


NSE Biggest Gainer: MTNN N116 ▲ 1.72 pc Biggest Loser: Stanbic N36.8 ▼ -1.90 pc 26,434.00		 Foreign Reserve - \$39.4bn Cross Rates GBP-\$.1.29 YUANY - 51.36 Commodities Cocoa US\$2,571.00 Gold \$1,474.30 Crude Oil \$63.80	Bitcoin ₦2,634,989.51 -1.38 pc	Everdon Bureau De Change BUY SELL \$-N 357.00 360.00 £-N 462.00 474.00 €-N 391.00 399.00	FMDQ Close					
FOREIGN EXCHANGE		TREASURY BILLS		FGN BONDS						
Market	Spot (\$/N)	3M	6M	5Y	10Y	30Y				
I&E FX Window	363.48	↓-0.88	↓-1.06	↓0.00	↓0.00	↓-0.05				
CBN Official Rate	306.90	6.09	6.12	11.24	11.57	12.73				
Currency Futures (\$/N)	NGUS FEB 26 2020 363.50	NGUS MAY 27 2020 364.51		NGUS DEC 30 2020 366.87						



Buhari's proposed \$22.72bn loan in line with debt strategy, favours economy - Debt office

SEGUN ADAMS

The Debt Management Office (DMO) says moves by President Muhammadu Buhari for a \$22.72bn (N6.9 trillion) external loan is in line with objectives for Nigeria to tap into cheap long-term debt in the international market for fixing infrastructure gaps and moderating the country's level of debt servicing.

DMO's defence comes amid public concerns about Nigeria's rising debt burden.

The debt office, alongside the finance minister and the minister of works, on Tuesday defended the borrowings before the House of Representatives Committee on Aids, Loans and Debt Management. President Buhari had failed to secure the approval of the 8th Assembly for the same loan in his first term.

"The proposed new borrowing is consistent with the subsisting Debt Management Strategy which seeks to replace short-term high-interest cost domestic debt with low-interest long-term

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BD INVESTIGATIVE SERIES

How Lagos' revenue goes into private pockets



L-R: Abubakar Suleiman, chief executive officer, Sterling Bank; Bright Jaja, convener, iCreate Skills Festival, and Chukwuemeka Nwajiuba, minister of state for education, during Africa's biggest technical skills and vocation competition powered by Sterling Bank in Lagos.

ODINAKA ANUDU

Once you click on <http://www.lasaa.com>, the official website of the Lagos State Signage & Advertisement Agency (LASAA), you will be welcomed with a caveat, "We do not accept cash payments."

Perhaps, the manager of the website could also have added, "We do not recognise private accounts."

The reason is simple: LASAA at Isolo Local Council Development Area (LCDA) accepts cash payments in violation of that warning. Worse still, businesses in the LCDA pay LASAA rates into a private Zenith Bank account belonging to an individual, Assumpta Omozejele, who is in charge of the agency in the LCDA, BusinessDay investigation shows.

LASAA is an agency responsible for regulating and controlling outdoor advertising and signage displays in Lagos State. It displays two bank accounts on its website: Zenith Bank account (1011119620) for enforcement, and Eco Bank account (2832037833) for mobile permit and branding. But swathes of cash from businesses at Isolo

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NEWS

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external debt and is one of the measures that is being implemented to moderate the level of debt service," the DMO said in a press release.

Domestic debt costs Nigeria as high as 16 percent to service annually. Last year the government paid N1.8 trillion to service its local debt compared to \$1.47bn or around half a trillion naira for external debts.

According to the debt office, the objective to restructure Nigeria's debt mix has seen a declining share of domestic debt in the total public debt from over 83 percent in December 2015 to about 68 percent in June 2019. DMO wants domestic debt to be 60 percent of its total borrowings.

The \$22.72bn loan Buhari seeks lawmakers' approval for would be sourced from multilateral and bilateral lenders like the World Bank, Africa Development Bank, China Exim Bank, among others.

The loans are concessional, semi-concessional, and long-tenored which would be used for financing infrastructure and other developmental social projects, the government said.

BusinessDay reported the loan is the final tranche of a \$29bn infrastructure plan first tabled by Buhari in 2016, and would cost Nigeria over half a billion dollars annually to service for an average of 21 years.

The DMO said Nigeria has a low debt to GDP ratio which is below the maximum 25 percent limit, by the Fiscal Responsibility Act.

Debt to GDP by end of June 2019 stood at 18.99 percent down from 19.09 percent at the start of the year, which means Nigeria's ratio is relatively low compared to countries like United States, China and Canada, the debt office said.

It, however, admitted that Nigeria's debt service to revenue ratio has been higher

than desirable due to low revenue to the government and providing strong justification for the government's push for more oil and non-oil revenue.

Lately, the government has taken steps to increase its revenue through a new Finance Bill and Strategic Revenue Growth Initiative that will increase its intake from VAT, among other things, and has also amended the PSC Act (Deep Offshore and Inland Basin Production Sharing) to increase its income.

Nigeria's debt service to revenue last year was at 51 percent, 6 percent points lower than in 2017 owing to the increase in the debt stock and relatively high domestic interest rates, DMO said.

It also said Buhari should not be blamed for the public debt stock, at N25.7trn as at the last count in June, because the debt stock is a cumulative figure of borrowings by successive governments over many years.

BusinessDay reported Monday that the country's debt stock has almost tripled in the last four years with little to be shown for the borrowings, which has caused many concerns over the move to add \$22.7bn to the stock.

Bababude Fashola, minister for works, however, said the country cannot ignore the concerns and demand for the provision of life-sustaining infrastructure would have a positive multiplier effect on the economy.

Asides infrastructure, other loans such as those for the educational sector will contribute to the development of Nigeria's human capital, while loans for agriculture will be used to diversify the economy.

There will also be funding for Development Finance Institutions to enhance access to finance for micro, small and medium scale enterprises, DMO said.

Reps move to end monthly loss of N600bn...

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Gas Workers (NUPENG), Depots Association of Petroleum Products Marketers of Nigeria (DAPPMAN), Major Oil Marketers Association of Nigerian (MO-MAN) and Association of Maritime Truck Owners (AMATO).

The Ambode-led administration had brought in Planet Project Limited, a construction firm which also handled key infrastructural projects in the state, to begin work at the site. According to the government at that time, the proposed park would take about 2,800 trucks and petroleum tankers. But the project was abandoned as Planet Project subsequently mobilised its personnel and equipment out of the site.

The contractor had told BusinessDay that they had to leave site because of the political uncertainty that surrounded the Ambode administration's last months in office as no official contract agreement was signed between it and the state government to guarantee payment amid the unstable political atmosphere in the state prior to the 2019 general elections.

Apapa and its environs have remained a sad narrative in terms of gridlock and traffic management, as efforts by both federal and the state authorities have led to nothing cheery.

The roads and bridges have remained blocked year after year, forcing businesses to close shop and residents moving out to "saner" areas of the state.



L-R: Simi Nwogugu, executive director, Junior Achievement Nigeria (JAN); TC Achievers team; Enoch Vanderpuye, country team lead, marketing & corporate communications, FBNBank Ghana, subsidiary of FirstBank; TC Achievers team and staff of JAN sponsored by FirstBank to represent Nigeria at the African Company of the Year (ACOY) competition held in Ghana.

How Lagos' revenue goes into private...

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LCDA are paid into a private account of Omozejele.

After a series of complaints about Omozejele and her high-handed taskforce team which collects payments without issuing receipts, this BusinessDay reporter went undercover as a business owner at one of the streets at Ajao Estate in Isolo LCDA to verify the claims.

I visited Omozejele's office and told her I was constructing a signpost. We both agreed that it was a 3 square-foot signpost and she asked that I pay N14,784 for that, including N6,000 for registration and N7,392 (50 percent of the original rate) for advertising. The total amount I would pay, from her calculations, was N28,176. But she promised to 'prorate' the payment and asked me to pay N15,000 for the whole of 2020. In a recorded phone call, she reduced the amount to N13,000 and read out her account number to me. I paid the agreed amount on December 10 and demanded a receipt in a text message the following day.

"Don't worry it does not matter am the only one in charge of Ajao but if you still want it you can come around," she replied in an unedited text message.

Entrepreneurs at Isolo LCDA told me that there is no specific amount for both shop permit and LASAA rates - it all depends on who you know and agreement you reach with them. A young lady whose shop was locked paid N9,000, but she was issued with a receipt for N4,500 after demanding it for two months.

If you think that Isolo is the only culprit, you are mistaken. Government officials, especially those working for local governments, are always quick to present their account numbers once

businesses are ready to pay certain government fees, levies or taxes.

At Mushin LCDA, I met a man, Aliu Olaoye, who claims to work as a member of the taskforce. I told him I had a shop at Isolo Road and he asked me to pay a parking permit of N30,000 and shop fee of N5,500 into his Polaris Bank account. In a recorded telephone call, he promised to pay N20,000 to Mushin Local Government, while he and 'the leader' would pocket N5,000 each.

"Oga, this is Mushin. As you know me, nobody will touch you except the person wants to die," he told me.

I finally paid N5,000 into his account, assuring to pay the rest later. He called many times to find out the location of the shop, but I assured him he would learn the location soon.

The phenomenon is not limited to the two local governments. At Alimosho LCDA, I asked two young men the way to the revenue office and they claimed they were in charge of it. One of them gave me his account number to pay in shop permit of N3,500 for 2019, despite that it is less than three weeks to the end of the year.

BusinessDay's three weeks of intensive investigation on taxes across Lagos

show that a lot of government revenue may be going into private pockets.

In Ikeja Local Government Council, traders without standard shops at Ogunbiyi Community Development Authority pay as much as N1,800 every day. The money is collected by three sets of touts who do not issue receipts or tickets for the payments. Some of them claim to be 'land owners' while others pretend to be working for the local government.

"Some of us have decided to stay outside of that place. Yet we pay N25,000 every year to the area boys," a trader, who preferred anonymity because of her safety, told me.

In Oshodi Local Government, more businesses are outside the shops than inside. This is tied to the cost of shops in the area. A shop costs N1.2 million to N1.8 million annually, and small businesses are often asked to pay between two and five years. As many cannot afford it, they choose to stay in make-shift shops and in open areas. Yet, these micro businesses pay between N500 and N1,050 every day. None of these payments is receipted. Business owners told this reporter that they pay N500 to N1,000 to Kick Against Indiscipline (KAI) officials who mostly harass them from time to time.

"The best way to plug the revenue leakages is through technology," Emeke Amadi, group head of tax at United Bank of Africa, said.

Lagos State government is struggling to cope with population explosion as infrastructure deteriorates. Critical infrastructure such as light rail is lacking in the state as the government struggles with cash to ease movement. But the money to rehabilitate and build infrastructure appears to be suffering leakages.

"The state should designate accounts for payments of all levies and taxes, and start a campaign to educate people on why they must pay into official accounts," Amadi said.

"There must be a mechanism for punishing people who extort money from businesses after they pay their taxes," he said.

Muda Yusuf, director-general, Lagos Chamber of Commerce and Industry, said most of the inaccuracies are found in local governments than the state government.

"We need to put technology in place," he said. "Urge people to pay into the bank and monitor the process."

Ike Ibeabuchi, managing director of MD Services Limited, a servicing and manufacturing outfit, said public offices should not be used to compensate individuals after elections.

"People who pay these fees into private accounts should know they are taking a risk. So they should also be bold enough to report any official who wants public funds paid into their private accounts," he suggested.

