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2021 and Nigeria: An Opportunity to Leave Crude Oil Behind

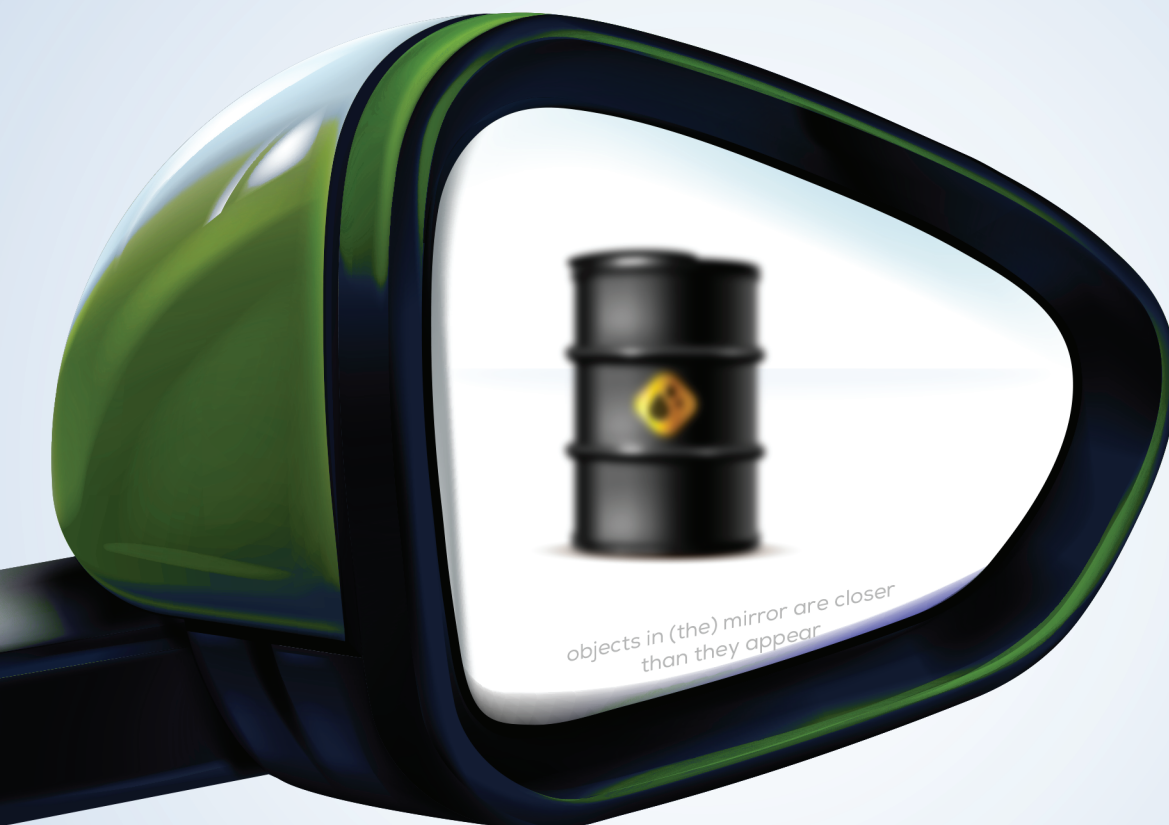
Unemployment: A Major Issue Affecting Nigeria's Economy

The Impact of COVID-19 on SMEs

Central Bank Digital Currencies: The Nigerian Context

8 Things You Need to Know About the Petroleum Industry Act 2021 (PIA 2021)

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COVER STORY

Nigeria is caught between a rock and a hard place as the year slowly winds down. The pandemic isn't slowing down and external shocks continue to impact our earning powers as the economy struggles to roar back to life. Between 2016 and 2020, the country experienced two recessions (defined as two consecutive quarters of GDP contraction) largely driven by external factors. The first recession was caused by the collapse of global oil prices and the second by a global health crisis.

The first recession hurt because crude oil exportation provides over 50% of Federal Government revenue receipts and accounts for about 90% of foreign exchange receipts. The second recession however, dealt a deeper cut because of its unprecedented sectoral disruption. A global healthcare pandemic is different because its impact isn't limited to one sector.



Economy & Business

i. 2021 and Nigeria – An Opportunity To Leave Crude Oil Behind

ii. Unemployment: A Major Issue Affecting Nigeria's Economy

iii. The Impact of COVID-19 on SMEs

Governance/ Regulatory actions

i. Quarterly Review

ii. Central Bank Digital Currencies: The Nigerian Context

Banking & Finance

i. SME Agriculture Innovation Creation in LCDAs

Current Affairs

8 Things You Need to Know About the Petroleum Industry Act 2021 (PIA 2021)

Technology

Technology 10.0: Welcome to the New World

Geopolitics

i. Rumbles in the Graveyard



Health

i. The Impact of The Dysfunctional Healthcare System in Nigeria on Female Participation in The Economy



ii. The Sitting Disease

Lifestyle

i. Volunteering: The Ultimate Work of Heart



ii. We Plan, God Laughs: The Planning Fallacy



Editor's Note

The Foreword - Wema Quarterly Economic Review

Covid 19. The unwanted visitor that just will not go away.

At the beginning of January 2020, the world woke up with a hangover from the end of year celebrations in December 2019. The future looked bright. Fast forward to 3 months later and the scale of the economic and societal disruption that the Covid-19 pandemic heralded was just starting to unfold. Now in September 2021, 18 months out, an uncomfortable truth is starting to be evident.

This virus isn't going anywhere soon!!!

The expectation in 2020 had been that all the scientific minds of the world focusing their energy and intellect on the virus would come up with a vaccine that would achieve widespread availability in 2021. The vaccines were duly developed. Then reality set in. First came the anti-vaxxers who flatly just refused to take the vaccines then came the logistical bottle necks of vaccine distribution and the humongous problems of how to effectively manufacture enough vaccines for every single eligible adult in the world. Followed by how to distribute and administer the vaccine in every country. Further complicating this was the fact that the vaccines were being produced and sold for profit so various countries had to negotiate and pay for vaccines in a competitive race against other nations.

So, there was already a minefield around getting to full vaccination but then the most significant reason why we are still far from the eureka moment is simply the fact that this virus keeps mutating to become more effective in transmission and damage. We had barely finished dealing with the original variant and adapting to a constrained world when the Delta variant came on the scene with a more devastating transmission ratio than the variant before. The sheer viciousness of the variant was seen in how it spread across India in Q1-Q2, 2021 and hospitals were swamped, and oxygen tanks became a commodity more expensive than most. Other new variants like the Mu variant are now popping up. The Delta variant is also now leading to less effective lockdown measures in countries like Australia and New Zealand. Recall lockdowns were effective measures to reduce transmission rates during specific peak periods.

The advent of coronavirus variants means that the effectiveness of existing vaccines will be impacted. The less effective the vaccines or other remedies the more disruptions we will see. The rise of variants suggests that this virus might become something like the flu which we learn to live with.



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- Tracy Atohengbe
- Chike Enwezor
- Somtochukwu Okoroafor
- Gbolahan Owoeye

CONTRIBUTORS

- Oluwafemi Akinfolarin
- Babatunde Mumuni
- Kunle Jimber
- Abiola Oluwaseun
- Tracy Atohengbe
- Chike Enwezor
- Somtochukwu Okoroafor
- Justin Chukwumah
- Oluwatoyin Adetunji
- Gbolahan Owoeye
- Corporate Strategy & Planning Unit

We Would Like to Hear From You

Questions? Contact the editorial team Wema Quarterly Economic Review, Wema Tower, 54 Marina, Lagos Island, Lagos, Nigeria
Email: CommsTeam@wemabank.com
Previous publications are available at www.wemabank.com



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2021 and Nigeria

An Opportunity To Leave Crude Oil Behind

By Oluwafemi Akinfolarin



Nigeria is caught between a rock and a hard place as the year slowly winds down. The pandemic isn't slowing down and external shocks continue to impact our earning powers as the economy struggles to roar back to life. Between 2016 and 2020, the country has experienced two recessions (defined as two consecutive quarters of GDP contraction) with both recessions largely driven by external factors. The first recession was caused by the collapse of global oil prices and the second by a global health crisis.

The first recession hurt because crude oil exportation provides over 50% of Federal Government revenue receipts and accounts for about 90% of foreign exchange receipts. The second recession however, dealt a deeper cut because of its unprecedented sectoral

disruption. A global healthcare pandemic is different because its impact isn't limited to one sector. All areas are affected. Most countries went into some variant of a lockdown by the 2nd quarter of 2020. Whole industries, like shipping, tourism, aviation, logistics and oil & gas went into meltdown as ports, hotels, shipping, airports, bars and restaurants were shuttered. Global growth is yet to rebound to pre-2020 levels, and the pandemic continues to drag growth.

The impact is more severe in Nigeria as both the demand for crude and production levels have been constrained, leading to a dip in government revenues and consequently the amount available to be shared across the three tiers of government. The inability ▶▶



to decouple the Nigerian economy from crude oil demand is one of the reasons for the collapse of the Naira which is presently valued at N552/\$1 (as at the time of writing), the worst slump in the history of the much-maligned currency.

There is a clear need to wean Nigeria off its overdependence on oil, and here are several ways to achieve that:

- **Improve the Ease of Doing Business**

Doing business in Nigeria is not easy. From multiple taxation points across state and local governments, to difficulty with resolving contractual disagreements through the courts and policy flipflops, the country has consistently struggled with attracting foreign firms & investments. Nigeria ranks 131 out of 190 countries on the World Bank Doing Business Index, moving up 15 places from 146th position in the 2019 Report, an improvement from our 2016 position of 169, but not enough to attract the level of investment required to grow the economy at double-digit levels. The Federal Government needs to move us up the rankings and improve the domestic business climate. What Kaduna state has been able to achieve around property ownership and dispute resolution is a pointer to what can be accomplished with the

appropriate will.

- **Drive Remittances and Investments**

Diaspora remittance is one of the largest sources of forex inflows into the Nigerian economy with 2020 remittances hitting \$16.8 billion, a drop from the \$24 billion remitted in 2019. This inflow is a primary source of foreign exchange in the Nigerian economy, and it plays a key role in maintaining the stability of the Naira. Providing a safe and inexpensive channel for remittance into the country will help to increase the

flow of such funds into the country. Furthermore, adding a layer of safe and secure investment opportunities would increase the quantity of remittance and investments coming into the country. The Nigeria diaspora is closely connected to the country and is one of the reasons why the real estate market in Lagos has seen a significant uptick in the recent few months. Creating simple ways to attract investments from this segment of Nigerians would lead to substantial returns for the country.





- Strengthen top priority industries**
 - Some industries have a dominant transmission effect on the larger economy. These sectors include Retail, ICT, Agriculture and Petroleum (Petrochemical and Refining). The Retail sector is huge in Nigeria. Consumer spending—accounting for about 70% of Gross Domestic Product—is the largest driver of the economy and will continue to drive growth within the country. Nigeria's large population (with a sizeable proportion of youth) means that the retail sector will continue to expand. The agriculture sector is seeing improvements in access to finance through innovative schemes like the NIRSAL program, but there is still a need to properly address issues around access & logistics so as to ensure that this sector, which is the largest employer of labor in the country, can get its products to the market on time and in good condition. The ICT space is one of the fastest growing areas of the economy off the back of the dramatic explosion of the digital space over the last decade. Digital transformation is the battle cry of every sector of the economy as most companies (private and public sector) push the usage of digital tools to reduce cost, increase demand and serve customers beyond their physical boundaries. The Fintech space is

critical to economic growth and youth empowerment and innovative policies are required to drive that ecosystem. Finally the Federal and State Governments should focus on improving the business landscape for retail and consumer spending.

- Resolve areas of concern** – A few factors still negatively impact the economy. The areas are around endemic corruption, inadequate infrastructure, low skill levels, and macroeconomic uncertainty:
 - Corruption** – Corruption is so endemic that most large companies in the country factor a corruption cost into their financial projections every year. This needs to be dealt with aggressively. The politicization of core security players like the police and EFCC must stop and the judiciary needs to be independent enough to stand as a bastion against illegalities. The rule of law is the last defense again cri
 - Inadequate infrastructure** – It is estimated that Lagos State loses ₦4 trillion in productivity to traffic congestion alone. Most agricultural products do not get to market fresh because of logistic challenges. Interestingly, it is more expensive to move some goods from Lagos to the eastern part of Nigeria, than to move

those same goods from China to Lagos.

- Skilled workforce** – Despite the large youth population, there is a dearth of skilled manpower to work in the various sectors of the economy. This might also be because of a focus on academic knowledge, to the detriment of technical education.
- Macroeconomic uncertainties** – Businesses need stability to plan and make investment decisions. Nigeria's economy and policy posturing is constantly changing and reactive thus businesses are unable to plan properly. This needs to change to provide a more attractive destination for businesses where they know government policies and other relevant details and can plan properly.

On the horizon, it is possible to see green shoots. In the Infrastructure space, the government is focused on infrastructural improvements as can be seen from the development of rail infrastructure across the country; the deepening of seaports in the South-East; the introduction of barges carrying goods from Lagos to the East; and the development of the 2nd Niger bridge in Onitsha. In the Oil & Gas sector, there are clear improvements within the sector which should accelerate with the passage of the Petroleum Industry Act. This provides a sense of economic certainty to companies that want to play within the sector. In the agriculture space, we continue to see improvements in the ability of farmers to gain access to finance and markets. There are also improvements around divestment of powers to states which is allowing Kaduna State to rapidly improve in its Ease of Doing Business rankings.

Unfortunately, the impact of the above initiatives are being felt quickly enough to lead to the sort of economic growth rate that can bring Nigerians out of the poverty trap. And endemic corruption isn't going away and continues to stifle the willingness of foreign firms to invest in Nigeria. Finally, insecurity continues to restrict the ability to trade safely across states in the country and this is a key factor hindering growth. ■

Unemployment

- A Major Issue Affecting Nigeria's Economy

By Gbolahan Owoeye



Unemployment has been one of the major issues hindering the performance of Nigeria's economy. According to the latest employment report published by the National Bureau of Statistics, the nation's jobless rate increased to 33.3 per cent in Q4 2020 (up from the 27.1 per cent recorded as of Q2 2020), indicating that there are about 23.2 million unemployed Nigerians. Essentially, one out of every three

Nigerians is unemployed. Furthermore, the underemployment rate declined from 28.6 per cent in Q2 2020 to 22.8 per cent in Q4 2020, indicating that more Nigerians had moved out of the underemployed category and into more explicit situations of unemployment.

These stats have earned Nigeria the ranking of second-highest ►►



unemployment rate (after Namibia) on the world list of countries tracked by Bloomberg.

Kindly see below, the breakdown of labour-force statistics:

Over the last five years, Nigeria's unemployment rate has more than quadrupled as the economy experienced two recessions, reducing the government's ability to create and implement policies that would drive growth and create jobs.

According to the National Bureau of Statistics, more than 60 per cent of Nigeria's working-age population is younger than 34. The jobless rate for people aged 15 to 24 stood at 53.4 per cent in Q4 and 37.2 per cent for people aged 25 to 34. The unemployment rate for women was 35.2 per cent compared with 31.8 per cent for men.

The various type of unemployment in Nigeria are:

1. Frictional Unemployment

This type of unemployment exists when an individual searches for a job. It is a natural form of unemployment. It is the time spent between jobs when a worker is looking for a job or transferring from one job to another.

2. Residual unemployment

This type of unemployment is caused by old age, physical or mental deficiency, or a wrong attitude towards work.

3. Structural unemployment

This type of unemployment occurs when a country mismatches the skill set required by companies and skills offered or proposed by employees. Structural unemployment keeps the jobless rate high long after an economic recession is over. If policymakers do not pay attention to this form of unemployment, it will create a higher natural jobless rate.

4. Cyclical unemployment

Cyclical unemployment is the type of unemployment that moves in the same direction as the macroeconomic situation in the economy. For example, this type of unemployment rises at a time of recession, then falls when the economy starts recovering.

5. Technological unemployment

The world is tending towards digitalization. Once a country is fully technology inclined, it would reduce the demand for labour. Technological unemployment is caused by frequent technological changes and the mechanization of production.

Unemployment has increased during the last few years due to the fallout from the nation's economic challenges. This problem has been widely discussed. Let us talk about the causes, effects and possible solutions to unemployment in Nigeria.

What Causes an increase in the rate of unemployment?

1. Population

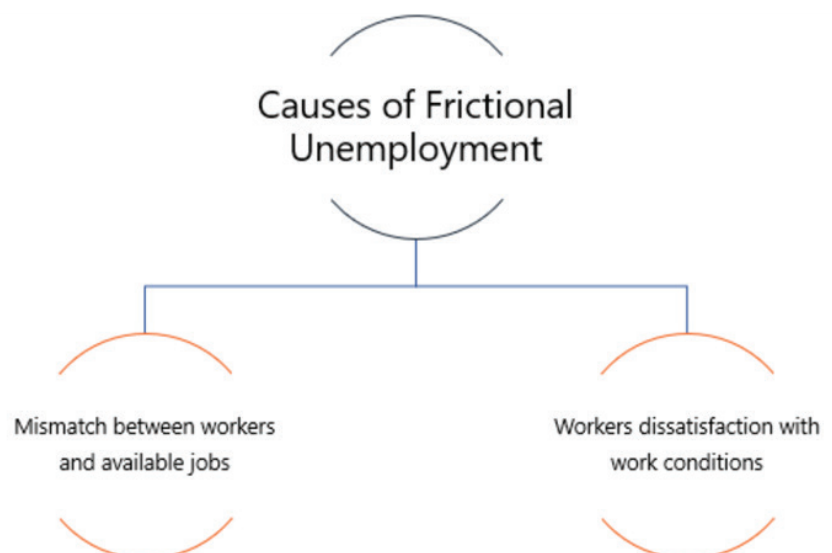
This is a crucial problem. The population of Nigeria is growing rapidly due to increased birth and migration rates. The supply of jobs in Nigeria cannot meet the demands of the populace, hence increasing the unemployment rate.

2. The epileptic and highly corrupt political environment

Another major problem is bad governance and a high level of corruption in Nigeria. The inability to manage the existing policies or create new ones to curb unemployment shows a certain inefficiency on the part of the government.

3. Lack of quality education

There is a perception by most employers that Nigerian graduates are unemployable.





This is due to an educational curriculum dominated by more theory than by the practical applications of knowledge. Also, most tertiary educational systems lack entrepreneurial training.

4. Lack of infrastructure

Investors in Nigeria would create more opportunities for nationals. Unfortunately, Nigeria is experiencing inadequate infrastructure facilities caused by, or leading to, an absence of investors. This, in turn, influences the number of jobs available.

5. Recession

Economic recessions cause an increase in the rate of unemployment in Nigeria. A lot of companies tend to lay off employees during such periods, and the chances of creating new jobs become very slim,

Effects of unemployment in the Nigerian economy

The rising rate of unemployment in Nigeria has several adverse effects on the nation's economy. These include:

- Decrease in the national output of goods and services.
- Increased rural-urban migration.
- Increase in the level of poverty rate in Nigeria.
- A higher number of dependents in the society.

Conclusively, the Nigerian government needs to look outward and create quality opportunities that would attract foreign investors, which would, in turn, increase the nation's revenue and foreign inflow and create more job opportunities for the unemployed. ■

The Impact Of Covid-19 On Small And Medium-Sized Entities: Good Or Bad?

by Yetunde Kareem



What are SMEs?

Small and medium-sized entities can be defined as entities that do not have public accountability and which employ a maximum of 300 workers. In the Nigerian context, small and medium scale enterprises are conceptualized as business entities that have less than 50 employees. These enterprises possess investments in machinery and equipment that are less than or equal to six hundred thousand naira and they are independently owned and operated with a view to generating job opportunities and meeting sales standards (CBN, 2018).

The National Bureau of Statistics (NBS) estimated the number of

SMEs in Nigeria to be 41.4 million. The unique nature of SMEs lies in their utilization of raw materials from local sources, creation of employment, motivation for rural development, entrepreneurship development, mobilization of local savings and platform for self-employment.

Nigeria needs small and medium scale enterprises because they contribute meaningfully to economic growth in the country. SMEs play a vital role in the Nigerian economy by providing employment in the country and it is responsible for driving innovation and competition in many economic sectors.

In 2013, the Central Bank of Nigeria established the MSME▶▶

development fund with a capital of 220 billion naira. The fund was created to stimulate the SME sub-sector of the economy by providing access to funding at low-interest rates for small and medium-size entities. Banks and fintechs have also contributed to this drive by providing short term financial loans to SMEs.

The Economic impact of COVID-19 on small and medium-sized enterprises

In the aftermath of the year 2020, the COVID-19 pandemic has inspired researchers from various academic fields and interests to work to form an opinion about the effect of the virus on the economy seeing as small and medium-sized enterprises (SMEs) are the pillars of all advanced economies. In Nigeria, SMEs have been classified as the driving force of the economy for their ability to encourage productivity, create employment opportunities and boost the welfare of the people. They also account for a huge proportion of business in the country. This is particularly why studies about the impact of COVID-19 on SMEs in Nigeria are essential now.

Considering the above, this article aims to investigate the repercussions of the coronavirus pandemic on Small and Medium Enterprises (SMEs) in Nigeria. Based on an analysis of the current market realities, here are some of the impacts:

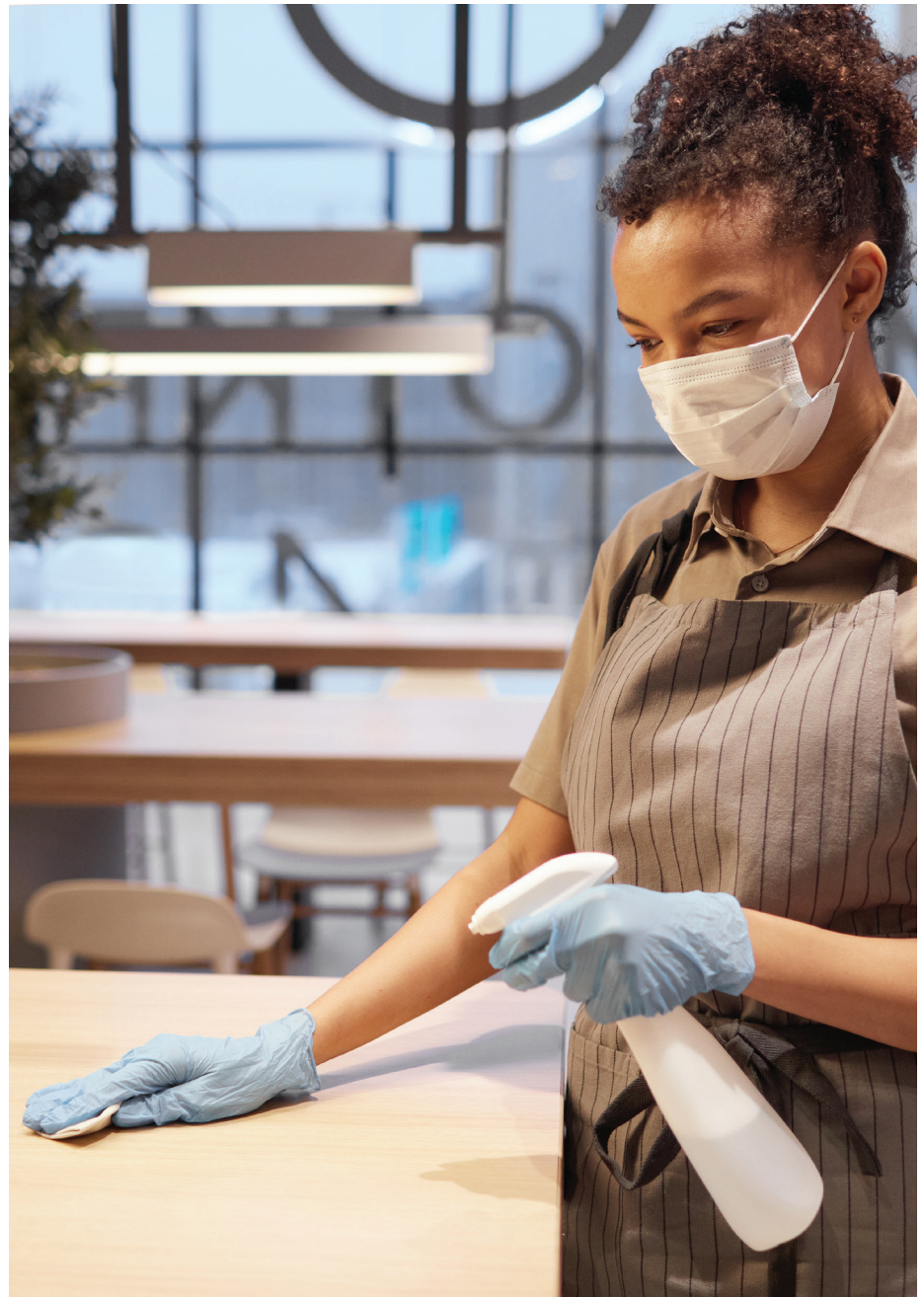
- **Reduction in production volume:** a decrease in production volume causes companies to reduce their production materials in order to prevent the wastage of raw materials..
- **Decline in demand:** amidst the COVID-19 period, reduced income led to a decline in the demand for products including food. Restrictions on movement and business activity also led to reductions in economic output and household income.
- **Heightened unemployment:** The COVID-19 pandemic destroyed a lot of businesses in Nigeria, leading companies to shed jobs at a record pace. Many employers slashed

salaries during the pandemic. Some large organizations introduced graduated salary structures where higher-paid employees take the largest cuts; while some organizations reduced their operations and lessened staff numbers which decreased the employed labour force.

- **Digital revolution:** many businesses were forced to engage in new internal working practices by turning to various collaboration platforms and video conferencing capacities to remain engaged with their colleagues and

clients while working from home. Others took to social media platforms to buy and sell online in order to keep away from going to the market during the pandemic period. The Federal Government has created a national policy on digital innovation and entrepreneurship to support SMEs.

- **E-Commerce and Digital transformation:** levels of E-commerce use and digital transformation rose sharply amidst the pandemic. During the lockdown, female entrepreneurs improved their knowledge on how to





manage their businesses and they moved their businesses to digital platforms because much larger-scale businesses had already changed to remote operations for shopping. Women's World Banking in 2020 report showed that low-income women entrepreneurs enlarged the use of digital apps and social media platforms like WhatsApp and Facebook, as well

as bank accounts and other structured forms of payments, to allow for remote transactions. Even though these tools were accessible before the coronavirus pandemic, women entrepreneurs increased usage of the tool, which enables them to retain their customers and bolster their operations.

In conclusion, SMEs need to embrace digitalization and digital marketing through social media. In addition, the government should set aside emergency funds, targeting and supporting SME workforce continuity, re-opening retail outlets and providing incentives to strengthen linkages between SMEs and other stakeholders on decisions affecting business operations in the country.



The Quarterly Review

Q3 2021

by CSP Unit

Headline inflation grows from 15.75% in December 2020 to 16.47% in January.

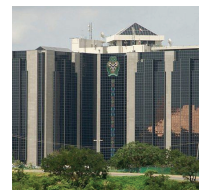
At its first MPC briefing for the year, the CBN's Monetary Policy Committee votes unanimously to retain all monetary policies and leave all key rates unchanged.

CBN issues a framework for regulatory sandbox operations and Quick Response (QR) payments in Nigeria.



JAN

FEB



Gross Domestic Product (GDP) grows by 0.11% Y-o-Y in Q4 2020, bringing an end to two consecutive quarters of contraction (a recession).

Headline inflation hits 17.33% in February.

CBN issues circular on the regulatory framework on Open Banking in Nigeria

MAR

Headline inflation peaks at 18.17% in the month of March.

The CBN's Monetary Policy Committee votes by a six-to-three majority to retain all monetary policies and leave all key rates unchanged.

The CBN launches its Naira for Dollar promo, announces an initial deadline of May 8.

CBN releases list of approved International Money Transfer Operators (IMTOs)



APR



Headline inflation dips to 18.12% in the month of April.

CBN updates list of approved IMTOs in the country.

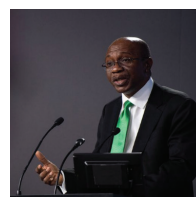
MAY

GDP grows by 0.51% Y-o-Y in Q1 2021, marking a second consecutive quarter of growth.

Headline inflation dips once again to 17.93% in May.

At its third MPC briefing for the year, the CBN's Monetary Policy Committee votes unanimously to retain all monetary policies and leave all key rates unchanged.

The CBN extends the deadline of its Naira for dollar promo indefinitely.



JUN

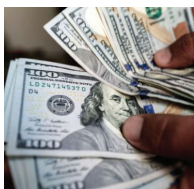


FG continues to send negative signals to local and foreign investors.

CBN announces the launch of Project Naira, states eNaira rollout date.

JUL

CBN bans sale of forex to Bureau De Change operators (BDCs), directs DMBs to sell FX to customers.



June CPI report showed that inflation rate dropped again to 17.75%.

President Buhari signs N983bn supplementary budget for 2021.

CBN restricts the importation of raw sugar to three companies.

AUG



President Muhammadu Buhari signs Petroleum Industry Bill (PIB) 2021 into law.

GDP grew by 5.01% in Q2 2021. This is the strongest growth since Q4 2014.

NBS July CPI report showed that Headline Inflation fell by 0.37% to 17.38%.

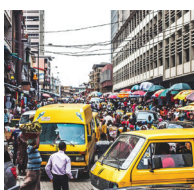
CBN freezes bank accounts of 6 online investment platforms for 180 days.

CBN bans Microfinance banks from FX transactions.

CBN instructs banks to publish the names and BVNs of customers who engage in fraudulent FX practices.

SEP

Nigeria's Inflation rate drops to 17.01% in August 2021, 5th consecutive monthly decline.



CBN cracks down on foreign exchange rates website, ABokiFX.

CBN releases guidelines for the operation of the eNaira.

FG raises \$4 billion dollar Eurobond, national foreign debt hits \$45 billion.

Central Bank Digital Currencies (CBDCs)

- *The Nigerian Context*

By Michael Onyeweke



What are CBDCs?

A Central Bank Digital Currency (CBDC) is a currency that uses an electronic record or digital token on a blockchain technology to represent the virtual form of a fiat currency of a particular nation (or region). Essentially, it is an electronic form of cash that can be exchanged the same way traditional money is exchanged.

People sometimes get confused when trying to understand the meaning of a CBDC because currencies have been existing in electronic form for several years. For instance, the US Federal

Reserve reported a global Dollar supply of US\$20.5trillion as at July 2021, out of which only US\$2.2trillion was in form of physical cash.¹ The remaining US\$18.3trillion were electronic balances which can simply be referred to as digital currencies. However, this electronic cash is different from a CBDC.

What Differentiates CBDC from Other Digital Currencies and Cryptocurrencies?

An important difference between a CBDC and other forms of cryptocurrencies is that a CBDC is centralized and regulated ►►



by a country's Central Bank, while other cryptocurrencies are largely decentralized and not regulated. CBDCs are issued and managed by the government, while other cryptocurrencies are issued and managed by private entities. However, like every cryptocurrency, CBDCs are managed on digital ledgers which may not necessarily be blockchain-based.

One key question that has been asked often is "Are cryptocurrencies same as 'currencies' in the true sense of it?" Well, the answer lies in the remarks of the former Bank of England Governor – Mark Carney, and Swiss National Bank President – Thomas Jordan. They noted that cryptocurrencies are simply crypto-assets, not currencies. Buyers of these assets are purchasing them with the hope of making profit from future price increase.² In contrast, CBDCs are like stablecoins and do not increase or decrease in value.

To put things in better perspective, it is important to also highlight the difference between a CBDC and a digital (electronic) currency. Commercial Banks are responsible for creating a significant part of the money supply in the economy (mostly in electronic form). This is what is known today as digital currency. In this case, the liability is held on the balance sheet of the Commercial Banks, while the Central Bank regulates this process through reserves that the Commercial Banks must hold with them and through money market instruments.

On the other hand, under a CBDC model,

Central Banks are responsible for creating the money supply by issuing tokens directly to everyone – both Commercial Banks and individuals. The Central Bank may decide to carry the liability of the issued token on its balance sheet and ensure that it maintains reserves to back the liability. Since the Central Bank can issue tokens directly to individuals, there is a real possibility that the function of Commercial Banks may be extinguished.



Whether Commercial Bank functions will remain relevant or not depends on the model that each country's Central Bank decides to adopt.

Operational Models for CBDC Deployment

Central Banks have three possible models for deploying CBDCs: Direct Issuance, Two-tiered Issuance and Hybrid Model.³ Direct Issuance Model (also referred to as

the Retail Model) is a simple and centralized model for issuing a CBDC. It enables the Central Bank to issue the tokens directly to end users, thereby bypassing financial intermediaries like Commercial Banks. The Central Bank would be required to carry the liabilities of all moneys created on its balance sheet, as well as maintaining reserves to back the issued tokens. The fact that financial intermediaries would not be required means that this model may be prone to operational inefficiencies as the Central Bank may not be able to handle the complexities in the entire process. However, this model has the advantage of reducing the risk of insolvency by financial institutions, since the Central Bank will take over their responsibilities.

The Two-Tiered Model (Wholesale Model) has the advantage of retaining the functions of the financial intermediaries. It somewhat mimics the current financial system wherein the Central Bank interfaces with intermediaries like Commercial Banks (wholesalers) who then interface with the end users (retailers). In this case, the Commercial Banks are responsible

for issuing CBDC tokens to their qualified customers. The liabilities for every issued token would remain on the balance sheet of the Commercial Banks, while they maintain reserves for same at the Central Bank. One of the disadvantages of this model is that it retains the risk of insolvency by Commercial Banks.

The Hybrid Model is a combination of the Direct Issuance and Two-Tiered Models. While the Central Bank retains the liabilities

of issued tokens on its balance sheet, financial intermediaries are allowed to interface with the end users. These private intermediaries would deploy the necessary infrastructure to handle the complexities in the entire process, thereby improving efficiency. Since the Central Bank retains records of the retail transactions, it can easily intervene if any financial institution fails, by transferring the end users' data to another healthy institution. The downside of this model is that the Central Bank may fail to update its record with customers' data in real time, hence, limiting its ability to intervene when an institution fails.

CBDC Roadmap and Adoption Across the World

As of the time of writing this article, key findings from Atlantic Council's CBDC tracker showed that 81 countries (representing over 90% of global GDP) are currently exploring CBDC at different stages, while 2 countries have cancelled their CBDC plans.⁴ Other key information from the tracker are provided below:

- 5 countries have launched their own CBDCs, with The Bahamas being the first country with a functioning national CBDC which was launched in October 2020. The others are Saint Kitts and Nevis, Antigua and Barbuda, Saint Lucia, and Grenada.
- 16 countries are at the pilot stage.
- 16 countries are at the development stage, of which Nigeria is one of them.
- 34 countries are at the research stage.
- 5 countries have commenced the process but are currently inactive.
- 2 countries have cancelled their CBDC plans.
- There are 2 others with unknown status

The Nigerian CBDC Deployment (E-Naira) And Inherent Risk Factors

As several countries continue to intensify efforts in development of their CBDCs, the Central Bank of Nigeria (CBN) is not left behind. The regulator recently announced that it has selected Bitt Inc as the preferred technical partner for its e-Naira project. CBN noted that Bitt Inc's selection was based on its technological competence, efficiency, platform security, interoperability, and implementation experience. Part of the conditions for selecting the Barbados-based technical partner (Bitt Inc) is that the company will register in Nigeria as a Limited Liability company, while the CBN will own shares in its Nigerian entity.

Indeed, Bitt Inc played a significant role in the successful launch of DCash (a CBDC) in four out of the eight countries covered by the Eastern Caribbean Central Bank (ECCB) between March and June 2021. The remaining four countries are undergoing pilot run of DCash, while plan for full launch is underway. With the successful launch of DCash, the ECCB has become the first currency union Central Bank to issue a CBDC.

The Central Bank of Nigeria is looking to tap from the experience and technical expertise of Bitt Inc in furthering its push for an e-Naira. It is expected that the e-Naira will increase cross-border trade, accelerate financial inclusion, enable cheaper and faster remittance inflows, ease targeted social interventions, as well as improve monetary policy effectiveness, payment systems efficiency, and tax collection.

While it is commendable that the CBN, like many other Central Banks, is actively involved in the CBDC race, it is noteworthy to consider the potential risks inherent in same. In its December 2017 report, the Danish Central Bank (Danmarks Nationalbank) noted that "the potential benefits of introducing Central Bank Digital Currency for households and businesses in Denmark would not match the considerable

challenges which this introduction would present." It concluded that a CBDC can lead to the risk of systemic bank runs, hence, the risks of financial instability clearly outweighed the efficiency gains from a CBDC.

The International Monetary Fund (IMF) has sounded several notes of warnings for countries that are considering making cryptocurrencies legal tenders. One may argue that cryptocurrencies are different from CBDCs, however, there are still real risks in CBDCs implementation. In her March 2021 remark, an IMF representative, Yong Sarah Zhou cautioned that "the issuance of the digital currency SOV as a second legal tender would raise risks to macroeconomic and financial stability as well as financial integrity... resulting in a significant drag on the economy."

Though the CBN is insisting that Bitt Inc would need to register a local company in Nigeria, this requirement does not change the fact that it is still a foreign entity. The Nigerian subsidiary would still have allegiance to its parent in Barbados. It therefore presents a real risk to Nigeria's sovereignty as sensitive information of national security importance will be exchanged with the company which the Nigerian Government has little control over. Appointment of a wholly owned Nigerian company would reduce this risk significantly.

Some other key challenges that the Central Bank of Nigeria would need to consider include: the role of Commercial Banks and other financial intermediaries in the financial system post deployment of its CBDC (especially if the CBN selects the direct model), Platform Safety and Cybersecurity, Accessibility by all and financial inclusion for the technologically disadvantaged segment of the population, and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). ■

SME Agriculture Hub Innovation Creation In LCDAs

By Kolawole Babatunde



Concept theory

The concept of an innovation system is used to understand how innovation contributes to economic growth. Due to the prominent role of the agricultural sector in most developing countries as a source of income, employment and food security, there is an urgent need for the diversification and development of small and medium-scale agriculture in all our

Local Council Development Areas (LCDAs) to meet the growing food demand from a population that is on the increase globally. Innovations in small and medium-scale agriculture will aid and support every family in terms of food security and in solving the unemployment problem in the country. Presently, there are unprecedented challenges globally that affect the sustainability of our food and agriculture systems.

Introduction

Agricultural innovation is the application of modern, improved or superior production techniques to improve the production or quality and quantity of various agriculture products required at a given time. Innovation in agriculture cuts across all dimensions of the production cycle along with the chain value from livestock production, forestry, fishery & crop production.

Many farming systems are struggling to replenish soil fertility due to the lack ▶▶

of investment capacity and secure land tenure. Innovations are very often driven by individual farmers or small start-ups. Few countries have a mechanism whereby these innovations can be supported by government services. Due to the lack of systems for identifying, adapting, and replicating these innovations, they remain unknown to the public and particularly to those in the agricultural sector who should use them.

A Brief introduction of SME Agriculture HUB Innovation

SME Agriculture Hub innovation is an initiative and projected platform for Small and Medium-sized Enterprises (SMEs) to come together in forming a pool of network through knowledge sharing, pulling together of information to aid sustainable entrepreneurship development using the LCDA networking system.

The process entails having a centralized SME hub platform where various Medium-sized agriculture entrepreneurs (farming, fishery, poultry,) can be developed and digitalized for an effective business activity. These innovation ideas will serve as a catalyst in growing the chain production of both finished products and raw materials for various agriculture products. Most of these agriculture SMEs can be found in all our LCDAs whereas majorities are not aware of the innovative techniques that keep emerging in our present world.



These ideas will further assist the Local Government in having a well structured data base for each of the local communities



towards effective budget planning and implementation of policies.

How SME HUB creation in LCDAs can impact our Economy

The universal acceptance of local governments as a vital instrument for rural and urban development is gradually taking a different dimension. In Nigeria, Local Council Development Areas (LCDA) created by the House of Assembly are the nearest and closest immediate administrative bodies to the average man. Looking at our present agricultural sector, there is increasing development in different parts of the country and the offer of innovations have increased tremendously. We have 774 LGAs presently in the country, and this idea would further be a great aid in improving and combatting the food crises challenges if the government can effectively work with it.

The outbreak of the coronavirus pandemic also brought about new seamless ideas and innovations in tackling various challenges all over the world. The creation of small and medium-scale agricultural hubs in various LCDAs will spring forth the following impacts:

1. Help to have a comprehensive database of various agriculture farmers in all LCDA.
2. Help the State Government to have a better structural plan for all the SME farmers in all the LCDA.
3. The hub will create a platform for the local community to interact and share innovative ideas continuously.
4. It will help and assist in developing young SME Agriculture Entrepreneur in all the LCDA.
5. This will also help proffer solutions to major problems being encountered by different farmers.

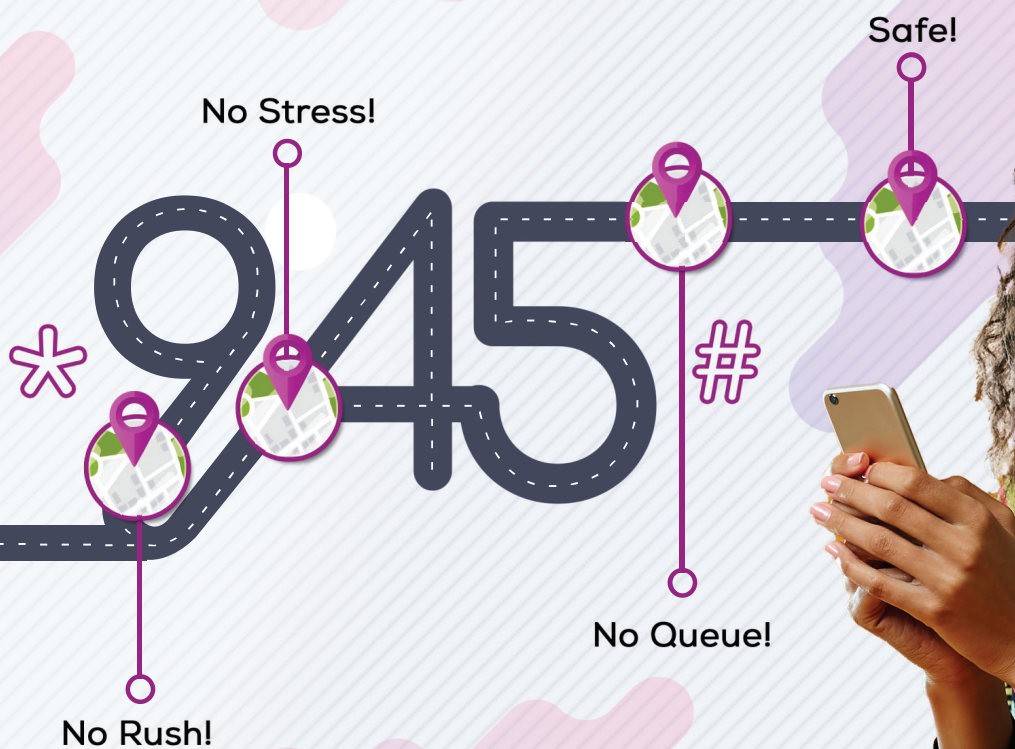
The Take for Financial Institutions

This idea of small and medium-scale agricultural hub creation will be of great avenue for various Financial Institutions to invest in and grow the agriculture sector using the LCDA channel. Also, with the current funding support that the CBN has put in place for loan grants towards agriculture, various financial operators can come to a round table and engage the local development councils by pulling the community together thereby creating a robust and enabling productive environment in increasing the food chain supply. ■

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8 Things You Need To Know About The Petroleum Industry Act 2021 (PIA 2021)

By Somtochukwu Okoroafor



On the 16th of August 2021, President Muhammadu Buhari signed the Petroleum Industry Bill (PIB 2021)—now “Act”—into law, in a move that has been tagged as a “gamechanger” by some and “unjust, satanic and provocative” by others. The President has stated that his signing of the Act marks “the beginning of a journey towards a competitive and resilient petroleum industry that would attract investments to support the nation’s economic recovery and growth plan”.

The Act seeks to reform and revolutionize the Nigerian Oil and Gas industry. It speaks to the administration and ownership of crude oil within Nigeria and its territorial waters, continental shelf,

and Exclusive Economic Zone. It also outlines the framework and objectives for the governance and administration of the petroleum industry.

The Oil and Gas industry has a significantly outsized impact on the Nigerian economy. The industry contributes about 90% of the nation’s foreign exchange earnings and 60% of our total income, despite accounting for less than 10% of the nation’s GDP. This reality means that any developments in this space will have far-reaching—and often controversial—implications in the Nigerian space.

On that note, here are 8 things you need to know about the ►►

Petroleum Industry Act 2021 (PIA 2021):

1. The signing of the Act is the culmination of a 20-year-old journey that has spanned several Presidents:

the beginning of this journey can be traced to the Oil and Gas Reforms Committee (OGRC) constituted by President Olusegun Obasanjo. This committee's report later formed parts of a Bill that was first presented to the National Assembly in 2008 by the administration of President Umaru Musa Yar'adua. The proceedings were bogged down following some controversy, and so the Bill had to be re-introduced by President Goodluck Jonathan. This time, the Bill was passed by the House but not by the Senate.

In the 8th Assembly (which spanned the first term of the current President) lawmakers decided to introduce the Bill in three parts, and several versions were introduced until the version of the Petroleum Industry Governance Bill (PIGB) sponsored by Senator Tayo Alasoadura and Honourable Pally Iriase, was passed by both chambers and harmonised. This version was then transmitted to President Muhammadu Buhari, who rejected it. Although the two chambers reconsidered and passed the Bill again, the President did not assent to the Bill until the House adjourned.

The present Act started off as an Executive Bill sent by the Presidency to the National Assembly in September 2020. It was passed by the Senate and House of Representatives on the 15th and 16th of July 2021, respectively, and finally signed into law on August 16, 2021.

2. The Act makes for some rather heavy reading:

with some 253 pages split into 5 chapters, 319 sections and 8 schedules dealing with the many facets and players that make up the legal, governance, regulatory and fiscal underpinnings of the Oil and Gas industry; the Act does not exactly make for "light" reading. This is to be expected given its lofty aspirations, as the Act has to speak to several different interests while remaining as comprehensive as possible.

3. The Act has a fixed implementation deadline:

on August 18, 2021, President Muhammadu Buhari approved a steering committee to oversee the implementation process of the newly signed Act. The steering committee will be headed by the Minister of State, Petroleum Resources, Timipre Sylva; and has been given a timeline of twelve months to complete the implementation of this Act. This is an additional sign of the level of importance attached to the proper delivery of the Act by the current administration, as established by the President in his

address during the inauguration of the steering committee. Other members of the implementation committee include the Permanent Secretary, Ministry of Petroleum Resources; the Group Managing Director, NNPC; the Executive Chairman, FIRS, and a representative each of the Ministry of Justice and the Ministry of Finance, Budget and National Planning.

4. There shall be a breaking down and a building up:

the Act provides for the dismantling of the Nigerian National Petroleum Corporation, the body through which the Federal Government currently regulates and participates in the Oil and Gas industry. In its place, two regulators, the Nigerian Upstream Regulatory Commission (the "Commission") and the Nigerian Midstream Downstream Petroleum Regulatory Authority (the "Authority") will be put in place. Note that the Commission and the Authority will be exempted from the provisions of any enactment relating to the taxation of companies or Trust Funds that currently exist within the country.

Furthermore, the Act stipulates that a new commercial entity, the Nigerian National Petroleum Company Limited (NNPC Ltd) should be established within six months of the Act's commencement to handle aspects of the commercial operations of the erstwhile NNPC. Ownership of



this entity will be vested in equal proportions in the ministries of Finance and Petroleum Incorporated, on behalf of the Federal Government. The NNPC Ltd will take over the assets, interests, and liabilities of the NNPC, building up a structure that will lead to the eventual sale of shares in this entity to everyday Nigerians.

5. Fees, levies, and funds:

the Oil and Gas industry accounts, in no small part, for much of the “national cake”. The PIA 2021 makes more than a passing nod to this reality by establishing several fees and levies, which would be channelled into specific funds with the ultimate goal of driving national and/or regional development.

These include –

- The imposition of up to 1% levy on the wholesale price of petroleum products sold in the country (0.5% each for the Authority Fund and Midstream Gas Infrastructure Fund).
- A provision for the NNPC Ltd to earn 10% of the proceeds of the sale of profit oil and profit gas as management fees, with an additional 30% to be remitted to a Frontier Exploration Fund for the development of frontier acreages in addition to 10% of the rents on petroleum prospecting licences and mining leases. These funds are to be used for the exploration of some of the basins across the country. Some of the basins are the Benue Trough, Chad Basin and Sokoto Basin.
- Provisions have also been made for a host communities development trust fund (this is one of the sore points of the Act). The Act stipulates that any company which is granted an oil prospecting license or mining lease, or an operating company on behalf of Joint Venture partners (the settlor), is required to contribute 3% - 5% (for upstream companies) and 2% (for other companies) of its actual operating expenditure in the immediately preceding year to the host communities development trust fund. Available funds are to be allocated for capital projects (75%), as a reserve (20%) and for administrative expenses (5%).
- Oil-producing companies to pay Hydrocarbon Tax (HT) and Companies Income Tax (CIT). HT will be at 15% for Petroleum Prospecting Licenses and 30% for Petroleum Mining Leases. Note that deep offshore operations are not subject to HT, and only costs directly related to production are allowable in calculating HT. Non-direct costs will be deductible under CIT. Furthermore, the costs allowable for HT are limited to 65% of gross revenues. Also, the Education Tax (at 2%) will no longer be tax-deductible.
- Late filing of tax returns to the Federal Inland Revenue Service (FIRS) will attract N10 million on the first day and N2 million for each subsequent day the failure continues. A N20 million fine is also applicable to an offence where no penalty is prescribed.
- Royalties will also be collected at the rates of 15% for onshore areas, 12.5% for shallow water, and 7.5% for deep offshore and frontier basins, 2.5% - 5% for natural gas. In addition, a price-based royalty ranging from 0% - 10% is payable and is to be credited to the Nigerian Sovereign Investment Authority.
- Other funds include the Midstream and Downstream Gas



Infrastructure Fund (0.5% of the wholesale price of natural gas and petroleum products produced and sold in Nigeria), an Environmental Remediation Fund (charges based on the size of operations), a Decommissioning/ Abandonment Fund (as determined in the field development plan and following periodic appraisals of the costs required).

6. Out with the old and in with the . . . old:

section 57 of the Act provides that all employees of NNPC are to be deemed employees of NNPC Ltd as soon as the latter is incorporated. This must be done under conditions and terms that are not less favourable than when they were staff in the NNPC.

7. Old things shall pass away:

the PIA 2021 repeals about ten laws, including the Associated Gas Reinjection Act; the Hydrocarbon Oil Refineries Act; the Motor Spirit Act; the NNPC (Projects) Act; the NNPC Act (which will come into effect when the NNPC ceases to exist); the Petroleum Products Pricing Regulatory Agency (PPPRA) Act; the Petroleum Equalisation Fund Act; Petroleum Profits Tax Act (PPTA); and the Deep Offshore and Inland Basin PSC Act. It also amends the Pre-Shipment Inspection of Oil Exports Act, while saving the provisions of certain laws until the termination or expiration of relevant oil prospecting licenses and mining leases.

8. The long hand of COVID:

one final point, President Muhammadu Buhari signed the Bill into law while working from home in compliance with the five-day quarantine required after his return from the United Kingdom. The “ceremonial part of the new legislation” followed shortly on Wednesday, August 18, 2021, per the completion of the mandated quarantine. This is yet another reminder of the place the coronavirus has come to occupy in all our lives.

Reactions to the signing of the Bill have been mixed, ranging from whole-hearted commendations to virulent opposition. Be that as it may, the nation, after a long wait, finally has a workable, modern framework for the operation of one of its most vital sectors, and we are all waiting with bated breath to see how this will play out. ■

Technology 10.0

- Welcome to the New World

By Chike Enwezor



It's 2030 and Nwike is living his best life. It almost feels like a sci-fi movie when a soothing sound triggers his reticular activating system (the part of the brain that wakes you up). He sees a cup of coffee brewed in Mexico ten minutes earlier sitting by his bedside in Nigeria, and a to-do list that is visible on his palm as he thinks about his tasks for the day. His virtual meetings are done without any enabling device as they are all embedded into his central nervous system, so he just stares into space and speaks . . . but wait, he jerks as the building he has used to create the virtual reality is about to be demolished by the state government and so he is awakened to the year 2021, the present.

Technology as we know it is changing. It has successfully disrupted almost every facet of life, from the way we commute, to how we interact and produce offspring. The development of AI, the Internet of Things, and robotics are accelerating and we as humans are caught up in that bubble.

The two most important words in the statement "We are in the New Technology Era" are: Technology and Culture. These two concepts are interdependent and are often discussed as separate things when they are very much one and the same. Both are necessary for a successful society, and each must be allowed to thrive, evolve, and take the lead in its own direction. This article will discuss each concept, and how they impact both humans and their ability to effectively use technology.

Technology can refer to anything that improves human performance, such as communication, transportation systems, information systems, etc. It can also be used to refer to any machine or device that improves human performance, such as automobiles, kitchen appliances, computer equipment, etc. It is a tool that enhances or improves something. It may advance the ability to communicate with others, or to do more things, or it may be a way of enhancing the way that people do their jobs in business, on their computers, etc.

Culture is also an important concept when discussing the relationship between technology and society. Culture is not just about what is done, but how it is done, and who does it. In a world where most people are extremely individualistic and have little interest in following traditions, values, and institutions, it is important to create new ways of operating within a tradition, values, and institution and to promote the new culture. In order to promote the new culture, it is important to produce goods, services, and ideas that are in line with the new way of operating.

It is important to keep in mind that there are different types of technology. Some types of technology increase human productivity, while others make the process of living easier and more convenient. There are also some types of technology that simply make life easier, such as computers and other information technology. On the other hand, there are also some types of technology that have multiple facets such as nuclear power which can increase productivity and also destroy society. Therefore, it is important to balance the use of technology between the two, in

order to maintain and develop a healthy society and economy.

Technology can make us safer or more vulnerable. For example, it has led to a decline in crime rates because it is easier to police larger areas with remote surveillance and cameras. Tech has made life easier with the emergence of smartphones, eco-friendly self-driving cars, aeroplanes, dialysis machines and robots embedded with AI (e.g., Sophia). The flipside of this is that the quantum of data that is being generated from users of these various tech makes individuals vulnerable to targeted cyber-attacks, bullying and political advertising. The last example is technology making us more vulnerable.



Another aspect of this question concerns the impact of technology on privacy. Many people feel that the use of technology makes their lives easier and makes them secure because they know that the things they do with private data on their computers are safe. However, this is not always the case, and there have been many cases where people have had their privacy invaded without their knowledge. Therefore, it is important to use technology in a way that does not impact privacy.

It is important to consider the future of technology when debating the pros and cons. One way to do this is to ask relevant questions and to consider the results of the decisions made in the past. For instance, will history be remembered accurately if we use obsolete technology in our modern society? Will future generations still be ►►

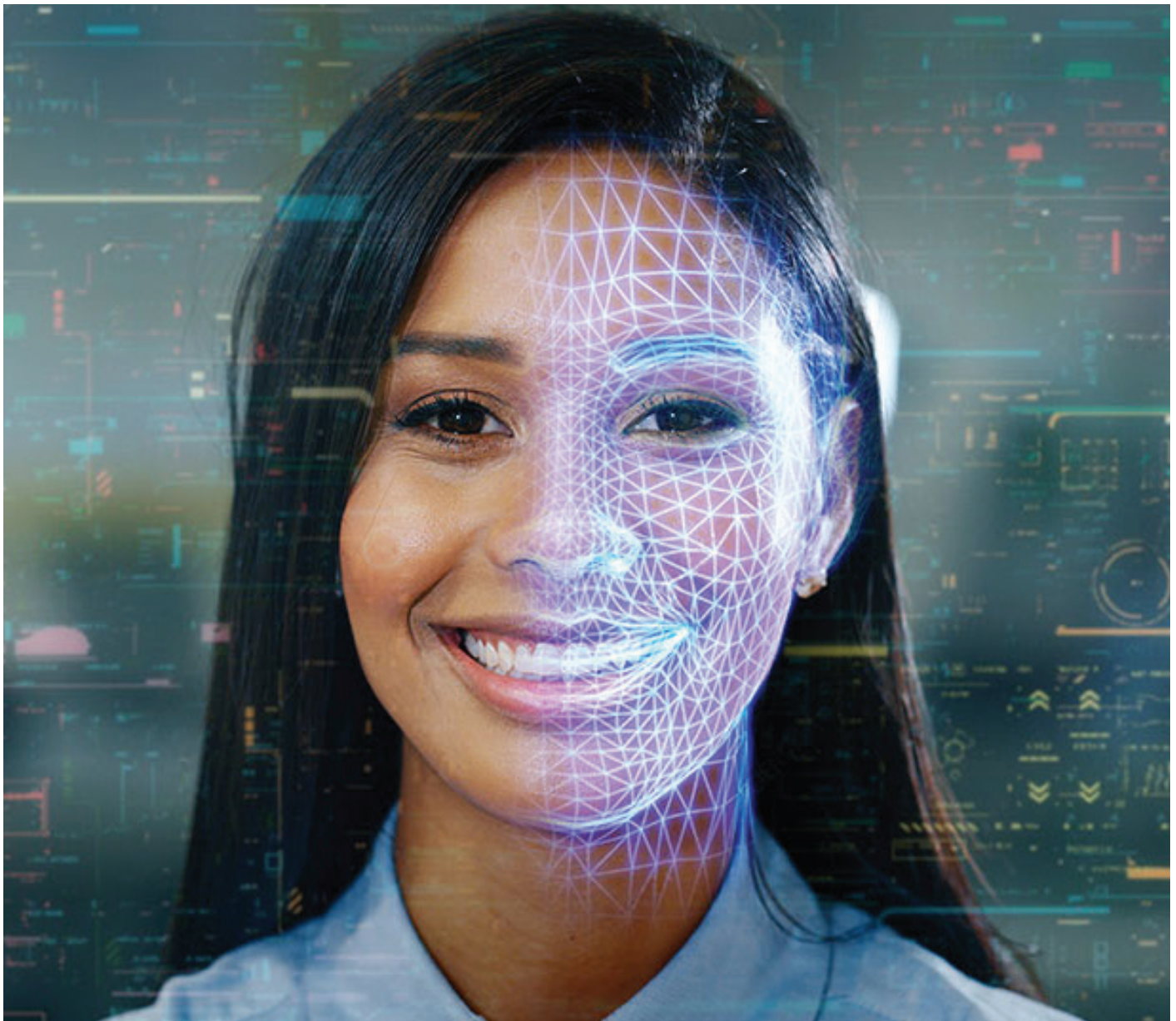
able to understand the stories behind the inventions of the past?

In addition to this, people should be aware of the different forms of technology that exist today. Some forms of technology are necessary for a healthy society and

economy, but there are also forms of technology that are unnecessary and could lead to disaster. This is why it is important to consider all of the ramifications of the technology before deciding to use it.

Technology is a wonderful thing. It can be

used in a great way to improve the lives of people and society in general. It is important to carefully consider the pros and cons of how far is too far when deciding to use technology. This will help people make good decisions about technology in the future. ■



Rumbles In the Graveyard

by Somtochukwu Okoroafor

“History, they say, is a circle, and time is a dragon biting its own tail. If this is true, then the study of history and geopolitics becomes a study of cycles.”



The graveyard of empires—Afghanistan—is a mountainous, landlocked country located in South-Central Asia. With a landmass of over 652,864 km², it is the 41st largest country in the world, larger than France and roughly the size of the state of Texas. Also known as the “crossroads” and “heart” of Asia, this troubled nation—located in an equally troubled neighbourhood—shot into global prominence in recent weeks on the back of the withdrawal of U.S. troops from the nation’s territory, the eventual takeover of the nation-state by

the Taliban, and the subsequent re-establishment of the Islamic Emirate of Afghanistan.

With such a name as “the graveyard of empires”, it is not hard to imagine the rugged nation as a barren wasteland littered with the bones of numerous armies, and this is not far from the truth. With a storied history that features the stymieing of armies ranging from the Greco-Macedonians of Alexander the Great to the modern-day armies of the now-defunct Soviet Union and

those of the United States, this fiercely contested nation-state and its citizens have done much to live up to the moniker. When viewed in this light, the events of the recent weeks will not pose much of a surprise to observers and can even be chalked up as a reconsolidation of a well-earned title. Interestingly, however, there are many angles or lenses through which these events can be viewed, and subsequent analyses, whether in the short or long-term, will yield wildly different answers and conjectures, and raise very distinct pictures for the future of the Afghan Nation, the Asian continent, and in fact, the entire world.

The Taliban

History, they say, is a circle, and time is a dragon biting its own tail. If this is true, then the study of history and geopolitics becomes a study of cycles; of stunning, glorious ascents, and bitter, precipitous falls. It is with this in mind that we must begin our analysis of the current situation of the Afghan nation, and it is only right that we begin with a short-term, narrow view of the primary players in this geopolitical drama.

The Taliban (a Pashto word meaning “students” or “seekers”) is a Deobandi Islamist religio-political and military movement. The group, made up of followers of revivalist teachings under Sunni Islam dating to the 19th century, was founded in the year 1994 in Khandahar by a sub-group of former Afghan resistance fighters—the mujahedeen—who fought back the invading Soviet forces in the 1980s. At that time, the fledgling organization drew its members mostly from students and ex-fighters (talib) in madrasahs located all over the Pashtun areas of Afghanistan and neighbouring Pakistan. The Taliban quickly became one of the prominent factions of the Afghan Civil War, and they had one goal: to impose their interpretation of Sharia or Islamic law on the Afghan nation and remove any foreign influence from within its borders (for a nominally “unconquerable” country, the history of Afghanistan, from antiquity to the present day, is filled with occupations by foreign powers).

In a hallmark case of “the kitten you feed today growing into the lion that comes back to maul you,” the rise of the mujahedeen



fighters in the late 70s was funded and supported by the United States, acting with Saudi Arabia and China through the Pakistani intelligence agency. This was done as a foil to the interests of the then Soviet Union, which was also actively engaged in the country in support of the Babrak Karmal regime. The Soviet-Afghan War lasted for nine years and ended with a Soviet withdrawal between 1988 and 1989. This was followed by yet another civil war, which was then ended by the Taliban’s seizure of Kabul in 1996 and the first establishment of the Islamic Emirate of Afghanistan. It is believed that this initial takeover of Afghanistan by the Taliban was funded at least in part by Osama Bin Laden (which will explain the Taliban’s refusal to hand him over to the Americans later). This emirate was only recognized by three countries: Pakistan, Saudi Arabia, and the United Arab Emirates.

This emirate lasted for five years before being ousted during the United States invasion in 2001. We must note that the Taliban was originally welcomed by the general Afghan populace—who were tired of mujahedeen excesses—during their original ascent to power. They enjoyed early popularity buoyed by their success in stamping out corruption, curbing lawlessness, and making the roads and



areas under their control safe. This elation, however, faded very quickly as the Taliban began to roll out laws and punishments in line with their own strict interpretation of Sharia, an interpretation that included public executions, amputations, and floggings; the banning of sporting activities, photography, television, music and cinema; and some of the most restrictive rules for the lives of women and girls in recent history. To cap all of this, the Taliban was accused of numerous human and cultural abuses, such as the destruction of the famous Bamiyan Buddha statues in central Afghanistan. Many of their decisions were carried out despite international outrage.

It can be argued that the Taliban's first reign would have lasted much longer had it not been for their active sheltering of Osama Bin Laden and his al-Qaeda movement in the wake of the 9/11 attack. Be that as it may, the U.S. and its allied forces invaded the country in October 2001 following their refusal to surrender the infamous terrorist and ousted the Taliban from power, forcing them into an insurgency. It is this reputation, built up over a brutal five-year reign, that is responsible for the scenes of mass panic and overfilled planes in Kabul that have graced our screens in recent days.

The Taliban are currently led by Mawlawi Haibatullah Akhundzada, a senior religious cleric from the Taliban's founding generation. He was named as the Taliban's leader in 2016.

The United States in Afghanistan

On April 14, 2021, President Biden of the United States announced that all U.S. troops stationed in Afghanistan would be withdrawn from the nation-state by September 11, 2021, a full four months after the May 1 date originally outlined in the U.S.-Taliban agreement. This withdrawal, he said, would mark the end of America's longest war, a bitter twenty-year engagement that began shortly after the 9/11 attacks under the Bush administration. Rather sadly, public consensus, in light of the events that followed, has gone far to paint this as a failure for Biden—and by extension, America—with unpleasant comparisons to another, similarly embarrassing outing for the U.S., namely, the Vietnamese War. It seems certain, at least for now, that this is the story that will be written in the history books. In fact, during Afghani Independence Day celebrations, the Taliban billed their victory as a defeat of the United States, stating, "We at the same time, as a result of our jihadi resistance forced another arrogant power of the world, the United States, to fail and retreat from our holy territory of Afghanistan." This is a sentiment that is shared by many across the globe, and even within the United States itself.

Biden's withdrawal, however, is only the conclusion of a long dance that opened in the latter days of the Obama administration. On May 27, 2014, then President Barack Obama announced a timetable for withdrawing most U.S. forces from Afghanistan by the end of 2016. He defended the proposed move by stating that it would "free up resources for counterterrorism priorities elsewhere". In April 2017, the United States dropped its most powerful non-nuclear bomb on self-proclaimed Islamic State militants in the eastern Nangarhar province, this in the early days of the Trump presidency and at a point in the war described by the U.S. military

as a stalemate. Months later, in August 2017, President Trump outlined an Afghan policy that involved staying committed with an open-ended military commitment to prevent the emergence of "a vacuum for terrorists". He also stated that a political settlement with the Taliban was far off.

2018 witnessed a rash of terror attacks by the Taliban in Kabul, which left over a hundred people dead amid a broader upsurge in violence. This prompted the Trump administration to implement its Afghanistan plan and launch airstrikes against the opium labs that were the backbone of the Taliban's finances. The administration also cut off its financial security assistance to Pakistan based on allegations by then President Trump that the Pakistani were harbouring Taliban militants. In 2019, negotiations between the U.S. and the Taliban began to step up, building on the momentum of earlier efforts in 2018. This progress was, however, cut short by President Trump, who abruptly called off the peace talks in September of that year—a week after it was announced that an agreement had been reached with that Taliban "in principle". In February 2020, the U.S. and the Taliban finally signed a deal that



marked "the first concrete overtures of peace". The agreement contained plans for "a significant drawdown of U.S. troops in Afghanistan and a commitment by the Taliban that Afghanistan would not be used for terrorist activities". Intra-Afghanistan peace talks (between the Taliban, the Afghan government, and civil society) began in September; and in November 2020, the U.S. Defence Secretary announced plans to halve the number of U.S. troops in Afghanistan by mid-January 2021. This last announcement came just days before the inauguration of President Joe Biden (then President-Elect). At this point, thousands of troops had already been pulled out following the February agreement with the Taliban and this was interpreted to be a move towards President Trump's campaign promise to end the "forever wars". This withdrawal was executed amidst warnings from the NATO Secretary-General, Jens Stoltenberg, that withdrawing troops from the region too

early could allow Afghanistan to become a haven for terrorists and the Islamic State to rebuild its caliphate (a rather prescient view). The Taliban's offensive began with a massive military offensive in May 2021, and the whole world watched as a wave of red spread out over the Afghan nation, accompanied by video updates of the insides of government buildings in various Afghan cities shared by the Taliban to various cable networks. In about a week, this wave finally reached Kabul, Afghanistan's capital and largest city, on August 15, 2021. The Afghan government fled, and the Taliban announced the reestablishment of the Islamic Emirate of

would take place in a week, and end with the establishment of a government that had been toppled so ignominiously decades ago. If anything, the scenes at Kabul airport, and the frenzied international efforts to evacuate Afghan and non-Afghan individuals alike, all speak to this reality.

As reiterated severally by the Biden administration, the U.S. military went to Afghanistan in 2001, with very clear goals: to apprehend the individuals responsible for the 9/11 attacks and make sure that the nation would not serve as a terrorist base for Al Qaeda. Just



Afghanistan and their efforts to form an “open, inclusive [Islamic] government”. As of the time of writing, no government has recognized this emirate. While the governments of China, Pakistan, Russia and Saudi Arabia have stated that they may recognize a Taliban government, the United Kingdom and Canada have stated categorically that they would not recognize Taliban rule over Afghanistan.

This short, brutal advance proceeded at a pace that defied the declarations and expectations of many, including those of President Biden. The President had reassured Americans in July 2021 that, “The likelihood [that] there’s going to be the Taliban running everything and owning the whole country is highly unlikely.” While it seemed to have been taken as a given that the withdrawal of U.S. troops would see a resurgence of the Taliban (U.S. intelligence reports had warned that this could happen in as soon as six months), it was not imagined (or planned for) that this resurgence

how, exactly, these goals devolved into a twenty-year exercise in nation-building that ended with trillions of dollars spent, over three thousand U.S. and allied forces killed—with tens of thousands significantly wounded—and hundreds of thousands of Afghans killed and wounded; will remain a source of debate for many years, and books, to come.

Implications

The Taliban are yet to offer any specifics of how they intend to rule, other than to say that they will be guided by Shariah. Many, (particularly Afghans living in Afghanistan) seem to regard this as a return to the draconic and harsh rule of their first regime, even though the Taliban has tried to present itself as a more moderate force in recent years. Since coming to power, they have made commitments to respect women's rights (with some clearly defined limits i.e., the norms of Islamic law), forgive those who fought against them and prevent Afghanistan from being used

as a terror base. They also appear to be making efforts to abide by the declaration to form an inclusive government by negotiating with senior politicians, including leaders in the former Afghan government, and have encouraged women to join their government.

In the build-up to Afghan Independence Day celebrations on the 19th of August, there were protests in certain Afghan cities, such as Jalalabad, which were violently suppressed by the Taliban. Also, a report by the United Nations has revealed that the Taliban has carried out door-to-door searches, with further reports stating that the relative of a journalist has been killed. These incidents have gone largely unacknowledged by the Taliban but can only serve to heighten already established fears about the true aspirations of the group.

Looking beyond the borders of the graveyard, the ascent of what was, only months ago, a bonafide Islamic terrorist group to the seat of power in an established nation-state, casts rather a rather grim shadow on the global war on terror and the rise of violent, fundamentalist Islam. One of the great fears of geopolitics is the copycat syndrome, wherein the successful conclusion of a certain event in one country very often breeds similar events in others (this is why coups are so heavily frowned upon, even beyond the generally altruistic and idealist reasons given for this opposition). It is a distinct possibility that the Taliban's success could serve as further motivation for groups such as the Islamic State (ISIS) and Al Qaeda in the Middle East, Al Shabaab in Northern Africa, Hamas, Hezbollah, and, very close to home, Boko Haram. This, the potential for the rollout of more Islamic emirates all over the globe and the likelihood of Afghanistan serving as a training ground for future terrorists is perhaps the single biggest source of fear in this scenario.

Secondly, the Taliban's conquest of Afghanistan now means that the group is effectively in control of the near \$1 trillion in mineral deposits, particularly lithium, which can be found all over the country. These will certainly serve as a source of much-needed funds for the new government and

might explain the attempts by countries such as China, Russia, Turkey, and Iran, who are already working to fill in the vacuum left by the United States. This bounty may however be counterbalanced by certain restrictions placed by bodies like the International Monetary Fund (IMF) (who has placed a pause on letting the Taliban exchange its Special Drawing Rights (SDRs) for hard currency) and the United States (which has frozen \$9.5 billion in assets which the Da Afghanistan Bank (DAB) holds in the Federal Reserve Bank in New York). There are some concerns that these restrictions will lead the Taliban to continue to rely on its established legal—and illegal—means of raising funds, such as through opium poppy production and donations from “wealthy individuals and a network of non-governmental charities”. Interestingly, the Taliban has made a concerted effort to present itself as more accommodating and moderate than it has been known to be. These efforts have been driven largely by a sustained and well-coordinated PR blitz that has seen them attempt to turn away the focus from the unpleasant aspects of their ascent and early days. Their efforts have also been helped in no small measure by the almost global condemnation of—and focus on—the United States and its perceived failure in the region. This can serve as a pointer to other, similar insurgencies, who may seek to similarly harness the tools of traditional and new-age media while crafting and re-crafting their messages to gain more widespread acceptance (the Taliban largely positioned itself as an anti-corruption force in its early days, a message that will also resonate in other, similarly afflicted countries). It will certainly be worthwhile to watch for similar changes in tone in the messaging of other groups in the coming days.

And last but not least, what may be the single largest implication of the fall of Kabul will be the failure of American nation-building efforts, and similar efforts by powers all over the globe. This view was rather succinctly presented by Arie Perliger in the article “Why did the US fail in Afghanistan?” (Quartz, Aug. 20, 2021). In this article, he argues that applying (foreign) military resources in nation-building efforts is not a proper use of such forces, seeing

as they are not fit for the softer activities, such as information warfare, required to counter terrorism. He holds up the twenty years spent by the U.S. in Afghanistan as evidence to back this argument while making a nod to the experiences of other countries in similar circumstances.

This argument is also supported by the comparisons that have been made in recent days to yet another failed American attempt at nation-building, the Vietnam War, which ended, as did the Afghan occupation, with the U.S. military pulling out of an embattled country, shortly before the rapid overrun of the said country by the “enemies” they had come in to fight in the first place. Biden's allegedly “bungled” withdrawal, coming in on the back of the shared experiences of the three very different presidents that have handled this war before him, and the ever-evolving justifications for two decades of a costly and largely unpopular conflict suggest that there will be little political appetite for American military intervention in faraway nations, at least in the near future.

This outcome, along with the current nationalist tide sweeping the globe, will only serve to dissuade other countries from embarking on such expensive and potentially involved efforts at peacekeeping and nation-building, especially since these direct, military-backed efforts seem to have less than desirable outcomes. We might see a switch from more direct, on-the-ground involvement in foreign countries, to a softer, more insidious presence harkening back to the Cold War era. In effect, more responsibilities will be placed on domestic governments to fight dissent and insurgency within their borders.

Amber Phillips, writing for the Washington Post, states that, “The legacy of the Afghanistan war is one for the history books, to be debated and studied for years to come.” Much has been said about preceding developments and events, and more will still be said about the activities of all the major players in this geopolitical play as events unfold. One can only hope that the worst of our fears will not become a reality. ■

The Impact Of The Disfunctional Healthcare System In Nigeria

On Female Participation In The Economy

By Kolawole Babatunde



“Health is a big word. It embraces not only the body, but the mind and spirit as well [...] and not today’s pain or pleasure alone, but the whole being and outlook of a man.”

These are the words of James H. West, an American physician, psychiatrist, surgeon, and pioneer in organ transplantation and addiction treatment.

Health is a state of complete harmony of the body, mind, and spirit. “When one is free from physical disabilities and mental distractions, the gates of the soul open.” The need to ensure this complete harmony drives us to take a closer look at the ongoing battle against ovarian cancer, which continues to ravage the world of women.

Ovarian cancer is a type of cancer that forms in or on an ovary. The female reproductive system contains two ovaries, one on each side of the uterus. The ovaries—each about the size of an almond—produce eggs (ova) and the hormones oestrogen and progesterone. Usually, when cells grow old or get damaged, they die, and new cells take their place. However, in some cases, triggered by errors in the rate of normal ovarian cell growth, a cluster of abnormal cells forms; these cells could then go on to invade or spread to other parts of the body. ▶▶



Ovarian tumours typically start from one of three types of ovarian cells. The type of cell in which cancer originates determines the type of ovarian cancer, as highlighted below:

- **Surface Epithelium:** these are the cells that cover the outer lining of the ovaries. Epithelial cell carcinoma is the most common type of ovarian cancer. It makes up 85 to 89 per cent of ovarian cancers. It's also the fourth most common cause of cancer deaths in women.
- **Germ Cells:** "Germ cell cancer of the

ovary" is a name that describes several different types of cancer. These cancers develop from the cells that create eggs. They usually occur in young women and adolescents and are most common in women in their 20s. Germ cell cancers are often very treatable. Surgery is usually the first-line treatment, followed by chemotherapy, which is highly recommended.

- **Stromal Cells:** these are the cells that release hormones and connect the different structures in the ovaries. Ovarian

cancers that originate here begin in the egg-producing cells and tend to occur in younger women.

When this "abnormal growth" process begins, there may be no—or only vague—symptoms. Symptoms only become more noticeable as the cancer progresses. This delayed manifestation means that ovarian cancer often goes undetected until it has spread within the pelvis and abdomen. It is worthy to note that the risk of ovarian cancer increases in women who have had more ovulations over their lifetimes, specifically those who have never had children, women who begin ovulation at a younger age, and women who reach menopause at an older age.

Several reports indicate no clear conclusion on ovarian cancer's actual cause(s), but some risk factors have been identified. These include:

- Women with severe endometriosis. Endometriosis is a condition that can cause pain, scarring and difficulties in getting pregnant.
- It can also be hereditary.
- The symptoms of ovarian cancer include:
 - Abdominal pain or pressure in the pelvis
 - Unexpected vaginal bleeding
 - Rapidly feeling "full" or sated when eating
 - Frequent urination

Like most cancers, ovarian cancer can be successfully treated if it is detected and diagnosed on time. While this offers up some comfort, the reality of ovarian cancer is that survivors are 42 per cent more likely to walk at a slower pace and experience mobility disabilities than their peers, and it may also be associated with a higher mortality rate for up to five years after treatment. This state of affairs then calls for continued vigilance in monitoring for symptoms.

How does this health challenge relate to Financial Institutions and the larger economy?

Women make up around 49% of the Nigerian population and suffer a disproportionate impact of the dysfunctional healthcare system. This is largely because women give birth and are usually the primary caregiver to children in marriage (neonatal mortality rate in Nigeria is 35.9 deaths per thousand live births). Therefore they interact with the healthcare system at a larger rate than men. In the larger context of the economy, having less women available to work restricts the size and effectiveness of the workforce. Therefore reducing the negative impact of the healthcare system on women as a net positive impact on the Nigerian economy. We have used ovarian cancer to highlight the issues impacting them in this context.

'In Nigeria, ovarian cancer is the 6th commonest cancer in women and the 2nd commonest genital tract cancer. It accounted for

1723 incident cases in 2012 with estimated age standardized incidence rate of 3.1 per 100,000 women. It is also the 2nd leading cause of female genital cancer related deaths in the country with approximately 1300 deaths in 2012, a crude mortality rate of 3.2% and estimated age standardized mortality rate of 2.5 per 100,000 women¹. This is according to the Women's Knowledge on Ovarian Cancer Symptoms and Risk Factors in Nigeria: An Institutional-based Study.

Working on improving the quality of healthcare available to women and resolving the core health challenges faced by women would further strengthen the domestic economy. There is therefore a need to be deliberate in improving the care available to the female folks. ■



The “Sitting Disease”

By Tracy Atohengbe

James is an employee of a top manufacturing company in Nigeria. He wakes up every morning, gets ready for work and then drives for an hour in traffic to get to work. Once he arrives at the office, he sits at his desk for over 6-7 hours and then takes a one-hour lunch break, by close of business he drives back home for about one hour. When he gets home, he eats and most likely goes to bed after watching tv or reading for a bit. This is his routine for most of the week.



From the above, we can see that most of James' activity involved the “act of sitting”. He has to “sit”; when driving, when eating and when watching television. Interestingly, James is not the only person that lives this way, as a lot of us have similar routines to the one stated above.

Sitting has now been discovered to be the new smoking as both pose similar health concerns. According to a study in the American Journal of Preventive Medicine, prolonged sitting was found to lead

to an increased risk of 34 chronic diseases, including high blood pressure, obesity, diabetes, cancer and cardiovascular diseases. A sedentary lifestyle is said to be dangerous to our health, as some of our body systems function better when we are upright which explains why most bedridden people experience issues.

“Sitting Disease” or sedentary routine is a term coined by the scientific community to describe a metabolic syndrome and the ill effects of a sedentary lifestyle. It is not a diagnosable ►►



disease, however, and about 60%-85% of individuals in the world live sedentary lifestyles, which makes it one of the least addressed public health problems globally. The World Health Organization (WHO) reports that about 2 million deaths in a year are attributed to physical inactivity and this has prompted the organization to issue a warning that prolonged sitting or sedentary living could be amongst the top 10 leading causes of death and disability in the world. Research shows that just two weeks of inactivity can lead to significant health effects (this implies that it doesn't take too long to start feeling the effects of an inactive lifestyle).

The use of technology has somewhat increased physical inactivity, from the use of computers and smartphones to online shopping and digital banking, all of which have led to sedentary behaviour. However, this same technology has resulted in the development of mobile applications and wearable devices that aims to help improve physical activity. Technology has both positive and negative impacts on a

sedentary lifestyle and can be likened to a double-edged sword. While we can agree that it reduces our walk time as activities that ordinarily would have involved physical movement have sort of been automated by technology, this same technology has brought about inventions like the Fitbit and Apple Watch that prompt us to meet our "walk" and "activity" goals daily.

Some effects of a sedentary lifestyle are:

Weight gain/Obesity

Muscle movement aids the body in the digestion of fats and sugars consumed. Physical inactivity reduces our energy expenditure and as such increases the accumulation of fat in the body. Once there is an imbalance between energy intake and expenditure in the body, there is a risk of unhealthy weight gain and obesity.

Joint Pains

There are three specific muscles (glutes, hamstrings, and quadriceps) used when sitting. In addition to this, they also protect the joints of the hip and back. Prolonged

sitting leads to these muscles becoming overstretched and strained which then causes them to become tight and short. This in turn causes problems for the hip joint and back.

Diabetes

Medical research has discovered that, as sitting time increased so did the risk for type 2 diabetes. The body works harder to absorb sugar and make insulin when inactive and this puts so much pressure on the cells that produce insulin.

Cancer

Research has established a correlation between sedentary behaviour and certain types of cancer. Prolonged sitting increases the risk of colon cancer by 24%, lung cancer by 21% and endometrial cancer by 24%.

Deep Vein Thrombosis (DVT)

DVT is a blood clot in the veins of the leg. The clot could obstruct blood flow in other blood vessels, and this could lead to severe problems and possibly death.

Conclusion

Here are some ways we can increase movement:

- Take the stairs instead of using the elevator.
- Break up your sitting time by standing for a bit while working
- Incorporate a 2-minute walk for every 20 minutes of sitting.
- Stand while talking on the phone
- Change how you sit and include some sort of movements while sitting e.g., rocking, bouncing
- Walk during TV commercials
- Spend more time doing chores around the house (especially DIY).

Finally, we must understand that all of this still applies to an “active couch potato”. An “active couch potato” is a person who sits for about 9-10 hours a day but still goes to the gym to perform moderate to vigorous exercise for at least one hour per day. Research has shown that a person who works out 5 times a week is still exposed to the risks of “sitting disease” if they are living a sedentary lifestyle outside of the gym. It is not just about going to the gym every day but ensuring that we incorporate some form of movement in our day to day lives. ■



Volunteering

- *The Ultimate Work of Heart*

By Oluwatoyin Adetunji



“When you decide to volunteer, you think you’re going to save the world, but you soon realize that the person who benefits most from the experience is you.”

The word ‘volunteering’ has been tossed around us all our lives, but the reality is that most people have little to no understanding of the concept of volunteering and what it entails. This article seeks to shed more light on volunteering, its local and global impact, and its attendant benefits.

Volunteering is any activity in which time is given freely to benefit another person, group, or cause. Volunteering is part of a cluster of helping behaviours, entailing more commitment than spontaneous

assistance, but narrower in scope than the care provided to family and friends. It combines the freedom of a voluntarily chosen pursuit with the commitment of social obligation.

History shows that volunteerism was evident in the first civilizations, where survival depended upon working together to achieve the common good, and to ensure the availability of adequate food, supplies, and shelter. Throughout Africa, there are strong volunteering traditions of mutual aid, service provision and ▶▶

civic participation, described by a diversity of words and concepts like ubuntu (I am because we are). These represent essential capacities for communities and nations to pursue social, economic, and environmental goals. Organized volunteering as we know it today can be traced back to historic wars when young people, especially women, would organize to help wounded soldiers and collect supplies.

Volunteer efforts constitute an equivalent of 109 million full-time jobs globally. In the United States, about 30.3% of the adult population engage in volunteer service. In Europe, estimates show that 22% of Europeans above the age of fifteen (15) are involved in volunteering. In Africa, the combined efforts of volunteers amount to 12.1 million full-time jobs. According to the Value of Volunteer Time – an estimated \$28.54 as at April 2021 – volunteers typically contribute nearly \$200 billion to our communities.

iVolunteer @ Wema is an employee volunteering initiative with a focus on building a strong, cohesive team working to make an impact on society, the environment, and business. Through this platform, about 3000 employees of the Bank have logged in over 93,729 hours in volunteering services. We have impacted about 120,000 people in more than 90 communities across Lagos and other states in the South-West, South-South, South-East and North regions of Nigeria through employee volunteering initiatives such as:

- **Salary for Love: This is an annual month:** long internal and external campaign in the month of February where members of staff donate their one-day salary to reduce the social inequality gap in society through various projects. Through donations to help critically ill children in government hospitals, internally displaced persons, health-challenged areas and more, we have impacted communities such as Agbo Malu Community at Ajegunle Area, also known as 'Mosquito Village', Ferry Community at Oworoshoki, the Internally Displaced Persons (IDP) Camp at Kuchingoro, Kpansia Community at Yenagoa etc.

- **Declutter & Donate:** Members of staff



donate decently used items to crisis-affected areas and underprivileged communities. For example, the donations made to Old Awuru Community in Borgu Local Government Area, and Maikakaki Community in Shiroro Local Government Area, Niger State helped recovery efforts for inhabitants of the flood-ravaged communities. Other communities such as Nautiko, Tasakpan and Jikogbe communities in Niger State have also been impacted through this initiative.

- **Mentorship Programme:** We have provided mentorship sessions for young people, especially students, and provided training on cybersecurity, leadership, hygiene, and the development of vision boards. Schools like Kuramo Primary School, Isale-Eko Grammar School in Lagos, Uzoigwe Primary School at Asaba, Government Girls Secondary School in Port-Harcourt and others across the country have been impacted by this initiative.

- **Financial Literacy Outreach:** Volunteers across the Bank drive financial inclusion by enlightening existing and potential customers on managing finances so as to be financially independent. We have held financial literacy sessions in communities across the country from Obalende, Ikorodu, Epe and others in Lagos all the way to Aba, Ebonyi and Bayelsa.

- **Community & Coastal Clean-up:** Volunteers clean up communities and areas along the coastline while enlightening the residents about hygienic habits. We cleaned up places like Ojuelegba, Eleko beach, Kiddies Garden Beach in Lagos, and Idi Arere, Oja Oba, Molete in Ibadan amongst many others.

Volunteerism is an aspect of social sustainability which affects human and societal development. It also has an impact on other sustainability pillars – the economy and the environment. Volunteering has become so popular in our contemporary world because it involves an exchange of culture, skills, humanity, and point of view in a way that each party benefits.

Volunteering is beneficial in many ways which shall be considered below:

- **Volunteering leads to life satisfaction:** We find robust evidence that volunteers are more satisfied with their lives than non-volunteers. It has been established that helping others is essential to attaining higher levels of individual wellbeing.

- **Volunteering is vital to the Sustainable Development Goals:** The 17 Sustainable Development Goals call for long-term attitude and behaviour changes. Volunteers facilitate changes in mindsets by raising awareness, championing projects and

inspiring others.

- **Volunteering enables the rebuilding or maintaining of employment skills:** Being a volunteer advances one's chances of getting ahead in business and career. Through engagement in volunteer work, social contacts evolve which can be valuable in establishing business contacts or for getting employment. Volunteering also provides stimulating challenges that can help you learn new skills to strengthen your skillset.

- **Volunteering has positive effects on health:** Researchers argue that volunteering lowers the risk of mortality because it increases perceived self-efficacy and self-esteem which in turn functions as a kind of stress relief. Volunteering lowers the risk of physical ill-health because it boosts the social and psychological factors that healthy people have.

- **Volunteering provides exposure:** Volunteering provides a shift in outlook and perspective. Working together with people in vastly different cultural, geopolitical, and socio-economic circumstances can broaden your view not only of the region where you serve but also of the wider world.

So far, it has been established that volunteering is advantageous to all parties involved. However, it is important to note that the commercialization of volunteering can sometimes lead to projects that address the wrong needs, manufacture entirely new ones, and divert resources and attention from communities where they

are needed most.

The pressure to impress, especially on social media, in the form of the impact made and experience gained through volunteering can also reduce the volunteer experience to a selfish, short-term checkbox exercise that inadvertently disregards the host community and their real long-term needs.



Volunteer services must be carried out with the genuine interest of concerned communities in mind. The following questions can act as a guide when choosing your next volunteering project:

- **What are my goals for volunteering?**

- You are more likely to save the world by honestly reviewing your purpose for volunteering. You should not feel bad if you

wish to gain from a volunteer experience but being frank with yourself will guide the decisions you make. This awareness will help you find a project that best uses your skills, fulfils your goals, and delivers benefits to the host community.

- **How much am I willing to commit?** – Be honest with yourself about how much time and energy you can commit to a project. We often have an initial rush of excitement about volunteering that might cause us to over-commit leading to role strain and reduced well-being.

- **What Does My Target Community Need?**

– If no one asks the target community or host organization what it needs, even in passing, how is it possible to help? For example, it may sound like a great idea to build a new school for a community. However, you might discover that they want to keep the existing school building but would prefer money to pay for additional teachers or books instead.

If you are considering volunteering, these issues might seem a little daunting at first. However, awareness places the power in your hands — the power to give careful, deliberate thought to the consequences of your decisions and actions. When you do, you will find that you also have the power to make a real impact, not only on the lives of the people and communities you aim to help, but also on your own.

Interested in becoming a volunteer? Send a mail to sustainability@wemabank.com to commence your volunteering journey. ■

We Plan, God Laughs

- *The Planning Fallacy*

By Justin Chukwumah



“I’m continually shocked at my wildly inaccurate estimations of how long something takes to do”

- Sarah Koenig, the host and executive producer of the podcast Serial.

If you can relate to the opening quote, you are not alone. This is the planning fallacy at work, and it is a very human phenomenon. A grand example in action is the massive public works program, “Big Dig” in Boston (a highway construction project which was completed nine years later than the planned completion date and ran over the budget by \$22 billion). On the other hand, a simple example is the “quick” errand which ends up taking a whole day to complete.

The planning fallacy is the child of two primary mistakes as Daniel

Kahneman wrote in his book “Thinking, Fast and Slow”. The first is a nonrational plan which is built on best-case scenarios (no hurricanes or civil unrest will disrupt my progress and I won’t get any last-minute requests or illnesses that disrupt activities). The second is a failure to consider the lessons learnt from similar cases (yes, the last five tasks took me three weeks—I can get it done in one week this time around). In short, the “God will not let it happen” and “Inshallah, everything will work out well” mindset. Roger Buehler, a social psychologist further explained the planning fallacy in a 1994 paper . He stated that it is quite fascinating that ▶▶



we can hold two seemingly contradictory perspectives; even though we know our previous estimations are largely optimistic, we believe our present predictions are very optimistic. Well, history repeats itself, we know the past and we are still doomed to repeat its mistakes. George Orwell clearly outlined this feeling as “doublethink” in the classic novel, *Nineteen Eighty-Four* as:

“To know and not to know, to be conscious of complete truthfulness while telling carefully constructed lies, to hold simultaneously two opinions which cancelled out, knowing them to be contradictory and believing in both of them, to use logic against logic”

This is also the most important thing I have learnt from Project Management training (I’m a project manager by the way); our proclivity to underestimate the time required to complete a project.

We make this same mistake over and over again because it is much easier to imagine success than failure. We only have the picture of “What does success look like?” (in management consultant speak), whereas there are so many ways for our plans to go bananas. We always ask, when can we close this out? When can this task be completed? I am yearning for someone to ask, “What can go wrong?” Even though

this is rarely asked, something almost always goes wrong. A little blocker here and there, assumptions that turned out to be wrong, and having more dependencies than anticipated.

We are so hopeful when it comes to setting timelines and for some mysterious reason, the responsible parties almost never push back on “hopeful” timelines, either because we want to create a false sense of efficiency as the guy who can complete tasks in record time, avoid being seen as lazy and full of excuses.

On the other hand, when timelines are quite “optimistic” we falsely think we have all the time in the world and there’s no way the world can come to an end in the allotted period. So, we delay or de-prioritise either to provide additional time to have the light bulb moment, exhibit our bad habit of procrastination, quench more pressing fires or simply say “d@#n the odds! (Air punch)”. Procrastination, underestimation and deadlines coming together? This is just like moving the hands of the doomsday clock forward. If you’re reading this, you are most likely a knowledge worker, and you might regularly eat this combo for breakfast. The modern workplace is a fire fighter’s haven where we all eat, live, and breathe in the

urgent-important quadrant of the priority matrix, quenching fire after fire.

Do not get me wrong, I am not trying to make the case for non-accountability or the elimination of executive parlance, I am simply trying to play the devil’s advocate and ask questions that could lead to fewer heartbreaks. Simply put, having more premortems and fewer postmortems.

What is my advice? Always make room for errors, as the party making requests and the party carrying out the request. The avoidance of this requires more collaborative decision-making & planning, and by this, I am not referring to the “collaboration” corporate jargon which is usually empty and backed by nothing. You might ask, “Is this good for anyone?”. The simple answer is yes! An acceptance of this reality and escaping all the traps of planning, estimation and execution will lead to fewer all-nighters, less bingeing on coffee and energy drinks, fewer times with “Do-not-disturb” as our status on Microsoft teams (which is a synonym for “I am about to miss my deadline”). But then, what do I know? Even as I wrap up this piece, I have an energy drink in front of me and it is already past the submission deadline. Sigh! ■



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