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# BUSINESS

## NIGERIA

M A G A Z I N E

■ By consolidating our operations under one roof, will allow us to offer a wider product variety *.Pg 7*

■ In order to accelerate gas commercialisation ...NNPC has signed MOUS and project development agreements *.Pg 28*

■ The nation's manufacturing sector experienced significant setbacks amid economic challenges *.Pg 30*

■ Access to foreign exchange is another significant challenge, as major operational expenses... are dollarised *.Pg 37*

# NIGERIA TO STOP IMPORTATION OF GASOLINE

# EDITORIAL

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**BUSINESS**  
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### Embracing Nigeria's Business Renaissance

Welcome to this edition of Business Magazine Nigeria, where we delve into the dynamic and rapidly evolving landscape of Nigeria's business ecosystem. As the country navigates the complexities of a globalized economy, it stands on the cusp of a transformative era marked by innovation, resilience, and an indomitable entrepreneurial spirit.

In this issue, we spotlight the burgeoning tech sector that is fast becoming the backbone of Nigeria's economic growth. From fintech revolutionizing financial services to agritech enhancing food security, Nigerian startups are not only solving local challenges but also making a mark on the global stage. These stories of innovation and ambition are a testament to the country's potential and the boundless opportunities that lie ahead.

We also explore the critical role of infrastructure development, policy reforms, and investment in education in sustaining this momentum. By creating an enabling environment, fostering collaboration between the public and private sectors, and investing in the next generation of leaders, Nigeria can solidify its position as a leader in Africa's economic renaissance. As we navigate this journey, we are reminded that the strength of Nigeria's business landscape lies in its diversity, creativity, and unwavering determination. Whether you are an entrepreneur, investor, policy-maker, or enthusiast, we hope this edition inspires you to contribute to the narrative of growth and progress. Thank you for joining us as we celebrate the stories of success, the challenges overcome, and the visionaries who are driving Nigeria forward. Together, we can shape a prosperous future and ensure that Nigeria's business renaissance continues to flourish.

Warm regards,  
Ajetunmobi Olumayowa

# CONTENT



## BUSINESS

- 04 Wema Bank Targets Tier-1 Status Amid Recapitalisation Drive-** "...we are set to raise the N200bn within the 24-month timeline."
- 06 CBN Governor Yemi Cardoso Announces Impressive 136% Increase in Q1 FX Inflows Compared to 2023**  
A remarkable surge in foreign exchange inflows
- 08 FCMB Secures \$15m Trade Finance Facility from ITFC**  
"This agreement affirms FCMB's commitment to driving sustainable economic growth in Nigeria..."
- 11 Oando Plc Contributes \$550m to NNPC's \$3.3bn Crude Oil-Backed Finance Facility -** It reaffirms our commitment to assisting our member states in their efforts to achieve economic growth and stability.

## APPOINTMENT

- 13 Standard Chartered Bank Appoints Dalu Ajene as New CEO**  
"The Bank's leadership will further strengthen our presence in the region and enable us to continue delivering exceptional service..."

## ECONOMICS & POLICY

- 15 Nigerian Exchange Group Report Flags Insurance Sector Dominance Among 2023 Audited Results Delinquents**  
This revelation underscores growing concerns regarding transparency and compliance within the sector.
- 17 Aliko Dangote Decries Africa's Restrictive Travel Policies**  
"You don't need 35 visas on your French passport. This means you have a freer movement than myself in Africa."
- 20 Nigerian Governors Advocate Transparent Tax System to Bolster Revenue**  
A crucial avenue for resource mobilization and pledged collaboration... to bolster IGR
- 23 Nigeria Embarks on Major GDP and CPI Rebasings Exercise**  
"While these exercises are routine statistical practices," delays and irregularities in major statistical activities have heightened their significance..."
- 26 Pension Funds Shift Focus From Mutual Funds to Government Securities**  
To drive sustainable liquidity for the local equity market

## MANUFACTURING

- 28 Petrol Prices Set to Drop to N300/Litre with Dangote Refinery's Production Surge**  
"If we begin to produce PMS today in large volumes, provided there is adequate crude oil supply, I can assure that we should be able to buy PMS at N300/litre as the pump price,"
- 30 Nigeria's Manufacturing Sector Faces Turmoil Amid Economic Challenges**  
A need for government to intentionally prioritise the manufacturing sector and provide the required policy support and incentives
- 31 Nigeria to Kickstart Local Manufacturing of Auto Parts**  
To overcome challenges and unlock investment potential
- 32 Nigeria Secures \$16.6bn in Oil Sector Investments**  
"Our main objectives has been to create an environment where investments can thrive."

## MATTERS ARISING

- 35 Heritage Bank Liquidation Begins as NDIC Steps In**  
The focus remains on maintaining stability within Nigeria's banking sector
- 36 IATA Announces Significant Reduction in Blocked Airline Funds -**The major reason for the reduction was a significant clearance of funds blocked in Nigeria,"
- 37 Power Producers Sound Alarm Over N3.7tn Debt**  
A serious threat to the continuation of electricity production

## Wema Bank Targets Tier-1 Status Amid Recapitalisation Drive



**W**ema Bank's Managing Director and Chief Executive Officer, Moruf Oseni, has announced the bank's strategic plans to retain its national licence and aim for tier-1 banking status following the fresh recapitalisation of the banking sector. Speaking on Tuesday at the bank's Annual General Meeting, held virtually, Oseni outlined the progress towards meeting the Central Bank of Nigeria's (CBN) recapitalisation target of N200bn.

"The apex bank has done its due diligence and approved our N40bn rights issue, which is currently undergoing Securities and Exchange Commission approval to be listed on the Nigerian Exchange. Our capital base now stands not at the current N15bn but, with the rights issue, at N55bn—significant headway towards N200bn," Oseni stated.

Oseni assured shareholders that the bank is poised to meet the N200bn target within the 24-month timeline through public placements and a public offer. "Following the shareholders' and board's approval, we are set to raise the N200bn within the 24-month timeline. We are confident that we will achieve this before the timeline expires. We have shared our plans with the CBN, and we will work assiduously to balance our capital base in the near-

est future," he added.

He reaffirmed Wema Bank's commitment to maintaining its national bank status while striving to become a systemically important bank. "At a minimum, Wema Bank will remain a national bank. We will keep working tenaciously to become a systematically important bank, reattain tier-1 status, and continue providing optimum value for every shareholder and stakeholder of Wema Bank," Oseni affirmed.

During the AGM, shareholders approved a N0.50 dividend for 2023 and the appointments of two new non-executive directors, Yewande Zaccheaus and Yusuf Kazaure, along with new executive director Segun Opeke, to the Board of Directors.

Wema Bank's 2023 financial performance was highlighted by a 196% increase in profit before tax, rising from N14.75bn to N43.59bn, and a 220.4% increase in profit after tax, from N11.21bn to N33.66bn. Gross earnings surged from N132.30bn to N225.75bn, marking a 70.63% increase.

# Nigeria's Private Sector Sees Modest Improvement as PMI Rises

The business environment for Nigeria's private sector showed signs of improvement in May, as the Purchasing Managers' Index (PMI) rose to 52.1 points from 51.1 points in April. This marks the second-highest reading of the year, following January's peak at 54.5 points.



According to the Stanbic IBTC Bank Nigeria PMI report released on Tuesday, inflationary pressures eased but remained significant, leading to sharper increases in both output and new orders. Data gathered from approximately 400 purchasing managers in private sector companies indicated a slight pick-up in growth for the sector.

Muyiwa Oni, Head of Equity Research West Africa at Stanbic IBTC Bank, commented on the findings: "The Stanbic IBTC headline PMI increased to 52.1 points in May from 51.1 in April—its highest level since January's 54.5 points. This suggests that Nigeria's private sector activity maintained a better footing in May, even though the rate of expansion remained slower than the series average due to high prices limiting demand."

Oni highlighted that purchase costs and selling prices increased at their slowest rates in a year, supporting a sharper increase in both output and new orders compared to April. "The Nigerian economy grew moderately by 2.98 per cent year-on-year in Q1:24, down from 3.46 per cent in Q4:23. Structurally, the services sector continues to be the growth engine of the economy, contributing 83.2 per cent to real GDP growth, with industries and agriculture

contributing 15.5 per cent and 1.3 per cent, respectively," he added.

Interest rate-sensitive sectors experienced a slowdown, with the exception of the manufacturing sector, which saw modest growth at 1.49 per cent year-on-year, compared to 1.38 per cent in Q4:23,

though still below the three-year average of 2.40 per cent. "The April and May headline PMIs point to a slight improvement in private sector activity in Q2:24, although still underwhelming compared to Q2:23. We expect domestic demand to remain weak relative to historical averages, exacerbated by inflationary pressures, which may peak in May. High interest rates will continue to negatively impact the non-oil sector. However, due to expected favourable base-effect growth

in the oil sector, the overall economy is projected to grow by 3.51 per cent year-on-year in real terms in Q2:24," Oni noted.

The report indicated that new orders increased in May, continuing a six-month growth trend. Business activity also saw an uptick, reaching the highest level since January. Growth was recorded across all four monitored sectors, with manufacturing experiencing the sharpest rise. Improving customer demand amid easing inflationary pressures contributed to this growth.

Despite the positive trends in output and new orders, business confidence waned, reaching its lowest level since February. Nonetheless, over 43 per cent of respondents remained optimistic about the year-ahead outlook for output, citing plans for investment and business expansions, including new branch openings.

# CBN Governor Yemi Cardoso Announces Impressive 136% Increase in Q1 FX Inflows Compared to 2023

The Governor of the Central Bank of Nigeria (CBN), Dr. Olayemi Cardoso, announced a remarkable surge in foreign exchange inflows during the first quarter of 2024, recording 136% of the total inflows seen in the entirety of 2023.

Speaking at the Vanguard Economic Discourse in Lagos on Thursday, Cardoso, represented by Blaise Ijebor, Director of Risk at the CBN, attributed this success to recent economic reforms.



He said, “We remain committed to using all orthodox monetary policy tools available to us to address inflation. We have also embarked on major reforms to liberalise the foreign exchange market, enhancing transparency, reducing arbitrage opportunities, promoting stability, and improving market liquidity.”

One of Cardoso’s key achievements has been the settlement of all valid FX forwards, a move aimed at bolstering stakeholder confidence. “The FX flows into the country in Q1 of 2024 was 136% of the total inflows that we had in the whole of 2023,” he noted, underscoring the positive impact of these reforms.

In efforts to sanitise the forex system, the CBN has been issuing a series of circulars and has recently licensed 14 new International Money Transfer Operators, aiming to double remittances into the country. “Our target is to double remittance flows within the year, and we have started that process,”

Cardoso affirmed at the end of the Monetary Policy Committee meeting in Abuja.

Addressing the broader economic challenges, Cardoso highlighted the significant impact of global uncertainties on Nigeria’s economic growth. “The financial tightening globally has resulted from steps taken by monetary authorities to rein in inflation. This has caused a flight of investment to safer markets, impacting developing economies like ours.”

Nigeria’s inflation issues, largely driven by food inflation, are exacerbated by rising transport costs, infrastructure-related constraints, security challenges in food-producing areas, and exchange rate pass-through to domestic prices for imported goods. “These factors have created uncertainty for businesses and households,” Cardoso explained. To address these challenges, the CBN has increased the capacity of the banking system to facilitate the transactions necessary to build and establish the \$1tn economy envisioned by President Bola

Tinubu. “As the governor of the Central Bank of Nigeria, I remain committed to repositioning the bank to deliver meaningful, data-driven, and sustainable solutions with clear positives for all Nigerians,” he pledged.

The CBN has also taken steps to regulate the Bureau de Change (BDC) segment of the market, developing revised regulatory and supervisory guidelines to ensure BDCs play their intended role in the foreign exchange market. Additionally, licenses of BDCs involved in unwholesome practices have been revoked.

Looking ahead, Cardoso expressed confidence in the ongoing reform programme’s ability to restore the economy to a path of inclusive and accelerated growth. “Much work remains to be done to address our economic challenges, but the Central Bank of Nigeria is committed to promoting monetary and price stability in Nigeria,” he assured.

# Jumia Nigeria Unveils State-of-the-Art Logistics Hub

Jumia Nigeria has inaugurated a cutting-edge integrated warehouse and logistics facility in Isolo, Lagos, aiming to significantly boost delivery efficiency. The launch, held on Tuesday, marks a pivotal advancement in Jumia's commitment to enhancing its logistics capabilities and streamlining its supply chain management.

Sunil Natraj, CEO of Jumia Nigeria, hailed the new warehouse as a transformative development for the company. "The launch of our integrated warehouse marks a key moment for Jumia Nigeria," he said. "By consolidating our operations under one roof, we are not only streamlining our fulfilment processes but also laying the groundwork for significant improvements in efficiency, scalability, and cost reduction. This will allow us to offer a wider product variety and, most importantly, deliver them to our consumers faster than ever before."

The event also featured remarks from Mrs Folasade Ambrose-Medebem, Commissioner for Commerce, Cooperatives, Trade and Investment, representing Lagos State Governor Babajide Sanwo-Olu. She praised Jumia's impressive growth and its innovative approach to e-commerce. "Jumia's journey in Nigeria has been nothing short of extraordinary. From simple beginnings, it has grown

into a leading e-commerce company revolutionising the way we shop and do business," she said. "This new warehouse, with its cutting-edge technology and vast capacity, will significantly enhance Jumia's ability to serve its customers efficiently. Meeting the ever-growing demands of the e-commerce sector is a bold economic step forward, ensuring that goods can be delivered faster, more reliably, and at a lower cost."

Sanwo-Olu also highlighted the broader economic impact of the facility, noting its potential to create numerous jobs and provide skill development opportunities, thereby strengthening the local workforce. He commended Jumia's commitment to sustainability, emphasising that the new integrated warehouse reduces the need for first-mile transportation between multiple warehouses and sorting centres, significantly cutting carbon emissions.



# FCMB Secures \$15m Trade Finance Facility from ITFC



**F**irst City Monument Bank (FCMB) has announced the acquisition of a \$15 million trade financing facility from the International Islamic Trade Finance Corporation (ITFC). In a statement released on Wednesday, the bank described the facility as a Master Murabaha Agreement with ITFC, a member of the Islamic Development Bank Group.

This development is significant against the backdrop of Nigeria's growing Islamic finance industry, which Fitch estimated at \$2.9 billion by the end of 2022. Within this industry, outstanding sukuk represent the largest segment at 57%, followed by Islamic banks at 42%, with the remaining 1% split between Islamic funds and takaful.

The agreement is set to enhance FCMB's support of Nigeria's trade finance sector. "This agreement affirms FCMB's commitment to driving sustainable economic growth in Nigeria. By investing in critical sectors like agribusiness and renewable energy, we're not just strengthening our position, we're contributing to a more robust and resilient Nigerian economy that can confidently engage globally," stated Yemisi Edun, Managing Director of FCMB. Gerald Ikem, FCMB's Divisional Head of

Treasury and International Banking, highlighted the significance of the partnership: "This collaboration with ITFC signifies more than just international recognition of FCMB and Nigeria's economic potential. It equips us with the resources needed to drive growth in vital sectors such as agriculture, manufacturing, and renewable energy. It reinforces our dedication to fostering sustainable and inclusive economic progress throughout the country." According to FCMB, the funds from this facility will facilitate the import and export of agricultural products, machinery, essential commodities, raw materials, and alternative energy solutions, thereby playing a crucial role in boosting Nigeria's economic landscape.





# Zenith Bank Shareholders Endorse Transition to HoldCo Structure



**Z**enith Bank Plc shareholders have given their unanimous approval for the bank's restructuring into a holding company. The decision was reached during a court-ordered Extraordinary General Meeting (EGM) held on, Victoria Island, Lagos, on Friday, April 26, 2024.

In accordance with the Scheme of Arrangement dated March 28 2024, pursuant to Section 715 of the Companies and Allied Matters Act (CAMA), 2020 between the Bank and the holders of the fully paid ordinary shares of 50 Kobo each in the Bank, the shareholders voted to transfer 31,396,493,787

ordinary shares of 50 Kobo each held in the issued and paid-up share capital of Zenith Bank Plc to Zenith Bank Holding Company Plc (the HoldCo) in exchange for the allotment of 31,396,493,787 ordinary shares of 50 Kobo each in the share capital of the HoldCo in the same proportion to their shareholding in the Bank. Similarly, the shareholders approved that each Existing GDR Holder receive, as consideration for each existing GDR held, one new HoldCo GDR.

Shareholders further endorsed the transfer of all shares held by the Bank's nominees in Zenpay Limited, a subsidiary of the HoldCo, along with associated rights and obligations, to the HoldCo. Additionally, the Board of Directors received authorization to delist the Bank's shares and existing GDRs from the Nigerian Exchange and the London Stock Exchange, respectively. Moreover, they were empowered to re-register the Bank as a private limited company in accordance with the CAMA Act 2020.

## Airtel Payment Service Bank SmartCash, Hits 1.5 Million Active Users in March 2024

**I**n March 2024, SmartCash, Airtel's innovative payment service bank (PSB), announced that it had achieved 1.5 million active users. This information was revealed in the financial results of its parent company, Airtel Africa, for the first quarter (Q1) of the fiscal year ending March 31, 2024.

The company wrote, "During this year, we accelerated our customer acquisition strategy and our customer base is 1.5 million active customers. We continue to build the ecosystem to grow our transaction value".

In the first quarter (Q1) of 2024, Airtel reported a 15% growth in the annualized transaction value for SmartCash PSB compared to the quarter ended De-

ember 2023. Additionally, SmartCash expanded its agent network by 39,000 agents during the quarter, reaching nearly 205,000 agents by March 31, 2024.

The mobile money customer base also grew to 38 million customers across Airtel's operations in 14 African countries by the end of March, with SmartCash accounting for 4% of the Group's mobile money customers.

Airtel plans to capitalize on the low penetration of traditional banking services and the large number of unbanked customers across Africa to further enhance its mobile money business, which caters to the needs of these customers through mobile money services.



# Skyway Aviation Handling Company Boosts Dividend Payout by 81.82%



Skyway Aviation Handling Company (SAHCO) has announced a significant 81.82 per cent increase in its dividend payout to shareholders, rising to N406.07 million in 2023 from N223.34 million the previous year.

At the company's annual general meeting in Lagos on Thursday, Chairman Taiwo Afolabi revealed that SAHCO would be paying a 30 kobo dividend per ordinary share of 50k, up from the 16.50k per share distributed in 2022.

Afolabi stated, "The Board of Directors, subsequent to the reporting date, recommended the payment of a dividend of 30 kobo (2022: 16.5 kobo) per share on the issued ordinary share capital of 1,353,580,000 ordinary shares, amounting to NGN406,074,000 (2022: NGN223,340,700). The dividend proposed is subject to the approval of shareholders at the next Annual General Meeting; withholding tax will be deducted at the point of payment."

In addition to the increased dividends, the chairman reported a substantial rise in the firm's revenue, reaching N8.2 billion in 2023, up from N4.3 billion the previous year.

Afolabi attributed the company's successes to the dedication and active engagement of its staff, supported by ongoing training and regular interaction. "Regardless of the challenges we faced during the

year in review, it is my pleasure to inform you that we were able to record some positive points in our performance," he said.

He further noted, "In our last AGM, we announced total revenue of about N11.1 billion for 2022, but as of the end of the 2023 financial year, our company's revenue stood at N16.5 billion. We have also grown our gross profit from N4.3 billion in 2022 to N8.2 billion in the year under review."

Afolabi also highlighted the improvement in the company's assets, with total current assets increasing to N34 billion from N29.2 billion in 2022. Outgoing Managing Director Basil Agbarumi reaffirmed the strong performance and potential of Nigeria's aviation sector, noting its significant contribution to the national economy. "Data from the National Bureau of Statistics shows that the aviation sector contributed about N117 billion, which is 4 per cent of the national GDP in the first quarter of 2023; it supports about 200,000 jobs and pays about 8.5 billion in tax annually," Agbarumi said.

This robust financial performance and strategic growth underscore SAHCO's commitment to delivering value to its shareholders while supporting the broader economic development of Nigeria's aviation industry.

# Oando Plc Contributes \$550m to NNPC's \$3.3bn Crude Oil-Backed Finance Facility

Oando Plc, a prominent indigenous oil company, has revealed its substantial contribution of \$550 million to the \$925 million recently disbursed to the Federal Government by the African Export-Import Bank. This is part of a broader \$3.3 billion crude oil-backed finance facility orchestrated by the Nigerian National Petroleum Company Limited (NNPC).

In a corporate notice filed with the Nigerian Exchange Limited on Friday, Oando disclosed that the contribution was made through its subsidiary, Oando Trading. The \$3.3 billion oil-for-cash loan,

efforts to boost the country's socioeconomic indices. Afreximbank, as the lead arranger, continues to support African corporations – public and private – growing confidence in the market and continent.” The continental bank, which served as the Mandated Lead Arranger, Technical and Modelling Bank, Bookrunner, Facility Agent, Offshore Account Bank, Intercreditor Agent, and Collateral Agent for the transaction, stated that the funding is expected to provide further support for Nigeria's macroeconomic stability and long-term economic growth while enhancing the country's industrialisation and



announced in August 2023, aims to support the naira and stabilise the foreign exchange market. The statement, signed by Oando's Chief Compliance Officer and Company Secretary, Ms. Ayotola Jagun, confirmed the company's involvement in the \$925 million accordion arranged and coordinated by the African Export-Import Bank for Project Gazelle. Oando's contribution of \$550 million was complemented by \$375 million from other parties. Group Chief Executive of Oando Plc, Wale Tinubu, remarked, “The successful completion of this facility signifies another win for the company and the country at large. The transaction further reinforces Oando's ability to create value and the company's status as the indigenous partner of choice in Nigeria. As a proudly indigenous company, our ambition has always been to use our platform to support the sustainable development of the nation. “Against this backdrop, Project Gazelle will be instrumental in realising the Federal Government's

trade development efforts.

This announcement follows the successful first tranche of the \$3.3 billion facility. In December 2023, the project received funded commitments totalling \$2.25 billion. The \$925 million accordion arrangement has now raised the total amount disbursed to \$3.175 billion.

Commenting on the disbursement, Prof. Benedict Oramah, President and Chairman of the Board of Directors of Afreximbank, stated, “The milestone achieved thus far on this facility demonstrates the bank's capabilities in performing its role as a crucial development partner for Africa. It reaffirms our commitment to assisting our member states in their efforts to achieve economic growth and stability. This funding will greatly support the attainment of Nigeria's short and long-term economic development priorities.”

# Tolaram to Acquire Diageo's Majority Stake in Guinness Nigeria

**M**ultinational conglomerate Tolaram is poised to acquire Diageo's 58.02 per cent shareholding in Guinness Nigeria Plc. This significant transaction, disclosed in a document filed with the Nigeria Stock Exchange and signed by Guinness Nigeria's Company Secretary, Abidemi Ademola, on Tuesday, marks a pivotal shift in Nigeria's beverage sector. Ademola indicated that the acquisition will enable Tolaram to establish a dominant presence in Ni-

ty agreements for the continued production of the Guinness brand and its locally manufactured Diageo ready-to-drink and mainstream spirits brands. The transaction is expected to be completed during Fiscal 2025, subject to obtaining the requisite regulatory approvals in Nigeria. Diageo remains deeply committed to Nigeria and will retain ownership of the Guinness brand, which will be licensed to Guinness Nigeria for the long-term, enabling the next phase of growth and development of Guinness Nigeria under the stewardship of Tolaram."

Post-transaction, Guinness Nigeria will remain listed on the Nigerian Exchange Ltd. Tolaram plans to launch a mandatory takeover offer in line with local law requirements, ensuring a smooth transition and sustained investor confidence.

Commenting on the partnership, Omobola Johnson, Board Chair of Guinness Nigeria, remarked, "Today's announcement represents a significant opportunity for the next phase of growth for Guinness Nigeria. This partnership brings together Tolaram's deep expertise in manufacturing and distribution, and Diageo's exceptional capabilities in brand building and innovation." Haresh Aswani, Managing Director of Tolaram Africa, highlighted the strategic benefits of the acquisition, stating, "We are thrilled to welcome Guinness Nigeria, a company with such a rich legacy and strong consumer loyalty, into our ecosystem. This strategic move will expand our significant

footprint in the Nigerian market and presents an opportunity to leverage our combined strengths to foster innovation and deliver immense value to our customers and shareholders across the nation." This acquisition underscores a transformative moment for Guinness Nigeria, promising robust growth and sustained market leadership under Tolaram's guidance.

# Tolaram



geria's beverage market. The transaction, slated for completion during Fiscal 2025, is contingent upon receiving the necessary regulatory approvals. As part of the deal, Tolaram will enter into long-term license and royalty agreements to maintain the production of the Guinness brand, along with Diageo's locally manufactured ready-to-drink and mainstream spirits brands. Despite selling its majority stake, Diageo will retain ownership of the Guinness brand, which will be licensed to Guinness Nigeria for an extended period.

The statement reads, "Under the terms of an agreement signed today, 11 June 2024, Tolaram will acquire Diageo's 58.02% shareholding in Guinness Nigeria and enter into long-term license and royal-

## Standard Chartered Bank Appoints Dalu Ajene as New CEO



**N**igeria's leading international cross-border bank connecting the world's most dynamic markets, Standard Chartered bank has announced the appointment of Dalu Ajene as new CEO.

Ajene takes over from Lamin Manjang, the Vice Chairman Africa and Acting CEO who will be retiring from the bank after 25 years of service, having reached the mandatory retirement age. Announcing his appointment the bank wrote, "We are pleased to announce the appointment of Dalu as the Chief Executive Officer for Standard Chartered Bank Nigeria Limited. With an extensive background in banking and finance, Dalu brings a wealth of experience and expertise to lead our operations in Nigeria. As a leading international bank, Standard Chartered remains committed to driving economic growth and supporting our clients in Nigeria.

"The Bank's leadership will further strengthen our presence in the region and enable us to continue delivering exceptional service and innovative solutions to our customers. Dalu brings a strong business and commercial leadership acumen to the new role. He has managed several portfolios across multiple markets in Africa, the US, and the Middle East which have helped to deepen his understand-

ing and appreciation of the complex landscape of delivering results across diverse markets".

Commenting on his appointment Dalu said, "I am deeply honoured to join Standard Chartered Bank Nigeria at this critical juncture of profound change and development in Nigeria. Our bank is an important provider of trade finance, structured solutions, and development finance and we leverage technology to deliver client-centric services that embed trust with our customers and stakeholders.

"Our teams are deeply experienced to navigate our dynamic environment to deliver value to our clients. I am excited to work together with them to accelerate our activities across the Corporate & Investment Banking business and Wealth & Retail business to serve our customers and intermediate catalytic financing into the Nigerian economy. Ultimately, executing on this will positively uplift the communities we operate in."

Dalu who until his latest appointment, was the Nigerian CEO of Rand Merchant Bank, is credited with leading a strong and resilient business to double digit Profit Before Tax growth in 2023.

## Business Leaders Highlight Cross-National Corporations' Role in Africa's Economic Development



**B**usiness leaders emphasised the crucial role of cross-national corporations in the economic development of African economies at the recent Lagos Business School Alumni Day conference. The event, themed 'African Economic Development: Cross-National Corporations as Enablers,' gathered industry captains, association presidents, and business executives in Lagos to discuss strategies for driving Africa's economic regeneration.

The conference underscored the pivotal role of cross-national corporations in enabling Africa's economic renewal. It highlighted the necessity for collaboration, bold action, and strategic investments across critical sectors such as agriculture, logistics, healthcare, and infrastructure.

A key highlight of the conference was a panel discussion moderated by Mojisola Akinkunmi, Executive Director of Terra Energy Services. During the session, Obi Asika, Chairman of Outhere Media, urged Africans to take control of their narratives and reshape the global perception of the continent. Rotimi Opeyemi, CEO of JRFarms Africa, stressed the need for deliberation, intentionality, and bold-

ness among African corporations to unlock the continent's value proposition.

Albert Van Rensburg, Managing Director of Maersk Nigeria, acknowledged the crucial role of corporations but emphasised the importance of collaboration with stakeholders like farmers to drive meaningful change and benefit many lives through increased transparency. Claire Omatseye, CEO of JNC International Limited, called for strategic partnerships between governments, corporations, and corporate social responsibility (CSR) initiatives to create an enabling environment for the healthcare industry to thrive.

# Nigerian Exchange Group Report Flags Insurance Sector Dominance Among 2023 Audited Results Delinquents

The Nigerian Exchange Group's regulatory arm, NGX RegCo, has raised red flags over the delayed submission of 2023 audited reports, with insurance companies taking center stage in the list of delinquent filers.

In its recent X-Compliance Report released on Friday, NGX RegCo revealed that out of 47 listed companies failing to submit their audited reports for 2023, a staggering 18 hailed from the insurance industry. This revelation underscores growing concerns regarding transparency and compliance within the sector.

Among the notable entities cited in the report are Cornerstone Insurance, Regency Alliance Insurance, Sovereign Trust Insurance, and Coronation Insurance, among others. Particularly alarming is the case of STACO Insurance Plc, which has failed to file its audited results for the past five years, marking a severe lapse in regulatory compliance.

The disclosure has prompted a closer examination of the industry's financial health, with attention drawn to STACO Insurance's significant loss after tax and a notable decline in gross premium. The company's purported challenges, compounded by the delayed adoption of the International Financial Reporting Standards (IFRS) 17, further underscore the pressing need for sector-wide reforms and adherence to reporting standards.

In March, several insurers, including AIICO Insurance and Mutual Benefits Assurance, cited the



adoption of IFRS 17 as a primary reason for the delay in filing their accounts. This international standard, aimed at enhancing transparency and risk management, imposes rigorous requirements on insurers to measure contracts accurately and disclose future profit expectations.

Despite the challenges posed by IFRS 17 implementation, the affected companies have projected a timeline for releasing their audited results between May and July 2024, seeking regulatory approval from the National Insurance Commission (NAICOM) before proceeding.

As the deadline for submission looms, industry observers emphasize the critical role of transparency and accountability

in restoring investor confidence and driving sustainable growth. With the insurance sector closing Q4 2023 with a premium income of N1 trillion, according to NAICOM, the stakes for regulatory compliance have never been higher.

As stakeholders await further developments, the industry's ability to navigate regulatory hurdles and embrace international best practices will be pivotal in shaping its trajectory and fostering investor trust in the months ahead.

# Nigerian Government Launches Initiative to Reform Key Agricultural Institutions

**F**ederal Government Launches Initiative to Reform Key Agricultural Institutions

On Wednesday, the Federal Government inaugurated a project delivery team tasked with the recapitalisation and full commercialisation of the Nigerian Agricultural Insurance Corporation (NAIC) and the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL). This initiative aims to enhance the efficiency, management, and capitalisation of these critical agricultural institutions.

Acting Director-General of the Bureau of Public Enterprises (BPE), Ignatius Ayewoh, inaugurated the team in Abuja, on behalf of the Federal Government. A statement issued by Amina Othman, Head of Public Communications at BPE, outlined that this move marks a significant milestone in the ongoing efforts to reform and reposition NAIC and NIRSAL to better serve Nigeria's agricultural sector. "The recommendations for this reform stem from the Presidential Committee on Restructuring and Rationalisation of Federal Government Parastatals, Commissions, and Agencies, also known as the Orosanye Committee, and have been endorsed by the Federal Executive Council and the National Council on Privatisation," the statement explained. In his remarks, Ayewoh emphasised the importance of this initiative for Nigeria's agricultural sector. "Our goal is to create a strong, efficient, and

well-managed organisation that will mitigate risks in the agricultural value chain, ensuring a secure environment for farmers and investors alike," he stated.

Abbas Masanawa, Managing Director of NIRSAL, expressed gratitude to the leaders of both BPE and NAIC for their dedication to the task. He highlighted that insurance is one of the five key pillars of NIRSAL, alongside risk sharing, technical assistance, rating mechanisms, and bank incentive mechanisms. Masanawa assured the project delivery team of NIRSAL's unwavering support in achieving the Federal Government's food security goals.

The project delivery team, chaired by Mr Toibudeen Oduniyi of the BPE, includes representatives from key stakeholders such as the National Insurance Commission, the Central Bank of Nigeria, the Federal Ministry of Agriculture and Food Security, and the Nigerian Agricultural Development Fund. The team is mandated to oversee the reform process, including appointing a transaction adviser to conduct due diligence and develop a comprehensive framework for the recapitalisation and commercialisation of NAIC and NIRSAL.

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# Aliko Dangote Decries Africa's Restrictive Travel Policies



emphasised the need for greater regional collaboration and self-reliance, arguing that Africa cannot depend on foreign intervention to achieve its goals. “Our main job is to make sure the regional markets all work. Once they work, then we can now go to the Africa Continental Free Trade Agreement. But for AF-CFTA to work, we need to ensure that it is effective,” he said.

Dangote pointed out that Africa’s intra-trade rate is alarmingly low, at less than 16 percent. “We Africans have to do it.

**A**liko Dangote, Nigeria’s prominent business magnate, has lamented the cumbersome travel policies that investors face when travelling within Africa. Speaking at the Africa CEO Forum Annual Summit in Kigali, Rwanda, Dangote highlighted the stringent visa requirements that impede the ease of doing business on the continent. Dangote, 67, revealed that he requires 35 different visas to travel within Africa on his Nigerian passport. He expressed frustration over the time-consuming process of obtaining these visas, which involves visiting multiple embassies.

“I still complained to President Kagame. I told him that, as an investor, I have to now apply for 35 different visas on my passport, and I really don’t have the time to go and be dropping my passports in embassies to get a visa,” Dangote said. “The most annoying thing is that if you are treating everybody the same, then I can understand.”

Dangote contrasted his experience with that of Patrick Pouyanne, Chairman of Total Energies, who, with his French passport, does not face the same barriers. “You don’t need 35 visas on your French passport. This means you have a freer movement than myself in Africa,” he noted.

In his remarks on intra-African business, Dangote

If we are waiting for foreigners to come and do it, the development of Africa is not going to happen. It can only happen if we, as Africans, take the risk and lead,” he asserted.

During the event, Dangote also announced a significant development regarding Nigeria’s fuel importation. He assured that by June, with the commencement of production at the Dangote refinery, Nigeria would no longer need to import petrol. “Right now, Nigeria has no cause to import anything apart from gasoline and by sometime in June, within the next four or five weeks, Nigeria shouldn’t import anything like gasoline; not one drop of litre,” he promised.

He further stated that the refinery would address petrol shortfalls not only in Nigeria but across West Africa. “We have enough gasoline to give to at least the entire West Africa. We have enough diesel to give to West Africa and Central Africa,” Dangote added.

# UK CAA Flags Air Peace for Aviation Safety Violations

The United Kingdom Civil Aviation Authority (UK CAA) has formally alerted Nigeria's Civil Aviation Authority (NCAA) to alleged violations of aviation safety regulations by Air Peace. This development comes just three months after the Nigerian airline commenced its Lagos-London route.

The UK CAA forwarded two mandatory occurrence reports to the NCAA, highlighting safety issues encountered during inspections. These reports, titled "United Kingdom SAFA Ramp Inspection Report" (Reference: CAA-UK-2024-0217) and "NATS Management System Safety Report," cite specific regulatory breaches.

In response, the NCAA has requested Air Peace to provide clarifications. The NCAA's letter, dated May 14, 2024, with reference number NCAA/DOLTS/



APL/Vol.11/03624, was signed by the General Manager of Operations, Capt. O.O. Lawani. It stated that the UK CAA raised concerns over the airline's lack of operational approval for Electronic

Flight Bag (EFB) functions crucial for safe navigation. The report noted that the aircraft captain admitted using an EFB without proper mounting, charging points, or backup batteries.

Air Peace recently began operating flights to London Gatwick from Lagos' Murtala Muhammed

International Airport under a Bilateral Air Services Agreement between Nigeria and the UK.

Efforts to reach Air Peace's spokesperson, Stanley Olisa, for comments were unsuccessful. When contacted, Olisa did not respond to inquiries, and follow-up text messages went unanswered at the time of reporting.

## Emerging Africa Group Leads Successful NEN Infrastructure Bond

Emerging Africa Group has successfully acted as the financial adviser and lead issuing house for NEN Infrastructure Limited's 10-year private bond, which saw significant oversubscription. This bond issuance enabled the full repayment of a N36bn Syndicated Bridge Finance provided by Emerging Africa Capital Limited, United Bank for Africa, Polaris Bank, and WEMA Bank in 2023.

The bond also raised additional funds for a variety of infrastructural projects in Bauchi State, aimed at enhancing food security, road transportation, commerce, and social cohesion. A statement from Emerging Africa on Wednesday highlighted that the funds raised will address pressing needs within the state. The issuance, sponsored and guaranteed by the government of Bauchi State, marks the first tranche in a N100bn program approved by the issuer.

"The funds raised will be instrumental in driving numerous infrastructure projects in Bauchi State,

addressing pressing needs within the state. Sponsored and guaranteed by the government of Bauchi State of Nigeria, this issuance is the first tranche in a N100bn program approved by the issuer," the statement read.

Dr Toyin Sanni, Executive Vice Chair at Emerging Africa Capital, praised the success of the bond, noting it as a testament to the confidence in Governor Bala Mohammed's administration and the expertise of the financial advisers. She emphasized the professional commitment and abilities of all parties involved in the transaction.

Emerging Africa is a prominent investment banking and financial services group committed to fostering the growth of African businesses and communities through solutions driven by environmental, social, and governance principles. The firm has disclosed plans to raise and deploy up to N250bn towards projects in Northern Nigeria between 2022 and 2027.

# Housing Sector Urges Federal Government to Boost Mortgage Collaboration



Operators in Nigeria’s housing sector have called for stronger collaboration between the Federal Government and financial institutions to revitalise the country’s struggling mortgage system. This appeal was made during the unveiling and site premiere of Noble Grounds’ Pleasant Hills Estate in Ogun State.

Olajide Dosunmu, Managing Director of Noble Grounds, highlighted the fundamental challenges plaguing the Nigerian mortgage sector. He noted that inflation, currently over 33%, poses a significant hurdle. “The main issue is that inflation increases the cost of borrowing,” Dosunmu explained. “Banks add lending rates, the monetary policy rate on inflation, and their charges, making loans prohibitively expensive. At repayment, the devalued naira means the amount owed has increased significantly. It is the government’s responsibility to control soaring inflation to make mortgages viable.”

Shola Adio-Moses, Branch Manager of Wema Bank, Opebi, Ikeja, Lagos, contrasted Nigeria’s situation with developed countries where the government plays a crucial role in the mortgage sector. “In developed countries, long-term mortgages are standard. In Nigeria, mortgages are commercialised with tenures of five to seven years. This sector needs a holistic approach where the government

collaborates closely with the finance industry.” Dosunmu also underscored the urgent need for more housing due to significant rural-urban migration into Lagos. “Affordable homes are essential. We anticipate more high-rise buildings by the government to accommodate people at subsidised rates.”

Regarding Pleasant Hills Estate, Dosunmu assured that the estate has a registered survey with the Ogun State government, layout approval, and is in the process of obtaining a global Certificate of Occupancy (C of O). “Given the substantial increase in C of O costs, we are negotiating with the Ogun State Government to perfect individual titles for each owner, which involves a substantial financial outlay of N600 to N700 million.”

The call for government action and financial collaboration aims to address these challenges and make homeownership more accessible for Nigerians.

# Nigerian Governors Advocate Transparent Tax System to Bolster Revenue



**G**overnors from Lagos, Sokoto, and Borno States converged at the 26th Annual Tax Conference organized by the Chartered Institute of Taxation of Nigeria in Abuja, championing the cause for a transparent tax system to enhance internally generated revenue (IGR) across the nation.

In his address, Governor Babajide Sanwo-Olu of Lagos State, represented by his Special Adviser on Taxation and Revenue, Abdul-Kabir Ogungbo, highlighted the pivotal role of transparent tax administration in fostering confidence and voluntary compliance among taxpayers. He stressed the imperative of understanding the pivotal role taxes play in nation-building, emphasizing the need for an economic roadmap that incentivizes investment, job creation, and economic diversification.

Similarly, Governor Babagana Zulum of Borno State, represented by his deputy, Umar Kadafur, condemned inefficiencies and corruption within the current tax administration system, advocating for critical reforms to address these challenges. He underscored the necessity of tackling corruption in both the oil sector and governance system while criticizing political protection of tax evaders.

Echoing these sentiments, Governor Ahmad Sokoto of Sokoto State emphasized the importance of exploring innovative approaches to revenue gener-

ation in the face of economic challenges. He highlighted taxation as a crucial avenue for resource mobilization and pledged collaboration with the Chartered Institute of Taxation of Nigeria (CITN) to bolster IGR in Sokoto State.

Meanwhile, former Governor of Ogun State, Senator Ibikunle Amosun, emphasized the urgency of prioritizing IGR growth over reliance on borrowing to fund national and sub-national budgets. He cautioned against excessive borrowing amid economic challenges, advocating for sustainable revenue generation strategies.

President and Chairman of the CITN Council, Samuel Agbeluyi, underscored the significance of technological investment and capacity building at the subnational level to enhance revenue tracking, including in the realm of cryptocurrency. This, he emphasized, would optimize government revenue streams.

Amid discussions, the Presidential Fiscal Policy and Tax Reforms Committee reiterated its stance against proposing tax increases, underscoring the need for holistic reforms without burdening taxpayers further.

# SEC to Unveil Framework for Bank Recapitalisation



**T**he Securities and Exchange Commission (SEC) has announced its intention to release a comprehensive framework to steer the capital market through the forthcoming bank recapitalisation exercise. This initiative was revealed by the acting Director General of the SEC, Emomotimi Agama, during a meeting with the executives of the Institute of Capital Market Registrars in Abuja on Friday.

Agama emphasised the commission's commitment to resolving outstanding issues in the best interests of the market, ensuring a smooth transition. "We are on top of the issues around the recapitalisation exercise. Very soon, we will come up with a framework to guide the market," he stated. He highlighted the importance of continuous interaction with various sectors of the capital market to ensure no critical issues are overlooked.

"We will come up with a framework to move the market forward. We are in this together, and we will continue to work diligently. This is our constituency, and we will do our best. We crave your cooperation to help us tackle major challenges," Agama added.

He also urged the registrars to embrace technological solutions to address the persistent issue of unclaimed dividends in the capital market. "Unclaimed dividends are a monster that we must deal with now. Whatever it takes to resolve this, we must do it. Technology is one of the key ways to address it. Let us collaborate to provide a workable solution and ensure this issue becomes a thing of the past," he said.

Echoing this sentiment, SEC's acting Executive Commissioner of Operations, Bola Ajomale, stressed that adopting technology is crucial for ensuring efficiency and maintaining a sanitised system.

Seyi Owoturo, President of the Institute of Capital Market Registrars, pledged the registrars' commitment to acting in the capital market's best interests. "I congratulate the new SEC management on their appointment, and I assure you that the registrars will continue to work for the benefit of the capital market," he affirmed.

# Coronation Group Limited Named Gold Sponsor for 2024 Africa CEO Forum in Kigali



Onasanya highlighted the Forum as an invaluable platform for engaging with industry leaders, fostering meaningful dialogue, and exploring collaboration opportunities that will shape the future of Africa's financial landscape. Additionally, Coronation Group executives, including Kayode Akindele, CEO of Coronation Capital Limited, and Adebayo Adewolu, CEO of Trium Limited, are slated to participate in panel sessions, contributing insights and expertise to critical discussions shaping Africa's economic trajectory. Founded by Aigboje Aig-Imoukhuede, Coronation Group operates from Nigeria and Ghana, boasting a rich legacy of innovation and excellence in the financial sector. With plans to expand its footprint beyond Nigeria and Ghana, Coronation Group is poised to unlock new opportunities for growth and innovation across

Coronation Group Limited, a leading financial services provider, has been unveiled as the gold sponsor for the highly anticipated 2024 Africa CEO Forum, scheduled to convene in Kigali later this month. The 11th edition of the prestigious summit, themed 'At the Table or on the Menu? A Critical Moment to Shape the Future of Africa,' is set to gather over 1,800 CEOs, Heads of State, and Prime Ministers from across the globe. Against the backdrop of pressing economic challenges and transformative opportunities facing the African continent, the Africa CEO Forum will feature a dynamic program comprising over 60 panel discussions, private workshops, and closed-door roundtables. Key topics on the agenda include Carbon Markets, Unlocking Climate Finance, and The Silent P: Adding Philanthropy to Public-Private Partnerships.

Wole Onasanya, Chief Executive Officer/Managing Director of Coronation Group Limited, expressed the organization's steadfast commitment to driving positive change and fostering prosperity across Africa. As a trusted partner in Africa's financial landscape, Coronation Group's sponsorship of the Africa CEO Forum underscores its dedication to building enduring legacies and empowering financial independence for all Africans.

Africa.

A statement from the firm affirmed Coronation Group's commitment to building successful technology-enabled startups that address Africa's unique challenges and drive sustainable growth across the continent. With a track record of accomplishments, including securing the first Capital Market Holding Company license in Nigeria and serving over two million customers, Coronation Group stands at the forefront of driving economic transformation and prosperity in Africa.

# Nigeria Embarks on Major GDP and CPI Rebasing Exercise



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tural

**T**he National Bureau of Statistics (NBS) has announced the commencement of a comprehensive rebasing of Nigeria's Gross Domestic Product (GDP) and Consumer Prices Index (CPI).

This move, detailed by Statistician-General of the Federation and NBS Chief Executive, Prince Semiu Adeniran, aligns with the United Nations Statistical Commission's recommendation for a five-year rebasing cycle. The last exercise was conducted in 2014, making this the first in nearly a decade. Speaking at the opening of a sensitisation workshop for stakeholders in Abuja on Thursday, Adeniran underscored the importance of accurate and timely data in today's interconnected world. The workshop aims to engage critical stakeholders, solicit feedback, and ensure that the updated estimates meet user needs, providing a more precise economic picture.

"While these exercises are routine statistical practices," Adeniran stated, "delays and irregularities in major statistical activities have heightened their significance. The informal nature and structure of our economy further complicate data collection, making this exercise crucial."

The rebasing is expected to capture significant

changes in Nigeria's economy since 2014. Former Chief Executive of National Planning, Ode Ojowu, highlighted the rapid growth of sectors such as technology, fintech, e-commerce, agribusiness, renewable energy, and the entertainment industry. "The rebasing of the CPI and GDP will reflect these sectoral shifts," Ojowu noted. He commended the NBS for its efforts to provide reliable data to support both government and private sector decision-making but acknowledged that the rebasing would alter current macroeconomic indicators. "In 2013, financial indicators changed dramatically post-rebasing," Ojowu recalled. "Private sector credit to GDP dropped from 37.2% to 19.7%, broad money supply declined from 35.8% to 18.9% of GDP, and the fiscal deficit ratio halved from 2.1% to 1.1%. Today, we face similar anticipations with the upcoming rebasing."

Ojowu expressed concerns about potential government responses to the rebased GDP figures. "Will a lower fiscal deficit-to-GDP ratio encourage increased expenditure? Could a lower debt-to-GDP ratio tempt the government to expand its debt closer to international thresholds? These are critical considerations for maintaining fiscal stability."

# Shareholders Back Fidelity Bank's Recapitalisation Effort



Shareholders of Fidelity Bank Plc have expressed robust support for the bank's ongoing recapitalisation plan. At the recent annual general meeting, shareholders indicated their willingness to participate in any forthcoming share offerings by the bank.

Fidelity Bank, classified as a commercial bank with international authorisation by the Central Bank of Nigeria (CBN), is required to meet the N500 billion capital base stipulated by the apex regulator.

Moses Igbrude, National Coordinator of the Independent Shareholders Association of Nigeria, lauded Fidelity Bank's sustainable growth and commitment to delivering returns. "Fidelity Bank is a promising bank that is growing organically; it is servicing its niche and share of the market. My appeal to the board is to continue to imbibe good corporate governance to sustain this growth," Igbrude stated.

Dr Faruk Umar, President of the Association for the Advancement of Rights of Nigerian Shareholders, highlighted the bank's impressive performance over the years, particularly noting the successful acquisition of Union Bank UK. "The bank has since joined the league of banks paying an interim dividend, which shareholders are happy with. The appointment of Dr Nneka Onyeali-Ikpe as the group managing director indicates that the bank has good succession planning in place. The calibre of the independent non-executive directors on the board gives shareholders strong confidence in the kind of board oversight they will be expecting," he

remarked.

Umar further expressed confidence in the upcoming rights issue offer, asserting, "Now that the bank is coming out with a rights issue offer, we are very confident shareholders will take their rights, and we are sure the bank will meet the recapitalisation requirement set out by the Central Bank of Nigeria."

Mrs Bisi Bakare, National Coordinator of the Pragmatic Shareholders Association of Nigeria, praised the bank's consistent performance. "Despite various challenges and economic uncertainty, Fidelity Bank weathers the storm with strong performances," she noted.

Fidelity Bank's first quarter interim report revealed significant growth across key performance indicators. The report, released on the Nigerian Exchange Group (NGX), showed gross earnings increased by 89.9 per cent to N192.1 billion in the first quarter of 2024. Interest income rose by 90.7 per cent, while non-interest income grew by 84 per cent. This growth was attributed to a higher yield environment and a strong asset base, alongside double-digit growth in account maintenance charges, foreign exchange-related income, trade banking services, and remittances, supported by improved customer transactions.

Profit before tax surged by 120 per cent to N39.5 billion in the first quarter, compared to N17.9 billion in the same period in 2023.



# CBN Clears \$831m in Trapped Funds for Foreign Airlines, Confirms IATA



CENTRAL BANK OF NIGERIA

The Central Bank of Nigeria (CBN) has successfully cleared \$831 million of foreign airlines' trapped funds over the past year, the International Air Transport Association (IATA) confirmed on Sunday. This significant development reduces the global total of trapped airline funds to approximately \$1.8 billion.

At its peak in June 2023, Nigeria's blocked funds reached \$850 million, severely impacting airline operations and finances. As of April 2024, only \$19 million remains outstanding, pending verification by the CBN through commercial banks.

Willie Walsh, Director-General of IATA, commended the Nigerian government for its efforts to resolve this issue. "At its peak in June 2023, Nigeria's blocked funds amounted to \$850 million, significantly affecting airline operations and finances in the country. Carriers faced difficulties in repatriating revenues in US dollars, and the high volume of blocked funds led some airlines to reduce their operations and one carrier to temporarily cease operations in Nigeria, which severely impacted the country's aviation industry. However, as of April 2024, 98 per cent of these funds have been cleared. The remaining \$19 million is due to the Central Bank's ongoing verification of outstanding forward claims filed by the commercial banks," Walsh stated.

He praised the new Nigerian government and the CBN for their efforts, emphasising the benefits for

both individual Nigerians and the broader economy. "We are on the right path and urge the government to clear the residual \$19 million and continue prioritising aviation," he added.

IATA also reported a significant decrease in blocked airline funds globally, largely due to the clearance in Nigeria. Egypt has similarly approved the clearance of a substantial amount of its blocked funds. However, airlines in both countries have faced adverse effects from the devaluation of their currencies.

The situation remains severe in Pakistan and Bangladesh, where a combined total of \$731 million in airline funds remains blocked. Pakistan is currently withholding \$411 million, while Bangladesh is withholding \$320 million.

"Pakistan and Bangladesh must release the \$731 million in blocked funds immediately to ensure airlines can continue providing essential air connectivity," IATA's statement urged. "In Bangladesh, the solution is in the hands of the Central Bank, which must prioritise aviation's access to foreign exchange in line with international treaty obligations. The solution in Pakistan is finding efficient alternatives to the system of audit and tax exemption certificates, which cause long processing delays."

This development highlights the ongoing challenges and the efforts required to maintain vital air connectivity and support the global aviation industry.

# Pension Funds Shift Focus From Mutual Funds to Government Securities



**P**ension Fund Administrators (PFAs) have significantly reduced their investments in mutual funds, opting instead for Federal Government securities and money market instruments. This shift was revealed in the Unaudited Report on Pension Funds Industry Portfolio for April 2024, recently released by the National Pension Commission.

According to the report, mutual funds experienced a substantial decline of 19.93 per cent month-on-month, dropping to N85.19bn from N106.39bn in the previous month. In contrast, investments in Federal Government securities—which include bonds, treasury bills, and sukuk bonds—increased by 1.61 per cent, rising to N12.40tn from N12.20tn. Similarly, inflows to money market instruments, including fixed deposits, commercial papers, and foreign money market instruments, surged by 9.70 per cent, closing the month at N1.95tn.

However, interest in the equities market saw a downturn, with investments in domestic ordinary shares decreasing by 12.47 per cent to N1.82tn from N2.08tn in the previous month. This is a notable shift from the first quarter of the year, when PFAs had boosted their equities market investments by 11.79 per cent, reaching N2.32tn in March 2024 from N1.77tn in December 2023. Analysts at the Pension Fund Operators Associa-

tion of Nigeria interpret this trend as reflecting a cautious confidence among pension fund operators towards the equities market. Despite this, interest in foreign shares grew by 4.08 per cent in April, with operators investing approximately N2.07tn in foreign equities.

Overall, the value of Nigeria's pension funds increased to N19.79tn during the review period, recovering from a 0.47 per cent decline recorded in March. Membership in the Retirement Savings Account also grew by 0.33 per cent month-on-month, reaching 10,315,034 from 10,280,956 in March. In dollar terms, pension funds stood at \$14.88bn at the exchange rate of N1,329.71/\$ as of the end of April, up from \$14.79bn in March when the rate was N1,544.08/\$.

The slight dip in March marked the first decline in 18 months, attributed by analysts to portfolio rebalancing by pension fund operators.

Amid these shifts, the Chartered Institute of Stock-brokers has called for increased participation of PFAs in the equity market. During a courtesy visit to the Governor of the Central Bank of Nigeria, Olayemi Cardoso, the immediate past President and Chairman of the CIS Council, Mr Oluwole Adeosun, stressed the importance of pension funds in driving sustainable liquidity for the local equity market.

# Federal Ban on LPG Export Triggers Sharp Price Drop



The Federal Government's ban on the export of Liquefied Petroleum Gas (LPG), commonly known as cooking gas, has significantly reduced the commodity's price from approximately N1,500 per kilogram to about N900/kg, according to LPG dealers.

The Nigerian Association of Liquefied Petroleum Gas Marketers (NALPGAM) revealed this during a courtesy visit to Ekperikpe Ekpo, the Minister of State for Petroleum Resources (Gas), in Abuja. This development follows the government's directive issued on February 22, 2024, which halted the exportation of LPG to enhance its domestic availability and drive down prices.

At the meeting, NALPGAM National President Oladapo Olatunbosun praised Ekpo for the decisive move to retain all domestically produced LPG within Nigeria. He emphasized that this policy shift has led to a notable decrease and stabilization of cooking gas prices.

Olatunbosun highlighted that during a stakeholders' forum in February, the association had alerted the minister to the extensive export of LPG by international oil companies operating in Nigeria. He argued that diverting these volumes to the local market would negate the need for costly imports, thereby stabilizing prices domestically.

The NALPGAM president expressed gratitude to the Federal Government, noting that the intervention had reduced the price of LPG from N20 million per 20 metric tonnes to N15 million. Consequently, retail prices have also fallen from N1,400 – N1,500 per kilogram to between N900 – N1,000

per kilogram.

"We appreciate that at the parley, you promised to address the issue of LPG export amidst inadequate supply and soaring prices, and indeed, you have delivered," Olatunbosun said. "The ban on LPG export has brought significant changes to the market, and consumers are benefiting. People who had abandoned their gas cylinders due to price hikes are returning, and we are optimistic that further strengthening of the naira will lead to even better prices."

Responding, Minister Ekpo lamented Nigeria's paradoxical status as a major gas producer yet one of the lowest consumers of LPG. He reaffirmed President Bola Tinubu's commitment to expanding gas usage nationwide, praising the marketers for their role in reducing prices following the export ban. "We could not have achieved this without your cooperation and support. Our goal is to ensure our vast gas resources are available domestically at the right price, aligning with President Bola Tinubu's vision for the sector and the economy," Ekpo stated. In February, Ekpo had announced the government's directive to halt LPG exports to ensure increased domestic supply, thereby driving down prices. He mentioned ongoing collaborations with regulatory bodies and major gas producers such as Mobil, Chevron, and Shell to resolve any challenges and ensure a steady domestic supply.

## Petrol Prices Set to Drop to N300/Litre with Dangote Refinery's Production Surge

The price of Premium Motor Spirit (PMS), commonly known as petrol, is anticipated to fall to approximately N300 per litre with the commencement of large-scale production by the Dangote Petroleum Refinery and other local producers. This projection comes from operators of modular refineries, who stress the importance of ensuring sufficient crude oil supply to domestic refiners to achieve this reduction.

Speaking under the banner of the Crude Oil Refinery Owners Association of Nigeria (CORAN), these operators highlighted that similar price drops witnessed in the diesel market following Dangote's production could be replicated with petrol. CORAN, a registered association of modular and conventional refinery companies in Nigeria, underscored the economic benefits of local production.

"A lot of companies today benefit from the importation of petroleum products at the expense of Nigerians," said Eche Idoko, CORAN's Publicity Secretary. He noted that if local refineries were provided with adequate crude oil, petrol prices could drop significantly. "If we begin to produce PMS today in large volumes, provided there is adequate crude oil supply, I can assure that we should be able to buy PMS at N300/litre as the pump price," Idoko explained.

Idoko criticised the current high petrol prices, attributing them to the influence of international refiners. He insisted that a massive local production of petrol would dramatically lower prices. "We were selling diesel for N1,700 to N1,800/litre, but as soon as Dangote refinery started production he brought down the price to N1,200/litre. What other proof do you need?" he added.

Aliko Dangote, President of the Dangote Group, recently asserted that his refinery would start selling petrol in June, ending Nigeria's reliance on imported petrol. Speaking at the Africa CEO Forum Annual Summit in Kigali, Dangote highlighted the transformative impact his refinery would have on Africa's energy landscape. He stated, "Right now, Nigeria has no cause to import anything apart from gasoline and by sometime in June, within the next

four or five weeks, Nigeria shouldn't import anything like gasoline; not one drop of a litre."

Dangote's earlier move to reduce the diesel pump price from N1,700 to N1,200 per litre, although later adjusted due to exchange rate fluctuations, demonstrates the potential for similar impacts on petrol prices.

The CORAN spokesperson reiterated the call for crude oil to be sold at the naira equivalent of the dollar rate to support local refineries. "Strengthen the naira. We will buy at the international market rate, but at a naira equivalent. These are the issues and they know these things but we can't explain why they really can't take decisions to change these concerns," Idoko stated.



Nigeria currently has 25 licensed modular refineries, with five operational, producing diesel, kerosene, black oil, and naphtha.

The remaining refineries face significant challenges due to the unavailability of crude oil, which stalls financing and completion.

Oil marketers, welcoming Dangote's announcement, expressed optimism that local production would reduce petrol prices. "We expect a reduced price for locally produced PMS," stated Abubakar Maigandi, National President of the Independent Petroleum Marketers Association of Nigeria (IPMAN).

George Ene-Ita, spokesperson for the Nigerian Midstream and Downstream Petroleum Regulatory Authority, confirmed that the government has guidelines for providing crude oil to indigenous refiners. Further details are expected to be provided on these guidelines.

Gbenga Komolafe, Chief Executive of the Nigerian Upstream Petroleum Regulatory Commission, assured that the government would ensure a consistent supply of crude oil to domestic refineries, in line with the Domestic Crude Oil Supply Obligation template developed with stakeholders.

With these measures, local refineries could soon receive the crude oil necessary to produce petrol domestically, potentially bringing substantial relief to Nigerian consumers by significantly lowering fuel prices.

# Call for New Industrial Policy as Manufacturing Exports Languish at 1.4%



**T**he Manufacturing Association of Nigeria (MAN) and other key stakeholders are calling for a comprehensive new industrial policy, as manufactured goods constituted a mere 1.4 per cent of Nigeria's total exports in the first quarter of 2024.

In its CEO Confidence Index report, MAN highlighted that the government's efforts to revitalise the manufacturing sector have fallen short of creating a mutually beneficial outcome. "Government initiatives aimed at revitalising the manufacturing sector... have not resulted in a win-win situation," the report stated.

Echoing this sentiment, Professor Olusegun Ajibola, an economist at Babcock University, emphasised the need for a fresh industrial policy to address the sector's challenges. In an interview, Ajibola criticised the overreliance on imported goods and the prohibitive costs of domestic production as major hurdles.

"There were policies from past governments to empower Nigeria's manufacturing, but they have not yielded the desired outcomes. It is the efficacy that is a problem. There is a need for a total overhaul if the manufacturing sector is to come alive," said Ajibola, who is also a former president of the Chartered Institute of Bankers of Nigeria. He argued that successive governments, focused on petrodollars, have neglected the real sector.

Recent data from the Nigerian Bureau of Statistics (NBS) paints a stark picture of the current situa-

tion. In the first quarter of 2024, Nigeria exported N268bn worth of manufactured goods, significantly trailing behind crude oil exports (N15.4tn), other oil products (N1.9tn), and agricultural goods (N1tn). Despite a notable 51 per cent rise in total exports to N19.17tn from N12.69tn in Q4 2023, and a staggering 195.47 per cent increase from N6.49tn in Q1 2023, the trade balance remains unfavourable for manufactured goods.

The NBS report further revealed that Nigeria achieved a trade balance of N6.52tn in Q1 2024, with total merchandise trade reaching N31.8tn. This represents a 46.27 per cent increase compared to Q4 2023 and a 145.58 per cent rise compared to Q1 2023. However, imports also saw a significant rise, increasing by 39.65 per cent to N12.64tn from N9.05tn in the previous quarter.

David Adonri, Vice President of Highcap Securities Limited, proposed revisiting the 4th National Development Plan initiated by former Head of State Yakubu Gowon as a viable path to developing Nigeria's domestic manufacturing industry. "Nigeria lacks the heavy industrial base to sustain the productive momentum of light industries, making locally manufactured goods uncompetitive," Adonri lamented. He criticised the truncation of the Gowon-initiated plan by subsequent administrations, stressing the need for a solid engineering infrastructure to harness domestic resources for self-sufficiency and export capabilities.

# Nigeria's Manufacturing Sector Faces Turmoil Amid Economic Challenges



**T**he Manufacturers Association of Nigeria (MAN) has revealed that the nation's manufacturing sector experienced significant setbacks in the first quarter of the year, with companies forced to reduce production and cut jobs in response to persistent macroeconomic headwinds. This was disclosed by Oluwasegun Osidipe, MAN's Director of Research and Advocacy, during the presentation of the Manufacturers CEOs Confidence Index at a press conference in Lagos on Thursday. The report indicated a slight optimism with the MCCI points showing a marginal increase above the 50 points confidence threshold. However, the current business conditions and employment levels remained worryingly low, both falling below the 50 points mark.

MAN attributed these difficulties to ongoing issues such as rising inflation, escalated energy prices, exchange rate instability, and high Customs duty rates. According to the report, production and distribution costs surged by 20 percent in the first quarter of 2024, while capacity utilisation declined by 9.7 percent.

"The volume of production slid further by 10.14 percent in Q1 2024 from a contraction of 4.6 percent recorded in the previous quarter," the report noted. "Manufacturing employment further declined by 5.27 percent in Q1, from the 4.46 percent contraction recorded in the preceding quarter." Sales volume also fell by 7.16 percent in the first quarter, compared to a 1.6 percent decline in the previous quarter.

Francis Meshioye, President of MAN, commented

on the report, highlighting the negative impact of forex, inflation, and energy crises on the manufacturing sector. He lamented the decline in production levels, which has reduced the sector's competitiveness, and called on the government to address the cost-push factors driving inflation and to expedite the recapitalisation of banks.

"Undoubtedly, the manufacturing sector remains the most sustainable driver of steady economic growth, inflow of foreign exchange, and enduring shared

prosperity," Meshioye asserted. "MAN is therefore expectant that the Government will intentionally prioritise the manufacturing sector by implementing the sector-specific recommendations contained in this report and providing the required policy support and incentives. This is the surest way of re-vamping the sector and repositioning the economy towards sustainable growth and development." Meshioye explained that capacity utilisation—a measure of how much of a factory's production capacity is currently being utilised—was suboptimal, implying that parts of the workforce were idle as factories struggled to operate at full strength.

Amidst these challenges, MAN has petitioned the Nigerian Electricity Regulatory Commission (NERC) to halt the hike in tariffs for power users under the Band A category. The association also questioned the monthly tariff review methodology implemented by NERC, arguing that the recent hike in electricity tariffs would further harm manufacturing firms in Nigeria.

Defending its petition against the April 2024 Multi-Year Tariff Order during a public hearing at NERC's headquarters in Abuja, MAN pointed out that the tariff increase had raised the cost for Band A customers from about N68/kWh to N225/kWh. MAN's Director-General, Segun Kadiri, told a panel led by NERC Vice Chairman Musiliu Oseni that the high cost of electricity was unsustainable for manufacturers.

# Nigeria to Kickstart Local Manufacturing of Auto Parts



**T**he Federal Government of Nigeria has announced plans to commence the local manufacturing and supply of tyres, batteries, brake pads, and other automobile components, in a bid to invigorate the domestic automotive industry and reduce dependency on imports. This policy aims to boost the supply of locally made auto parts to the market by 40%.

This initiative was unveiled by the Minister of Industry, Trade and Investment, Doris Aniete, during a ministerial sectoral briefing held to mark President Bola Tinubu's first year in office. Speaking on Tuesday in Abuja, Aniete highlighted the collaborative efforts with manufacturers, dealers, regulatory bodies, and other stakeholders in the automobile ecosystem as central to this ambitious plan.

For years, Nigeria's automotive industry has heavily relied on imports to meet local demands for vehicles and spare parts. Luqman Mamudu, Chairman of the West Africa Automotive Show, recently noted that Nigeria accounts for about 78.8% of automotive components imported into West Africa, spending approximately \$4.2bn annually out of a regional total of \$6.2bn.

Addressing the briefing, Minister Aniete stressed the importance of the newly developed framework, which will prioritize collaboration among various players in the industry to overcome challenges and unlock investment potential. "Steps are being taken to unlock the potential opportunities inherent in

the nation's automotive sector," Aniete stated. "In collaboration with the National Automotive Design and Development Council, the strategy is to ensure the Nigerian automotive industry supplies 40% of its components locally, including glass, tyres, batteries, brake pads, foam and seats, exhaust systems, and electric cables."

Aniete further explained that the frameworks developed emphasize the need for cooperation among manufacturers, dealers, and regulatory bodies. "This collaborative approach will address challenges, streamline processes, and drive innovation. The automotive industry is set to sign off-take agreements amongst themselves, marking a historic beginning for Nigeria."

Highlighting the benefits of local production, she said, "With the MOUs and agreements in place, suppliers will be assured that car assemblers and manufacturers will purchase their products. This guarantees the supply chain, quality, and standards, allowing consumers to buy affordable, brand-new cars. This is how import substitution works. We don't need to use our FX to buy things we can produce locally."

# Nigeria Secures \$16.6bn in Oil Sector Investments



In a significant announcement on Monday, the Minister of State for Petroleum Resources (Oil), Heineken Lokpobiri, revealed that Nigeria has attracted \$16.6bn in investments to its oil and gas sector over the past year. This marks a notable resurgence in the industry, bolstered by the administration of President Bola Tinubu since he assumed office on May 29, 2023.

Speaking in Abuja, Lokpobiri detailed the progress made, stating, “One of our main objectives has been to create an environment where investments can thrive. For over a decade, the non-passage of the Petroleum Industry Act and inconsistent policies had driven investments away. Today, I am pleased to announce that our efforts have rekindled investor confidence in the sector.”

Highlighting key investments, he noted commitments of \$5bn and \$10bn in deepwater offshore assets and \$1.6bn in oil and gas asset acquisition. He attributed the surge in global interest to recent promotional roadshows in the United States and Europe.

The minister also underscored a significant increase in crude oil production, rising from approximately 1.1 million barrels per day, including condensates, to about 1.7 million barrels per day. “This

increase is a testament to our relentless efforts to streamline operations and resolve conflict among stakeholders,” Lokpobiri stated.

To boost production further, Lokpobiri described efforts to reactivate redundant oil assets and engage in continuous dialogue with international oil companies and local producers. He highlighted the resolution of disputes among joint venture partners and increased collaboration with local communities and security agencies to protect critical infrastructure and reduce oil theft.

Additionally, the minister celebrated the recent operational milestones of OMLs 13 (Sterling Exploration) and 85 (First E&P), each expected to contribute significantly to Nigeria’s daily output. “These achievements demonstrate our commitment to optimising production from the nation’s oil and gas assets,” he said.

*“One of our main objectives has been to create an environment where investments can thrive... our efforts have rekindled investor confidence in the sector.”*



# International Breweries Plc Launches N161.17bn Rights Issue



**I**nternational Breweries Plc, a subsidiary of AB InBev, has announced a rights issue to raise fresh capital amounting to N161.17 billion. The rights issue will be tradable on the floor of the Nigerian Exchange Limited (NGX) throughout its duration, ensuring liquidity and accessibility for shareholders.

Priced at N3.65 per share, this strategic initiative offers shareholders the chance to increase their equity holdings while supporting the company's growth and deleveraging efforts. International Breweries, known for producing Trophy Lager, Budweiser, Hero Lager, Trophy Extra Stout, Flying Fish, Castle Lite, Beta Malt, and Grand Malt, aims to bolster its financial standing and market presence through this capital raise.

David Tomlinson, the Finance Director of International Breweries, expressed confidence in the rights issue, highlighting it as a compelling opportunity for shareholders. "We are pleased to announce the International Breweries Plc rights issue offering, which presents a convincing opportunity for our valued shareholders to further participate in the growth and success of our company," he stated. With a rights ratio of six new ordinary shares for every one held and an offer price of N3.65 per share, the company aims to provide shareholders

with access to additional equity at an attractive valuation. "This offering underscores our commitment to creating value for our shareholders while fortifying our position in the Nigerian beverage industry. We encourage all shareholders to seize this opportunity to participate in the growth story of our dynamic business. Together, we will continue to brew success, deliver long-term value for our shareholders, and create a future with more shares," Tomlinson elaborated.

Jude Chiemeka, the acting CEO of NGX, affirmed the exchange's support for issuers. "At the NGX, we remain committed to helping issuers derive great value from their interactions with the market. By positioning ourselves as the African exchange of choice, we will continue to adopt rules aimed at improving the corporate governance of our listed firms and offer products and services that are tailored to the needs of investors in a fair and orderly market," Chiemeka noted.

The rights issue marks a significant step for International Breweries in its mission to solidify its market presence and enhance shareholder value amidst a competitive industry landscape.

# NNPC to Launch Three Mini-LNG Projects in Major Push for Cleaner Energy



“Indeed, we are currently participating in three mini-LNG projects slated for ground-breaking this August. NNPC is also leading the Federal Government’s autogas initiative. Aside from the recent inauguration of the 5.2mmscuf/d Ilasamaja mother station CNG plant, we plan to take FID within this year and roll out additional six CNG mother station plants with similar capacity. Scores of CNG refilling stations are being renovated and upgraded to provide access

to cleaner and cheaper fuel across the country,” he added.

NNPC is also spearheading the development of several gas-based industries in strategic industrial hubs across the nation. These initiatives are part of the Federal Government’s Decade of Gas programme, aimed at harnessing Nigeria’s abundant natural gas resources to drive economic growth and improve living standards.

Kyari noted that despite contributing the lowest volume of emissions globally, sub-Saharan Africa remains energy deficient. He emphasised Nigeria’s potential to overcome these challenges with its vast natural gas reserves of over 209 trillion cubic feet. “Nigeria can address these challenges by providing access to electricity, clean cooking fuel, autogas, and feedstock for other industries, thereby generating wealth and improving our wellbeing. From an NNPC standpoint, this summit’s theme and topics clearly resonate, and NNPC is at the forefront of orchestrating a sustainable energy future for itself and Africa leveraging gas technology and innovation,” he asserted.

Highlighting ongoing projects, Kyari mentioned several key gas infrastructure initiatives, including the second phase of the AHL gas processing plant, the 300mmscuf/d ANOH gas processing plant, and the ANOH gas pipeline project, all recently inaugurated by Nigeria’s President.

**T**he Nigerian National Petroleum Company Limited (NNPC) announced on Thursday its plans to commence three mini-Liquefied Natural Gas (LNG) projects this August. This significant step forms part of the company’s broader strategy to enhance rural road infrastructure and agricultural marketing across Nigeria.

The announcement was made by NNPC’s Group Chief Executive Officer, Mele Kyari, at the inaugural Africa Gas Innovation Summit 2024 in Abuja. The summit, organised by the Society of Petroleum Engineers, was themed “Igniting the Future: Driving Sustainability in Africa’s Energy Landscape through Gas Technology and Innovation.”

Represented by Olalekan Ogunkeye, NNPC’s Executive Vice President for Gas, Power, and New Energy, Kyari highlighted the company’s commitment to boosting Nigeria’s gas sector. He revealed plans to take a Final Investment Decision (FID) this year for the rollout of six additional Compressed Natural Gas (CNG) mother stations. The company is also upgrading numerous CNG refuelling stations nationwide.

Both LNG and CNG are cleaner-burning alternatives to traditional fuels like petrol and diesel. While LNG is predominantly used in power plants and industrial processes, CNG serves primarily as a transportation fuel and for power generation.

“In order to accelerate gas commercialisation, bearing in mind that this is the era of gas, NNPC has signed MoUs and project development agreements for floating LNG projects which will be the first in Nigeria, while currently executing a 30mmscuf/d small-scale mini-LNG project,” Kyari stated.

## Heritage Bank Liquidation Begins as NDIC Steps In



**T**he Nigerian Deposit Insurance Commission (NDIC) has commenced the liquidation of the beleaguered Heritage Bank, beginning with the verification and payment of depositors' funds. This move follows the Central Bank of Nigeria's (CBN) decision to revoke the bank's license, citing severe financial underperformance and threats to overall financial stability. In a statement on Monday, the CBN, through its Acting Director of Corporate Communication, Sidi Ali, explained the rationale behind the revocation. "This action has become necessary due to the bank's breach of Section 12 (1) of BOFIA, 2020. Despite various supervisory steps and engagements by the CBN to curb the decline, the bank has shown no reasonable prospects of recovery, making license revocation the next necessary step." As the appointed liquidator, the NDIC, in a statement signed by Director of Communication & Public Affairs Bashir Nuhu, assured depositors that they would receive up to N5 million each. "Depositors with alternate accounts within the banking industry

will be paid up to the insured amount of N5 million per depositor using their Bank Verification Number (BVN). Those with funds exceeding N5 million will receive liquidation dividends upon the realisation of the bank's assets and recovery of debts," Nuhu stated. For depositors without alternate bank accounts, the NDIC advised visiting the nearest Heritage Bank branch with proof of account ownership and identification for verification and subsequent payment of insured sums. Creditors of the bank are also instructed to file their claims, either in person or via the NDIC's online platform. The NDIC emphasized its commitment to the safety of depositors' funds in all licensed banks, urging the public to continue their banking activities without fear, as banks with intact licenses remain secure.

### SECTOR REACTIONS AND SUPPORT

The Bank Customers Association of Nigeria has expressed support for the CBN's decisive action. "Revoking Heritage Bank's license is a crucial step

Speaking to The PUNCH, Dr. Uju Ogubunka, President of the association, highlighted the potential systemic risks posed by a failing bank. “The CBN’s decision is necessary to protect the integrity of the entire banking system. By allowing one failing institution to collapse, it prevents broader systemic issues,” Ogubunka noted. Similarly, Professor of Capital Market Uche Uwaleke commended the CBN’s proactive stance towards maintaining financial system stability. The NDIC’s role in the liquidation process will be vital in safeguarding depositors and employees.” The House of Representatives has pledged to oversee the process, ensuring depositors’ interests are protected. In a statement, House spokesman Akin Rotimi confirmed the legislative body’s commitment to engaging with all relevant stakeholders. “The House will ensure that this development does not negatively impact Nigerians, focusing on a transparent and orderly resolution process,” he said.

#### NEXT STEPS AND IMPLICATIONS

With the NDIC at the helm of the liquidation, attention now shifts to the execution of the process. The House Committee on Banking Regulations, chaired by Mohammed El-Rufai, will closely monitor the situation. “Our priority is to protect depositors’ rights and ensure transparency and accountability throughout the liquidation,” El-Rufai affirmed. Ahmed Jaha, Chairman of the Committee on Insurance and Actuarial Matters, echoed these sentiments, emphasizing the importance of maintaining public confidence in the financial sector. “We will diligently oversee the NDIC’s execution of its mandate, ensuring depositors’ funds are secure,” Jaha stated. As Heritage Bank’s liquidation proceeds, the focus remains on maintaining stability within Nigeria’s banking sector and ensuring that depositors are protected amidst this significant upheaval.

## IATA Announces Significant Reduction in Blocked Airline Funds

The International Air Transport Association (IATA) has reported a notable decrease in the amount of airline funds blocked from repatriation by governments. This improvement is primarily attributed to significant clearances of blocked funds in Nigeria and Egypt.

IATA’s Director-General, Willie Walsh, highlighted the crucial role Nigeria played in this development.

“The major reason for the reduction was a significant clearance of funds blocked in Nigeria,” Walsh stated. He further noted that Egypt has also approved the clearance of a substantial accumulation of blocked funds.

However, Walsh pointed out that the devaluation of the Egyptian Pound and the Nigerian Naira had adversely affected airlines in both countries despite the clearances.

“In both cases, airlines were adversely affected by the devaluation of the Egyptian Pound and the Nigerian Naira,” he said.

While progress has been made in Nigeria and Egypt, the situation remains severe in Pakistan and

Bangladesh, where a combined total of \$731 million in airline funds is still blocked. Pakistan is currently withholding \$411 million, and Bangladesh is withholding \$320 million.

“Pakistan and Bangladesh must release the \$731 million in blocked funds immediately to ensure airlines can continue providing essential air connectivity,” IATA’s statement urged.

“In Bangladesh, the solution is in the hands of the Central Bank, which must prioritize aviation’s access to foreign exchange in line with international treaty obligations. The solution in Pakistan is finding efficient alternatives to the system of audit and tax exemption certificates, which cause long processing delays.”

This development underscores the ongoing challenges faced by the global aviation industry in

repatriating revenues and maintaining essential air connectivity. IATA continues to advocate for the resolution of these issues to support the financial stability of airlines worldwide.



# Power Producers Sound Alarm Over N3.7tn Debt

Power generation companies in Nigeria have issued a stark warning that the sector's indebtedness, now standing at N3.7 trillion, poses a serious threat to the continuation of electricity production. The Association of Power Generation Companies (APGC) highlighted the urgent need for the Federal Government and key stakeholders to address the chronic underpayment for electricity generated and consumed on the national grid.

In a statement issued in Abuja on Sunday, Col. Sani Bello (ret'd), Chairman of the Board of Power Generation Companies, outlined the dire financial straits facing the sector. "Gencos are currently owed over N2 trillion for power generated and put

dollarised. "The importance of a specialised forex window or a stable dollar allocation option for Gencos cannot be overstated," the statement read. The APGC called for a coordinated approach by all stakeholders in the Nigeria Electricity Supply Industry (NESI) to realistically and sustainably address the liquidity crisis. The association warned of potential national security issues if the Gencos are unable to maintain steady electricity generation. Bello criticised the payment prioritisation policies within NESI, which often leave Gencos with only a fraction of their due payments. "This is a clear departure from the terms of the Power Purchase Agreement between Gencos and the Nigeria Bulk Electricity Trading Plc (NBET)," he said. "Gencos



onto the national grid, which has been consumed by end-users. This debt is compounded by an additional N1.7 trillion funding gap created by the recent supplementary MYTO order 2024, without a designated fund to cover the shortfall."

Bello warned that this enormous debt burden severely hampers the Gencos' ability to meet their obligations, including maintenance, procurement of spare parts, and employee salaries. He noted that hopes for financial relief through external support, such as the World Bank's Power Sector Recovery Programme, have been dashed due to other market participants' failures to meet distribution-linked indicators.

Access to foreign exchange is another significant challenge, as major operational and maintenance expenses in the power generation sector are

should be accorded utmost priority in payments to ensure their continued capacity to produce electricity."

To address the crisis, the APGC demanded immediate implementation of payment plans to settle all outstanding invoices, reprioritisation of payments under the waterfall arrangement to ensure full payment of Gencos' invoices, and a clear financing plan to cover exposures in NERC's Supplementary Order to the MYTO and the DRO 2024.

Additionally, the APGC called for the provision of payment security backed by the World Bank or the African Development Bank, greater transparency in the billing and remittance processes, investor-friendly policies, market liberalisation, and strict enforcement of market agreements by the regulator.



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