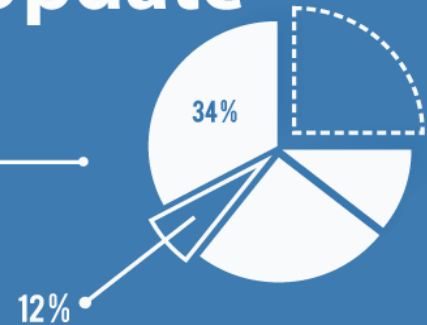


# Nigeria Economic Update



## **Significant Growth in VAT**

According to the National Bureau of Statistics, the volume of Value-Added Tax (VAT) has risen from ₦496.39 billion to ₦512.25 billion between Q1 and Q2 2021, reflecting a 3.2 percent growth. This is the highest ever quarterly VAT amount generated and reflects a year-on-year 56.56 percent growth. VAT collections have continued to peak, following the increase in VAT rate from 5 percent to 7.5 percent in January 2020 by the federal government. In Q2 2021, the manufacturing sector and professional services sector accounted for 8.76 percent and 5.72 percent of VAT collections with a sum of ₦44.89 billion and ₦29.3 billion respectively. Further disaggregation shows that ₦187.43 billion was generated as non-import local VAT and ₦207.69 billion was generated from non-import foreign VAT. Meanwhile, the balance of ₦117.13 billion was generated from the Nigerian Custom Service import VAT. In light of the economic recovery, there are potentials for increased mobilisation of financial resources through VAT. This will improve the government's fiscal space and provide funding for critical sectors of the economy such as infrastructure, health and education. It therefore becomes necessary that the government improve its tax administration structure and strengthen its anti-corruption policies to avoid tax evasion.

## **Emergence of a New Cyber-Security Framework**

CBN's cyber-security framework has come into effect in August 2021. Following the increase of cyber-security threats and attacks against Other Financial Institutions (OFIs), the CBN has released guidelines for OFIs on the minimum requirements for enhancing cyber-security. The aim of this is to strengthen cyber resilience and ensure a more secure cyber environment and maintain the public trust and confidence of OFIs. The cyber-security strategy and framework includes governance where the agenda and boundaries for cyber-security management are set. Going forward, the cyber-security risk management system will work towards addressing threats, mitigating exposure, and reducing vulnerability. Cyber-security resilience assessments will be conducted to assess the capability of the new framework in tackling cyber-security risks and the CBN will play a key role in ensuring that OFIs adhere to the guidelines.

## **Marginal Improvement on E-Government Development Index**

According to the biannual E-Government Development Index of the United Nations, Nigeria recorded an index of 0.4406 in 2020 which was a slight improvement relative to the 0.3807 value recorded in 2018.<sup>3</sup> This also corresponds to a rise in the world ranking from 143<sup>rd</sup> to 141<sup>st</sup> position. However, a ranking of 141 out of 193 countries calls for more effort to be made in terms of government delivery of online services, telecommunications and human capital development. While the utilisation of e-governance has not been solidified in Nigeria and in Africa at large, potentials exist in its adoption, as it could enhance information and service delivery and improve citizens participation in the decision making of the government. Nevertheless, improving mobile phone and internet penetration through enhanced access to connectivity and digital infrastructure remains essential for an improvement on the index.

<b>ECONOMIC SNAPSHOT</b>		
<b>Quarterly Indicators</b>	<b>'20Q4</b>	<b>'21Q1</b>
<b>GDP Growth Rate (%)</b>	0.11	0.51
<b>Oil GDP (%)</b>	-19.76	-2.21
<b>Non-oil GDP (%)</b>	1.69	0.79
<b>Unemployment Rate (%)</b>	33.3	NA
<b>Foreign Direct Investment (US \$ Million)</b>	251.27	NA
<b>Portfolio Investment (US \$Millions)</b>	35.15	NA
<b>Other Investment (US \$Million)</b>	783.26	NA
<b>External Debt (FGN &amp; States- N'Trillion)</b>	NA	NA
<b>Domestic Debt (FGN + States &amp; FCT N'Trillion)</b>	NA	NA
<b>Manufacturing Capacity utilization (%)</b>	NA	NA
<b>Monthly Indicators</b>	<b>Apr'20</b>	<b>May'21</b>
<b>Headline Inflation (%)</b>	18.12	17.93
<b>Food Sub-Index (%)</b>	22.72	22.28
<b>Core Sub-Index (%)</b>	12.74	13.15
<b>External Reserves (End Period) (US\$ Billion)</b>	34.88	34.23
<b>Official Rate Approx. (N/US\$)</b>	NA	NA
<b>BDC Rate Approx. (N/US\$)</b>	NA	NA
<b>Manufacturing PMI</b>	NA	NA
<b>Non-Manufacturing PMI</b>	NA	NA
<b>Average Crude Oil Price (US\$/Barrel)</b>	64.3	NA
<b>Petrol (PMS-N/litre)</b>	166.38	168.06
<b>Diesel (AGO -N/Litre)</b>	237.19	238.82
<b>Kerosene (HHK -N/Litre)</b>	362.68	363.50
<b>Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)</b>	2,069.21	2,071.69
<b>MPR (%)</b>	11.5	11.5
<b>CRR (%)</b>	27.5	27.5
<b>T-Bill Rate (%)</b>	2.0	2.5
<b>Savings Deposit (%)</b>	1.86	1.83
<b>Prime Lending (%)</b>	11.24	11.29
<b>Maximum Lending (%)</b>	28.64	28.39
<b>Narrow Money (N'Million)</b>	15,997,295.69	16,278,040.69
<b>Broad Money (N'Million)</b>	NA	NA
<b>Net Domestic Credit (N'Million)</b>	44,064,768.66	44,710,257.78
<b>Credit to the Government (Net) (N'Million)</b>	12,163,347.97	12,512,015.42
<b>Credit to the Private Sector (N'Million)</b>	31,901,420.68	32,198,242.36
<b>Currency in Circulation (N'Million)</b>	2,796,471.37	2,790,895.50
<b>FAAC (N'Billion)</b>	NA	NA

\*Revised GDP figures/tentative figure

NA: Not Available

1. NBS (2021). Sectoral Distribution Of Value Added Tax Movement: Q2, 2021. Retrieved from, <https://www.nigerianstat.gov.ng/download/1241053>
2. CBN (2021). Exposure Draft of the Risk-Based Cyber-Security Framework and Guidelines for Other Financial Institutions. Retrieved from, [https://www.cbn.gov.ng/Out/2021/OFISD/Exposure%20draft%20of%20the%20risk-based%20cyber-security%20framework\\_August%202021%20PDF.pdf](https://www.cbn.gov.ng/Out/2021/OFISD/Exposure%20draft%20of%20the%20risk-based%20cyber-security%20framework_August%202021%20PDF.pdf)
3. UN (2021). E-Government Development Index. Retrieved from, <https://publicadministration.un.org/egovkb/Data-Center>
4. UN (2021). E-Participation Index. Retrieved from, <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/125-Nigeria>