

NIGERIA

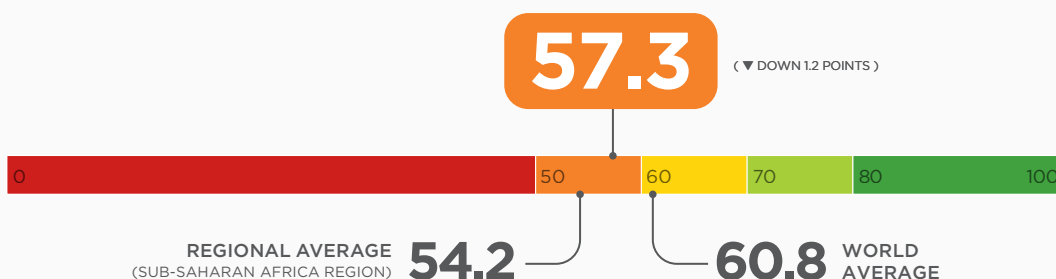
Nigeria's economic freedom score is 57.3, making its economy the 111th freest in the 2019 *Index*. Its overall score has decreased by 1.2 points, with a steep drop in **fiscal health** and lower scores on **judicial effectiveness** and **trade freedom** outweighing improvements in **government integrity**, **business freedom**, and **labor freedom**. Nigeria is ranked 14th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Although Nigerian governments often pledge to enlarge the private sector through free-market reforms, even sometimes proposing liberalization of the oil sector, the implementation of such policies has been very slow. State management of scarce resources has empowered political elites who fear that reforms will push up consumer prices, stoke political instability, and antagonize the middle classes, who rely on government-subsidized goods, and private-sector companies that depend on state handouts and protectionist policies.

WORLD RANK: **111** REGIONAL RANK: **14**

ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

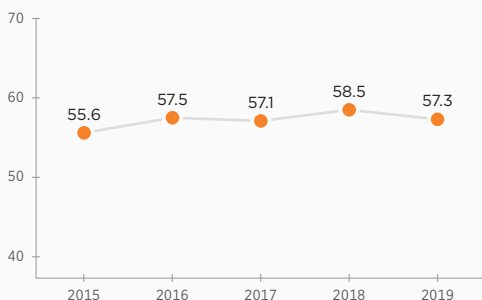


RELATIVE STRENGTHS:
Government Spending and Tax Burden

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+10.0

CONCERNS:
Government Integrity and Judicial Effectiveness

FREEDOM TREND



QUICK FACTS

POPULATION:
188.7 million

GDP (PPP):
\$1.1 trillion
0.8% growth in 2017
5-year compound annual growth 2.7%
\$5,929 per capita

UNEMPLOYMENT:
7.0%

INFLATION (CPI):
16.5%

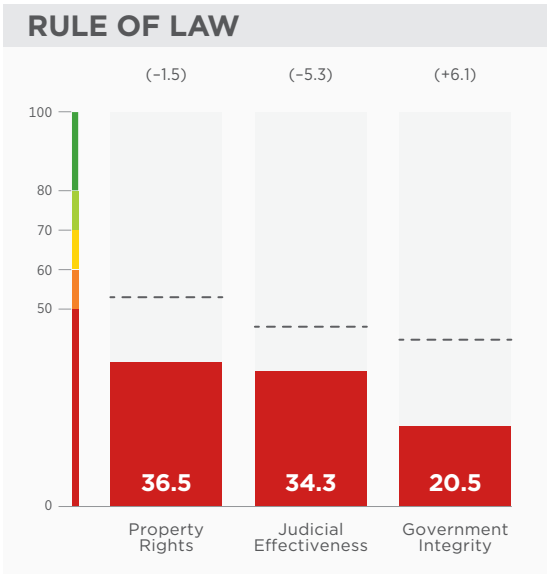
FDI INFLOW:
\$3.5 billion

PUBLIC DEBT:
23.4% of GDP

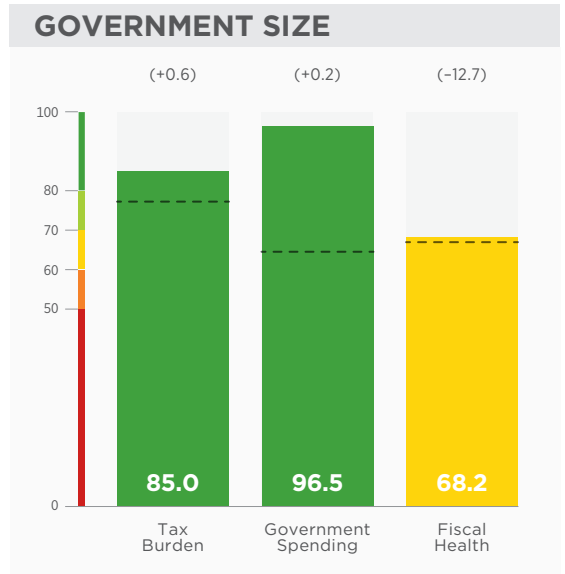
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: A former British colony, Nigeria is Africa's most populous country. A new constitution established civilian government in 1999. In 2015, power transferred peacefully when former military ruler Muhammadu Buhari defeated incumbent President Goodluck Jonathan. The next elections are scheduled for February 2019. Although a multinational coalition has expelled the Islamist terrorist organization Boko Haram from many of its strongholds in northeast Nigeria, frequent attacks continue. There also have been lethal outbreaks of violence between herders and farmers in the Middle Belt region. Low global oil prices have battered the petroleum-based economy. Agriculture, telecommunications, and services are contributing to modest economic growth, but more than 60 percent of Nigeria's 170 million people still live in extreme poverty.

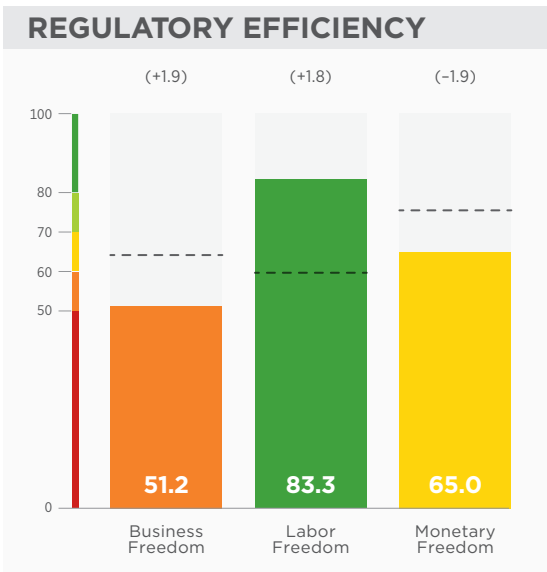
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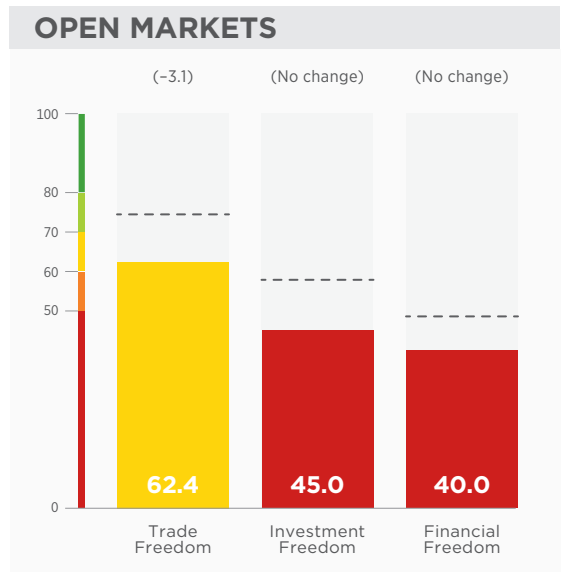
Although protection of property rights is weak, the World Bank's 2018 *Doing Business* survey reported that transparency increased for property transfers. The judiciary has some independence but is hobbled by political interference, corruption, and a lack of resources. Corruption is rarely investigated or prosecuted, and impunity remains widespread at all levels of government. The president and other high-ranking officials are immune from prosecution.



The top individual income tax rate is 24 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 5.2 percent of total domestic income. Over the past three years, government spending has amounted to 10.8 percent of the country's output (GDP), and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 23.4 percent of GDP.



Despite recent reforms, the structural changes that are needed to develop a more vibrant private sector have not emerged, and the oil sector still dominates overall economic activity. In the absence of dynamic nonenergy growth, a more vibrant labor market also has not emerged. The government subsidizes electricity and has struggled with chronic fuel shortages caused by inconsistently applied gasoline subsidies.



The combined value of exports and imports is equal to 20.7 percent of GDP. The average applied tariff rate is 11.3 percent. As of June 30, 2018, according to the WTO, Nigeria had one nontariff measure in force. Lingering barriers to trade and investment in the form of bureaucratic delays persist. About 44 percent of adult Nigerians have access to an account with a formal banking institution. Nonperforming loans remain a problem.