

Cash policy fallout as NFIU bans cash withdrawals from public account

The Nigeria Financial Intelligence Unit (NFIU) has banned all banks from executing demands for cash withdrawals from all public accounts. This is apparently one of the fallouts of the new cash policy as NFIU Head, Moddibo Haman Tukur, said this has become necessary to stop the rate at which cash was being taken out of public accounts. He said this was done "without recourse to the money laundering laws and sometimes for corruption purposes". Tukur, at a briefing, said from 2015 to date, state governments alone have withdrawn N701 billion from their various accounts. He said federal bodies withdrew N225 billion while Local Government Council Authorities have withdrawn over N156 billion cash within the same period. As a result of the indiscriminate withdrawal of cash from public accounts, the NFIU boss said he had "instructed all financial institutions to stop cash withdrawals from government accounts from March 1, 2023". "Any government official who flouts the order will be prosecuted alongside his or her accomplices," he said. A fallout of this directive, he said, is that "Nigeria will become a full non-cash economy by March 1". He added: "As a consequence, any government official that withdraws even one naira cash from any public account from March 1 will be investigated and prosecuted in collaboration with relevant agencies like EFCC and ICPC." He said the NFIU had told banks and government agencies at all levels and all tiers to move fully into online. He said all transactions involving public money must be routed through the banks for the purpose of accountability and transparency". Tukur said any governor who withdraws one Naira cash from any bank will be investigated immediately not minding the governor's immunity. However, any cash withdrawal from a public account will henceforth require a waiver from the President and such waiver will be considered on their merits.

Nigeria's debt to hit N77tn, loan servicing gulps N5.2tn

Nigeria's public debt burden may hit N77tn if the National Assembly approves the request by the President, Muhammadu Buhari, to restructure the Ways and Means Advances. The Ways and Means Advances is a loan facility through which the Central Bank of Nigeria finances the shortfalls in the government's budget. This is as the Federal Government spent N5.24tn servicing debts in 2022. The Director-General of the Debt Management Office, Patience Oniha disclosed this during the public presentation of the 2023 budget organized by the

Minister of Finance, Budget and National Planning, Dr Zainab Ahmed.

She, however, noted that the debt would be N70tn without N5tn new borrowing and N2tn promissory notes. Oniha said, "The DMO released the figure for the country's debt stock as at September, you don't expect it to be significantly different from December. Secondly, there are a lot of discussions on the Ways and Means. In addition to the significant costs saving in loans service we would get by securitizing it. "There is an element of transparency in the sense that it is now reflected in the public debt stock. Once it is passed by the National Assembly, it means we will be seeing that figure included in the public debt. You will see a significant increase in public debt to N77tn." She said while the debt is growing because there is new borrowing, revenue is receiving significant importance. "Like DMO always says, you can't talk about debt without talking about revenue. We need the two to work together," she added. The FG's huge appetite for borrowing under the current regime had worsened the debt position as the country's debt stock rose to N44.06tn as of September last year.

The DMO and the government had come under attacks from experts and key stakeholders in the economy over the country's rising debt levels. Meanwhile, recently, the President, Muhammadu Buhari transmitted to the National Assembly, a request for approval of Ways and Means Advances restructuring to the tune of N23.7tn. At the plenary on December 21, President of the Senate, Ahmad Lawan; and Speaker of the House of Representatives, Femi Gbajabiamila, read out Buhari's request to members of the respective chambers. In the request titled 'Restructuring of Ways and Means Advances,' the President wrote, "The Ways and Means Advances by the Central Bank of Nigeria to the Federal Government has been a funding option to the Federal Government to cater for short-term or emergency finance to fund delayed government expected cash receipt of fiscal deficit. "The Ways and Means balances as of 19th December 2022, is N23,719,703,774,306.90. I have approved the securitisation of the Ways and Means balances along the following terms: amount, N23.7tn; tenure, 40 years; moratorium on principal repayment, 3 years; pricing interest rate, 9 per cent. Your concurrence and approval is sought to allow for the implementation of the same." However, the Senate rejected the request by the President to restructure the N23.7tn Ways and Means advances.

World Bank downgrades 2023 global growth forecast to 1.7%

Global economic growth was projected to slow to 1.7 per cent in 2023, 1.3 percentage points below the forecast made in June last year. Marking its third-weakest pace in nearly three decades, the World Bank

Group said in its latest Global Economic Prospects release. Given such adverse shocks as high inflation, rising interest rates, sluggish investment and the Ukraine crisis, global growth has slowed "to the extent that the global economy is perilously close to falling into recession."

The downgrade reflected synchronous policy tightening aimed at containing very high inflation, as well as deteriorating financial conditions, declining confidence and energy supply disruptions, it said. Noting that the adjusted global growth forecast is overshadowed only by the 2009 and 2020 global recessions, the report said in 2024.

The global economy was on track to grow by 2.7 per cent. More specifically, the report said that growth for advanced economies was projected to slow to 0.5 per cent in 2023, 1.7 percentage points below the June forecast. U.S. economic growth forecast for this year has been downgraded by 1.9 percentage points to 0.5 per cent. The weakest performance outside of recessions since 1970. The Eurozone economy was projected to grow at 0 per cent, down 1.9 percentage points from the previous forecast. Meanwhile, the report said that growth for emerging and developing economies is projected to slow to 3.4 per cent in 2023, 0.8 percentage points below the June forecast. It added that global trade volume will grow 1.6 per cent this year, down 2.7 percentage points from the previous forecast.

Pst Adeboye, Jonathan, Douglas, Olu of Warri make 'Most Reputable Africans' list

Former President Goodluck Jonathan, Pst Enoch Adejare Adeboye, Dr Jennifer Douglas, Managing Partner, Miyetti Law Firm, Ogiame Atuwatse, the Olu of Warri and other Nigerians have been named among the 100 Most Reputable Africans. The 2023 'roll of honour' was released recently by Reputation Poll International (RPI), organisers of the annual event on its website. The ranking released in alphabetical order, featured men and women drawn from diverse sectors across the continent including; leadership, entertainment, advocacy, education and business. Other Nigerians who made the list include Dauda Lawal, Executive Vice Chairman/CEO of Credent Capital and Advisory, Human Rights activist Aisha Yesufu, Arunma Oteh and Akinremi Bolaji, Director, Legal and Consular, Ministry of Foreign Affairs. Another set of listed Nigerians also include Tijjani Muhammad-Bande, Permanent Representative of Nigeria to the United Nations, Wally Adeyemo, Deputy Secretary of the United States Department of the Treasury and Mr Cosmas Maduka, Chairman of the Coscharis Group.

Pastor William Kumuyi, Bishop David Oyedepo, Pastor

Paul Enenche and Pastor Enoch Adeboye, are four Nigerian clerics who made the list. According to the organisers, the selection criteria are integrity, visibility and impact. "The above luminaries are joined by other great Africans who are celebrated for their social impact and social entrepreneurship that are transforming businesses in Africa and affecting lives positively without controversy. "On Governance and Policy: Kenya's President, Mr Wiliam K. Ruto, Lazarus Chakwera, President of Malawi and Ivory Coast Senator, Chantal Moussokoura Fanny among others were listed. "On Business: Egypt's Naguib Onsi Sawiris chairman of Weather Investments's parent company, Ghana's Sir Samuel Esson Jonah Chancellor of the University of Cape Coast, and Nigeria's Dr Dauda Lawal, Executive Vice Chairman and CEO of Credent Capital and Advisory. "On Human Rights Advocacy, Martha K. Koome, Chief Justice of Kenya, and Nigeria's Aisha Yesufu are featured. "On Leadership: Ethiopia's President Sahle Work-Zedwe, Nigeria's Dr Paul Enenche, and Ghana's Afua Kyei (the Chief Financial Officer at Bank of England, where she leads the Finance Directorate) are also featured," the organisers said.

Reputation Poll is acclaimed globally for its annual ranking of the 100 Most Reputable People on Earth and Most Reputable CEOs in various countries.

FG: We are still investigating missing 89.2trillion stamp duty money

Minister of finance, budget and national planning, Zainab Ahmed, has said that the allegation of missing stamp duty revenue is currently being investigated by the National Assembly and security agencies. Ahmed said if the allegation proves to be true and funds were recovered, it would help government to finance its huge budget deficit. The minister made the remarks at the public presentation and breakdown of the highlights of the 2023 Budget in Abuja. Recall that a member of the House of Representatives, Muhammed Gudaji Kazaure, had raised the alarm of alleged theft of N89.1 trillion stamp duty proceeds, accusing governor of the Central Bank of Nigeria (CBN), Godwin Emefiele, of being behind the missing money. The minister said both oil and mining sectors were pulling the national economy back. She also pointed to the costly fuel subsidy regime as one of drain on the economy. The minister said the oil sector only contributed 22 per cent to the economy in 2022, a development she said was an indication that "the economy is truly, truly diversified." Mrs Ahmed said the non-oil sector, driven by communications and agriculture has grown the economy significantly. Ahmed also disclosed that government recorded N18.14 trillion aggregate expenditure, including the supplementary budget in the 2022 budget

implementation.

Mrs Ahmed announced that the federal government would be exiting some industries from pioneer tax incentive list, even though she acknowledged that it may be an unpopular move that is likely to draw public criticism. She, however, added that infant industries would be included on the list to enjoy tax incentive to encourage their survival.

Online Publication, false, misleading and malicious...CBN

The Central Bank of Nigeria, CBN, has faulted a publication by an online media, purporting the sale of Polaris Bank to Strategic Capital Investment Limited (SCIL), as not following due process. The Apex Bank in a reaction via a press statement issued by its Director, Corporate Communications, Osita Nwanisobi, said the piece of information about the bank's sale currently in the public domain was false misleading, and malicious, maintaining that the CBN remains resolute in pursuing its mandate to promote a safe and sound financial system in Nigeria.

However, setting the sales records straight, CBN explained that the divestment from Polaris Bank was supervised by a Divestment Committee (Committee) comprising senior representatives of AMCON & CBN and supported by reputable legal and financial advisers. The Bank added that the divestment mode, process and decision received requisite board and regulatory approvals, therefore, at no time did any other party make a higher purchase offer as falsely claimed by the online publication. According to the bank, Polaris divestment was executed based on the relevant laws, global best practices for bank resolutions, and requisite regulatory approvals, in which the 'Committee', along with its legal and financial advisers, conducted a rigorous technical and financial evaluation of the: purchase proposals, assessing promoters' fitness and propriety, offer price received vs. reserve price, funding structure and financial capacity, strategy and growth plans, amongst others. "Following evaluation, the promoters of the strategic purpose vehicle, SCIL, emerged as the preferred purchaser, having presented the most comprehensive technical/financial purchase proposal and the highest-rated growth plans for Polaris Bank, in addition to passing all fitness and propriety tests", CBN further explained, adding that the promoters (SCIL) also made the highest financial offer for the bank, which was significantly above its core valuation and reserve price.

The Full Text of the Statement reads: "The attention of the Central Bank of Nigeria (CBN) has been drawn to a spurious, malicious, and misleading online publication, which made several false claims concerning the recent

sale of the Federal Government's interest in Polaris Bank Ltd. Given the potentially grave implications for the stability of the bank, financial sector and the Nigerian economy, the CBN is constrained to correct these inaccuracies.

For the records, the public is referred to the statement dated October 20, 2022 by CBN & AMCON announcing the sale of 100% equity in Polaris Bank to a new core investor, Strategic Capital Investment Limited (SCIL), wherein it provided copious details of the process by which the sale was conducted. Contrary to claims in the aforementioned online publication, the divestment from Polaris Bank was supervised by a Divestment Committee (Committee) comprising senior representatives of AMCON & CBN and supported by reputable legal and financial advisers. In addition, the divestment mode, process and decision received requisite board and regulatory approvals. At no time did any other party make a higher purchase offer as falsely claimed by the online publication.

The entity in question, Fairview Acquisition Partners, had indicated an interest in acquiring two banks, including Polaris Bank, for a total sum of N1.2 trillion, an indicative offer which significantly discounted the existing N1.305 trillion debt owed by Polaris Bank to AMCON and so represented a material loss to the Federal Government. Notwithstanding, along with twenty-four (24) other parties, Fairview Acquisition Partners was invited by the financial advisors to participate in the sale process via the execution of a Non-Disclosure Agreement (NDA), the first stage of the process. The financial advisors informed the Committee that Fairview Acquisition Partners neither executed nor returned the NDA despite verbally confirming receipt of the agreement and after follow-up from the financial advisors.

Therefore, Fairview Acquisition Partners did not take the opportunity to update their offer by participating in the divestment process and thus did not make a binding purchase offer for Polaris Bank. The divestment was executed based on the relevant laws, global best practices for bank resolutions, and requisite regulatory approvals. The Committee, along with its legal and financial advisers, conducted a rigorous technical and financial evaluation of the purchase proposals, assessing promoters' fitness and propriety, offer price received vs. reserve price, funding structure and financial capacity, strategy and growth plans, amongst others.

Following evaluation, the promoters of the strategic purpose vehicle, SCIL, emerged as the preferred purchaser, having presented the most comprehensive technical/financial purchase proposal and the highest-rated growth plans for Polaris Bank. In addition to passing all fitness and propriety tests, the promoters also made the highest financial offer for the bank, which was significantly above its core valuation and reserve price. SCIL's binding offer involved an immediate upfront

consideration of N50 billion and full responsibility for the debt of N1.305 trillion owed to AMCON, essentially a total purchase consideration of N1.355 trillion. This offer was the most competitive and provided taxpayers and the Federal Government with more than full recovery of its intervention cost.

By the sale, the CBN and Federal Government achieved a successful, value-driven resolution of a strategic financial institution. This curiously-timed online publication deliberately misrepresents the circumstances surrounding the sale of a strategic asset of the Federal Government. Its misleading statements are obviously intended to undermine the credibility of the divestment process. It also portends negatively on the stability of Polaris Bank and risks derailing the progress made by the monetary authorities. We reiterate that the divestment from Polaris Bank was an institutional decision supervised by a Committee comprising senior representatives of AMCON & CBN, coordinated through reputable legal and financial advisers and approved by the respective leadership and boards of the two institutions.

The CBN remains resolute in pursuing its mandate to promote a safe and sound financial system in Nigeria. This is for the records and attention of the general public".
OsitaNwanisobi Director, Corporate Communications

Obaseki to Conduct Performance Audit of Local Councils in Edo

...inaugurates liaison officers for 18 LGAs

The Edo State Governor, Mr. Godwin Obaseki, has said his government will conduct an updated performance audit of all local councils in the state, to review their performance in the previous year. Obaseki said this when he inaugurated Liaison Officers for the 18 Local Government Areas (LGAs) in the state, at the Government House in Benin City. He noted that the government conducted a similar audit earlier, noting that one of the challenges identified in the audit report was the inability of local governments to sustain themselves financially. The governor said, "I expected that we would have a local government council in place and conduct an audit for each LGA in 2021. Unfortunately, we have not had councils to review those reports and take corrective actions to correct the lack of processes we saw from that audit report.

"I am going to be conducting an updated audit report for 2022 on the activities of each local government to see if things have improved or deteriorated further. "One of the challenges we saw in the audit report was the inability of local councils to sustain themselves financially as about three or four local governments couldn't cover their salary

bills on an ongoing basis." He added, "The local governments have very little or no revenue base after distributing FAAC from Abuja but have very high cost of staff. The danger we face today is that the local governments exist to pay salaries, but yet they don't have enough money to pay salaries of workers and running costs." Reiterating the importance of the liaison offices in the local government administration, the governor said, "We have a lacuna in terms of political governance in our local governments. We have used civil servants over the years to run the affairs and manage the council areas and this is not ideal. We expect that we would be able to have an election after the series of elections in the country.

"As a government, we don't want to start another year and lead the local government unguarded in the policy direction of the government. We decided to appoint liaison officers for the 18 local government areas who will report to me directly to let me know what is going on in each local government area of the state. "The local government is supposed to be independent and self-sufficient but, as a state, we have a challenge taking responsibility for the local governments. It's not the function of the state to clean markets, sweep streets as most council areas are dirty. That is why our priority projects in 2023 will be to clean and green Edo." He continued: "As governor, I have not touched local governments' money and revenue but rather take from our reserve to help local government. It's good for local governments to be autonomous but it must be self-sufficient and it should be run properly.

"As a State, we pay salaries on the 26th of every month. So, why can't the local governments do the same? We get revenue from Abuja like they do but they can't pay salaries as we do. "These new appointees' tenure should not last more than 120 days, because by then, we should have conducted elections. They should be able to give me reports to enable us to put our local governments in proper perspective and in good shape. The local governments are supposed to coordinate the Edo vigilante Security Network in the various council areas but it seems they are not putting in more effort. Also sanitations, road grading, healthcare, controlling street trading, amongst other areas." Obaseki further noted, "Our internal plans will now be shared with local government liaison officers and citizens at the local government areas. We would leave behind a clear roadmap as to where Edo will be going in the next 30 years.

"We are putting in place an economic and social plan, the Benin Urban and Edo Regional Master plan. We must strengthen governance at the base. It is difficult to run a government if you don't know where you are going. Until we have a proper election, we cannot just leave the local government to float on its own." Speaking on behalf of the Liaison Officers, Newman Ugiagbe from Orhionmwon LGA, thanked the governor for the appointment, assuring that they will diligently discharge their duties in line with the Making Edo Great Again (MEGA) vision of the Governor.