



Nigeria Economic Update



Weekly
Digest

The demand for railway services surge in 2021

According to the National Bureau of Statistics (NBS), the number of rail transportation (services) passengers in Nigeria grew by 166 percent from 1,020,368 in 2020 to 2,714,458 in 2021.¹ The data reflect an improvement in the usage of trains for the movement of people. Accordingly, there has been an increase in the total revenue generated by the sector. The railway generated total revenue of N5.7 billion in 2021 from passengers, suggesting an increase of 226 percent from N1.75 billion in 2020. The rise in demand for rail transport in 2021 indicates citizens' willingness to use the alternative mode of transportation apart from the road if available and safe. Therefore, the government should intensify its efforts toward revitalising the rail sector. The sector is, however, threatened by insecurity, which is likely to result in low patronisation this year. The recent attacks on moving trains along Abuja – Kaduna corridor suggests the need to strengthen security measures around the railway tracks as passengers prioritise safety when considering the modes of transportation. Otherwise, the demand for rail transportation would decrease, and the revenue generated by the rail stations would be adversely affected. Since the government financed the rail revitalisation project through borrowing, low revenue due to insecurity and low patronage might hinder the country's ability to repay its loan facility. As a result, the government needs to make substantial efforts to strengthen security for those using the rail facilities.

Over 11 million school-aged students in Nigeria are out-of-school

According to the latest report by the World Bank group, there are about 11.1 million out-of-school (OOS) children in Nigeria. Based on the estimate, Nigeria has the highest number of OOS children in the world.² The out-of-school children are concentrated in the northern part of the country where 1 in every 3 school-aged children are out-of-school. As a result, the region accounted for 90 percent of the out-of-school. The high OOS rate poses a challenge to the country's ability to achieve universal access to education and attain higher literacy levels by 2030. The high number out-of-school children are a result of both demand-side (including socio-cultural norms and poverty) and supply-side (including insecurity, and systemic bottlenecks) factors. Hence, the solution includes demand and supply initiatives. On the demand side, there is a need to promote and strengthen interventions targeted at reducing the adverse effect of socio-cultural norms on school attendance among children. On the supply side, the government needs to improve security within and around school premises, as well as build more schools, particularly in areas where existing primary schools are located far from where students reside.

Value-Added Tax stood at N496.5 billion in Q1 2022

Data from the National Bureau of Statistics (NBS) show that in the first quarter of 2022, Nigeria's value-added tax (VAT) collected by the Federal Inland Revenue Service (FIRS) stood at N588.6 billion, representing an 18.6 percent increase compared to the N496.5 billion collected in Q1 2021.³ Decomposing the aggregate VAT revenue by classification indicates that local non-import VAT accounted for about 58.5 percent of total VAT in the period under review. Nigeria Customs Service (NCS) – import VAT accounted for 21.5 percent of total VAT, and Foreign non-import VAT accounted for 20 percent. Further analysis of the local non-import VAT shows that the manufacturing, information and communications (ICTs), and mining and quarrying sectors had the highest contributions, accounting for 32.8 percent, 17.1 percent, and 11.9 percent, respectively. While the increased VAT collection is a welcome development, considering the revenue projection of the government and rising expenditure in the post-COVID economy, the government needs to optimise all available revenue sources, including VAT. Consequently, there is a need for the government to frequently evaluate the tax automation strategies to identify areas for improvement to reduce tax evasion and ensure greater compliance by the companies.

ECONOMIC SNAPSHOT		
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Quarterly Indicators	'21Q4	'22Q1
GDP Growth Rate (%)	3.98	3.11
Oil GDP (%)	-8.06	-26.04
Non-oil GDP (%)	4.73	6.08
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	358.23	154.97
Portfolio Investment (US \$Millions)	642.87	957.58
Other Investment (US \$Million)	1,186.53	460.59
External Debt (FGN & States- N'Trillion)	15.86	16.62
Domestic Debt (FGN + States & FCT N'Trillion)	23.70	24.99
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Mar '21	Apr '22
Headline Inflation (%)	18.17	16.82
Food Sub-Index (%)	22.95	18.37
Core Sub-Index (%)	12.67	14.18
External Reserves (End Period) (US\$ Billion)	34.82	39.57
Official Rate Approx. (N/US\$)	379.5	415.19
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.6	NA
Non-Manufacturing PMI	47.6	NA
Average Crude Oil Price (US\$/Barrel)	45.7	94.89
Petrol (PMS-N/litre)	172.68	172.61
Diesel (AGO -N/Litre)	235.41	654.46
Kerosene (HHK -N/Litre)	361.29	589.82
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	2057.71	3,800.47
MPR (%)	11.5	11.5
CRR (%)	27.5	27.5
T-Bill Rate (%)	2.00	1.74
Savings Deposit Rate (%)	1.86	1.28
Prime Lending (%)	11.13	11.83
Maximum Lending (%)	28.74	27.79
Narrow Money (N'Million)	15,976,622.22	19,850,944.01
Broad Money (N'Million)	38,288,212.81	46,541,102.40
Net Domestic Credit (N'Million)	43,503,924.95	53,694,401.23
Credit to the Government (Net) (N'Million)	12,066,876.87	16,563,306.82
Credit to the Private Sector (N'Million)	31,437,048.08	37,131,094.41
Currency in Circulation (N'Million)	2,808,734.33	3,308,553.20
FAAC (N'Billion)	601.11	656.6

*Revised GDP figures/tentative figures

NA: Not Available

1. NBS (2022). Rail Transport Data (Full Year 2021). Retrieved from [https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fnigerianstat.gov.ng%2Fsource%2FNigerian%2520Railway%2520Transport%2520Data%25202021.xlsx&wdOrigin=BROWSE LINK](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fnigerianstat.gov.ng%2Fsource%2FNigerian%2520Railway%2520Transport%2520Data%25202021.xlsx&wdOrigin=BROWSE_LINK)
2. World Bank (2022). The Continuing Urgency of Business Unusual. Retrieved from <https://documents1.worldbank.org/curated/en/099740006132214750/pdf/P17782005822360a00ao85of63928a34418.pdf>
3. NBS (2022). Sectoral Distribution of Value Added Tax (Q1 2022). Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241184>