed at reaching a ceasefire agreement between Israel and Hamas. Blinken met with Arab foreign ministers and Egyptian President Abdel Fattah El-Sisi in Cairo, as the talks in Qatar centered on a potential six-week truce.

Meanwhile, the U.S. dollar continued to strengthen against a basket of other major currencies, following a surprise interest rate cut by the Swiss National Bank (SNB) on Thursday. The SNB's move, which came as a surprise to markets, triggered a broad rally in risk assets, as investors perceived it as a sign of further easing from global central banks. The stronger dollar makes oil more expensive for investors holding other currencies, such as the euro or the yen, potentially weighing on demand for the commodity.

Despite the potential for a ceasefire in Gaza and the resumption of oil shipments, several factors continue to support oil prices. In particular, the U.S. oil rig count, which has fallen to the lowest level since January, is seen as a sign of tightness in the market. Additionally, the U.S. Federal Reserve's dovish stance on interest rates is seen as providing further support to oil prices. Jim Ritterbusch of Ritterbusch and Associates noted that despite the improving situation in Gaza, the overall market remains relatively tight, which could lead to higher prices in the near term.

The close correlation between oil prices and U.S. equities was on display this week, as the S&P 500 index and the Dow Jones Industrial Average reached new all-time highs in the wake of the Fed's decision to leave interest rates unchanged. This correlation is driven by the fact that both asset classes are sensitive to global economic growth, and the Fed's dovish stance was seen as a positive sign for both the U.S. economy and the oil market. In addition, Baker Hughes' data showing a decline in the U.S. oil rig count further supported the view that supply will remain constrained.

Iron ore rides high on anticipation of recovering demand in China

IRON ORE FUTURES FLUCTUATED, but were on track for a weekly gain as expectations of a pick-up in demand in China, the world's largest consumer of the metal, fueled optimism. The positive sentiment was supported by signs of improved steel consumption and a strengthening of the Chinese yuan.

The most active May iron ore contract on China's Dalian Commodity Exchange (DCE) closed at 844 yuan ($116.79) per metric tonne, up 1.5 per cent from the previous day's close and 6.1 per cent higher than the same time last week.

According to Mysteel, a leading consultancy in the Chinese steel industry, the average daily output of hot metal reached 2.21 million tons as of March 22, up 0.3 per cent from the previous week and reversing a four-week trend of declines.

Analysts at First Futures noted that many of the steel mills that have been under maintenance may resume production in April, which could further support the recovery in the industry.

Despite the improving fundamentals in the Chinese steel industry, prices for iron ore on the Singapore Exchange were down 1.07 per cent on the day, settling at $108.6 per tonne for the benchmark April contract.

Analysts at ANZ believe that despite the recent decline in prices, the iron ore market is likely to remain relatively balanced in the near term. While demand from the residential real estate sector has been declining, demand from other sectors, such as infrastructure and manufacturing, is expected to offset this. In addition, the analysts pointed out that supply growth in the industry is low, which could further support prices. Overall, the analysts expect prices to stay close to current levels.

Other key inputs for steelmaking, such as coking coal and coke, saw gains on the DCE, rising 2.37 per cent and 0.6 per cent, respectively. In addition, on the Shanghai Futures Exchange, the benchmark contracts for rebar and hot-rolled coil, two key steel products, both increased, gaining 0.7 per cent and 0.53 per cent, respectively. However, the contracts for wire rod and stainless steel were unchanged and down 0.18 per cent, respectively.

Huatai Futures analysts noted that although there are some positive signs in the steel market, it is still facing certain risks, including weak demand relative to previous years and high inventories.

Copper edges lower as dollar strength offsets tight supply concerns

COPPER PRICES TOOK A STEP back on as a strengthening dollar and profit-taking took hold in the market. The metal had been on a recent upswing, boosted by strong economic data from the US and China and concerns over supply shortages. However, profit-taking and a stronger dollar sapped some of the upward momentum, leading to a pullback in prices.

On the London Metal Exchange (LME), the price of copper for delivery in three months, CMCU3, dropped by 1.1 per cent to $8,855 per metric tonne during official open-outcry trading. The price had been climbing since early February, reaching an 11-month high of $9,025.50 , but the recent rally was met with resistance as profit-taking and a stronger dollar took hold.

Nitesh Shah, a commodity strategist at WisdomTree, attributed the pullback to profit-taking and a stronger dollar, which can make commodities like copper more expensive for buyers using other currencies.

On the Shanghai Futures Exchange (SHFE), the May copper contract, the most actively traded, closed the day down 0.8 per cent at 72,290 yuan per tonne.

Despite the short-term weakness and consolidation, Shah remained optimistic about copper's long-term prospects. He cited the growing demand for copper in electric vehicles and renewable energy infrastructure, and predicted that copper prices would increase further once central banks actually begin cutting interest rates.

The fundamentals of the copper market remain strong, particularly once the recent cuts in smelter production in China begin to have an impact on metal availability," Shah stated.

Last week, news broke that major Chinese copper smelters had reached an agreement to lower the operating rates of some of their plants that were operating at a loss. This news was one of the main drivers of the recent surge in copper prices.

Adaora Umeoji breaks glass ceiling as Zenith Bank's first female CEO

● Joins new wave of Women CEOs leading Nigeria's banking sector

Business a.m

THE BANKING INDUSTRY IN Nigeria has historically been male-dominated, with women being largely underrepresented in senior leadership positions. However, this is beginning to change as more and more women are being appointed to top roles in some of the country's largest banks.

Joining the trend,Zenith Bank Plc, one of Nigeria's leading financial institutions, recently announced the appointment of Adaora Umeoji as its new group managing director and chief executive officer, effective June 1, 2024, subject to approval by the Central Bank of Nigeria (CBN).

The development has been lauded as a historic moment for the bank, as Umeoji will become the first female to hold the position of GMD/CEO in the institution's history. The appointment also signals a broader trend of increased female representation in senior management positions in the Nigerian financial sector.

Umeoji's appointment marks the end of an era, as she takes over from the current GMD/CEO, Ebenezer Onyeagwu, who has led Zenith Bank through a period of remarkable growth and transformation. Under Onyeagwu's leadership, the bank has become one of the most respected and trusted financial institutions in Nigeria. He has also been instrumental in the development of Zenith Bank's

cutting-edge digital banking solutions, which have helped to increase the bank's customer base and strengthen its market position.

The tier one bank stated that Umeoji's appointment is in line with its tradition of developing and promoting leadership from within its ranks.

Umeoji is no stranger to the Zenith Bank culture and has a stellar track record of success in various leadership roles within the bank. She brings over two decades of experience in the banking sector, with more than half of that time spent at Zenith Bank. Umeoji is an accomplished professional with an impressive educational background. She is a graduate of the Advanced Management Programne (AMP) at Harvard Business School, as well as the Global Banking Program at Columbia Business School. Additionally, she holds a Bachelor's degree in Sociology from the University of Jos and a First-Class honours degree in Law from Baze University in Abuja.

In addition to her previous degrees, she holds a Master's of Law from the University of Salford in the United Kingdom, an MBA from the University of Calabar in Nigeria, and a doctorate in business administration from Apollos University in the United States.

Umeoji's educational achievements continue to impress, with a certificate in Economics for Business from the MIT Sloan School of Management in the U.S. In addition, she has attended strategic thinking and management programs at the Wharton Business School in the United States, one of the world's top business schools. The renowned banker is also a fellow of the Chartered Banker Institute, the Chartered Institute of Bankers of Nigeria, the Nigerian Institute of Management, the Institute of Credit Administration, the Institute of Certified Public Accountants of Nigeria, the Institute of Chartered Mediators and Conciliators, and the Institute of Chartered Secretaries and Administrators of Nigeria.

In recognition of her outstanding contributions to the country, Umeoji was bestowed the Officer of the Order of the Niger (OON) award by the Federal Government of Nigeria in 2022. Her work as a peace advocate for the United Nations Police Action Committee (UN-POLAC) further highlights her commitment to advancing peace and human rights in the world.

Umeoji joins a distinguished group of female leaders in the banking sector, including Nneka Onyeali-Ikpe, CEO of Fidelity Bank; Tomi Somefun, CEO of Unity Bank; Miriam Olusanya, managing director of Guaranty Trust Bank; Ireti Samuel-Ogbu, MD of Citi Bank; and Yemisi Edun, MD of FCMB.

The ranks of top female executives at leading Nigerian financial institutions also include Bolaji Agbede, acting group CEO of Access Holdings, Yetunde Oni, managing director/CEO of Union Bank of Nigeria, Halima Buba of Suntrust Bank; Kafilat Araoye of Lotus Bank, as well as Bukola Smith of FSDH Merchant Bank. These women have demonstrated their ability to lead and succeed in the highly competitive and demanding financial sector, paving the way for future generations of female leaders.

Governor Godwin Obaseki of Edo State (right), with Francis Meshioye, national president, Manufacturers' Association of Nigeria (MAN), during a courtesy visit to Government House, Benin City, recently

First Bank champions gender equality through partnership with UN Women

Business a.m

NIGERIA'S PREMIER BANK, First Bank of Nigeria, has initiated a partnership with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) to promote economic growth and investment in women.

Ishmail Omamagbe, head of sustainability media and external relations at FirstBank Group made the disclosure at a recent event hosted by the UN Women, themed "Invest in Women: Accelerate Progress".

Omamagbe stated that the bank was committed to promoting gender equality and women's economic empowerment. He explained that the First Bank Group's sustainability strategic focus areas include diversity and inclusion, health, education, sustainable procurement, responsible lending, and climate performance. Omamagbe noted that as a signatory to the Women's Empowerment Principles (WEPs), FirstBank has incorporated these principles into its operations and activities as core to its business philosophy. The WEPs are a set of seven principles that offer guidance on how to empower women in the workplace, marketplace, and community. He noted that by adopting the WEPs, FirstBank has committed to making gender equality a central part of its business strategy and operations.

Omamagbe outlined how FirstBank has implemented the WEPs through various programmes, including those that promote gender equality in the workplace, support women entrepreneurs, and advance women's socioeconomic participation in a sustainable way.

Beatrice Eyong, Country Representative to UN Women Nigeria and the Economic Community of West African States (ECOWAS), praised FirstBank for having women in top managerial positions, saying that this was a testament to the bank's commitment to gender equality.

Eyong stated: "I congratulate FirstBank and other banks, including the private sector that is showing the way in terms of giving women access to decision-making positions.

Access Bank closes new deal to acquire National Bank of Kenya

Cynthia Ezekwe

NIGERIA'S LEADING FINANCIAL institution, Access Bank Plc, through its parent company, Access Holdings Plc, has signed a binding agreement with Kenya's KCB Group Plc (KCB) to acquire the entire share capital of the National Bank of Kenya Limited (NBK) from KCB.

Access Bank, in a statement made available to Business a.m., outlined the conditions for the successful completion of the planned acquisition of a controlling stake in the Kenyan bank.

According to the statement, the deal is subject to approval by several regulatory bodies, including the Central Bank of Kenya, the Central Bank of Nigeria, the Common Market for Eastern and Southern Africa (COMESA) Competition Commission, and other relevant regulatory authorities.

The tier-one Nigerian bank, stated that the acquisition of NBK is part of its strategy to expand its operations in Africa and become a leading bank in the region.

The bank is confident that the transaction will position it as a stronger player in the Kenyan market and enable it to serve as a regional hub for East Africa. The bank also expects the transaction to strengthen its balance sheet and create value for shareholders.

"The parties will be working together in the coming months to fulfill the conditions precedent relating to the Transaction, which include the regulatory approvals of the Central Bank of Nigeria and the Central Bank of Kenya.

"Sequel to the completion of the Transaction, the target would be combined with Access Bank Kenya Plc to create an enlarged franchise in the pursuit of our strategic objective for the Kenyan and East African markets," Access bank stated.

Commenting on the transaction, Roosevelt Ogbonna, Managing director/chief executive of Access Bank Plc said the transaction represents an important milestone for the bank as it moves us closer to the achievement of its five-year strategic plan through increased scale in the Kenyan market."

Ogbonna added: "Trade flows in East Africa revolve around key trade corridors, with Kenya being a key player in the region.

With the African Continental Free Trade Agreement, these corridors will continue to expand and by deploying our best-in-class financial solutions, we are strategically positioned to deliver sustainable value for our stakeholders.

"The consolidation in Kenya will support the realisation of our aspiration to be Africa's Payment Gateway to the World. Subsequent to the completion of the transaction, NBK would be combined with Access Bank Kenya Plc to create an enlarged franchise in the pursuit of our strategic objective for the Kenyan and East African markets."

Bolaji Agbede, the acting group CEO of Access Holdings Plc, commented on the transaction, stating that it is a significant step in the execution of the bank's five-year strategic plan, which is focused on positioning the bank as Africa's gateway to the World.

Agbede further stated that the opportunity to acquire NBK, with its strong brand and presence in Kenya and balance sheet exceeding $1.1 billion, is a significant opportunity for Access Bank to expand its presence in East Africa.

"We remain confident that our investments towards diversifying and strengthening the Bank's long-term earnings profile will deliver significant value for our shareholders, customers, and wider stakeholder groups. We will keep the market updated on the progress of the Transaction," Agbede added.

According to Access Bank, the acquisition of National Bank of Kenya Limited is a key part of its strategy to expand its footprint in East Africa and enhance its service offerings in the region.

In addition to the Kenyan lender, Access Bank has been actively growing its presence in neighboring countries, including the Democratic Republic of Congo, Rwanda, Uganda, and Tanzania. Notably,the bank is in the process of acquiring a majority stake in Uganda's Finance Trust Bank, as well as Standard Chartered Bank's Consumer, Private & Business Banking business in Tanzania.

COMPANY & BUSINESS

Moniepoint pushes for digitalisation to boost sustainability of Nigerian family businesses

Onome Amuge

NIGERIA'S FAMILY BUSINESSES face a number of obstacles when it comes to growth and development, but one of the most critical is the lack of digital sophistication. Despite the proliferation of digital technology, only a fraction of family businesses have prioritised their digital capabilities, with the majority still relying on outdated and inefficient systems, a study by Moniepoint recently stated.

A new case study by Moniepoint Inc., Africa's premier digital financial services provider, sheds light on the unique challenges and opportunities facing family businesses in Nigeria. Titled "A deep dive into Nigeria's family-owned businesses - A Monie Story," the report found that while family businesses contribute significantly to the nation's economy, many are yet to take full advantage of digital technology and modern business practices. The study, a reflective chronicle of Nigeria's rich history of family businesses, explores the resilience and adaptability of these businesses, despite the many challenges they face.

According to Moniepoint's study, Nigeria's future is filled with both promise and risk, and family businesses will play a pivotal role in determining the direction the country takes. It noted that the government's efforts to drive economic development will be heavily reliant on the success of these businesses, which have long been the backbone of the nation's economy.

Jumoke Oduwole, the Special Adviser to the President on the Presidential Enabling Business Environment Council (PEBEC) and Investment, recently revealed new data about the prevalence and importance of family businesses in Nigeria. According to Oduwole, there are an estimated 23.8 million family businesses in the country, accounting for a significant portion of the economy and providing millions of jobs. These businesses contribute approximately $200 billion annually to the economy, underscoring their critical role in driving economic growth and prosperity.

Adegboyega Oyetola (middle), minister of marine and blue economy; Mohammed Bello-Koko (right), managing director of the Nigerian Ports Authority (NPA); Vivian Richard Edet (first left), executive director, finance and administration, NPA; Olalekan Badmus (second left), executive director, marine and operations, NPA; and Gangtim Cirdap Zhattau, port manager, Onne Port Complex, during the commissioning of Road "D", the arterial road link to the Phase 4B Portion of the Federal Ocean Terminal (FOT) of Onne Port Complex. Road "D" grants Concessionaires access to the recently reclaimed lands in the Port Complex.

The figures speak volumes about the contribution of family businesses to the Nigerian economy. With over 40 million MSMEs contributing nearly half of the country's GDP and employing the vast majority of the workforce, it is clear that these businesses are a vital component of the economy. In addition, the fact that 96% of businesses in Nigeria are family-owned indicates the critical role that these businesses play in the country's economic fabric.

However, Oluwatoyin David, a Big 4 consulting executive, pointed out that many family-owned businesses in Nigeria are informal and are founded and managed by the founder or founders. These businesses, he noted, tend to operate with an entrepreneurial mindset and do not have a clearly defined management structure or formalised business practices.

He stated further: "Once the owner passes, if there's no governance structure in place, the business tends to die gradually. That's where we speak to businesses on the importance of professionalising their businesses while preserving the owner's legacy.

"Interestingly, some of them report building their businesses on intuition, or a supernatural leading.

"By the time you start talking to them about structure, it makes no sense to them. Because they've built this massive business based on their gut feeling. The good news is the current generation seems more open to building this structure."

According to the Moniepoint study, many Nigerian family businesses are missing out on the benefits of digitalisation, with less than half having adequate digital capabilities, noting that very few family businesses see digitalisation as a priority. The study also highlighted that a lack of formal governance and business management structures is another key challenge facing family businesses in Nigeria.

Despite the challenges faced by family businesses in Nigeria, the Moniepoint study also highlighted a number of key drivers that underpin the success of these businesses. It noted that strong cash flow and profitability are essential for the success of any family business. The study also found that high levels of trust within family businesses, driven by a shared vision and business objectives, are also crucial for success. It also highlighted cohesive cultural bonds as a key driver of success for family businesses.

The study offers a nuanced and complex portrait of the landscape of Nigerian family businesses, pointing out their resilience and adaptability. It highlights the enduring legacy of these businesses, many of which have survived and thrived through multiple generations. The study also predicted a promising future for family businesses in Nigeria, as long as they continue to adapt and innovate. This includes partnering with solution providers that can offer the latest digital tools and strategies to help family businesses stay ahead of the curve.

According to the study, family businesses will continue to play a central role in Nigeria's economic and cultural identity, driving growth and innovation. As they evolve, family businesses will also be key drivers of sustainability and global competitiveness, leading the way for future generations.

Edidiong Didi Uwemakpan, vice president of communications and public relations at Moniepoint, explained that the company's focus on family businesses was driven by a desire to highlight their important contributions to the Nigerian economy. Uwemakpan noted that despite the diverse sizes and sectors represented by these businesses, they have a significant and often overlooked impact on the country's economic growth.

"At Moniepoint, we pride ourselves on being more than just a financial services provider; we are an astute partner to business owners, helping them to be financially happy while ensuring that our innovative solutions power the dreams of these enterprises. We believe that the growth of family businesses directly supports the entire economy, which in turn essentially extends our ability to positively impact everyone else which aligns with our brand's mission," she said.

According to Uwemakpan, Moniepoint's services have had a positive impact on family businesses, helping them to streamline their operations and improve their financial management through simplified payment collection, cash flow management, and access to capital.

Uwemakpan added that the company's recent partnership with the Corporate Affairs Commission (CAC) will further catalyse technology adoption for these businesses while providing a foundation for them to adopt better record keeping, financial reporting and governance practices which are pivotal for their efficiency, productivity and long-term viability, and also drive market access and trade facilitation into regional and global value chains for them.

Sterling HoldCo grows annual interest 27% to N163bn

Cynthia Ezekwe

STERLING FINANCIAL HOLDINGS COMPANY LIMITED recorded a 27 per cent growth in its interest income which rose to N163.22 billion in the year ending 2023, marking a a significant increase over the previous year's N128.43 billion.

The company also saw a substantial increase in its interest expenses, with a 38 per cent jump from N52.04 billion in 2022 to N72.90 billion in 2023. Additionally, its fees and commission income rose by 17 per cent to N26.32 billion, compared to N22.37 billion in the previous year.

A deeper analysis of the company's unaudited financial statement indicated that after-tax profit increased from N19.29 billion in 2022 to N21.52 billion in 2023. The other operating income also saw a notable increase from N10.63 billion to N11 billion.

The unaudited financial statement of Sterling Financial Holdings Company Limited further indicated that its other operating expenses have increased from N26.88 billion in 2022 to N30.79 billion in 2023. Additionally, the company's total assets rose from N1.86 trillion to N2.53 trillion, an impressive increase of more than 30 per cent.

The company's total expenses for the year grew by 25.2per cent, rising to N109.24 billion from N87.21 billion, while its earnings per share rose to N0.75 kobo from N0.67 kobo. The company's loans and advances to customers also increased to N901.89 billion, a notable increase of N164.15 billion from the previous year.

Deposits from customers saw a similar trend, growing to N1.84 trillion from N1.33 trillion, while net cash flows from operating activities increased to N168.18 billion from N76.72 billion.

The company's net cash flows from investing activities were negative, standing at N124.18 billion in the 2023 financial year, which represents a decrease of N44.16 billion from the previous year. Net cash flows from financing activities were also negative, standing at N9.79 billion in the 2023 financial year, a decrease of N13.9 billion from the previous year.

Marleta Communications pioneers a new era of digital excellence for businesses

Cynthia Ezekwe

MARLETA COMMUNICATIONS, A Pan-African public relations and communications services provider, is set to introduce an innovative approach to public relations, social media, search engine optimisation (SEO), to revolutionise the way businesses communicate and operate. This approach, which combines creativity with strategy, is unique to the industry and has been designed to meet the specific needs of businesses operating in Africa and the Middle East.

As businesses navigate the increasingly digital economy, the importance of a strong online presence has become clear. But in a world where everyone is trying to shout louder than the next person, it's not enough to simply have a website or social media account. Marleta Communications understands this, and is focused on helping its clients not only build a digital presence, but build one that stands out from the crowd.

Marleta Communications was founded in response to the ever-evolving digital landscape, with the vision of becoming a one-stop destination for businesses looking for comprehensive digital solutions. The company was the brainchild of Lerato Chiyangwa, a communications & public relations consultant, who brought together a team of experienced professionals who shared her vision.

In an industry that is constantly evolving, Marleta, said it is committed to staying ahead of the curve by remaining informed about the latest trends and technologies.

With the motto "Your go-to digital partner for all things PR, SEO, and branding," Marleta Communications is dedicated to putting its clients first. The agency recognises that every business is unique, and that a one-size-fits-all approach is not effective in the digital age. Instead, Marleta takes the time to understand each client's individual needs and goals, and develops custom-tailored solutions to help them achieve their desired results.

Marleta Communications has always been about helping businesses succeed in the digital age. Since its inception, the company has been committed to keeping up with the latest trends and technologies, all while staying true to its mission of providing high-quality services to its clients. As the company's founder, Chiyangwa, explained, it is dedicated to evolving with the times, while remaining committed to its core values.

Nigeria pushes pan-West African protection for undersea cables amid recent disruptions

Business a.m. Reporter

NIGERIA HAS BEGUN A PUSH for the establishment of a pan-West African initiative that could lead to the regional protection of undersea cable assets passing through the region in the face of recent disruptions to telecommunication connectivities after the cables were reportedly cut.

The country's position comes after cuts to submarine cables saw many countries in West Africa, including Nigeria, facing connectivity challenges, with the country now calling for a coordinated and multilateral approach to protect shared telecommunications infrastructure, and diversify connectivity to ensure uninterruptible connections.

The position was canvassed in Freetown, Sierra Leone, by Aminu Maida, executive vice chairman, Nigerian Communications Commission (NCC), in a message he sent to the 21st West Africa Telecommunications Regulatory Assembly (WATRA) annual general meeting, according to a statement signed by Reuben Muoka, director of public affairs at the NCC.

According to Maida, the recent submarine cable cuts that resulted in nationwide outages on multiple networks in 12 African countries has raised the urgent need for the subregion to establish a mechanism to protect itself from damage to submarine infrastructure and its attendant impact on the subregion.

To buttress his position, Maida drew attention to a report by Cloudflare, an IT service management firm, showing that about six countries, including four in West Africa, were still suffering from the outages caused by the submarine cable cuts.

Maida, represented by Nnenna Ukoha, deputy director, public affairs of the NCC, at the WATRA meeting, noted that securing the submarine infrastructure was important for fostering foreign direct investment and boosting investor confidence in the region.

He said: "Securing telecom infrastructure is paramount for fostering Foreign Direct Investment (FDI) and enhancing investor confidence in the West African subregion. The reliability and resilience of telecommunications networks are crucial factors that investors consider when evaluating regional opportunities.

"By ensuring the security of these vital assets, we can attract more investment, spur economic growth, and enhance our competitiveness on the global stage. A secure telecoms infrastructure not only facilitates efficient communication and connectivity but also signals a commitment to safeguarding critical assets essential for business operations. This assurance can significantly boost investor confidence and create a conducive environment for sustainable economic development," he said.

Maida noted that "the impact of events like cable cuts highlights the need for a coordinated, multilateral approach to protecting shared infrastructure across our member nations."

He therefore proposed "the urgent need to set up a framework for joint monitoring, risk mitigation, and emergency response procedures for the submarine cables that pass through the sub-region.

"Further to this, we recommend that the WATRA Working Group on Infrastructure expand its mandate to spearhead the development of a comprehensive strategy to safeguard the subregion's telecommunications networks and associated infrastructure thereby proactively bolstering resilience through improved disaster response protocols to better insulate ourselves from future disruptions," Maida added.

In this regard, the NCC chief executive officer advised that the goals of the Working Group would be to strengthen sub-regional infrastructure resilience, promote the diversification of the sub-region connectivity, conduct regular capacity assessments, as well as facilitate the designation of telecommunications infrastructure as critical national infrastructure in member countries.

Olalekan Ogunleye (second from left), executive vice president, gas, power & new energy, NNPC Ltd, speaks during a panel session, "Africa's Energy Future: Access, Investment & Sustainability", at the recently held 2024 CERAWeek conference in Houston, the United States

The West Africa Telecommunications Regulators Assembly, was established in 2002 as a common platform for national telecommunication regulatory authorities in 16 member states to promote the adoption of regulations that stimulate investment in telecommunication infrastructure to deliver more affordable, accessible, faster and secure communication services to citizens.

At the 21st WATRA annual general meeting, issues pertaining to accessible and affordable telecommunication services in the sub-region were discussed, including improved consumer protection, quality of service, roaming and conflict resolution for consumers.

A major highlight of the meeting was the reelection of Nigeria's Yusuf Aliyu Aboki, as executive secretary, for a second term in a unanimous vote by member countries.

Maida commended Aboki for his firm, inclusive and visionary leadership, which saw the successful delivery of WATRA's 2022 — 2025 Strategic Plan, noting that Nigeria and indeed the sub-region was proud of the milestones he has achieved during his first tenure.

He further advised the WATRA Executive Secretary to build on the achievements of his first tenure, through stronger partnerships and deeper collaboration while advancing the interests of the sub-regional body.

Moove's $100m new financing to drive new markets, products

Joy Agwunobi

MOOVE, THE AFRICAN MOBILITY fintech start-up, is hitting the accelerator with a $100 million funding round, a fresh injection of capital that will aid it in its drive to expand into new markets and develop innovative new products for the growing ride-hailing and delivery app sector.

With its mission of providing "mobility for all" in Africa, Moove is leveraging its unique model to bring affordable transportation to millions of people across the continent. The company's core business is providing vehicle financing to gig economy workers, helping them to access reliable transportation and earn an income.

As Moove's announced in a statement, the company's latest funding round signals a major milestone for the young company. The funding round was led by Uber, a global technology company that provides ride-hailing, delivery, and mobility services. In addition to Uber, Mubadala, a prominent sovereign wealth fund, and other investors also participated in the funding round.

In addition to existing investor Mubadala, Moove's Series B round attracted new investors from a diverse set of geographies. These new investors included The Latest Ventures, a US-based venture capital firm, as well as Africinvest, an investment firm based in Tunisia and Dubai. The round also attracted investments from Triatlum Advisors AG, a Swiss investment firm, Palm Drive Capital, a Nigerian investment firm, and Future Africa, a Pan-African venture capital fund. This diverse group of investors has helped to boost the company's post-money valuation to $750 million.

With this latest funding, Moove has now raised a total of $460 million, consisting of $250 million in equity and $210 million in debt financing. The company plans to use the new capital to expand its revenue-based vehicle financing platform to 16 markets by the end of 2025.

Moove's innovative vehicle financing model is unique in its two-pronged approach. The company starts by purchasing and refurbishing fleets of vehicles that it makes available to drivers on its platform. Drivers can then choose to pay for these vehicles through a revenue-based financing model, meaning they only pay for the vehicle as they earn income using it. This model is supported by Moove's in-house software, which provides credit scoring and financing options to drivers.

With the additional funding, Moove aims to increase its fleet of vehicles to 45,000, representing a significant expansion in its vehicle financing operations. The company has a specific focus on electric vehicles (EVs), as it strives to advance a more sustainable mobility ecosystem Moove stated: "We are pleased to announce that our valuation has reached $750 million, a significant increase from our previous valuation. This is a testament to our success in transforming the mobility landscape and improving the lives of the 80,000 individuals we serve across 9 markets.

"In the last fiscal year, we achieved over $115 million in annual recurring revenue, demonstrating the effectiveness of our model. To date, we have secured a total of $460 million in funding, which will allow us to continue expanding and innovating in Africa and beyond."

Moove raised $76 million last year, which is more than any other Nigerian startup raised during that time. The company says that the money will be used to build the largest tech-driven financial services platform for mobility entrepreneurs in the country.

Economic, social welfare in focus as NDFF 2024 explores sustainable solutions

Joy Agwunobi

NIGERIA'S ECONOMIC AND social welfare will be in focus on May 8th and 9th when the Nigeria Development and Finance Forum (NDFF) convenes for its 2024 conference seeking sustainable solutions that can catalyse economic growth and drive positive social change.

The conference, scheduled for the Transcorp Hilton, Abuja, Nigeria, will bring together leaders from all sectors of society to discuss how to best position Nigeria for success in the coming years. With the theme "The Road to Economic and Social Welfare Transformation," the conference will explore the many factors that must be addressed to achieve broad-based growth, including the need for reforms in the areas of governance, infrastructure, human capital, and access to finance, a statement made available to Business a.m. disclosed.

Ali Pate, coordinating minister of health and social welfare, is set to deliver a keynote address at the NDFF Conference, titled "Transforming Nigeria's Population Health: Leveraging Policy, Market, and Social Action." A renowned economist and public health expert, Pate will share his insights on the importance of investing in health and social welfare to accelerate economic growth and development.

In his keynote address, Muhammad Ali Pate will explore the concept of population health, a holistic approach to improving health and wellbeing that goes beyond just treating disease. Rather, population health recognizes that health is shaped by a range of social, economic, and environmental factors, such as education, employment, housing, and transportation. Pate expressed his excitement at the opportunity to participate in 'NDFF 2024' and share his thoughts on population health. He stated that the topic of his keynote address aligned with the goals of the Nigerian government's health sector renewal.

"The goal of health policy under the administration of President Bola Tinubu is to improve governance, provide efficient and equitable access to quality health services, drive investment in healthcare value chains, and enhance health security for all Nigerians," he said.

Arik Air wins *Best In-Flight Service award* for 2023

Sade Williams/Business a.m.

NIGERIA'S MAJOR CARRIER, Arik Air, has been named winner of Best In-flight Service Airline award for 2023 organised by the Nigerian Aviation (NIGAV) Awards.

Fortune Idu, promoter of NIGAV Awards, presented the award plaque recently at Arik Air head office, Ikeja, Lagos to Roy Ilegbodu, the chief executive officer of the airline.

Idu, who apologised for the inability to present the award to Arik Air at the 13th NIGAV Award and Ministerial dinner held in February, commended the airline for its sustainability and positive impact in the aviation sector.

He applauded the airline for being able to deliver excellent service over the years while also commending one of its cabin crew members, Tyger Opunabo, for winning the King of the Air contest at the Ministerial dinner/awards.

Responding, Ilegbodu thanked the organisers of NIGAV awards for the honour stressing that he has been following the event over the years and was impressed by its quality.

The CEO said the two awards have demonstrated the quality of staff in Arik Air, adding that: "We have a great team here and this is a result of our investment in human capital. We will continue to do our best in uplifting the standard of aviation in Nigeria"

ICAO praises Nigeria's robust airport security policies after audit of systems

Sade Williams/Business a.m.

NIGERIA'S AIRPORT SECURITY policies came up for high praises by the International Civil Aviation Organization (ICAO) after the global agency completed its security audit programme of the country's airports.

ICAO described Nigeria as having very robust policies and agencies with clear mandates on airport security systems.

Callum Vine, who led an ICAO team that just concluded the Security Audit Programme known as the Continuous Monitoring Approach (USAP-CMA) of Nigeria, said it was a successful one after the two-week exercise.

He made the remarks during the Audit Debrief at the weekend at the Nigeria Civil Aviation Authority (NCAA) headquarters at the Nnamdi Azikiwe International Airport, Abuja.

The objective of the USAP-CMA is to promote global aviation security through continuous auditing and monitoring of member states' aviation security performance, to enhance their aviation security compliance and oversight capabilities by regularly and continuously obtaining and analysing data on member states' aviation security performance, including the level of implementation of the critical elements of an aviation security oversight system and the degree of compliance with the Standards of Annex 17 — Security and the relevant security-related Standards of Annex 9 — Facilitation, as well as associated procedures, guidance material, and security-related practices.

According to Vine, Nigeria scored very well in most of the key indicators and he praised the country for having very robust policies and agencies with clear mandates on airport security.

In a statement by Obiageli Orah, spokesperson of the Federal Airports Authority of Nigeria (FAAN), the ICAO chief is reported to have also acknowledged the speed with which the personnel dealt with identified deficiencies without complaints.

According to the statement, Vine explained that the full report of the audit would be made available to Nigeria by ICAO within 60 days, after which there will be 30 days for the country to make comments. He also added that after this, the country will be expected to file its plan to meet compliance with the organisation.

Also speaking at the debriefing, Olubunmi Kuku, managing director and chief executive officer of FAAN, said the Authority would use the results of the audit as a roadmap for continuous improvement in the services it renders to airport users and stakeholders.

Kuku urged all stakeholders to collaborate closely, share best practices, and remain vigilant in upholding the highest standards of security in the Nigerian aviation industry. She thanked all government agencies, security bodies, government institutions, and heads of aviation agencies for their contributions to this incredible achievement.

ANALYST INSIGHT
The Airport Customer Experience

Voice of the customer at the airport

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).

THE AIRPORTS COUNCIL INTERNATIONAL, (ACI), which is the trade association of the world's airports, recently announced the best airports for passenger experience worldwide. This was carried out in partnership with the leading travel technology company Amadeus. The choice of the best airports worldwide for passenger experience is done by passengers through the Airport Service Quality (ASQ) awards.

These awards are based on the most reliable global measurement and benchmarking programme for airport customer experience, which is the ASQ programme. Yours truly was invited to Indonesia to participate in the departures questionnaire review during the Customer Experience Summit of 2019 in Bali, Indonesia.

It stands out because the ASQ programme is founded on a rigorous and scientific methodology. It is noteworthy that the programme relies on live research carried out using surveys administered directly to travellers at the airports. It captures in real time their satisfaction on the very day of travel. So, the ratings received are based on the feelings of the traveller as they were undergoing such at the airport. There are over 30 performance indicators across key elements of the passenger's airport experience covered by the ASQ surveys.

In 2021 the Airports Council International revealed the airports that have continued to prioritise listening and engaging with the customers during the COVID-19 pandemic. The recognition for 'The Voice of the Customer' set out to identify airports which demonstrated significant efforts in gathering passenger feedback through the Airport Service Quality Programme (ASQ) to assist them to better understand the customer during the pandemic. It was not just about listening to the passengers, but also adapting processes and procedures to meet changing expectations of customer experience in response to COVID-19.

Airports are having to deal with challenges such as rising costs, workforce retention, among others. Some efforts made recently by airports to improve the passenger experience from the International Airport Review Guide to Airport Experience are: Implementing technology like smart security, biometrics, and self service, personalising the experience and creating a sense of place.

At SEA Milan Airports, new technologies, like smart security, biometrics, and self-service, are providing seamless passenger experiences by reducing waiting times and empowering passengers to be in control of their own journey. Also, FaceBoarding, based on biometric facial recognition, enables passengers, after enrollment at the airport or through the mobile app, to go through check-in, security and boarding with no need to show boarding passes and ID documents. The airport states that it has deployed technology to enhance a collaborative approach between all stakeholders present at the airport.

Aeropuertos Uruguay, recognises that there is an appetite for passenger independence, in the form of powering air travel journeys through mobile devices and having more options to personalise their trip and greater use of self-service options. Leveraging on their understanding of the customer by listening to their voice, the airport also believes that customer experience is crucial, but employee experience is as well. The airport therefore recognises both the internal (employees) and external customers and so says they are a customer centric airport, and because of this, need to adapt their operations to the passenger's voice when they hear it.

The ACI ASQ awards: Categories for departures as Best Airports by Size and Region, as well as Most Dedicated Staff, Easiest Airport Journey, Most Enjoyable Airport, and Cleanest Airport. For arrivals, the category is Top Airports Globally. Also 9 airports across all regions have won ASQ Awards in all 5 departure categories, maximising a pleasant experience at every stage of the airport journey:

Africa: Casablanca Mohammed V International Airport, Asia-Pacific: Sultan Hasanuddin International Airport; Yogyakarta International Airport, Europe: Izmir Adnan Menderes Airport; Aeroporto di Roma-Fiumicino, Latin America: Guayaquil International Airport, Middle East: Salalah Airport and, North America: Greenville-Spartanburg International Airport; Gerald R. Ford International Airport.

Further, 8 airports are inducted into the ACI Director General's Roll of Excellence — a recognition given to airports that have won multiple ASQ awards over a five-year period in the last 10 years. The inductees are: Shenzhen Bao'an International Airport, Chandigarh Airport, Casablanca Mohammed V International Airport, Muscat International Airport, Cincinnati/Northern Kentucky International Airport, Sultan Mahmud Badaruddin II Airport, Sultan Hasanuddin International Airport, and Zagreb International Airport.

In the ACI press release: ACI World Director General Luis Felipe de Oliveira said, "We are delighted that in 2023 the ASQ programme surpassed 400 participating airports in a historical record — reflecting our members' commitment to placing the passenger first. Likewise, we thank the guests that dedicated their precious time by providing feedback in close to 600,000 surveys. The global growth of the programme underscores the trust placed in its scientific and live approach, making ASQ the go-to standard for airport customer experience assessment in the aviation industry. The future success of airports hinges on the unwavering commitment to delivering a stellar customer experience at every touchpoint. In an era where passenger expectations are evolving rapidly, excellence in customer service isn't just a goal; it's the key to ensuring airports remain not just gateways, but memorable destinations in themselves."

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STRATEGY & CORPORATE FINANCE

Starting strong: Making your CEO transition a catalyst for renewal

The best CEOs use the first six to 12 months of their tenure as a moment of great personal transition and institutional renewal. There are four keys to success

By Carolyn Dewar, Scott Keller, Vikram Malhotra, and Kurt Strovink (McKinsey)

SOME EXPERIENCES IN LIFE you simply can't prepare for. You can imagine how you might feel and what you might do, but you can never actually know how you will respond in a situation until it happens. Falling in love, becoming a parent, and facing one's mortality all fit into this category. In the workplace, your first interview, first day on the job, and first time given the responsibility of managing others are of this ilk. For a select few who successfully climb the corporate ladder, becoming CEO can be added to this list. As Bill George, former CEO of Medtronic and current Harvard Business School professor, puts it, "No one is prepared to become CEO, no matter how much they think they are. You have to grow into the job. You think you know how to run a business, but that's really more the COO role."

What makes the top job so different from the leadership roles that come before it? To start with, new CEOs discover quickly that they are accountable for everything, that their reporting relationships have changed dramatically, and that the job is extremely lonely.

Dick Boer, former CEO of the Dutch food giant Ahold Delhaize, explains how accountability changes: "As the company CEO, it's solitary. You can't say, 'Look, I can't do it because . . .' No. It's you. You can't blame anyone anymore for anything. It's you to blame." Ecolab's former CEO Doug Baker illuminates the uniqueness of reporting relationships: "Our synapses are designed for one boss. Our whole career, we have had one boss, and now, all of a sudden, you've got 13 versions of a boss. Oh, and by the way, they don't come to work every day, like all your other bosses did." Microsoft CEO Satya Nadella reveals where the loneliness comes from: "Nobody who works for you sees what you see. And nobody you work for sees what you see. That's the fundamental problem of a CEO, which is you see it all, and nobody else around you sees it, so you can get very frustrated."

For these reasons and many others, no one should assume that they have it all figured out when transitioning into the role of CEO. In fact, one-third to one-half of new CEOs are considered to be failing within 18 months of taking the role, and more than 90 percent of those CEOs confess that they wish that they had managed their transition differently. Those who get it right realise early on that they will need to lead differently than they did on the way to the top. They know that their success will depend on whether they can reinvent themselves by rewiring the many work habits they built up over decades (on average, new CEOs have worked for 24 years before taking the role).

Savvy CEOs recognize that the renewal opportunity isn't just for them but for the entire organisation. A transition of leadership creates what German American psychologist Kurt Lewin refers to as an "unfreezing" moment for the institution. According to Lewin's theory, organisations exist in an equilibrium state largely constrained ("frozen") by resistance to change and group conformity. Movement becomes possible only when there is a jolt to the system (an "unfreezing"). Such jolts often come in the form of a crisis—such as when GM's Mary Barra used the company's ignition switch crisis as a catalyst for needed culture change. A CEO transition creates a similar opportunity—albeit without the crisis—to reset an organisation's aspirations and ways of working.

The best CEOs don't miss the opportunity to make their first six to 12 months (not just the vaunted 100 days) both a personal transition of great import and a profound moment of institutional renewal. While each leader will act in ways befitting their unique situation, there are at least four common ingredients for success:

- not making it about you
- listening, then acting
- nailing your firsts
- playing "big ball"

Don't make it about you

In his 1979 book Transitions: Making Sense of Life's Changes, the late author and consultant William Bridges wrote about the difference between transition and change. According to Bridges, change is something that happens to people. Transition, on the other hand, is internal: it's what happens in people's minds as they go through change. Change can happen very quickly, while transition usually occurs more slowly. The distinction is subtle but vital to understand for a new CEO who is pursuing both personal and institutional renewal.

The day you become CEO, you undergo an enormous amount of change. For one, all the attention becomes laser-focused on you, often in ways that distort reality. Says Brad Smith, former CEO of the accounting software giant Intuit, "It's no secret that we all get ten inches taller and our jokes get funnier the day we assume the role." At the same time, your power gets magnified. "Every time you say or do something," says DBS Bank CEO Piyush Gupta, "it's got a massive consequential effect. The whole company pivots."

All this attention and power can quickly create a celebrity CEO phenomenon where the transition becomes all about you. Successful CEOs don't let this happen—they keep their minds focused on the institution. As former Itaú Unibanco CEO Roberto Setúbal explains: "All CEOs need to ask themselves, 'What do you want to be remembered for—as a great person or a person who made the company great?' If you want to make the company great, then you must think about the company first, yourself second. It's human nature to want to be recognized, so it's not easy to put the institution ahead of yourself."

Former Mastercard CEO Ajay Banga reinforces the point with a memorable analogy: "You want them to not remember you. You want the company to be successful where it's headed. You do not own the business unless you created the company and were Steve Jobs or Bill Gates, and then they should remember you. Guys like us, we're just stewards of the system in a ship sailing through the sea. You have to make sure that the boat doesn't sink while you're there and that during the voyage it picks up a couple of extra sails and some new engine technology. You make the boat work better. But you don't brand the boat with your name and call it the Ajay Banga boat."

Such advice sounds laudable in theory, but what does it mean in practice? Taking this approach starts with asking different questions, which then lead to different answers. For example:

Microsoft's Nadella embodies the "it's not about me" mindset by ascribing a meaningful portion of his success to his predecessor. "My dad, a civil servant in India, always used to talk about institution builders as those people whose successors do better than they did themselves," he says. "I love that definition. I feel that if the next CEO of Microsoft can be even more successful than I am, then maybe I've done my job right. If the next CEO of Microsoft crashes and burns, that may result in a different verdict. That's why I think too much credit is given to me and not enough to Steve [Ballmer, Nadella's predecessor] for what he set in motion. I don't think I would have been able to achieve what I've achieved if not for his work."

Israel Discount Bank's former CEO Lilach Asher-Topilsky used a daily ritual to remind herself that the job was not all about her: "Every morning, when I went to my office, I entered the room, looked at my chair, and reminded myself that people were going to walk in and talk to the chair. I sit in this chair now, but I have to remember that I have to be humble. I have to remember that everyone is the same. I sit in this chair, and it makes me powerful, but tomorrow I'm not going to be in this chair."

Topic	'It's about me'	'It's not about me'
Vision	What legacy will I leave?	What organisational purpose do I serve?
Leadership	What are my "nonnegotiable" expectations of others?	Who does the company need me to be?
Team	Who on my team will complement my weaknesses?	What conditions will I need to put in place to maximise my team's success?
Change	What is broken that needs fixing?	How will we respect our past while accelerating or disrupting our future?
Engagement	How will I get the organisation on board with my vision?	How will I engage the organisation in creating our shared vision?
Measurement	How will I know if I'm successful?	How will we know if we're winning?

Listen, then act

When a new CEO takes over, anxiety levels can run high within the organisation. Everyone wants to hear what the new person thinks, what will change, and what the change will mean for them. With people overanalyzing every word and move the new CEO says and makes, the urge to decide, declare, promise, and explain is strong. The best leaders in transition know that it is better to listen and find out what is really going on before making broad declarations or premature moves. Of course, context matters—in a turnaround situation, there will be a premium on action—but in most contexts successful leaders subscribe to Albert Einstein's edict of, "If I had an hour to solve a problem and my life depended on the solution, I would spend the first 55 minutes understanding the problem." Practically speaking, this ethos translates to the following practices:

- Start with a broad-based listening tour.
- Create a fact-based "one version of the truth."
- Lock in a short list of bold moves.
- Communicate those moves in an elegantly simple, engaging manner.

On his listening tour after being announced as the next CEO, Intuit's Smith asked the same three questions of board members, investors, fellow CEOs, and employees: "What are the greatest opportunities we haven't yet capitalised on? What are the greatest threats that could end this storied franchise if not addressed? What is the one thing I could do to screw it up?" Examples of other powerful questions you might consider asking are: What do you hope will change? What should not change? What aren't people telling me that I need to know? What am I not hearing that I should be hearing? Lockheed Martin's former CEO Marillyn Hewson explains why such questions are uniquely powerful during the transition period: "People tell you things because you're the newbie that they're not going to tell you two or three years from now."

The perceptions you pick up during your listening tour should be validated with facts where possible and augmented by analytics that can help answer tough questions about the state of the business. The goal is to create one version of the truth that you can use as a baseline for the organisation's aspirations and against which to judge its future performance. Ed Breen, the CEO of DuPont and former head of Tyco and General Instruments, discusses his methodology: "As a CEO, when you go into a company, even if you've been in the company and you get promoted to CEO, you need to take a good, clean look at everything: return metrics, cash conversion—all the key metrics. Then you can see where you sit vis-à-vis a really good company that has a business model like yours, and you can ask, 'Well, why aren't we there? If they can be there, why can't we be there?' There's always a way to get there." Financial and operational metrics are key, but so are metrics on talent, teamwork, culture, and stakeholder perceptions.

Once you have a strong, fact-based understanding about what is needed to propel the business forward, it's time to identify the biggest needle-moving actions that you will lead. What will you buy and sell? Where will you invest differentially? How will you improve productivity? Where will you create more differentiation? How will you reallocate capital? McKinsey research shows that making even two big moves across these arenas more than doubles the likelihood of rising from mid- to top-tier performance, while executing three or more makes such a rise six times more likely.1 Furthermore, CEOs who make these moves earlier in their tenure outperform those who move later, so there is a premium on mobilising the organisation quickly.

You may be wondering, "If moving fast is important, why do great CEOs invest so much time in listening first?" Alain Bejjani, the CEO of Dubai-based conglomerate Majid Al Futtaim, explains this paradox of going slow to go fast: "We aimed to have the most inclusive process possible. Doing so built a broad sense of ownership, and we also found that some of the most insightful answers came from people we wouldn't normally have approached for input, which in hindsight would have been a significant loss." Best Buy's former CEO Hubert Joly reinforces the point: "Of course you have to create a plan, but you have to cocreate it. It doesn't need to be perfect—the key is to create energy and manage energy." Bejjani's and Joly's experiences are supported by social science that suggests that people are up to five times more motivated to execute initiatives that they have had a hand in creating versus ones that have been handed down from on high.

A powerful tool to mobilise the organisation in the desired direction is to distil the company's transformational vision and strategy down to an elegantly simple "one-pager." Says DBS's Gupta, "We put together a one-page visual we call the DBS House. On it is everything: our vision, strategy, values, targets, etcetera. It allows us to all talk the same language about what we want to do and, more importantly, what we do not want to do." Similarly, Ivan Menezes, the CEO of beverage maker Diageo, carries around a one-pager called the "Diageo Performance Ambition" that has the company's purpose and vision at the top and then lays out the company's six strategic pillars—written in simple English with no jargon. Menezes describes why it's so useful: "Whether you're on a bottling line in Kenya or doing sales in Vietnam, you can find yourself on the page and know where you could make a difference. It's very helpful in depicting the clarity of the strategy and the change that is needed."

Nail your firsts

In a famous social-science experiment conducted in 1946 by psychologist Solomon Asch, participants were given one of two sentences. The first began, "Steve is smart, diligent, critical, impulsive, and jealous." The second read, "Steve is jealous, impulsive, critical, diligent, and smart." Although both sentences contained the same information, the first one led with positive traits while the second one started with negatives. When asked to evaluate what they thought of Steve, subjects who were given the first sentence evaluated him more positively than those given the second. This is an example of what social scientists refer to as the "primacy effect," and it's why the adage "You never get a second chance to make a first impression" matters—first impressions tend to last.

Early in your tenure, everyone, even those you have worked with for years, is forming their first impression of you as the CEO. Getting your first impressions right will send strong messages about how you intend to lead differently (from the previous CEO, as well as versus how you have led in previous roles) and the renewal opportunity you see for the organisation. Applying the following four principles will go a long way to ensuring that your first impressions are positive:

- Understand people's "why?"
- Keep to a single narrative.
- Err toward complete candour.
- Prepare intensely for moments of truth.

If you know what motivates a person and can connect at that level, the chances are greater that you will make a positive and lasting impression. "It goes beyond just listening to what they say," Lockheed's Hewson shares. "If you take time to understand why they're saying what they're saying, you can [then] help shape their longer-term thinking." Netflix CEO Reed Hastings gives an example of how understanding the "why?" of the press shapes his actions: "They want to be truth tellers, but they are forced to be entertainers." Hastings makes it a point to give reporters a bit of both and can convey his message more effectively as a result.

Jacques Aschenbroich, former CEO and current board chairman of the global automotive supplier Valeo, hews to the second principle: "What I present to the board of directors is exactly the same that I present to our shareholders, exactly the same that I present to leaders, exactly the same that I present to the unions." Israel Discount Bank's Asher-Topilsky expands on the point: "When something happens, internally or externally, you continue to communicate in the same way." On the one hand, adopting a single narrative is liberating—one CEO confided in us, "I'm not smart enough to have two versions of the truth!" On the other hand, you'll need to brace yourself for having to endure, in the words of Proctor & Gamble's former CEO A. G. Lafley, "Excruciating repetition."

Asher-Topilsky speaks about the third principle—candour: "Don't overpromise. Be frank about the problems, not just the opportunities." Even if you are uncomfortable in the moment, such sincerity lays the foundation for real trust and credibility. To facilitate this level of candour with his board, Diageo's Menezes starts meetings in an executive session (just him and the board) with a list of seven or so things that are going well, matched by an equal number that aren't going well. Doing so offers his directors a better perspective on what he's dealing with, which allows them a chance to give better guidance. US Bancorp's former CEO Richard Davis shares how this translates to communicating with investors: "I often said, 'Look, you deserve the truth, and we deserve for you to believe us. So when we tell you that things are going amazingly well, you will remember us telling you when they weren't.'"

Successful CEOs prepare intensely for important moments of truth, such as the first time they have their team together, their first board meeting, their first investor presentation, and their first quarterly earnings report. In these situations, it's important to heed the words of US college football coach Paul "Bear" Bryant: "It's not the will to win that matters—everyone has that. It's the will to prepare to win that matters."

Aon CEO Greg Case learned this the hard way. When he took the top job at the professional-services giant, he was told he had to present at an investor day that was scheduled to take place a month after he arrived. Having come in from the outside, he knew there wasn't time to prepare a thoughtful, compelling, and meaningful view of the future strategy of the firm. Case recalls, "Had I been more seasoned, I would have said: 'We're going to cancel that.' But I didn't know any better. So I said, 'OK, we'll get ready.' It was a massive fire drill from hell."

Case also shares the hard-gained learning that new CEOs should treat early interactions with individual board members as moments of truth. "Spend more time, substantial amounts of time [with them] early on as a new CEO," he advises. "It's absolutely essential that your board understands you, and you understand them individually. It builds trust and transparency. I wish I'd spent more time early on." Former Caterpillar CEO Jim Owens describes the practical application of this advice: "For the first six to nine months, I personally met with each board member at their place of business, took time to have dinner, got to know them a little better, and talked about the business in depth."

Getting your first impressions right doesn't guarantee success, but it does increase the odds. As in golf, putting the first shot on the fairway is the way you want to play.

Play 'big ball'

"Play big ball, not small ball," advises Sandy Cutler, the former CEO of the power management company Eaton. "By that I mean spending time on things that no one else can in ways that magnify your effectiveness without getting mired in things that don't make a difference."

This advice may sound like common sense, but it's too often not common practice for new CEOs who suddenly find themselves accountable for everything and to everyone. Mastercard's Banga confesses, "The first two years were really hard. I started badly, because I was trying to do everything—communicating, getting to know people, leading change, finding the people I could build new relationships with, and getting them to carry my message." His life quickly spun out of control. "I was travelling as well. It was hard to sleep. I'd come back to my hotel room in Asia at 11 o'clock at night and I'd have 100 emails from the US waiting to be answered. And I'd promised my team that I'd respond to every email and every phone call within 24 hours."

Like Banga, many new CEOs enter the role thinking that they will go hard for the first 90 days and then back off a bit. That's easier said than done. "I didn't know whether I'd be successful and so I went 100 percent, totally all in," divulges former LEGO CEO Jørgen Vig Knudstorp. "My health suffered quite badly. I went to a checkup, and the doctor said, 'You have the fitness of a 65-year-old.' I was, at the time, approaching 40. I then started becoming a bit more sensible." Knudstorp's experience is a cautionary tale—as a new CEO, you should be disciplined about playing "big ball" from day one.

To play big ball throughout their tenure, new CEOs can put three foundational elements in place early:

Time management: Set clear boundaries and stay extremely disciplined.

Talent: Put "A" players in critical roles, move on "C" players, and help "B" players succeed.

Operating rhythm: Combine accountability with urgency and targeted coaching.

At Mastercard, Banga learned to become extremely careful about how he used his time: "If you, as CEO, can't figure out what matters to you, and if you are not willing to make the time for it, then it's your problem. No one can help you." He set boundaries and adopted a colour-coding system in his calendar. The time he spent for travel, with clients, regulators, in internal meetings, and so on were each assigned a different target time allocation and colour. "If I wasn't spending time in the right places in any of these areas, a quick look at the calendar would make that abundantly clear," he shares. "One of my chief of staff's primary jobs was to make sure that the balance of meetings was correct."

Flemming Ørnskov, CEO of the skin care company Galderma, shares the hardest part of getting balance: "The thing I had to learn was to say no. When someone calls me and says, 'I want you to be the keynote speaker' or 'Don't you want to do this off-site?' or 'Let's do a dinner,' saying no feels uncomfortable initially, because people mean it in a friendly way. But to say no politely is important." Ørnskov is highly disciplined about making what he says yes to as productive as possible. "I really prepare for meetings and make sure the agenda is tight and focused," he explains. "I read the pre-reads, I think about it, I start and finish meetings on time. All meetings start and end with a recap of action items and follow-ups."

The second area to get right early is talent management. GE CEO H. Lawrence Culp shares why: "Your people decisions are really where all your leverage is. As a CEO, you absolutely have to get those right." The best CEOs create a short list of roles (30 to 50) that will have the most impact on driving their company's strategy. Then they make sure those roles are filled with A players. They also make tough calls on C players, even those who have been loyal to the organisation for decades. JPMorgan Chase CEO Jamie Dimon clarifies the rationale for this: "If we were 'loyal' to them by leaving them in the job, we'd be hugely disloyal to everyone else and to the company's clients."

Further, and often neglected, is creating the conditions for B players to up their game: role modelling, setting expectations, and providing incentives and capability-building opportunities. Having done so, if no improvement happens in a discrete time frame (months, not years), it's time for a colleague to move on. Gail Kelly, the former CEO of Westpac Banking, explains why: "It very rarely gets better if you've put the conditions in place for their success and they aren't succeeding. That's why you want to make those decisions early. It's the most elegant way of dealing with it, because you can discuss that it's not the right fit. If you let it go on too long, you can't have that discussion."

The third foundational element that will enable you as CEO to play big ball is establishing a robust operating rhythm for the company. This is harder than it may seem because it also involves deciding the altitude at which you will fly. As the corporate CEO, you have business unit CEOs reporting to you who have the operating responsibility you no longer have. Although you will need to empower those people, there is a trap to avoid, as GE's Culp explains: "I've seen a lot of my peers giving their business unit CEOs a lot of room because that's what they always wanted when they were in the role. Then someone surprises them in not a good way, and they start to think differently."

For Culp, as for the best company CEOs, the key is to have a regular rhythm of reviews covering organisational, operational, and strategic issues. The altitude at which to fly is determined by the substance of those sessions. Mastercard's Banga explains: "My operating rhythm is that if you're not performing, it will be a longer operating review, we'll dig into what's going on. If you're growing market share and growing on the priorities we agreed to in the KPIs, it'll be a very short review."

Your operating rhythm doesn't just reinforce your priorities; it also sets the metabolism of the organisation. As Microsoft's Nadella states, "That's a fascinating thing—what is tempo? Only the CEO can decide that." It's important to set a pace that allows you to get early runs on the board. Best Buy's Joly explains why: "The key with any stakeholder is to get the 'say–do' ratio right: the ratio between what we said we were going to do and what we actually did. That's how you get credibility. If you do what you say you'll do, they'll want to see less of you. They'll want you to spend your time working on the business and delivering on your commitments."

We began by discussing how, like falling in love, transitioning into the CEO role is something you can't fully prepare for. As such, it's a profoundly uncomfortable but also wonderous time for those fortunate enough to have been chosen to lead at the highest levels. We also noted that the impact of the transition extends far beyond the leader. The ascension of a new CEO is an unfreezing moment that can catalyse significant institutional renewal.

GE's Culp describes how it feels when it all comes together: "I liken it to the flow I remember when I was on my high-school basketball team. We ran fast, took care of each other, and we were successful. Running fast with incredible people working at this level—I just find it to be great fun and rewarding in a whole host of ways."

By not making it about you, listening then acting, nailing your firsts, and playing big ball, you'll soon hit your stride.

This McKinsey Insight article was first published in McKinsey Quarterly

Nigeria's gaming sector poised for lift-off, with $245bn at stake

Onome Amuge

NIGERIA, A COUNTRY KNOWN for its youthful population and rapid technological adoption, has become a magnet for investment in a variety of sectors. Among them, the gaming industry has emerged as a particularly dynamic and promising market, fueled by a combination of factors including the ever-increasing demand for entertainment and digital connectivity, as well as the widespread use of smartphones

The latest market research from Vantage Market Research shows that the global gaming market is experiencing rapid growth, projected to reach $682 billion by 2030 from $245.9 billion in 2022 at a CAGR (Compound Annual Growth Rate) of 13.6 per cent. This growth is fueled by several key factors, including the increasing number of gamers, the high cost of installing and updating gaming hardware and software, and the growing demand for high-speed internet.

As more people have access to high-speed internet, they are increasingly turning to online gaming, driving the need for faster, more reliable internet connections. Meanwhile, hardware and software costs are also on the rise, driven by advancements in technology and the increasing popularity of high-end consoles and games.

The rapid advancements in technology within the gaming sector are a major factor driving the industry's growth. These advancements are transforming the way games are developed and played, leading to more immersive and interactive experiences for gamers. From the implementation of advanced artificial intelligence (AI) systems to the use of virtual reality (VR) and augmented

Mele Kyari (right), group chief executive officer, NNPC Ltd, speaks to Daniel Yergin, CERAWeek co-founder and vice chairman, S&P Global, during a Leadership Dialogue Plenary Session at the recently held CERAWeek Conference in Houston, United States.

reality (AR) technologies, the gaming industry is at the forefront of technological innovation.

According to reports, the growth of the gaming industry in Nigeria has been nothing short of remarkable, propelled by a number of factors. A massive increase in internet penetration and the widespread adoption of smartphones have made gaming more accessible than ever before, while a tech-savvy population has embraced a wide range of gaming platforms and formats. Even traditional games and esports have seen significant growth, attracting a diverse and engaged audience.

Udukheli Izebuno, director at Scapa Systems and Solutions Limited, a company that provides order assurance solutions for merchants, observed that the mobile gaming segment has been a major driver of the growth of the gaming industry in Nigeria. He noted that a significant portion of the population now accesses the internet via smartphones, which has led to a boom in the number of people playing games on their mobile devices. This has created new opportunities for developers and publishers, who are increasingly shifting their focus to mobile gaming in order to reach a wider audience.

Izebuno's article, "Unveiling Opportunities in Nigeria's Thriving Gaming Industry," delved into the immense potential of the mobile gaming sector in Nigeria. He stressed that by creating games that are relevant to the Nigerian market and resonant with local culture, developers and publishers could tap into a massive audience of eager gamers.

"The rise of esports has been meteoric globally, and Nigeria is no exception. Investing in esports infrastructure, including organizing tournaments, creating gaming arenas, and supporting esports teams, presents a promising avenue for investors seeking long-term returns," he stated.

Izebuno highlighted the importance of robust and user-friendly gaming platforms, whether focused on sports betting, casino games, or virtual sports. He noted that the most successful platforms combine cutting-edge technology, an intuitive user interface, and seamless payment solutions to create an optimal gaming experience.

While acknowledging the impressive progress made in improving Nigeria's infrastructure, Izebuno warned that there are still significant challenges that need to be addressed. Poor power supply and inconsistent internet connectivity can pose major obstacles for investors and users alike. He encouraged investors to take these challenges into account when planning their investments and to explore ways to ensure that their platforms are reliable and accessible.

In Izebuno's view, navigating the complex and ever-changing regulatory landscape is one of the most crucial challenges facing investors in Nigeria's gaming industry. He added that while it may seem daunting, understanding and managing the regulatory landscape is key to a successful investment strategy.

Izebuno outlined three key strategies for investors looking to succeed in Nigeria's burgeoning gaming sector:

- Collaborating with local developers and businesses to gain deeper insights into local needs and preferences.

- Cultivating strategic partnerships with key stakeholders to leverage their expertise and networks.

- Making a commitment to understanding the unique dynamics of the Nigerian market, including economic conditions, technology penetration, and consumer behaviors.

Governor Babajide Sanwo-Olu of Lagos State recently announced the state's plans to explore the African gaming market. This market is currently estimated to be worth over $7 billion, and the governor believes that Lagos has the potential to be a major player in this growing industry.

Sanwo-Olu made this announcement at the Africa Gaming Expo Lagos 2024, where he highlighted the state's strategic position in Africa and its potential to become a hub for the gaming industry. The governor also spoke about the state's plans to invest in infrastructure and create an enabling environment for gaming companies to thrive.

Speaking about the potential of the gaming industry, Sanwo-Olu said the government strongly believes that the gaming industry would be a real engine of growth that can propel social order, economic development, and redefine wealth within Lagos communities.

Instagram's monetisation feature opens up opportunities for Nigerian creators

Joy Agwunobi

META, THE GLOBAL LEADER IN social media platforms, has unveiled its plan to roll out a monetisation model for Nigerian content creators on Instagram, with the aim of allowing them to earn money directly from the platform.

Nick Clegg, Meta's president for Global Affairs, made the announcement after a meeting with Nigerian President Tinubu, where the topic of empowering creators and the role of Instagram in providing a global audience was discussed. The new monetisation model, which is scheduled to be implemented by June 2024, is expected to be a significant milestone in Meta's efforts to support creators in the Nigerian market.

The new monetisation feature is considered a game-changer for Nigerian content creators, who will now have a direct and accessible means to monetise their content and earn an income from their creative pursuits. This is a significant change from the current situation, where creators are often forced to rely on third-party platforms and services to generate income. Nigerian content creators have been eagerly awaiting the implementation of this feature, which will enable them to earn a living from their creative endeavors and have a direct connection with their audience. For many, this news has come as a welcome relief, as they have been vocal in their calls for Meta to take action and provide a direct monetisation option on Instagram.

In his address, Clegg stressed on the importance of deepening partnerships with Nigeria. He said, "We are committed to strengthening our relationship with Nigeria.

He also spoke about the opportunities for collaboration in the ICT sector, stating that Nigeria has a large and young population, which presents significant opportunities for growth and innovation in the ICT sector.

Generative AI poised to shake up fintech marketing in Nigeria

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On his part, Bosun Tijani, minister of communications, innovation and digital economy, stated the importance of Meta platforms and partnerships in Nigeria's digital economy. Tijani also highlighted the need for engagement and collaboration to create opportunities for people to share in global prosperity, adding that digital technology is a key enabler of Africa's connectivity and ability to contribute to global development.

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ALTON urges new pricing regime as rising costs take toll on telecoms sector

Business a.m

THE ASSOCIATION OF LICENSED TELECOMMUNICATIONS OPERATORS OF NIGERIA (ALTON) has called for a new pricing regime, citing the widening gap between production costs and current telecom service prices. The association stressed the need for a fair and transparent pricing model that reflects the realities of the market, noting that the current pricing regime does not reflect the actual cost of production and provision of services.

ALTON pointed out that the rising cost of diesel is having a devastating impact on the sector's operational viability. Industry estimates showed that in the first half of this year alone, the telecoms industry spent N50.20 billion on diesel fuel, a 50.20 per cent increase from the N33.48 billion spent in the same period last year.

The telecoms sector's reliance on diesel to power base stations and other critical infrastructure is a significant vulnerability, especially in the face of the country's unreliable grid electricity. On average, operators consume 40 million liters of diesel per month to keep these sites up and running, according to industry estimates. However, the cost of diesel has become increasingly prohibitive, reaching N1,257.06 per liter in February 2024.

According to Gbenga Adebayo, president of the Association of Licensed Telecommunications Operators of Nigeria, the high cost of diesel is having a detrimental effect on the sustainability of the sector. He noted that the burden of these costs falls disproportionately on infrastructure companies, which are responsible for ensuring the availability of power for telecom sites.

Analysts observed that while solar power presents an alternative solution, its viability is challenged by intermittent supply and the vulnerability of solar equipment to theft. The lack of an effective security system, they stated, is also a factor that needs to be addressed in order to make solar a viable solution for the sector.

In response to the increasing costs associated with diesel, telecom operators have called for a review of service pricing to ensure the long-term sustainability of the sector.

Stakeholders in the telecoms sector recognise that collaborative efforts are essential to addressing the rising costs of diesel and safeguarding the country's telecom infrastructure. This includes efforts to address the root causes of the problem, such as the nation's lack of reliable electricity, the high cost of fuel, and the security concerns that have plagued the industry.

Lagos looks to boost digital innovation through partnership with Mastercard

Joy Agwunobi

IN A LANDMARK MOMENT to boost Nigeria's digital economy , Governor Babajide Sanwo-Olu of Lagos State, and Mastercard have announced a partnership aimed at transforming the city into a global technology and innovation hub. The partnership was revealed at a meeting in Lagos between Sanwo-Olu and Dimitrios Dosis, president for Eastern Europe, Middle East and Africa at Mastercard.

The partnership is expected to be mutually beneficial, with Mastercard providing its expertise and resources to support the state government's efforts to become a leading hub for digital innovation in Africa.

Governor Sanwo-Olu described the partnership as a "win-win" for both the state government and Mastercard, highlighting the significant benefits that the collaboration would bring to Lagos. He stressed that the state government is committed to embracing technology and finding innovative solutions to improve the lives of its citizens.

The governor noted the Lagos State Government's long-term vision is to transform the city into a global hub for innovation and knowledge, where individuals and businesses can come to access world-class talent, solutions, and opportunities. According to Sanwo-Olu, the state government is focused on developing the city's young population to be not only smart and creative, but also resilient and adaptable to change.

He noted that the city's success in sectors like entertainment, arts, and technology, and its potential for further growth in these areas, is a testament to the city's ability to adapt and innovate.

He stated further, "We want to work together to identify problems and develop solutions, that is the only way to truly solve the challenges we face."

On his part, Dosis stated that Mastercard is keen to collaborate with the Lagos State government in order to help the city achieve its goals of becoming a hub for innovation and knowledge. He added that Mastercard is committed to bringing its technology and expertise to Nigeria, noting that the company has a lot to offer in terms of digital transformation.

The Mastercard representative also expressed his admiration for the thriving fintech community in Lagos, noting that the city has a unique combination of innovation, passion, and determination.

He observed that the city's fintech industry is characterised by rapid growth, strong collaboration between players, and a willingness to experiment with new ideas.

"We had the pleasure of meeting with a number of these innovative companies, and it was clear that they are truly dedicated to making a positive impact. Their commitment to advancing the financial technology sector is second to none," he said.

Data & Information Governance Insight

AI, integrity, plagiarism and Nigerian academia

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IN THE VIBRANT ACADEMIC CORRIDORS of Nigerian universities, the integrity of scholarship is paramount, a beacon guiding the intellectual voyage of students and scholars alike. Amidst the quest for knowledge and distinction, a subtle yet formidable challenge persistently looms: plagiarism. The surge in artificial intelligence (AI) applications has nuanced this challenge, rendering the act of appropriating another's work not only easier but perilously seamless. This narrative unfolds within the halls of a Nigerian university, casting light on the intricate dance between technology, ethics, and academic rigour.

Chidinma, a final-year student at a reputable Nigerian university, found herself ensnared in the web of academic pressure. The desire to excel, coupled with the constraints of time, nudged her towards the tempting abyss of AI-driven assistance for her term paper. The software, lauded for its ability to churn out comprehensive essays within minutes, seemed like a beacon in her storm of deadlines. Yet, what unfolded served as a poignant reminder of the thin line between technological aid and ethical breach.

The assignment was to explore the impact of colonialism on modern Nigerian governance, a topic rife with complexity and requiring nuanced understanding. Chidinma inputted her prompt into the AI tool, watching as it effortlessly produced a paper that, on the surface, mirrored scholarly excellence. The ease of it all was intoxicating; however, the intoxication soon turned bitter. Upon submission, her paper triggered the university's plagiarism detection software, revealing that significant portions were uncannily similar to existing works, a clear indicator of plagiarism.

The academic tribunal that ensued was a crucible, putting not just Chidinma's work but her entire academic ethos under scrutiny. The defence she mounted was one of ignorance and naivety towards the use of AI in academic writing. She argued that the AI was merely a tool, likening it to a more sophisticated version of referencing and note-taking aids. However, the tribunal highlighted a critical distinction: the delegation of one's intellectual process to AI without critical engagement or proper attribution crosses into the realm of academic dishonesty.

This episode within the academic microcosm of Nigeria mirrors a larger dialogue on the relationship between technology and ethics. AI, in its vast potential, offers tools that can significantly aid research and learning. Yet, without a foundational understanding of its implications on academic integrity, students may unwittingly compromise the very essence of their scholarly pursuit.

The lessons from Chidinma's ordeal transcend her immediate academic consequences, which included a mandatory ethics course and a mark of censure. They touch upon the broader discourse of education in the age of digital proliferation. Higher education institutions, particularly in Nigeria, stand at a crucial juncture. They are tasked not only with integrating AI and other technologies into the learning ecosystem but also with instilling a deep-seated ethos of integrity and originality.

This scenario beckons a reevaluation of how academic policies communicate the gravity of plagiarism and the nuances introduced by AI. There's a pressing need for a curriculum that intertwines ethical reasoning with digital literacy, ensuring students can navigate the evolving technological landscape without compromising their moral compass. Moreover, it emphasises the importance of creating an academic culture that values originality and critical engagement over the mere output of work.

Chidinma's story is not an isolated incident but a microcosm of a pervasive challenge within Nigerian academia and beyond. It serves as a clarion call for educators, policymakers, and students to foster an environment where learning is enhanced by technology, not undermined by it. The pathway to achieving this is twofold: integrating comprehensive digital ethics into the academic curriculum and cultivating an enduring culture of integrity. Only then can the lofty aspirations of higher education be fully realised, anchored in the principles of honesty, originality, and intellectual rigour.

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OLUKAYODE OYELEYE

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Grim omen as ECOWAS loses Burkina, Mali, Niger (5)

Editor's Note: *After taking some time out, Dr Oyeleye returns to continue the series, now in its fifth part, on the subject of ECOWAS, its internal dynamics and politics, and its relationships with the West.*

SURPRISES PROMISED by Captain Ibrahim Traore are unfolding in rather rapid successions. About a fortnight ago, the military leader of Burkina Faso retorted that the Western countries should not stampede his government into hurriedly holding democratic elections. It has become abundantly clear that those Western countries, particularly the US and France in this case, are not too keen about civilian or military leadership as long as their interest is well served. This has been proved historically and in contemporary times. The term democracy and that very system of government are increasingly being seen as falling far below the promised ideals. It is also becoming clear that such a system will have a hard time working well in Africa for a number of reasons. The fact that malleable leaders who are not well appreciated by their countrymen could be regarded as Western allies raises serious suspicion about the validity of and sincerity in such an alliance. For instance, Mohamed Bazoum, regarded as a Western ally in Niger has turned out to be loathed as evidenced in Niger people's ecstasy after his ouster on July 26, 2023. Yet, France and the US wanted him back in office for reasons best known to them. In Côte d'Ivoire, France had no problem with Alassane Ouattara's third term in office as a Western ally. His aberrant decision, which was a form of coup, was easily overlooked. Yet, the same France has issues with military coups in Niger, Mali and Burkina Faso. By way of a corollary, as long as the change of power from quasi-democracy to military regime in Chad favours France, it was nothing to talk about or raise a voice against.

It therefore becomes imperative and germane to critically examine democracy in its wider ramifications and ask if it is indeed a cure-all medication or just a palliative to Africa's economic, political and governance challenges. Or, are there viable alternative governance pathways other than democracy that can deliver the desirable results in Africa? In this context, Africans are expected to have a second look at the Western countries, especially their inconsistency in its application outside their own shores, particularly in Africa. Reports recently declassified have shown the US, through its Central Intelligence Agency (CIA), was involved in the toppling of Chile's democratic government of Salvador Allende and replacing it with the dictatorship of Augusto Pinochet. It was also reportedly involved in the toppling of Patrice Lumumba's democratic government and replacing it with that of the brutish megalomaniac called Mobutu Sese Seko. All through the long reign of Sese Seko, his government was not subjected to any visible Western interference. Does that mean he was an acceptable Western ally? Most recently, there were allegations that Barack Obama, as US president, was instrumental to the ousting of the government of Nigeria's Goodluck Jonathan, and replacing it with the failed government of Muhammadu Buhari. The question to ask, therefore, is: what exactly are their interests in all these interference and meddling?

Observations within the four countries currently under military leadership in West Africa in the past couple of months are providing a basis for asking questions about the sincerity of Western countries on claims about democratic governments within Africa. It is fast proving that, given a good opportunity for focused and determined leaders, the military junta could deliver more goods to African countries than the much-touted civilian governments. Some radically disruptive policies attributed to Assimi Goita of Mali, Ibrahim Traore of Burkina Faso and Abdourahamane Tchiani of Niger are reportedly already changing the faces of those countries as they seem to be succeeding where their civilian predecessors have failed. On the issue of insecurity, in particular, the mutual defence pact under the Alliance of Sahel States (AES), created between Mali, Niger, and Burkina Faso on September 16, 2023, was one of the initial giant strides toward self-liberation that ought to be applauded by the Western countries that should be happy for being relieved of the unsolicited burden bearing in the form of military support. The theoretical statement credited to President Emmanuel Macron, that African countries are incapable of defending themselves can now be tested empirically within the tri-state confederation over a period of time. It should thus be clearer in a matter of time whether or not those states are better able to protect their territorial integrity without help from outside. The success of this alliance will very likely alter the election time table for Mali and Niger, in which case a return to democratic rule may very likely be postponed. Indeed, what is the point of running a democratic government that does not provide the basic needs of the people in critical areas such as security, economy, food, electricity and transportation?

Acceptance of the military junta by the citizens in the countries presently under military leadership should send a clear message to those clamouring for a quick return to civilian rule. Perhaps it could be affirmed that those vested interests are more important to them than the welfare of the people of those countries. The Western media have played complementary roles in amplifying the messages of their politicians, regarding those Sahel States as problematic. To them, the insecurity challenges in those countries are intractable and will remain so without Western interference. This brings into focus the decisions recently announced by Niger and Burkina Faso military leaders. In Niger, the discovery of rip-off and underpayment by France on uranium sales is quite revealing. The same France that could do it unchallenged under President Bazoum has been exposed under the military leadership of Tchiani. In Burkina Faso, the handling of mining and mining products, hitherto done by the miners from the Western countries should henceforth be done by the Burkinabes. This becomes a new policy as all foreign mining licences are cancelled. This includes removing all foreign companies that were involved in mining and exporting gold from Burkina Faso. In particular, the policy revokes French mining companies' gold permits in Burkina Faso. Although Mali's approach, earlier decided, was not as far-reaching as Burkina Faso's, Mali nonetheless had on September 1, 2023, published a new mining code. This code entails a new mining protocol that would increase the state's earnings from gold, allowing the state to take up to 30 percent stake in new mineral projects and collect more revenues from the mining industry. The question could therefore be asked if those democratic governments were daft, naive, ignorant, complicit or simply conniving, at the excesses of foreign miners in their homeland.

Although those countries have embarked upon unambiguous diplomatic relations turnaround, preferring rather to align with the East, it remains to be seen what tradeoff such alignment entails. It is obvious that Africa is once again becoming an East-West diplomatic battleground which must be discreetly and circumspectly managed. The presence of Wagner mercenaries instead of the US or French soldiers will have some yet-to-be-understood wider implications. But, judging from the experiences of Wagner's involvement in the Central African Republic as well as in Sudan, Wagner's presence can be unsettling. For diplomatic balancing, however, it seems like the presence of Wagner was calculated to keep the Western forces at bay. More surprises are therefore to be expected from the tri-state area that has voluntarily excluded itself from the ECOWAS and seems unimpressed with the ECOWAS backtracking on its earlier threats of sanctions even after the sanctions were lifted. Those who announced the retraction must have envisaged that the affected countries would have jumped at the belated offer after initially dismissing the withdrawal announcement made by the three military leaders. But now, with a major fracture within the ECOWAS, the chances of mending seem like getting rather dimmer.

The people of West Africa are now faced with options that have existential consequences: to embrace purposeful military leadership that has direction and a determination to boost its people's fortunes or to celebrate and remain stuck in the mire of a democracy that delivers no real dividend to the majority of its people and keeps them in penury. Bearing in mind that the states under military rule, like many other states in West Africa, are highly dependent on commodity exports, a real test of commitment to true economic and political independence resides in the dogged determination to take ownership of what belongs to them. In other words, the readiness or reluctance of the democratic governments in other states to team up, or cooperate, with the military leaders over reforms of commodity extraction and exports will further prove how committed they are towards the economic development of their countries. In essence, those leading the democratic governments of those countries should not see it as too odd to learn from the military leaders they seek to discredit. After all, the success of leadership is not strictly measured by the type of government but by the impact of the government on the people governed. In this case, those lame duck democratic governments have to be humble and sincere enough to recognise that their success is best measured in their positive impact on their people's lives, not in the rhetorics, terminologies or benchmarks set by foreigners who essentially hide behind such mantras to exploit African countries.

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