



Government Revenue

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

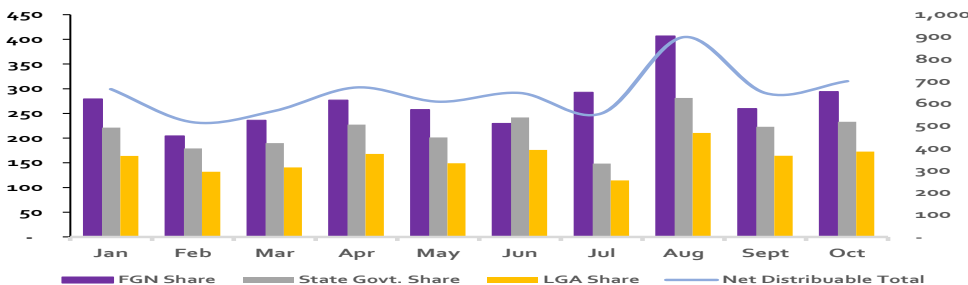
FAAC disburses N760bn to all government tiers in September 2022

Based on a Business Day news report, the federal government, states, and local government councils received N760.235bn in September 2022 from the Federation Account Allocation Committee (FAAC). According to the report, of the total distributable revenue of N760.235bn the Federal Government received N294.244bn, the states received N233.223bn and the LGs received N172.776bn. N59.992bn was shared to the relevant states as 13% derivation revenue. The N760.235bn total distributable revenue comprised of the distributable statutory revenue of N502.135bn, distributable Value Added Tax (VAT) revenue of N189.928bn, Electronic Money Transfer Levy (EMTL) revenue of N8.172bn and augmentation of N60bn.

Gross statutory revenue received for the month of September was N825.7bn, which was 26% higher than the N654.360bn received in August. Based on available data, a net total FAAC distribution of N6.48trn has been shared among the three tiers of government from January to October 2022. The Federal Government received a total of N2.74 trillion while the States and Local Governments got N2.15 trillion and N1.59trn respectively. Most states depend on monthly allocations from the Federation Account to fund a significant part of their budgets and typically experience financial difficulties when FAAC allocations decline. However, there are a few exceptions such as Lagos, which have been able to significantly grow their internally generated revenues. prognosis

The October report was however silent on any remittance from NNPC Limited which by virtue of its commercialisation is expected to halt remittances to the federation account and pay dividends to the Federal Government- the current shareholders. Crude oil sales have been a key contributor to the federal account. Despite the recent stability in the price of crude oil, recurrent shut-ins at various crude oil pipeline installations, triggered by vandalism, lack of maintenance and massive crude oil theft, have led to a severe decline in crude oil production. Petrol subsidy claims have also ensured that no remittances have been made as at August 2022. We note that a switch from monthly FAAC disbursements from NNPC to an annual or semi-annual dividend cashflow may further stifle the fiscal space especially for state governments.

FAAC Allocation (N'Bn)



Source: CSL Research, NBS

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	30,530.69	42,716.44	43,839.08
Naira/US\$	414.49	435.00	443.00
Brent, US\$/bbl	84.38	77.78	92.81
MPR %	11.50	11.50	15.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index.

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Today's news headlines:

Nigerian banks further ramp up dollar rationing: The persistent dollar scarcity in Nigeria and declining foreign exchange reserves have prompted some Deposit Money Banks (DMBs) to review their travel allowance disbursement time frame. With the latest review, travellers who need dollars for Business Travel Allowance (BTA) and Personal Travel Allowance (PTA) would as from January 2023 be entitled to only two fulfilled requests in a year, as against four times. The country's forex market witnessed intensified dollar shortage on Monday, which resulted in further depreciation of the naira at the parallel market, also known as the black market. Market survey revealed that naira depreciated to N800 per dollar on Monday, the lowest ever at the parallel market as the shortage of the greenback intensified after the Central Bank of Nigeria (CBN) announced plans to redesign the banknotes.....Source: businessday.ng

<https://businessday.ng/business-economy/article/nigerian-banks-further-ramp-up-dollar-rationing/>

FG exceeds loan target by N1.12tn, borrows N5.3tn: The Federal Government exceeded its borrowing by N1.15tn for the period between January and August 2022, The PUNCH has learnt. A copy of the public presentation of the 2023 proposed budget by the Minister of Finance, Budget and National Planning, Mrs Zainab Ahmed, showed that the Federal Government planned to borrow N6.10tn in 2022. A breakdown shows that the Federal Government planned to get N3.53tn from domestic creditors and N2.57tn from foreign creditors. According to the document, the Federal Government estimated that it would borrow N4.07tn between January and August 2022..... Source: : punchng.com

<https://punchng.com/fg-exceeds-loan-target-by-n1-12tn-borrows-n5-3tn/>

Marketers protest N185/litre fuel, threaten strike: The Independent Petroleum Marketers Association of Nigeria, on Monday, threatened to withdraw its service over incessant increment on the price of the premium motor spirit in the Eastern part of the country. The marketers, in a statement, blamed private depots for the hike in price. According to them, they were buying from depots at N185 per liter, noting that after adding other expenses, the price would increase to N200 per litre. The marketers regretted that even at N200 per liter, their businesses could not thrive considering the high cost of diesel to power the station and the exploitation from private tank depot owners and NUPENG.... Source: [Thisdaylive.com](https://punchng.com)

<https://punchng.com/marketers-protest-n185-litre-fuel-threaten-strike/>

China Harbour Completes Construction of \$1.5bn Lekki Deep Sea Port: The China Harbour Engineering LFTZ Enterprise (CHELE), a subsidiary of China Harbour Engineering Company Limited (CHEC), that is the engineering, procurement and construction (EPC) contractor for the \$1.5 billion Lekki Deep Sea Port, has announced the completion of the construction of the port. The Lekki Port is one of the biggest deep-sea ports in West Africa expected to generate \$361 billion revenue for the Nigerian government while also providing close to 200,000 job opportunities for the nation's teeming unemployed youths. The Vice President of CHEC, Mr. Wu Di, who also doubles as a Director of Lekki port at the construction completion ceremony, disclosed that the construction of the port officially started on June 15, 2020, and was completed on Monday, October 24, 2022., Source: [Thisdaylive.com](https://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2022/11/01/china-harbour-completes-construction-of-1-5bn-lekki-deep-sea-port/>

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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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