



Central Bank of Nigeria

CBNUPDATE

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CBN Raises MPR to 24.75%

INSIDE THIS EDITION:

- Cardoso Affirms Stable Debt Situation
- Food Inflation: CBN Donates N100bn Fertilizer
- BDCs: CBN Revokes 4,173 Operational Licences
- Forex: Prudential Guidance to Banks
- IWD 2024: Close Gender Gap, says World Bank

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Contents

Editor’s Note ----- 1

CBN Raises MPR to 24.75% ----- 2

Food Inflation: CBN Donates N100 bn Fertilizer ----- 3

CBN Advises FIs on Statutory Returns ----- 4

Nigeria Records Increase in FX Remittances ----- 4

DG FSS Encourages Youth to Secure Finances ----- 5

BDCs: CBN Revokes 4,173 Operational Licenses ----- 6

FX Boost: CBN Sells N1.053trn Securities ----- 8

Discount Window: CBN Advises DMBs on Guidelines ----- 8

CBN Issues Revised Guidelines ----- 9

Cardoso Affirms Stable Debt Situation ----- 12

IWD 2024: Close Gender Gap, says World Bank ----- 13

IMF Lauds CBN over Interest Rate Hike ----- 14

Forex: Prudential Guidance to Banks ----- 15

CBN Clears All FX Backlogs ----- 15

FREQUENTLY ASKED QUESTIONS (FAQs) ON
PARTNERSHIP TO TACKLE FOOD INFLATION:
FERTILIZER DONATION ----- 17



Editor's Note

We welcome our esteemed readers to the March edition of CBNUPDATE.

In this edition, we delve into the outcomes of the 294th Monetary Policy Committee (MPC) meeting, chaired by the Governor, Mr. Olayemi Cardoso where the Bank maintained its monetary tightening as part of efforts to combat the country's rising inflation. Details are served inside this edition.

Similarly, we feature Governor Cardoso's affirmation of stable debt inflation, as he allays fears that Nigeria's sovereign profile despite near-term risks attributed to unfavourable global market conditions and the increased debt burden since the COVID-19 pandemic.

Also, we bring to you the news story of the Bank donating 2.15 million bags of fertilizer worth N100 billion to the Federal Ministry of Agriculture and Food Security (FMAFS) as part of efforts to support Nigerian farmers and reduce food prices. Flip through the pages to get more information on this update.

Additionally, the CBN released a circular on the need for Deposit Money Banks (DMBs) to exercise the utmost prudence and set aside foreign currency (FCY) revaluation gains as a counter-cyclical buffer to cushion any adverse movements in the FX rate.

Not forgetting the International Women's Day recognized and celebrated in the month of March, an update on the World Bank's advocacy for gender gap to be closed in the workplace is served within the pages of this edition.

These and more stories have been put together for the benefit of our esteemed readers. ■

A handwritten signature in black ink, appearing to read 'H. Ali'.

Hakama Sidi Ali
Editor-in-Chief

CBN Raises MPR to 24.75%

By: Onyemakonor Ogbe



The Central Bank of Nigeria (CBN) Governor, Mr. Olayemi Cardoso during the MPC Press Briefing in Abuja

The Central Bank of Nigeria (CBN) has increased the benchmark interest rate by 200 basis points from 22.75 per cent to 24.75 per cent.

The CBN Governor, Mr. Olayemi Cardoso disclosed this in a press briefing at the end of the 294th meeting of the Monetary Policy Committee (MPC) held at the Bank's head office in Abuja.

Mr. Cardoso also announced that the MPC retained the Cash Reserve Ratio (CRR) at 45 per cent for Deposit Money Banks (DMBs) but increased the CRR of merchant banks from 10 per cent to 14 per cent, while retaining the liquidity ratio at 30 per cent.

He said the moves are part of efforts to combat the country's rising inflationary rate which was pegged at 31.70 per cent in February.

The Governor said the decisions of the MPC further underlined the urgency on the part of the Bank to bring inflation under control to ensure that the

purchasing power of ordinary Nigerians is restored in the short to medium term.

He said the MPC is focused on the current inflationary pressures and the need to anchor inflation expectations, as well as, ensure sustained exchange stability.

While noting that the Committee attributes the headline inflation in the country as being ignited mostly by a hike in the cost of food, the Governor said the MPC members were of the view that addressing food insecurity is key to containing the current inflationary pressures.

The MPC, therefore, commended the Federal Government's ongoing efforts at curbing food insecurity including the distribution of various palliatives, release of grains from strategic reserves, distribution of seeds and fertilisers, as well as, farm implements for dry season farming.

The next MPC meeting is scheduled to hold from Monday, May 20, to Tuesday May 21, 2024 ■

Food Inflation: CBN Donates N100bn Fertilizer

By: Blessing Uzoagbado



L-R: Minister of Budget and Economic Planning, Sen. Abubakar Atiku Bagudu; Minister of State, Agriculture and Food Security, Sen. Aliyu Sabi Abdullahi; Minister of Agriculture and Food Security, Sen. Abubakar Kyari; Governor, Central Bank of Nigeria, Mr. Olayemi Cardoso; and the Permanent Secretary, Federal Ministry of Agriculture and Food Security, Mr. Temitope Fashedemi at the collaboration meeting with the Ministry of Agriculture and Food Security to mitigate the surge in food prices in Abuja.

The Central Bank of Nigeria (CBN) has donated 2.15 million bags of fertilizer worth N100 billion to the Federal Ministry of Agriculture and Food Security (FMAFS) to support Nigerian farmers and reduce food prices.

The CBN Governor, Mr. Olayemi Cardoso who announced the donation on March 13, 2024, at the FMAFS headquarters in Abuja, stated that the Bank aims to support the increase of food production to stabilize prices.

Mr. Cardoso also emphasized the need to address food inflation and promote price stability. He noted that food prices are a significant component of inflation, and the CBN aims to boost food production to foster price stabilization in the agricultural sector.

Acknowledging the challenges posed by inflation and currency depreciation, the Governor reiterated the CBN's commitment to prioritizing price stability and ensuring confidence in the Nigerian economy. He expressed confidence that despite ongoing challenges, inflationary pressures

would ease by the third quarter of 2024.

The Minister of Agriculture and Food Security, Sen. Abubakar Kyari, expressed gratitude for the CBN's support and assured that the fertilizer would be distributed judiciously to farmers across the country. He highlighted the various factors contributing to food inflation in Nigeria, including the COVID-19 pandemic, flooding, climate change, currency devaluation, and insecurity.

He, however, underscored the importance of year-round farming and government subsidies on fertilizers, seeds, herbicides and insecticides to support farmers. Sen. Kyari also mentioned ongoing initiatives, such as dry season wheat farming plans to scale up wheat farming with support from the African Development Bank.

Speaking further, the Minister of Budget and Economic Planning, Senator Abubakar Bagudu, emphasized the positive impact of the fertilizer provision on reducing food prices in the market. He highlighted the government's commitment to the agricultural sector, as reflected in the allocation of

close to one trillion naira in the 2024 budget.

Also, the Minister of State for Agriculture and Food Security, Senator Sabi Abdullahi, in his remark, thanked the CBN Management for the timely provision of fertilizer and assured that measures were being taken to prevent misuse of government

interventions by fake farmers.

CBN UPDATE gathered that the fertilizer will be distributed to farmers nationwide, and the Ministry of Agriculture and Food Security has assured that it will be used to cultivate food items and reduce food inflation.■

CBN Advises FIs on Statutory Returns

By: Ify Nwankwo

The Central Bank of Nigeria (CBN) has urged Development Finance Institutions (DFIs), Primary Mortgage Banks (PMBs) and Microfinance Banks (MFBs) to adhere to section 24 of the Banks and Other Financial Institutions Act (BOFIA) 2020 and other extant regulations on the timely rendition of regulatory returns.

This was contained in the circular to the DFIs, PMBs and MFBs dated March 5, 2024, on Late and Non-Rendition of Statutory Monthly returns to the CBN through the Financial Analysis (FinA) application on the Bank's website.

According to the circular signed by a Deputy Director, Mr. Valentine Ururuka for the Director,

Financial Policy and Regulation Department (FPRD) Mr. Haruna Mustapha, stated that all monthly FinA returns are to be submitted on or before the 5th day after the month ends and for the day that falls on a weekend or Public Holiday, the returns should be submitted on the previous workday.

The circular further stated that DFIs, PMBs and MFBs should ensure timely renditions of all regulatory returns, as future breaches would be sanctioned.

The statement also added that for technical issues, the DFIs, PMBs, and MFBs should notify the CBN via email to OFIreturns@cbn.gov.ng prior to the deadline.■

Nigeria Records Increase in FX Remittances

By: Pearl Ogbonna

The Central Bank of Nigeria (CBN) has recorded a substantial increase in overseas remittances into the country. The increase rose from \$300 million to \$1.3 billion in the early part of 2024. The overseas remittance has contributed to the increase in the foreign exchange (FX) inflow, in addition to the heightened interest from foreign portfolio investment in Naira assets.

This was revealed to journalists by the Acting Director, Corporate Communications Department of the CBN, Mrs. Hakama Sidi Ali. The Bank Spokesperson noted that higher FX inflows continued in March driven by increased investor interest in short-term sovereign debt following

recent adjustment to benchmark interest rates.

CBN UPDATE recalls the recent efforts made by the CBN Management under the leadership of the Governor, Mr. Olayemi Cardoso to outline a comprehensive strategy aimed at curbing inflation, stabilizing the exchange rate, and instilling confidence in Nigeria's banking system and economy. Notably, the different measures taken by the CBN to boost reserves and create more liquidity in the markets have started to pay off.

It would be recalled that the purpose of overseas remittances is to support the economy of the nation, maintain the balance of payment, and enrich foreign currency reserves.■

DG FSS Encourages Youth to Secure Finances

By: Titilayo Oluwasina



The Acting Director, Consumer Protection Department, (CBN), Mr. Othniel Nuhu, representing the Deputy Governor, Financial System Stability Directorate of the CBN, Mr. Philip Ikeazor at the Global Money Week event which held at the CBN, Head Office, Abuja.

The Deputy Governor, Financial System Stability (FSS) at the Central Bank of Nigeria (CBN), Mr. Philip Ikeazor, has urged young Nigerians to cultivate robust financial habits for future resilience.

He gave the charge in Abuja, on Tuesday, March 19, 2024, at the Financial Literacy Fair organised by the Consumer Protection Department, in commemoration of the 2024 Global Money Week Celebration.

Speaking to the theme of the event, "Protect your money, Secure your future", Mr. Ikeazor, who was represented by the Acting Director, Consumer Protection Department, Mr. Othniel Nuhu, emphasized the importance of financial education in empowering youths to make wise financial choices aimed at securing their future. He disclosed that since Nigeria's involvement in the Global Money Week (GMW) celebration in 2013, the country has prioritized financial literacy for its youth.

The Deputy Governor noted that financial security was not solely about earning money but was also about recognizing various types of fraud, knowing how to respond to scammers, and adopting measures to safeguard finances.

He emphasized the importance of financial education and encouraged proactive financial management practices among young individuals, stressing the need for continuous learning and a culture of saving and budgeting.

Mr. Ikeazor encouraged participants to invest in their future and equip themselves with skills that will enable them to achieve financial independence and a financially secured future.

Addressing the significance of financial literacy in fostering financial inclusion, Mr. Lanre Gbadamosi, the Head of the Department's Consumer Education and Evaluation Division, underscored its pivotal role in empowering individuals and enhancing inclusion. He highlighted that financial inclusion had risen to around 74 per cent by December 2023, compared to approximately 68 per cent in 2020, attributing much of this progress to improved financial literacy efforts. He revealed that the Bank was in the process of developing a monitoring and evaluation framework for financial literacy to tackle the insufficient level of financial literacy across the nation and provide an impartial assessment of the Bank's initiatives in financial literacy.

Highlight of the event was the tour of the currency museum and the financial fair at the exhibition stands. Consumer protection and financial literacy stakeholders who were present at the event include: Small and Medium Enterprises

Development Agency of Nigeria (SMEDAN); Innovation for Poverty Action (IPA); Nigeria Deposit Insurance Corporation (NDIC); Mercy Corps; and Junior Achievement Nigeria (JAN).■

BDCs: CBN Revokes 4,173 Operational Licenses

By: Ify Nwankwo



Central Bank of Nigeria, Headquarters

In its continued efforts to ensure financial system stability in the economy, the Central Bank of Nigeria (CBN), in exercise of the powers conferred on it under the Banks and Other Financial Institutions Act (BOFIA) 2020, Act No. 5, has revoked the licenses of 4,173 Bureau De Change Operators.

This was contained in the circular released on March 1, 2024, and signed by the Acting Director, Corporate Communications Department, Mrs. Hakama Sidi Ali. She stated that the affected institutions failed to meet at least one of the regulatory provisions as contained in the Revised Operational Guidelines for Bureau De Change of November 30, 2015.

Mrs. Sidi Ali further explained that the CBN is in the

process of revising the regulatory and supervisory guidelines for BDC operations in Nigeria and stated that the new measures to be put in place will be mandatory for all stakeholders in the sector when it becomes effective.

It would be recalled that the requirements stated in the Revised Operational Guidelines include: the Payment of all necessary fees, including license renewal, within the stipulated period in line with the Guidelines; the Rendition of returns in line with the Guidelines; and the Compliance with guidelines, directives and circulars of the CBN, particularly Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Counter-Proliferation Financing (CPF) regulations.■



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FX Boost: CBN Sells N1.053trn Securities

By: Mukhtar Maigamo



businessday.ng

In a major move to boost foreign exchange, the Central Bank of Nigeria (CBN) has succeeded in the sale of government securities after the issuance of N1.053 trillion (680 million dollars) in short-term instruments.

This was made known by the Bank's Acting Director of the Corporate Communications Department, Mrs. Hakama Sidi Ali, in a statement issued to the press, indicating that the sale is part of its liquidity management exercise.

Mrs. Sidi Ali said that the CBN's N500 billion offer at the Open Market Operations (OMO) auction was oversubscribed after selling N1.053 trillion, with 79 per cent of the total bids, or the equivalent of 530 million dollars, coming from foreign investors. This action has significantly boosted the country's FX

and shows the confidence foreign investors have in the Nigerian economy.

She also said the Management of the CBN is optimistic that its monetary policy measures are beginning to yield positive results. It was however reported that the auction was the first since the last Monetary Policy Committee (MPC) meeting, which was followed by a virtual meeting with foreign portfolio investors.

According to her, the CBN Governor, Mr. Olayemi Cardoso, used both meetings to set a detailed strategy to curb inflation, stabilise the exchange rate, and spur confidence in the banking system and the economy.

Mrs. Sidi Ali said that the development underscored the level of confidence the Bank now enjoyed from investors, attesting to the promising outcome of the monetary policy measures adopted by the Bank.

The statement assured the public of improved liquidity in the foreign exchange market and imminent settlement of the remaining backlog of genuine foreign exchange transactions. Thus: "The CBN is sustainably committed to supporting price stability by taking the necessary measures to increase liquidity in the foreign exchange markets."

Discount Window: CBN Advises DMBs on Guidelines

By: Ogochukwu Ikeagwuonu

The Central Bank of Nigeria (CBN) has again advised all Deposit Money Banks (DMBs), Licensed Non-Interest banks, and other authorised dealers to adhere to the latest guidelines on discount windows, operations of non-interest financial institutions, and access to its Standing Deposit Facility (SDF).

The advice was contained in a superseding circular

that was signed by the Director, Financial Markets Department (FMD), Dr. Omolara Duke. The statement advised operators to stick to the 2023 reviewed circular(s) as against the ones dated 2022. The report observed that some superseded circulars/guidelines were still in use even though they have been replaced by newer circulars/guidelines.

The statement read, "The CBN hereby directs DMBs, licensed non-interest banks, and other authorised dealers at the CBN discount window to adhere to the circulars/guidelines that supersede previous ones issued by the Bank".

Accordingly, the circular highlighted the superseding circulars for public information and compliance.

CBN Issues Revised Guidelines

By: Pearl Ogbonna



Central Bank of Nigeria

In order to reflect changes in the business environment in line with legal and regulatory requirements, and to provide a guide to blacklisting individuals in Banks and Other Financial Institutions (OFIs) pursuant to the provisions of Section 47 of BOFIA 2020, the Central Bank of Nigeria (CBN) has issued a revised guideline for blacklisting of Banks and OFIs.

This was contained in a circular dated March 8, 2024, and signed by the Acting Director, Banking Supervision Department, Dr. Adetona Adedeji, calling the public's attention to the fact that the revised guideline supersedes the "Review of Operational Guidelines for Blacklisting" issued by CBN and dated June 28, 2016.

The revised guidelines seek to ensure consistency in reporting qualifying offences which is reflected in the scope of offences it covers. It also introduces a second-level review of the process for blacklisting to ensure transparency, accountability and fair hearing. CBNUPDATE noted that Financial Institutions (FIs) are required to develop clear policies and procedures for blacklisting, in line with the provisions of the Guidelines. Similarly, returns on individuals dismissed or terminated for miscellaneous offences shall be rendered separately in compliance with Section 47(8) of BOFIA 2020.

The objectives of the Black Book to be maintained

by the CBN for Nigerian Financial Institutions were enumerated to include: prevention of fraudulent and discredited individuals from being recycled within the financial system; ensuring that only individuals with credible references are employed within the financial system; serving as a deterrent against committing fraudulent/ dishonest acts; accountability of individuals that fail to meet the expected standards of integrity and professionalism required of bankers; and ensuring operational compliance by banks and OFIs.

CBNUPDATE gathered that offences that qualify for the indictment of the offenders include: fraud; forgery; insider abuse; conflict of interest; breach of fiduciary duty; violation of relevant sections of extant business regulations and laws; deliberate breach of confidentiality and misuse of information; relevant offences as prescribed in the AML/CFT/CPF laws and regulations in Nigeria; misrepresentation of facts; criminal breach of trust offences; misconduct that affects the stability of the financial system; and any offence as may be prescribed by the CBN from time to time.

The revised guidelines which takes immediate effect, highlight the procedure for blacklisting, the reporting procedures, the returns on miscellaneous offences, the requirements for delisting from the Black Book, the responsibilities of officers of Financial Institutions, as well as the sanctions of erring officers.

Additionally, users of the revised guidelines are required to take reasonable security and control measures to avoid unauthorised access or mismanagement of information in its database in compliance with the provisions of the Nigerian Data Protection Act (NDPA) 2023 and any data protection regulation as may be issued by relevant regulatory bodies from time to time.

STRATEGIC ENGAGEMENT



L-R: Mr. Lamido Yuguda, Director General, Securities & Exchange Commission; Hussaini Ishak Magaji, Registrar General, Corporate Affairs Commission; Dr. Rabiul Olowo, Executive Secretary/CEO, Financial Reporting Council of Nigeria; Mr. Olayemi Cardoso, Governor, Central Bank of Nigeria; Mr. Bello Hassan, Managing Director/CEO, Nigeria Deposit Insurance Corporation; Dr. Faruk Aminu, Executive Commissioner, National Pension Commission; and Mr. Olorundare Thomas, Commissioner for Insurance, National Insurance Commission during a meeting of the Financial Services Regulation Coordinating Committee (FSRCC) collaboration on Virtual Assets Service Providers (VASPs) and fight Against Money Laundering and Terrorism Financing (AML/TF) held in Abuja.



L-R: Mr. Mohamed Mustapha Fall, Assistant Secretary General, and UN Resident/Humanitarian Coordinator; Ms. Amina J. Mohammed, Deputy Secretary-General of the United Nations and Chair of the United Nations Sustainable Development Group; Mr. Olayemi Cardoso, Governor, Central Bank of Nigeria; Mr. Muhammad Sani Abdullahi, Deputy Governor, Economic Policy, Central Bank of Nigeria; and Mrs. Elsie Attafua, United Nations Resident Representative during a visit to the CBN Governor in Abuja.

STRATEGIC ENGAGEMENT



Ms. Amina J. Mohammed, Deputy Secretary-General of the United Nations and Chair of the United Nations Sustainable Development Group; and the Governor, Central Bank of Nigeria, Mr. Olayemi Cardoso.



L-R: The Deputy Governor (Corporate Services), Central Bank of Nigeria, Dr. Bala Bello; the Group Chief Executive Officer, NGX Group, Mr. Temi Popoola; the Governor of the Central Bank of Nigeria, Mr. Olayemi Cardoso; the Managing Director, Central Securities Clearing System, Mr. Haruna Jalo-Waziri; and the Registrar/Chief Executive Officer, Chartered Institute of Bankers of Nigeria (CIBN), Mr. Akin Morakinyo during a strategic visit to the CBN in Abuja.



L-R: Dr. Joseph Tucker, Deputy Governor, Central Bank of Sierra Leone; Mr. Lamine Conte, Deputy Governor, Central Bank of Guinea Conakry; Dr. Steven Ibrahim, Governor, Central Bank of Sierra Leone; Dr. Ernest Addison, Governor, Bank of Ghana; Mr. Olayemi Cardoso, Governor, Central Bank of Nigeria; Mr. Buah Saidy, Governor, Central Bank of the Gambia; Dr. Aloysius Tarlue, Governor, Central Bank of Liberia; Mr. Muhammad Sani Abdullahi, Deputy Governor, Central Bank of Nigeria, during a courtesy visit to the CBN Governor by the West African Central Bank Governors on the sidelines of the statutory meeting of specialised agencies of the ECOWAS region.

Cardoso Affirms Stable Debt Situation

By: Mukhtar Maigamo



The CBN Governor, Mr. Olayemi Cardoso

Amidst rising concerns about the dismal global market conditions and the government's increasing debt burden since Covid-19 era, the Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has allayed fears that Nigeria's sovereign profile remained stable despite near-term risks attributed to unfavourable global market conditions and increased debt burden since the COVID-19 pandemic.

Mr. Cardoso disclosed this at a workshop on Medium Term Debt Strategy (MTDS) in Abuja on Monday, March 4, 2024.

The CBN Governor's assurance came at the heels of the new United Nations World Economic Situation and Prospects (WESP) report for 2024, which stated that Nigeria's increasing public debt, persistent inflation, as well as its rising cost of living, pose serious risks to the country's economic growth this year.

According to the Governor, Nigeria's external debt-to-GDP ratio is a manageable 9 per cent, showing cautious external borrowing and that 85 per cent of the nation's debt has medium to long-term maturities. Comparing the country to the emerging and developing economies' average of 50 per cent GDP, he said Nigeria's debt level at 37 per cent GDP shows it is in a relatively favourable position regarding debt sustainability.

Mr. Cardoso added that, "Nigeria is currently assessed to be at a "moderate" overall risk of sovereign stress. This assessment is crucial in understanding the effectiveness and challenges of Nigeria's Medium Term Debt Management Strategy (MTDS)."

While acknowledging the potential of Nigeria in terms of its debt sustainability, he however, warned that despite overall moderate risk assessments, there is a need to keep an eye on potential liquidity risks, particularly due to weaknesses in revenue mobilisation and persistent challenges which could undermine debt sustainability and financial stability if not adequately tackled.

Mr. Cardoso said thus: "Like other developing and emerging economies, Nigeria's experience with the MTDS is a significant aspect of its broader medium-term economic management and fiscal policy framework. The MTDS has always guided its debt management activities, the most recent being the MTDS 2020- 2023. The country has periodically developed and updated its MTDS to reflect changing economic conditions, funding needs, and the global financial environment."

The primary goals of Nigeria's MTDS have been to ensure that borrowing activities are conducted within sustainable levels, to optimise the debt portfolio for cost and risk, and to improve debt management capabilities.

While significant progress has been made in implementing the strategy, ongoing challenges related to exchange rate volatility, inadequate revenue generation, and external shocks, such as oil price volatility, would necessitate continuous refining of the MTDS to address these challenges and leveraging opportunities.

Dr. Baba Musa, Director-General, WAIFEM, who also spoke at the event, asserted that the importance of the training could not be overstated, considering the prominence public debt management has assumed on the global development agenda.

According to Dr. Musa, rising public debt levels have

emerged as a significant point of concern, especially in developing nations, where higher debt levels are coupled with greatly restricted fiscal space and limited opportunities for concessional finance.

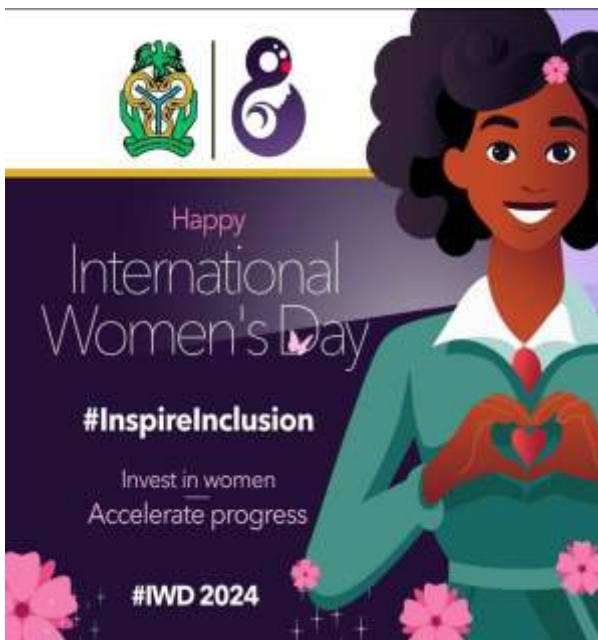
The training which was organised by the World Bank, the International Monetary Fund (IMF) and the West African Institute for Financial and Economic Management (WAIFEM), aimed to train

participants on the formulation of the debt management strategy and the design of an annual borrowing plan.

The Medium-Term Debt Management Strategy (MTDS) according to the World Bank, is a framework developed by the World Bank and IMF to guide the debt management decisions and operations of government authorities.

IWD 2024: Close Gender Gap, says World Bank

By: Ogochukwu Ikeagwuonu



The World Bank (WB) has held that no country in the world provides equal opportunity for women in the workplace. The organization noted that there was a need for urgent action to accelerate gender equality with an emphasis on equality of opportunity for all as a matter of fairness and justice.

The WB stated that closing the gender gap was essential for growth and development. In commemoration of International Women's Day 2024, the institution in a Blog publication, underscored that women and girls are often more vulnerable to poverty, crises, and climate change. Gender equality and women's participation in decision-making, in communities, businesses,

workplaces, and households – is key to well-being and prosperity. The report stressed that removing gender barriers would help to unlock economic productivity, reduce poverty, and deepen social cohesion. It also stated that closing the gender gap in employment could raise long-term GDP per capita by nearly 20 per cent on average across countries.

The institution, however, decried that reforms have slowed drastically, and governments need to hasten progress towards achieving gender equality in workplaces and in their regulatory frameworks. The Chief Economist of the World Bank and Senior Vice President for Development Economics, Indermit Gill, stated that women have the power to amplify the crackling global economy. "Yet, all over the world, discriminatory laws and practices prevent women from working or starting businesses on an equal footing with men." The world will take years to close the gender gap, the WEF report added. It was noted that having a gender pay gap may boost developed and emerging markets' GDP by six per cent.

According to the publication, the global gender gap for women in the workplace is by far wider than the previous estimate and no country in the world provides equal opportunity for women – not even



the wealthiest global economies. Taking safety from violence and access to childcare services into account, women enjoy sixty-four per cent of the legal protections globally available to men on average, significantly lower than the previous estimate of seventy-seven per cent. The report, which also assessed the gap between legal reforms and actual outcomes for women in 190 economies across continents, said the gender gap was even wider in practice.

Furthermore, a report gathered by the CBN UPDATE indicated that the gender gap continued to persist across various areas, including education, health, work, wages, and labour participation. While numerous studies have highlighted the economic case, in addition to the basic human rights argument, for gender equality, governments have yet to amend regulatory frameworks and properly enforce existing laws.

The IMF, in a similar publication, stated that boosting the rate of female workforce participation by 5.9 percentage points in these countries of concern could help to drive inclusive growth. It pointed out that women also face significant obstacles in areas including entrepreneurship, where only one in every five economies requires gender-sensitive criteria for public procurement

processes.

Also, the Manager for the Women, Business and the Law project in the World Bank's Development Economics Vice Presidency, Tea Trumbic, recommended more urgent measures to help accelerate efforts to reform laws and enact public policies that empower women to work and start and grow businesses. She added that increasing women's economic participation was the key to amplifying their voices and shaping decisions that affect them directly. Countries simply cannot afford to sideline half of their population, she added.

The report concluded that with the commemoration of International Women's Day 2024, gender equality became more discernible than ever. With the World Bank's forthcoming 2024–2030 Gender Strategy aiming to expedite gender parity to end poverty on a livable planet, it is imperative to delve into the data highlighting the critical areas requiring immediate attention. Drawing from the World Bank's Gender Data Portal, the call to navigate through three pivotal goals underscoring the pressing need for progress: combating gender-based violence, enhancing economic opportunities, and fostering women's leadership roles were keys to inspiring inclusion and accelerating growth. ■

IMF Lauds CBN over Interest Rate Hike

By: Louisa Okaria

The International Monetary Fund (IMF) has lauded the Central Bank of Nigeria (CBN) following the recent increase of the interest rate. According to them, the move would help to contain the rising inflation and stabilize the Naira.

The IMF made the pronouncement after Axel Schimmelpfennig, its mission chief for Nigeria, led a team on a visit to Lagos and Abuja from February 12 to 23, 2024 to hold discussions "for the 2024 Article IV Consultation".

During the visit, the IMF team held critical discussions with key government officials, including the Minister of Finance, Mr. Wale Edun, and the Governor of the Central Bank of Nigeria Mr. Olayemi Cardoso on the economic outlook, growth

projections, and policy measures aimed at addressing inflation and food insecurity in Nigeria.

It would be recalled that the CBN Monetary Policy Committee (MPC) raised the policy rate by 400 basis points to 22.75 per cent. The CBN said the decision reflects the committee's commitment to addressing inflation and stabilizing the exchange rate amidst prevailing economic challenges.

The IMF delegation also commended the recent progress made by the CBN in addressing the monetary and foreign exchange market challenges. However, the team said that there is a need to keep up the good work to make lasting improvements and to sustain the economic development.

While recent measures indicate progress in

addressing monetary and foreign exchange market challenges, the IMF advised strong collaboration with government agencies, good policy

formulation that will tackle the economic hardship posed by the rising inflation, and fiscal consolidation to keep the economy stable in the long run. ■

Forex: Prudential Guidance to Banks

By: Khadeejah Bello

The Central Bank of Nigeria has released a circular on the need for Deposit Money Banks (DMBs) to exercise the utmost prudence and set aside foreign currency (FCY) revaluation gains as a counter-cyclical buffer to cushion any adverse movements in the FX rate.

The circular signed by the acting Director, Banking Supervision Department (BSD) Dr. Adetona Adedeji dated March 14, 2024, also stated that the Commercial banks shall, therefore, not utilize such Foreign Exchange (FX) revaluation gains to pay dividends or meet operating expenses.

The circular referenced a previous letter addressed to banks on September 11, 2023, where the CBN had reviewed the impact of the foreign exchange (FX) rate regime change on the banking system and observed its potential to significantly increase naira

values of banks' foreign currency (FCY) assets and liabilities, resulting in varying levels of FX revaluation gains or losses across the industry.

The letter under reference further stated that additional implications of the FX policy reforms may include breaches of the single obligor and net open position limits, possible increases in asset quality risks, and pressure on industry capital adequacy.

The Bank's insistence on DMBs to apply caution in setting aside FCY revaluation gain is key to acting as a buffer in the event of any adverse change in the FX rate.

"In this regard, banks shall not utilize such FX revaluation gains to pay dividends or meet operating expenses", it added. ■

CBN Clears All FX Backlogs

By: Tina John



The Central Bank of Nigeria (CBN) has announced its successful resolution of all valid foreign exchange backlogs and effectively eliminated a longstanding financial burden on the country.

This achievement fulfills a commitment made by the CBN Governor, Mr. Olayemi Cardoso, who pledged to address a \$ 7 billion backlog in claims.

The announcement was contained in a statement

released to the media by Mrs. Hakama Sidi Ali, the Acting Director of Corporate Communications Department at the Bank.

In addition, the CBN also reported a notable increase in external reserves this month, with reserves rising by \$993 million to reach \$34.11 Billion as of March 7, 2024 – marking the highest level in 8 months. This increase was primarily attributed to a significant rise in remittance payments from Nigerians abroad and increased purchases of local assets, including government debt securities, by foreign investors.

Mrs. Sidi Ali emphasized the meticulous efforts undertaken to settle these outstanding transactions. The CBN recently finalized the payment of \$1.5 Billion, resolving obligations to bank customers and effectively clearing the residual balance of the foreign exchange backlogs. ■



294TH
MPC

Monetary Policy Committee

Tuesday, March 26, 2024

MPR Raised by **200 bps** from **22.75%** to **24.75%**



MPR Monetary
Policy
Rate

24.75%



CRR Cash
Reserve
Ratio

45%

14%

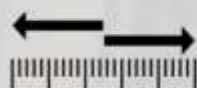
Commercial
Banks

Merchant
Banks



LR Liquidity
Ratio

30%



AC Asymmetric
Corridor

+100
- 300

Basis Points
Around MPR

#CBNMPC

www.cbn.gov.ng

FREQUENTLY ASKED QUESTIONS (FAQs) ON PARTNERSHIP TO TACKLE FOOD INFLATION: FERTILIZER DONATION

Question 1: Did the Central Bank of Nigeria (CBN) create a new intervention in the agricultural sector for the donation of fertilizers to farmers in Nigeria?

Answer: No, the Central Bank of Nigeria has not initiated any new intervention but has rather donated fertilizers from the remnants of its stock, which were blended under its previous interventions in the agricultural sector. These fertilizers are now being donated to farmers across the country through the Federal Ministry of Agriculture and Food Security. This decision is aimed at supporting domestic agricultural production rather than allowing the fertilizers to remain unused and go to waste. We anticipate that the fertilizers will ultimately support our overall objective of price stability which is being challenged by rising food inflation.

Question 2: Why were the fertilizers released to the Federal Ministry of Agriculture and Food Security and not directly to the farmers?

Answer: As stated by the Governor of the Central Bank of Nigeria on several occasions, the CBN is realigning its focus towards its core mandate of ensuring monetary and price stability, thus stopping its direct involvement in development finance interventions. The CBN will, however, support relevant organizations that possess the expertise and capacity to intervene directly. Consequently, the CBN made the decision to donate the fertilizers to Nigerian farmers through the Federal Ministry of Agriculture and Food Security, which possesses the institutional knowledge and infrastructure to effectively distribute the fertilizers to the last mile. This partnership was aimed at supporting the Federal Ministry of Agriculture and Food Security's efforts to enhance food productivity and security, ultimately curbing food inflation and reinforcing the CBN's pursuit of price stability.

Question 3: What is the quantity and value of the donated fertilizers?

Answer: The CBN donated 2.15 million bags of

various blends of fertilizers, valued at over N100 billion at current market prices. Each bag of fertilizer is 50 kilogrammes. Details and quantity of the various blends donated are provided in the table below.

S/No. Fertilizer Type Quantity (50kg Bags) Quantity (MT)

1 NPK 20-10-10 545,000 27,250.00

2 NPK 27-13-13 542,200 27,110.00

3 NPK 15-15-15 378,091 18,904.55

4 UREA 635,444 31,772.18

5 SSP 50,000 2,500.00

TOTAL 2,150,735 107,536.73

Question 4: Were the fertilizers sold to the Federal Ministry of Agriculture and Food Security and if so, at what price?

Answer: No, the fertilizers were not sold; they were a donation to the Federal Ministry of Agriculture and Food Security.

Question 5: How will the fertilizers be distributed to farmers across the country?

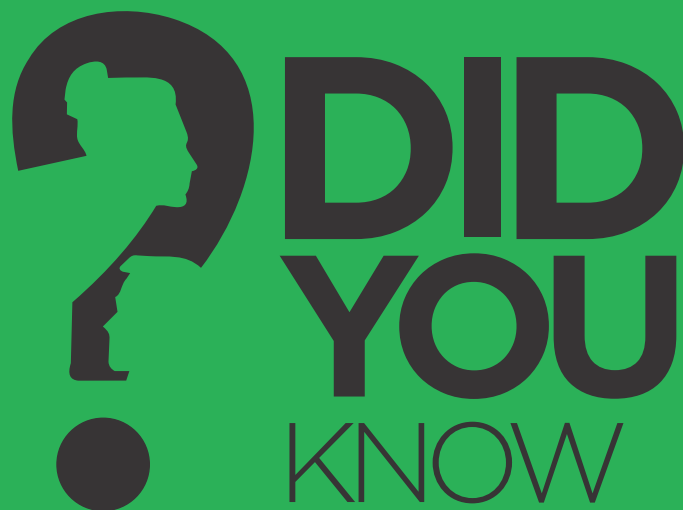
Answer: The CBN will proffer recommendations on the most efficient distribution mechanisms to ensure that the donation reaches the most relevant end-users. As the Federal Ministry of Agriculture and Food Security possesses the requisite expertise and capacity in these matters, they will be responsible for ensuring the fertilizers reach the farmers in the most efficient and effective manner.

Question 6: At what price would the fertilizers be sold to Nigerian farmers?

Answer: The fertilizers are donations from the CBN to Nigerian farmers, so they will be distributed free of charge to farmers across the country.

Question 7: How will farmers access the fertilizers in their respective States?

Answer: The Federal Ministry of Agriculture and Food Security is managing the distribution modalities, eligibilities, and requirements.



Inflation is a situation where there is a general rise in the prices of goods and services, continuously. Inflation is frequently described as a state where **“too much money is chasing too few goods”**.

Creeping Inflation: This occurs when the price rise is very slow. A sustained annual rise in prices of less than 3 per cent per annum falls under this category. Such an increase in prices is regarded safe and essential for economic growth.

Walking Inflation: Walking inflation occurs when prices rise moderately.

Running/Rising Inflation: This inflation means you have to pay more for the same goods and services.

Hyperinflation: Hyperinflation occurs when prices rise very fast.

Inflation targeting is a central banking policy that revolves around adjusting monetary policy to achieve a specified annual rate of inflation. This is known as the target rate.

The two fundamental causes of inflation are **an increase in demand and a decrease in supply**. Numerous economic factors can move either of these indicators. However, inflation can be a result of a mix of market and policy forces.

The Central Bank fights inflation to ensure price stability. Sometimes inflation is good for the economy because it has a healthy side effect. People tend to spend now rather than later because they know prices will be higher in the future. As such, there will be money in circulation, as hoarded cash will be spent. By this, consumer spending pushes economic growth.

Inflation does not affect everything the same way because inflation raises prices, lowering purchasing power. Assets such as real estate and collectibles usually keep up with inflation. Also, variable interest rates on loans increase during inflation.

