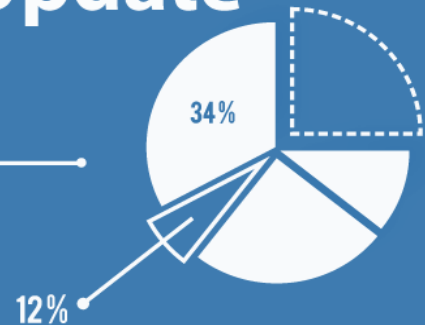# Nigeria Economic Update

34%

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Weekly

Digest

Power Sector Records Marginal Increase in Electricity Generation

The National Bureau of Statistics (NBS) Power Sector Data report shows that Nigeria generated 36,397.92 Gwh of electricity in 2021, a 2 percent increase of over 35,720.27 Gwh generated in 2020[1]. Despite the increase, the data suggests that about 4200MW of power was generated in 2021, which is grossly inadequate for a population above 200 million people. For instance, developing economies require about 1000MW per million people to meet their electricity demand, which translates to over 200,000MW for Nigeria. The situation is further worsened by the losses encountered during the transmission and distribution stages. Power generation has been a significant impediment to economic prosperity in Nigeria, as demand exceeds supply, which negatively affects both businesses (by increasing the cost of production through alternative sources of electricity) and general living conditions. Since electricity is crucial for activities in any economy, improving power generation in Nigeria remains an urgent imperative. The Power Purchase Agreement (PPA) is an important strategy to consider. It is expedient to aggressively explore renewable energy sources to boost generation and eventually increase power supply across the country.

Road Traffic Crashes Rise in Q4 2021

According to data from the National Bureau of Statistics (NBS), Nigeria recorded 3,407 road traffic crashes involving 5,323 vehicles in the fourth quarter of 2021[2]. This indicates an increase of 8.71 percent from 3,134 road traffic crashes in the third quarter of 2021 and an increase of 2.8 percent from 3,313 recorded in the fourth quarter of 2020. Incidents of road traffic crashes are mostly direct consequences of poor traffic conduct, including reckless driving, over-speeding, drunk driving, use of poorly serviced vehicles, and deplorable road conditions. The high death rate and worsening life expectancy are associated with the high incidence of road traffic crashes. The pursuit of sustainable development means that responsible traffic deportment is seriously encouraged on the side of road users, including pedestrians and vehicle drivers, to halt rising road accidents across the country. Furthermore, the government needs to intensify efforts to improve road infrastructure to avert crashes caused by poor road networks.

CBN Introduces Repatriation Rebate Scheme for Non-Oil Export Proceeds

The Central Bank of Nigeria (CBN) introduced the RT200 Non-Oil Proceeds Repatriation Rebate Scheme to reduce exposure to volatile sources of foreign exchange and increase inflows of stable foreign exchange earnings[3]. As a result, the scheme is designed to raise $200 billion in foreign exchange (FX) earnings from non-oil proceeds over the next five years. Consequently, the Bank would incentivize exporters in the non-oil sector to encourage the repatriation and sale of export proceeds at the import and export (I & E) window of the foreign exchange market. Through the scheme, the CBN intended to diversify the sources of foreign exchange by enhancing and ensuring the stability and sustainability of foreign exchange inflows. Under the scheme, quarterly, the CBN shall pay N65 for every US$1 repatriated and sold at the I & E window for third party use, and N35 for every US$1 repatriated and sold at the I & E window for own use. The scheme resembles the N5 for every $1 received as remittance inflow introduced by the CBN in 2021. While the RT200 scheme is likely to increase and stabilize foreign exchange earnings, the existence of multiple exchange rates might hinder the scheme's effectiveness. Hence, the Bank should prioritize unification of the exchange rate to address the shortage of foreign exchange caused by arbitrage in the foreign exchange market.

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	27.5
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	843.81

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

1. NBS (2022). Power Sector Data 2021: Energy Generated and Sent Out. Retrieved from https://nigerianstat.gov.ng/elibrary/read/1241144

2. NBS (2022). Road Transport Data (Q3 & Q4 2021). Retrieved from https://nigerianstat.gov.ng/elibrary/read/1241145

3. CBN (2022). Operating guidelines for RT200 non-oil export proceeds repatriation rebase scheme. Retrieved from https://www.cbn.gov.ng/Out/2022/CCD/Guideline%20on%20RT200%20Non-Export%20Proceeds%20Repatriation%20Rebate%20Scheme.Final.pdf