

## Government Revenue

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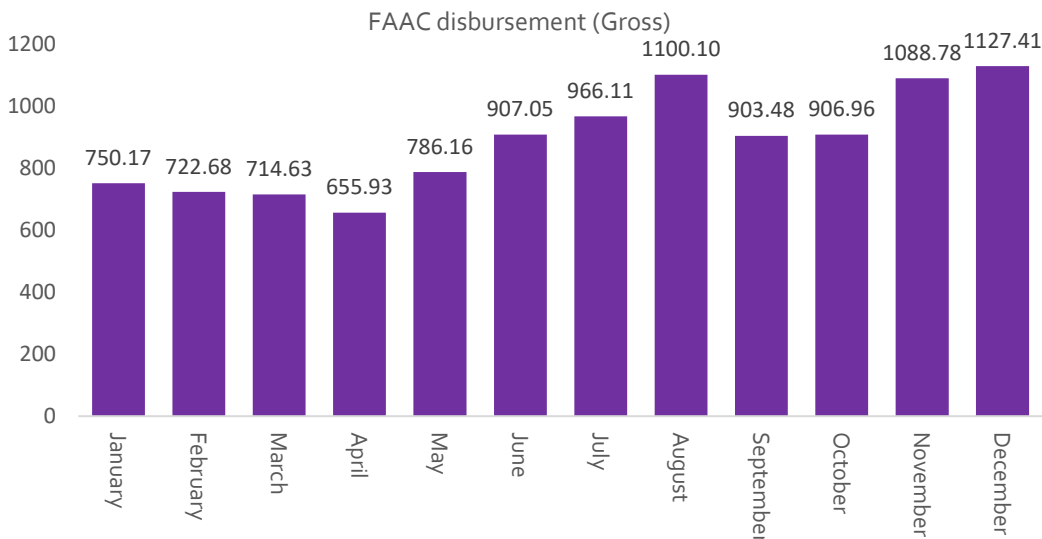
### FAAC disbursement reaches N1.13trn in December.

A communique issued by the Federal Account Allocation Committee (FAAC) in January 2024 indicated that a total sum of N1.13trn was shared by the Federal Government, States and Local Government Councils. The total sum, which is 3.5% higher than the previous month's distributable revenue of N1.09trn comprised; distributable statutory revenue of N363.19bn, distributable Value Added Tax (VAT) revenue of N458.62bn, Electronic Money Transfer Levy (EMTL) revenue of N17.86bn, exchange difference revenue of N287.74bn. FAAC allocations principally originate from crude oil sales proceeds to the federal account.

Despite the recent stability in the price of crude oil, massive crude oil theft and recurrent shut-ins at various crude oil pipeline installations, triggered by vandalism and lack of maintenance, have led to a severe decline in crude oil production. We anticipate an enhancement in oil production to reach 1.56 million barrels per day (mbpd) in 2024, from an average of 1.46mbpd in 2023, driven by the government's proactive initiatives to reactivate inactive oil terminals and revive dormant oil wells. According to the committee, Company Income Tax (CIT), excise duty, Petroleum Profit Tax (PPT), VAT and EMTL increased significantly in December while oil and gas royalties saw dipped significantly while noting that the balance in the excess crude account stands at US\$473,754m.

Many States rely solely on FAAC allocations to run their states with very minimal Internally Generated Revenue (IGR) or Foreign Direct Investments (FDIs). Based on FY 2022 data from the National Bureau of Statistics (NBS), states like Lagos, Rivers, and FCT had comparatively limited dependence on federally distributed revenue for their operations. In contrast, states like Kebbi, Taraba, Yobe and Bayelsa need to work harder to grow IGR considering the size of their operating expenses. News reports quoting the commissioner for Economic Planning and Budget, Ope George say the Lagos state government has reported an Internally Generated Revenue (IGR) of c.N400 billion as of June 2023. This compares with N651.14 billion reported for FY 2022.

### FAAC Disbursement – 2023(₦bn)



Source: OAGF, CSL Research

### MARKET UPDATE

Indicators	1 year	30-Dec-23	1 day
NSE - Index*	52,612.55	74,773.77	101,571.11
Naira / US\$	460.78	899.89	882.24
Brent, US\$/bbl	86.12	77.04	79.56
MPR %	17.50	18.75	18.75

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. \*NGX Exchange All-Share Index. FMDQ.

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## News headlines:

**CBN vows to reduce inflation to 21.4% in 2024:** The Governor of the Central Bank of Nigeria (CBN), Mr Olayemi Cardoso, on Wednesday, said that the apex bank was putting measures in place to shrink the inflation rate in the nation to 21.4 percent in 2024. Cardoso disclosed this during his speech at the the Launch of the Nigerian Economic Summit Group (NESG) 2024 Macroeconomic Outlook Report. The CBN governor said the organisation intended to achieve the goal by adopting an inflation-targeting framework, improving agricultural productivity, and easing global supply chain measures that would benefit businesses.

Source: Sun <https://sunnewsonline.com/cbn-vows-to-reduce-inflation-to-21-4-in-2024/>

**FG projects N19.4tn revenue in 2024:** The Federal Government has set a tax revenue target of N19.4tn for 2024. This is as the Federal Inland Revenue Service collected a record N12.37tn in tax revenue for the federation in 2023, surpassing the year's target of N10.7tn. According to the chairman, FIRS, Dr Zacch Adedeji, the new target is achievable because of an effective tax collection system and a viable economic environment for businesses to prosper. Giving a breakdown of the figures, one of the agency's coordinating directors, Mrs Amina Ado, disclosed that oil revenue accounted for N3.17tn of the total, representing 25.6 per cent, while non-oil revenue was 74.4 per cent at Ng.2tn. Source : Punch <https://punchng.com/fg-projects-n19-4tn-revenue-in-2024/>

**W'Bank projects 3.7% growth for Nigerian economy 2025:** The World Bank has predicted that Nigerian Gross Domestic Product will grow by 3.7 per cent in 2025. The World Bank in its latest report titled "Global Economic Prospect: Subdued Growth, Multiple Challenges", projected that the African largest economy will improve by 3.3 per cent up from a projected 2.9 per cent for 2023. The report stated, "Growth in Nigeria is projected at 3.3 per cent this year and 3.7 percent in 2025—up 0.3 and 0.6 percentage points, respectively, since June—as macro-fiscal reforms gradually bear fruit. "The baseline forecast implies that per capita income will reach its pre-pandemic level only in 2025. Source: Punch

<https://punchng.com/wbank-projects-3-7-growth-for-nigerian-economy-2025/>

**Nigeria, India Renewable Energy Cooperation To Strengthen Bilateral Ties:** Nigeria and India have signed a cooperation agreement on renewable energy to boost trade and investment, expand economic relations and strengthen bilateral ties. Indications to this development emerged on Monday when Nigeria's Minister of Foreign Affairs, Ambassador Yusuf Tuggar hosted the Minister of External Affairs of India, Ambassador Subrahmanyam Jaishankar during the Sixth Nigeria – India Joint Commission in Abuja on Monday. The Commission reviewed the decisions of the 5th Joint Commission as well as the entire scope of bilateral relations between the two countries as both Ministers emphasised the significance of the Sixth Session. Source: The Sun

<https://leadership.ng/nigeria-india-renewable-energy-cooperation-to-strengthen-bilateral-ties/>



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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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