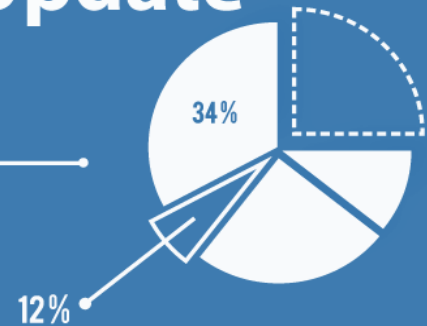


Nigeria Economic Update



Plans To Raise Oil Reserves by 40 Billion Barrels

The Federal Government (FG) have announced plans to increase oil reserves by 40 billion barrels by the year 2030 with aim of dominating the West African oil and gas market.¹ Following this, oil production capacity is intended to rise to three million barrels per day. The Director of the Department of Petroleum Resources (DPR), Mr. Sarki Auwalu, stated at the AA Holdings' 2021 Business Dinner of The Petroleum Club that Nigeria has vast oil and gas resources that can reverse the issue of resource curse syndrome that has plagued the country for decades. He pointed out that Nigeria is in a better position to achieve these objectives than any other West African country due to natural resources. Gas reserves are also intended to increase to 220 Trillion Cubic Feet (Tcf) by the year 2030. The effects of turning Nigeria into a gas-based economy would improve government revenue. However, this could undermine economic diversification policies and the national policy on climate change in Nigeria.

\$5 Million Loan from IFAD To Boost Small-Scale Farming in Nigeria

The United Nation's International Fund for Agricultural Development (IFAD) has initiated the Private Sector Financing Programme (PSFP) in order to alleviate rising hunger and poverty tensions in developing countries². A solution to hunger and poverty pointed out by IFAD is small-scale farming, and rural micro, small and medium enterprises (MSMEs). Unfortunately, farmers have less access to markets, services and financing. Bridging this gap is the main objective of the PSFP and so have announced their first loan of US\$5 million to Nigeria's Babban Gona Enterprise, known for moving small-scale farmers from subsistence to a more market-orientated model³. This loan would boost productivity for about 377,000 small-scale rice and maize farmers. The enterprise aims to create up to 65,000 jobs for women and 66,500 jobs for youth by 2025. A scale up program can be implemented by IFAD in partnership with the Nigerian government to expand its crop and employment target. This would enhance achieving the target of the United Nations zero hunger goal.

N15 Trillion: InfraCo to begin Operations in 2021, Q3

It has been announced that the Infrastructure Corporation of Nigeria (InfraCo) Public Limited Company (PLC) will begin full operation by the third quarter of 2021⁴. Approvals have been administered for commencement with the appointment of 4 asset managers. The corporation aims to leverage around N15 trillion from the private sector in elevating Nigeria's infrastructure. Nigeria currently has a huge deficit in infrastructure, and this has limited economic activities. Infrastructural development is a prerequisite for economic development as it aids industrialisation, the access to markets, and effectively linking demand to supply. Improving the access to funds for InfraCo from agencies such as the African Finance Corporation, the Nigerian Sovereign Investment Authority and the Pension Funds would improve the effectiveness of the new corporation.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'20Q4	'21Q1
GDP Growth Rate (%)	0.11	0.51
Oil GDP (%)	-19.76	-2.21
Non-oil GDP (%)	1.69	0.79
Unemployment Rate (%)	33.3	NA
Foreign Direct Investment (US \$ Million)	251.27	NA
Portfolio Investment (US \$Millions)	35.15	NA
Other Investment (US \$Million)	783.26	NA
External Debt (FGN & States- N'Trillion)	NA	NA
Domestic Debt (FGN + States & FCT N'Trillion)	NA	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Apr'20	May'21
Headline Inflation (%)	18.12	17.93
Food Sub-Index (%)	22.72	22.28
Core Sub-Index (%)	12.74	13.15
External Reserves (End Period) (US\$ Billion)	34.88	34.23
Official Rate Approx. (N/US\$)	NA	NA
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	NA	NA
Non-Manufacturing PMI	NA	NA
Average Crude Oil Price (US\$/Barrel)	64.3	NA
Petrol (PMS-N/litre)	166.38	168.06
Diesel (AGO -N/Litre)	237.19	238.82
Kerosene (HHK -N/Litre)	362.68	363.50
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2,069.21	2,071.69
MPR (%)	11.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	2.0	2.5
Savings Deposit (%)	1.86	1.83
Prime Lending (%)	11.24	11.29
Maximum Lending (%)	28.64	28.39
Narrow Money (N'Million)	15,997,295.69	16,278,040.69
Broad Money (N'Million)	NA	NA
Net Domestic Credit (N'Million)	44,064,768.66	44,710,257.78
Credit to the Government (Net) (N'Million)	12,163,347.97	12,512,015.42
Credit to the Private Sector (N'Million)	31,901,420.68	32,198,242.36
Currency in Circulation (N'Million)	2,796,471.37	2,790,895.50
FAAC (N'Billion)	NA	NA

*Revised GDP figures/tentative figure

NA: Not Available

1. DPR (2021). FG Targets Nigeria's Dominance of West African Oil, Gas Market. Retrieved from, <https://www.dpr.gov.ng/fg-targets-nigerias-dominance-of-west-african-oilgas-market-dpr/>
2. IFAD (2021). Private Sector Financing Programme. Retrieved from, <https://www.ifad.org/en/psfp>
3. Babban Gona (2021). IFAD Partners with Babban Gona to Boost Private Funding of Rural Businesses and Small-Scale Farmers. Retrieved from, <https://babbangona.com/ifad-partners-with-babban-gona-to-boost-private-funding-of-rural-businesses-and-small-scale-farmers/>
4. NIPC (2021). N15tr INFRACO Begins Full Operations in Q3. Retrieved from, <https://www.nipc.gov.ng/2021/07/14/n15tr-infraco-begins-full-operations-in-q3/>