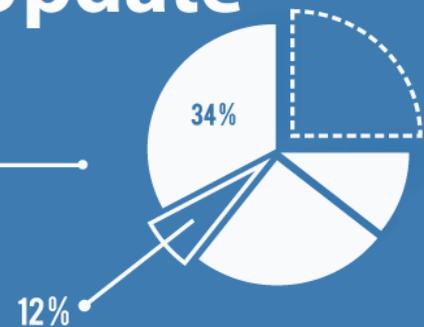


Nigeria Economic Update



Weekly
Digest

States Generate N849.12 billion in H1 2021

According to the National Bureau of Statistics' Internally Generated Revenue (IGR) Report, 36 states and the Federal Capital Territory (FCT) generated N849.12 billion in the first half (H1) of 2021¹. This represents a 38.55 percent increase when compared to the N612.87 billion generated in the first half (H1) of 2020. Across the states, Lagos recorded the highest IGR in H1 2021, generating N267.23 billion. Followed by FCT with N69.07 billion and Rivers State with N57.32 billion. The rise in IGR is an indication of improved tax collection and increased economic activities post-covid19 lockdown. The efforts leading to the increase in State IGR should be maintained and improved upon to realised higher tax income for the remaining half of the year. Furthermore, in line with tax for service, the rise in state government internally generated revenue should be associated with increased funds to critical sectors of the economy such as education, health, and infrastructure. In addition, states should strengthen tax collection system by replacing cash payment mode of remitting taxes with electronic tax payment and make tax payment system less complex.

CBN Unveils New Development Financing Policy

The Central Bank of Nigeria (CBN) has introduced a new development financing policy, the 100 for 100 Policy on Production and Productivity (PPP). This is to further its core mandates of delivering price and financial system stability and promoting sustainable development in the country.² The effort aims to increase the flow of funds and investments to businesses that have the potential to accelerate structural change, diversification, and productivity, as well as to help the country move away from its dependency on imports. The goal of this new policy is to shift the focus away from oil and towards non-oil exports such as manufacturing and agriculture. Starting in November 2021, 100 firms in priority industries will be chosen every quarter to obtain financial facilities worth up to N5 billion at a discounted annual interest rate of 5%. More than raising the country's export earnings, the 100 for 100 PPP, as described, will also assist in strengthening the naira by increasing digital currency usage and provide a platform for secure use of the recently created eNaira. To meet the initiative's goals, it must be implemented after a comprehensive and merit-based selection process, and it must be accompanied by proper monitoring and evaluation to ensure that funds are not diverted or mismanaged by the receiving enterprises. On a quarterly basis, the Bank needs to publish the list of beneficiaries of the policy on its website to maintain transparency.

Revised Guidelines for the ABP

The Anchor Borrowers' Programme (ABP) was established to create economic linkages between smallholder farmers (SHFs) and reputable companies (anchors) involved in the production and processing of key agricultural commodities. Its main goal is to provide loans to SHFs via these links in order to increase agricultural productivity, create jobs, cut food import bills, and conserve foreign reserves. As at September 2021, the CBN had disbursed a total of N798.09 billion to SHFs through the Programme since its inception in November 2015.³ However, current economic trends indicate that the established goals are not being accomplished, as food prices continue to rise, and farmers are defaulting their obligations. In view of these developments, the CBN has changed the program's guidelines to reflect contemporary realities and developments, as well as to promote best practices for program implementation.⁴ The new development seeks to sanction and blacklist from all CBN interventions any stakeholder found to be undermining the programme. Furthermore, the new guidelines have two windows: public sector- led and the private sector- led models, which in turn provides the state governments an opportunity to key into the programme through an Irrevocable Standing Payment Order (ISPO). Since most States prioritise agricultural sector in their agenda, this revision provides states with the opportunity to help their farmers gain access to finance provided by the Bank under the ABP.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'21Q1	'21Q2
GDP Growth Rate (%)	0.51	5.01
Oil GDP (%)	-2.21	-12.65
Non-oil GDP (%)	0.79	6.74
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	154.76	77.97
Portfolio Investment (US \$Millions)	974.14	551.37
Other Investment (US \$Million)	776.99	246.27
External Debt (FGN & States- N'Trillion)	12.470	13.71
Domestic Debt (FGN + States & FCT N'Trillion)	20.647	21.75
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	July '20	Aug '21
Headline Inflation (%)	12.82	17.01
Food Sub-Index (%)	15.48	20.30
Core Sub-Index (%)	10.10	13.41
External Reserves (End Period) (US\$ Billion)	36.19	33.40
Official Rate Approx. (N/US\$)	3601	410.1
BDC Rate Approx. (N/US\$)	447.71	525
Manufacturing PMI	41.1	46.9
Non-Manufacturing PMI	35.7	46.9
Average Crude Oil Price (US\$/Barrel)	44.1	73.18
Petrol (PMS-N/litre)	128.88	164.91
Diesel (AGO -N/Litre)	224.37	250.82
Kerosene (HHK -N/Litre)	334.08	400.01
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	1,973.95	2,215.33
MPR (%)	12.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	1.30	2.5
Savings Deposit Rate (%)	3.78	1.82
Prime Lending (%)	12.10	11.62
Maximum Lending (%)	28.42	28.00
Narrow Money (N'Million)	12,775,602.49	16,408,026.85
Broad Money (N'Million)	33,337,326.82	40,744,532.18
Net Domestic Credit (N'Million)	39,849,571.53	46,016,470.38
Credit to the Government (Net) (N'Million)	9,661,188.09	12,657,278.65
Credit to the Private Sector (N'Million)	30,188,383.44	33,359,191.72
Currency in Circulation (N'Million)	2,395,917.03	2,778,706.01
FAAC (N'Billion)	547.31	760.72

*Revised GDP figures/tentative figure
NA: Not Available

1. NBS (2021). Internally Generated Revenue at State Level (H1 2021). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241089>
2. CBN (2021a). Guidelines for Implementation of the 100 for 100 Policy on Production and Productivity (PPP). Available at <https://www.cbn.gov.ng/Out/2021/CCD/1004100.pdf>
3. CBN (2021b). Central Bank of Nigeria Communiqué No. 138 Of The 281st Monetary Policy Committee Meeting. Retrieved from <https://www.cbn.gov.ng/Out/2021/CCD/Communique%20No%20138%20of%20the%20Monetary%20Policy%20Committee.pdf>
4. CBN (2021c). Revised Anchor Borrowers' Programme Guidelines. Retrieved from [https://www.cbn.gov.ng/Out/2021/CCD/ABP%20Guidelines%20October%2013%202021%20-%20Final%20\(002\).pdf](https://www.cbn.gov.ng/Out/2021/CCD/ABP%20Guidelines%20October%2013%202021%20-%20Final%20(002).pdf)