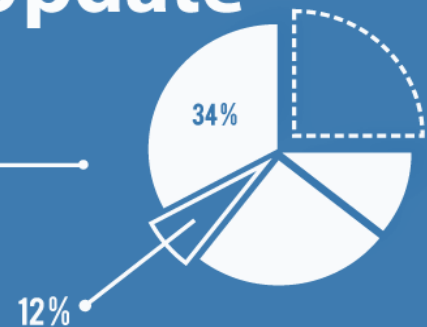


Nigeria Economic Update



Weekly
Digest

CBN Publishes Beneficiaries in the First Cycle of PPP

The Central Bank of Nigeria (CBN) has released the list of 28 companies that benefitted from the first cycle of its 100 for 100 Policy on Production and Productivity (PPP).¹ The CBN's publication indicated that a total of N23.2 billion was disbursed to the 28 selected companies. The companies were from three sectors: 14 firms in the manufacturing sector, 12 in the agricultural sector and 2 in the health sectors. This indicates that only 3 out of the 8 targeted industries benefited from the first batch of the initiative. The PPP is a development financing policy introduced in November 2021 as a means of furthering the bank's core mandates of delivering price and financial system stability and promoting sustainable development in the country. The ultimate goal of the policy is to reverse the nation's reliance on imports by creating an ecosystem that targets and supports the right companies and projects. Publication of the benefitting firms shows the bank's commitment to making the process transparent, which needs to be sustained. There is a need for the bank to organise targeted workshops at the sectors not featured in the first batch to ensure that all targeted sectors are represented in the subsequent batch of winners. Also, the bank needs to develop a framework that would ensure that beneficiaries make effective use of the fund.

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Total Public Debt Hits N 38 trillion in Q3 2021

Data from the Debt Management Office (DMO) show that Nigeria's total public debt was N38 trillion in the third quarter of 2021, and domestic debt constitutes about 59 percent of total debt.² The debt stock increased by 9.52 percent year-on-year, whereas on a quarter-on-quarter basis, the debt stock rose by 6.99 percent. The rise in debt suggests that government revenue is lesser than government spending, thereby pushing the government to borrow and accumulate debt. The continuous rise in the country's debt profile if unchecked, might lead to unsustainable debt and debt distress. Consequently, debt service management strategies such as debt for development swaps – that is the provision of debt relief in exchange for investments in key development sectors – should be considered by the government to reduce overall debt and at the same time provide additional resources to the government. Also, there is a need for the government to strengthen digital tax infrastructure that would make tax payment easier, thereby expanding the tax base through voluntary tax payment, and increasing tax revenue.

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CBN Reviews its Global Standing Instruction

The CBN, in a recent circular to all banks and other financial institutions communicated an amendment to the Global Standing Instruction (GSI).³ The initial GSI which was introduced in July 2020 was a strategy to enable deposit money banks to recover outstanding debts from their customers who borrow money from it and default. The GSI was designed with the following specific objectives: (i) facilitate an improved credit repayment culture; (ii) reduce Non-Performing Loans in the Nigerian banking system; and (iii) watch-list consistent loan defaulters. In the amended GSI, the frequency of recovery attempts through the GSI platform was changed from “a specific number” to “continuous and unrestricted”. As a result of the amendment, the GSI loan recovery feature applicable to all loans in the banking industry shall remain perpetually in place throughout the life of the loan and/or until the loan is fully paid. The CBN needs to mandate all operating deposit money banks to educate their customers on the implications of the amendment before awarding new loans. The effective enforcement of the amended GSI is expected to enhance loan recovery rate among the deposit money banks and strengthen the health of the Nigerian banking industry.

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ECONOMIC SNAPSHOT		+	
Quarterly Indicators	'21Q2	'21Q3	
GDP Growth Rate (%)	5.01	4.03	
Oil GDP (%)	-12.65	-10.73	
Non-oil GDP (%)	6.74	5.44	
Unemployment Rate (%)	NA	NA	
Foreign Direct Investment (US \$ Million)	77.97	107.81	
Portfolio Investment (US \$Millions)	551.37	1,217.21	
Other Investment (US \$Million)	246.27	406.35	
External Debt (FGN & States- N'Trillion)	13.71	15.57	
Domestic Debt (FGN + States & FCT N'Trillion)	21.75	22.43	
Manufacturing Capacity utilization (%)	NA	NA	
Monthly Indicators	Nov '20	Dec '21	
Headline Inflation (%)	14.89	15.63	
Food Sub-Index (%)	18.30	17.37	
Core Sub-Index (%)	11.05	13.87	
External Reserves (End Period) (US\$ Billion)	35.41	40.52	
Official Rate Approx. (N/US\$)	379.5	412.99	
BDC Rate Approx. (N/US\$)	NA	NA	
Manufacturing PMI	50.2	NA	
Non-Manufacturing PMI	47.6	NA	
Average Crude Oil Price (US\$/Barrel)	36.37	76.25	
Petrol (PMS-N/litre)	167.27	165.77	
Diesel (AGO -N/Litre)	223.74	289.37	
Kerosene (HHK -N/Litre)	353.38	467.97	
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	NA	3594.81	
MPR (%)	11.5	11.5	
CRR (%)	27.5	NA	
T-Bill Rate (%)	0.86	2.49	
Savings Deposit Rate (%)	1.84	1.25	
Prime Lending (%)	11.60	11.68	
Maximum Lending (%)	28.85	27.58	
Narrow Money (N'Million)	14819010.85	18,161,339.38	
Broad Money (N'Million)	36958454.16	43,946,387.71	
Net Domestic Credit (N'Million)	40194156.06	49,459,366.10	
Credit to the Government (Net) (N'Million)	10782279.08	13,732,432.70	
Credit to the Private Sector (N'Million)	29411876.98	35,726,933.39	
Currency in Circulation (N'Million)	2659710.45	3,325,158.00	
FAAC (N'Billion)	601.11	NA	

*Revised GDP figures/tentative figures
NA: Not Available

1. CBN (2022). 100 for 100 Approved List. Retrieved from <https://www.cbn.gov.ng/Out/2022/CCD/100%20for%20100%20Approved%20list.pdf>
2. DMO (2021). Nigeria's Total Public Debt as at September 30, 2021. Retrieved from <https://dmo.gov.ng/debt-profile/total-public-debt/3758-nigeria-s-total-public-debt-as-at-september-30-2021/file>
3. CBN (2022). Re: Global Standing Instruction (GSI) – Individuals. Available at [https://www.cbn.gov.ng/Out/2022/FPRD/Circular%20on%20Global%20Standing%20Instruction%20\(GSI\)%20for%20Individuals.pdf](https://www.cbn.gov.ng/Out/2022/FPRD/Circular%20on%20Global%20Standing%20Instruction%20(GSI)%20for%20Individuals.pdf)

