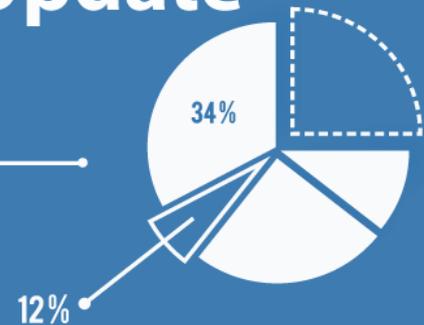




# Nigeria Economic Update



## ***Increase in Nigerian Communications Commission's Revenue***

Within the period of January 1 and May 31, 2021, the Nigerian Communications Commission (NCC) recorded an increase of over 400 percent in revenue budget performance in respect of spectrum fees.<sup>1</sup> The NCC exceeded its N36 billion projected revenue with over N150 billion within the five months. This has been as a result of effective regulatory regimes effected over the years and a major contribution to the Federal Government's revenue drive and generation. There have also been advancements in the nation's telecoms industry and improved operations of licenses leading to expansion in economic output. Towards the end of 2020, the NCC announced that N344.71 billion was generated and remitted by the Commission, to the government's Consolidated Revenue Fund (CRF) in the last five years. While the NCC stands out as a profitable government agency, careful consideration should be taken in order to avert the overregulation of telecom providers. Such excessive regulation could dissuade private investors from the sector and have adverse effects on the industry's profits.

## ***\$8.4 billion in Foreign Investment Expected in 2021***

According to a report by the Nigerian Investment Promotion Commission (NIPC), as at March 4<sup>th</sup> 2021, the country received \$8.4 billion in investment announcements. Foreign investors accounted for \$5.46 billion while the remainder was announced by domestic investors.<sup>2</sup> The three largest sources of foreign investments in the first quarter of 2021 were from Morocco, the United Kingdom, and the United States pledging \$1.40 billion, \$0.24 billion, and \$0.08 billion respectively. Bayelsa State received the highest investment in the value of £3.6 billion in manufacturing followed by Delta State which received a total of £2.94 billion in construction and power transmission. By sector, manufacturing, construction and electricity received the largest investments in the values of \$5.08 billion, \$2.9 billion and \$0.26 billion respectively. Although the announced foreign investment is significant, new investments should be made to diversify towards green sectors in addition to the 'employment-intensive and export-oriented' manufacturing and construction sectors. This will ensure that the economic recovery is hitched to improvements in sustainable development.

## ***Significant Revenue Lost to Oil Spills and Oil Theft***

Recent data by the National Oil Spill Detection and Response Agency (NOSDRA) reveals that Nigeria has recorded 4,919 oil spills between the period of 2015 to March 2021.<sup>3</sup> Additionally, the Nigeria Natural Resource Charter (NNRC) has disclosed that in the last four years, 4.5 trillion barrels of oil have been lost to theft. The Ministry of Environment has stated that this issue is a huge detriment to the environment and leads to a significant loss of revenue. Global statistics show that Nigeria loses around 400,000 barrels of oil per day, more than any other country in the world. However, mitigation measures through the enforcement of laws, regulations and guidelines such as the Environmental Impact Assessment (EIA) Act, are being taken to lessen the oil losses. For both oil spills and oil theft, it is recommended that transparency and accountability should be adhered to in the relations among government, oil-producing communities and multinational corporations.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'20Q4</b>	<b>'21Q1</b>
<b>GDP Growth Rate (%)</b>	0.11	0.51
<b>Oil GDP (%)</b>	-19.76	-2.21
<b>Non-oil GDP (%)</b>	1.69	0.79
<b>Unemployment Rate (%)</b>	33.3	NA
<b>Foreign Direct Investment (US \$ Million)</b>	251.27	NA
<b>Portfolio Investment (US \$Millions)</b>	35.15	NA
<b>Other Investment (US \$Million)</b>	783.26	NA
<b>External Debt (FGN &amp; States- N'Trillion)</b>	NA	NA
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	NA	NA
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>Mar'20</b>	<b>Apr'21</b>
<b>Headline Inflation (%)</b>	18.17	18.12
<b>Food Sub-Index (%)</b>	22.95	22.72
<b>Core Sub-Index (%)</b>	12.67	12.74
<b>External Reserves (End Period) (US\$ Billion)</b>	34.82	34.88
<b>Official Rate Approx. (N/US\$)</b>	381	NA
<b>BDC Rate Approx. (N/US\$)</b>	481.21	NA
<b>Manufacturing PMI</b>	NA	NA
<b>Non-Manufacturing PMI</b>	NA	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	66.62	64.3
<b>Petrol (PMS-N/litre)</b>	172.68	166.38
<b>Diesel (AGO -N/Litre)</b>	235.41	237.19
<b>Kerosene (HHK -N/Litre)</b>	361.29	362.68
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	2,057.71	2,069.21
<b>MPR (%)</b>	11.50	11.5
<b>CRR (%)</b>	27.5	27.5
<b>T-Bill Rate (%)</b>	2.0	2.0
<b>Savings Deposit (%)</b>	1.86	1.86
<b>Prime Lending (%)</b>	11.13	11.24
<b>Maximum Lending (%)</b>	28.74	28.64
<b>Narrow Money (N'Million)</b>	16,139,759.87	NA
<b>Broad Money (N'Million)</b>	38,218,832.96	NA
<b>Net Domestic Credit (N'Million)</b>	43,435,075.88	NA
<b>Credit to the Government (Net) (N'Million)</b>	11,994,167.43	NA
<b>Credit to the Private Sector (N'Million)</b>	31,440,908.45	NA
<b>Currency in Circulation (N'Million)</b>	2,808,734.33	NA
<b>FAAC (N'Billion)</b>	NA	NA

\*Revised GDP figures/tentative figure

NA: Not Available

1. NCC (2021). NCC surpasses revenue projection, posts N150bn spectrum fee in 5 months. Retrieved from, <https://www.ncc.gov.ng/media-centre/news-headlines/1024-news-release-ncc-surpasses-revenue-projection-post-n150bn-spectrum-fee-in-5-months>
2. NIPC (2021). Report of Investment Announcements in Nigeria. Retrieved from, <https://www.nipc.gov.ng/product/report-of-investment-announcements-january-to-march-2021/>
3. NOSDRA (2021). Nigerian Oil Spill Monitor. Retrieved from, <https://nosdra.oilspillmonitor.ng/>