



# Nigeria Economic Update



Weekly  
**Digest**

## ***CBN Launches Entrepreneurship Scheme for Tertiary Institutions***

The Central Bank of Nigeria (CBN) introduced the Tertiary Institutions Entrepreneurship Schemes (TIES) to promote the culture of entrepreneurship among the undergraduates and graduates of Nigerian Universities and Polytechnics. The TIES represents an innovative financial model, comprising three different categories of facilities for entrepreneurship in agribusiness, information technology, creativity industry, and science and technology. The TIES was enacted in response to the economy's rising levels of youth unemployment and underemployment. The scheme seeks to finance 25,000 start-ups and businesses led by graduate entrepreneurs, with the goal of creating 75,000 jobs per year. This is a timely intervention, which is expected to lead to the birth of innovative businesses in the country. It is important that the selection of graduate entrepreneurs under the scheme follows a transparent process. In addition, a structure needs to be created to promote effective use of the finance provided, in order to avoid diversion of funds for non-business related expenses. Given that many graduates have innovative ideas but lack funding, it is critical that TIES is apolitical, and transparent to ensure equal opportunities to applicants, regardless of gender and geographical location.

## ***Rising cost of transportation***

According to the Transport Fare Watch of the National Bureau of Statistics (NBS), the average cost of transportation increased in September 2021. The average fare paid by commuters for bus journey within the Nation's capital city increased by 1.11 percent month-on-month and by 40.56 percent year-on-year to N435.36 from N430.58 in August 2021. Similarly, the average fare paid by commuters for intercity bus journey increased by 1.24 percent month-on-month and by 20.09 percent year-on-year to N2,620.9 from N2,588.69 in August 2021. The rising cost of transportation is partly due to the deterioration of roads across the country, as well as the chain effect of rising price level. The increase in transportation costs are passed on to the cost of production, amplifying the overall price level. This suggests that government needs to be more proactive in maintaining existing transportation networks, as well as construct new ones to reduce pressure on existing transport infrastructure. The cost of transportation would reduce with improvements and expansion of transportation infrastructure in the country. The infrastructure tax credit scheme by the government is a brilliant scheme to incentivize the private sector to participate in the construction of road infrastructure in the country. There is a need to implement mechanisms that would remove bottlenecks hindering the effective participation of the private sector in the scheme.

## ***Food prices continue to rise***

The National Bureau of Statistics (NBS) Selected Food Price Watch for September 2021, indicated a double digit increase in the prices of a number of food items including evaporated tinned milk, garri, beef, and eggs. For instance, the average price of a dozen medium-sized eggs increased by 25.84 percent year-on-year, and by 3.31 percent month-on-month to N 604.99, between August and September. The average price of boneless beef also increased year-on-year by 30.81 percent and month-on-month by 4.12 percent to N 1,768.14. The rising food prices could connote two things. First, shortage of food supply due to insecurity. Second, high cost of inputs. Given the importance of good nutrition in healthy living, households are likely to cope with the rising food prices by reducing meals intake per day, which is detrimental for their health. Addressing food insecurity in food-producing States is critical to reversing the upward surge in the food prices. Furthermore, the productivity of the agricultural sector should be enhanced by incentivising farmers to plant high yielding crops and adopt modernise farming methods that lowers post-harvest losses.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'21Q1</b>	<b>'21Q2</b>
<b>GDP Growth Rate (%)</b>	0.51	5.01
<b>Oil GDP (%)</b>	-2.21	-12.65
<b>Non-oil GDP (%)</b>	0.79	6.74
<b>Unemployment Rate (%)</b>	NA	NA
<b>Foreign Direct Investment (US \$ Million)</b>	154.76	77.97
<b>Portfolio Investment (US \$Millions)</b>	974.14	551.37
<b>Other Investment (US \$Million)</b>	776.99	246.27
<b>External Debt (FGN &amp; States- N'Trillion)</b>	12.470	NA
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	20.647	NA
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>July '20</b>	<b>Aug '21</b>
<b>Headline Inflation (%)</b>	12.82	17.01
<b>Food Sub-Index (%)</b>	15.48	20.30
<b>Core Sub-Index (%)</b>	10.10	13.41
<b>External Reserves (End Period) (US\$ Billion)</b>	36.19	33.40
<b>Official Rate Approx. (N/US\$)</b>	3601	410.1
<b>BDC Rate Approx. (N/US\$)</b>	447.71	525
<b>Manufacturing PMI</b>	41.1	46.9
<b>Non-Manufacturing PMI</b>	35.7	46.9
<b>Average Crude Oil Price (US\$/Barrel)</b>	44.1	73.18
<b>Petrol (PMS-N/litre)</b>	128.88	164.91
<b>Diesel (AGO -N/Litre)</b>	224.37	250.82
<b>Kerosene (HHK -N/Litre)</b>	334.08	400.01
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	1,973.95	2,215.33
<b>MPR (%)</b>	12.5	11.5
<b>CRR (%)</b>	27.5	27.5
<b>T-Bill Rate (%)</b>	1.30	2.5
<b>Savings Deposit Rate (%)</b>	3.78	1.82
<b>Prime Lending (%)</b>	12.10	11.62
<b>Maximum Lending (%)</b>	28.42	28.00
<b>Narrow Money (N'Million)</b>	12,775,602.49	16,408,026.85
<b>Broad Money (N'Million)</b>	33,337,326.82	40,744,532.18
<b>Net Domestic Credit (N'Million)</b>	39,849,571.53	46,016,470.38
<b>Credit to the Government (Net) (N'Million)</b>	9,661,188.09	12,657,278.65
<b>Credit to the Private Sector (N'Million)</b>	30,188,383.44	33,359,191.72
<b>Currency in Circulation (N'Million)</b>	2,395,917.03	2,778,706.01
<b>FAAC (N'Billion)</b>	547.31	760.72

\*Revised GDP figures/tentative figure  
NA: Not Available

1. NBS (2021). Selected Food Price Watch (September 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241088>
2. CBN (2021). Tertiary Institutions Entrepreneurship Scheme (TIES) Summary. Retrieved from <https://www.cbn.gov.ng/Out/2021/CCD/TIES%20Summary1.pdf>
3. NBS (2021). Transport Fare Watch (September 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241087>

