

## NEXTZON INSIGHT & PREDICTIONS



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Today, Nigeria suffers from a huge data challenge with this deficit cutting across all sectors of the economy, thus acting as a lid on economic and social development.

While many are of the opinion that the tax database should take the back burner, I am of a contradictory opinion. In order for Nigeria to grasp the kind of scaled development it so badly needs and at a decent, competitive pace, workable revenue policies and processes which include database expansion, need to concurrently take place alongside other developmental activities. A scant and disordered tax payers' database - as is currently prevalent in Nigeria today, is a major deficiency in our revenue generating system and a fundamental setback to the development of Africa's largest economy. This deficiency does not only guarantee tax evasion, tax avoidance, tax diversion and other punishable offenses, but also denies abiding citizens the benefits that accrue from compliance, limits the capability of Government to deliver on set goals and invariably discounts the excluded majority from harnessing value from the society.

It is therefore clear, that for an economy to thrive, the people must be involved in the process, there must be strategic thinking, deliberate policymaking and implementation. Global economic realities now require that governments play strictly, the role of policy development and implementation in order to create an enabling environment for private sector driven development. However, in developing nations, there is a need for a hand in glove relationship between the private and public sector, in a bid to traverse the muddy waters of building result-driven processes, based on sound policymaking and implementation.

Nigeria's federal government over the past few years, has increased its tax payer database through a consolidation drive. This ongoing process has seen Nigeria's tax payers' database rise sharply from close to 20 million to about 35 million, yet this number represents barely half of the country's labour force and a menial fraction of the entire population.

## SUMMARY OF ECONOMIC PERFORMANCE

<b>GDP Growth</b>	<b>1.80%</b>	<b>Q2</b>
<b>Exchange Rate (Interbank)</b>	306.90	↑
<b>Exchange Rate (Parallel)*</b>	360.00	↑
<b>Exchange Rate (Pilgrimage)</b>		▬
<b>Oil Price/barrel</b>	\$63.98	↓
<b>External Reserves</b>	\$44.14	↓
<b>Inflation Rate</b>	11.37%	↓
<b>MPR</b>	14.00%	▬
<b>Avg. Crude oil Prod vol (daily)</b>	2.5mbpd	▬

Leveraging on the success story of Lagos State, the Federal Government as well as other tax-challenged jurisdictions/States can adopt the following nine (9) steps to expand their tax base, close loopholes, unclog bottlenecks and increase revenue generation:

1. Development of programs that will promote honest and voluntary enlisting into the database; In 2017, the then Minister of Finance, Federal Republic of Nigeria – *Kemi Adeosun*, posited that only 500,000 wealthy and self-employed people were in the tax net. This is poor when juxtaposed with the 37 million MSMEs within the country (per the 2013 Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Nigeria Bureau of Statistics (NBS) Collaborative Survey).
2. Synchronization of existing database into a central system that would filter and capture persons relevant to tax authorities;
3. Formulation of policies that will promote honest and voluntary declaration of income to appropriate authorities; *Akin to the Voluntary Income Declaration Scheme (VAIDS) existing today in Nigeria at the Federal Level*
4. Unbiased enforcement of revenue law(s), across the formal and informal sector;
5. Formulation of policies and implementation of strategies that will promote Ease of Doing Business (EoDB) indicators, with special focus on service-oriented indicators;
6. Strategic and deliberate adoption of technology in all aspects of governance;
7. Formulation of policies and establishment of revenue courts (conventional and mobile) to handle revenue matters;
8. Advocacy on the need to be enlisted in the database and the benefits accruing from it (directly and indirectly);
9. Deliberate effort by government to deliver on mandates via efficient governance.

Conclusively, there is an exigent need for governments, while wholeheartedly embracing technology and working hand in glove with stakeholder groups, to review and develop policies, implement strategies that will promote business activity across economic segments. An enabling environment for new investments that will manually boost job creation and drive IGR must also be promised.

## SECTOR WATCHLIST

### FINANCIAL SECTOR



- ❖ Jumia Technologies, a pan-African technology company, has listed on the New York Stock Exchange (NYSE), becoming the first-ever technology company from Africa to list on the world's largest stock exchange. The largest e-commerce operator in Africa started its first day of trading with an opening price of \$14.50 but the stock traded at the close of the day at \$25.46 per share.
- ❖ The World Bank has cut its growth forecast for Sub-Saharan Africa for the year to 2.8 per cent from an initial 3.3 per cent. In its latest report on the regional economy, the bank also cut its 2018 growth estimate to 2.3 per cent from October's prediction of 2.7 per cent growth.
- ❖ The Federal Government has signed a \$523,823 (N186 million) technical assistant agreement grant with the Islamic Development Bank (ISDB) Group, in Marrakesh, Morocco.
- ❖ Sterling Bank Plc recently announced gross earnings of N152.2 billion for the financial year ended December 31, 2018. The gross earnings were higher by 14.09 per cent when compared with N133.4 billion declared for the corresponding period of 2017.
- ❖ Access Bank Plc has officially announced the launching of its operation as a new entity by unveiling its new logo after its merger with Diamond Bank. Following the legal completion of the merger on March 19, the newly launched Access Bank is now one entity, with 28,000 staff across 600 branches and 29 million customers worldwide.
- ❖ FCMB Group Plc has released its financial results for the year ended December 31, 2018, reporting a gross revenue of N177.4 billion, an increase of 4.3 per cent compared to the N169.9 billion for the same period in 2017.
- ❖ The National Pension Commission (PenCom), says the country's total pension assets stand at N8.906 trillion as at February ending as against N9 trillion reported in the media.
- ❖ The Nigerian Electricity Regulatory Commission (NERC) has said over five million Nigerian electricity consumers are unmetered.

### S.M.E



- ❖ The Board of Directors of the African Development Bank has approved a \$15 million equity investment in Verod Capital Growth Fund III, a private equity fund that will make investments in high growth middle market companies in Anglophone West Africa including Nigeria, Ghana, Liberia, Sierra Leone and the Gambia.
- ❖ First City Monument Bank (FCMB) has introduced another value-added initiative called SheVentures, for women-owned small and medium scale enterprises (SMEs). The initiative is expected to provide enhanced support to existing and upcoming women-owned SMEs through access to finance, training and mentoring to boost their business in a sustainable manner.
- ❖ A national micro-finance bank is to be established to promote access to credit finance for small, medium enterprises (SMEs) and other unbanked groups in the country, the Central Bank of Nigeria (CBN) announced. The CBN governor, Godwin Emefiele, who announced this in Abuja, said the bank will be established in collaboration with the Bankers Committee, the Nigeria Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL) and the Nigerian Postal Service (NIPOST).
- ❖ The African Development Bank (AfDB) has approved a \$50 million line of credit to Nigeria's Fidelity Bank Plc to support small and medium sized. The money is also meant to support women-owned enterprises in selected transformative sectors, including close to a hundred SMEs in manufacturing, health and education.
- ❖ The Institute of Chartered Accountants of Nigeria (ICAN) will review its training curriculum to include entrepreneurship and Small and Medium Enterprises (SME) development toward enhancing the growth of the nation's SME sub-sector.

# INFOSOURCE NEWSLETTER

## AVIATION



- ❖ Nigerian airlines who intend to buy the controversial Boeing 737 MAX 800 have been advised by the public to suspend the idea as the safety confidence on the aircraft type has been badly eroded following the two successive fatal crashes involving B737 Max 800.
- ❖ West and Central Africa's biggest airline, Air Peace set a continental record with a firm order for 10 brand new Embraer 195-E2 aircraft. The deal which was unveiled during Embraer Business Meeting with the Aviation World in Port Louis, Mauritius, makes Air Peace the first to order the brand of jets in the whole of Africa, thereby becoming the official launch customer of the brand of aircraft in Africa.
- ❖ NIGERIA Accident Investigation Bureau, AIB, recently disclosed that it will be reviewing its regulations soon to meet current challenges of investigating air accidents and incidences.

## EDUCATION



- ❖ Edo State Government said it has recorded 20,000 increment in the enrolment of pupils into public primary schools since it introduced the Edo Basic Education Sector Transformation known as Edo BEST in April last year.
- ❖ The Federal Government (FG) has estimated that the country now has an estimate of 10,193,918 out of school children.

## FINANACIAL TECHNOLOGY



- ❖ Data subscriptions in Nigeria lifted MTN's revenue by 15 per cent in 2018. The firm grew its active data users from 4.5 million customers to 18.7 million within the last few years. A document made available by the firm revealed that the South African firm, which raked in about N1.06trillion from Nigeria last year, recorded N150.7 billion from data services.
- ❖ The Central Bank of Nigeria (CBN) has tasked stakeholders in the finance industry to scale up their capacity to innovate by developing products that would meet customers' needs and enhance their capacity in handling transactions

## HEALTH



- ❖ THE Minister of Health, Professor Isaac Adewole, has stated that the nation has achieved huge success in the fight against HIV/AIDS and commended the APIN Public Health Initiatives in the role the organization has played in achieving the said success.
- ❖ Bauchi State Government and the USAID propelled Global Health Supply Chain Procurement and Supply Management GHSC-PSM have expressed commitment to achieving uninterrupted supply of drugs in all health facilities across the state.

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