

NIGERIA

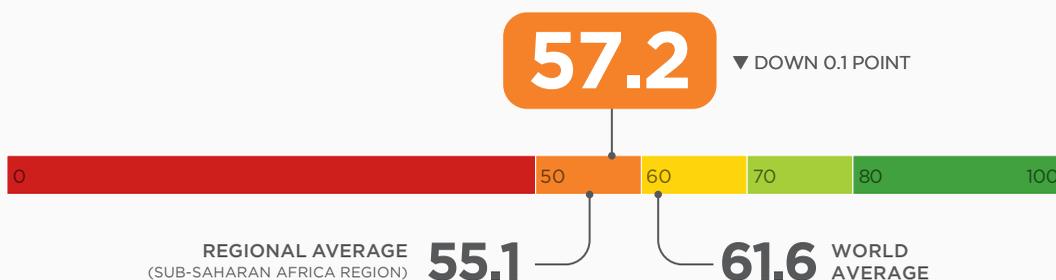
Nigeria's economic freedom score is 57.2, making its economy the 116th freest in the 2020 *Index*. Its overall score has decreased by 0.1 point, reflecting a decline in the **fiscal health** score. Nigeria is ranked 14th among 47 countries in the Sub-Saharan Africa region, and its overall score is slightly above the regional average and well below the world average.

The Nigerian economy has been mostly unfree since 2007, when it emerged from the repressed category. GDP growth over the past five years has been unimpressive for such a resource-rich developing country.

Economic freedom and economic development have been battered by Nigeria's chronic and severe political instability, intervention in the economy by the central bank and government, and pervasive corruption. The government maintains an overvalued official rate for Nigeria's currency so that gasoline subsidies can be maintained. Additionally, the economy is held back by power shortages, insecurity, high inflation, and tight credit conditions.

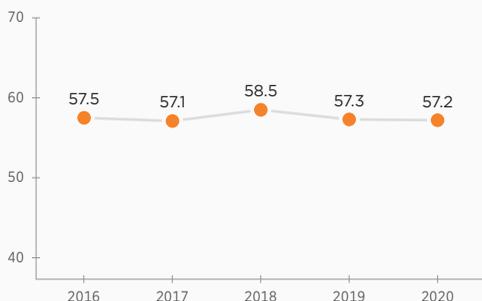


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
193.9 million

GDP (PPP):
\$1.2 trillion
1.9% growth in 2018
5-year compound annual growth 2.0%
\$6,027 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
12.1%

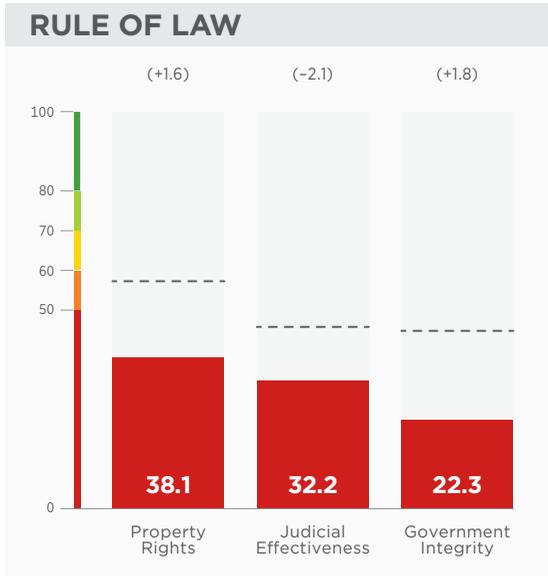
FDI INFLOW:
\$2.0 billion

PUBLIC DEBT:
28.4% of GDP

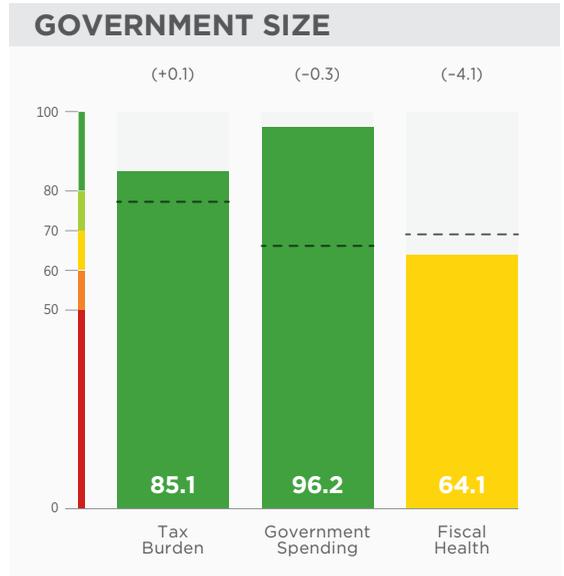
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: A former British colony, Nigeria is Africa's most populous country. A new constitution established civilian government in 1999. President Muhammadu Buhari won reelection in 2019 despite long absences from the country and rumors of ill health. Although a multinational coalition has expelled the Islamist terrorist organization Boko Haram from many of its strongholds in northeast Nigeria, frequent attacks continue, including attacks by the increasingly powerful Islamic State West Africa Province. 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 people still live in extreme poverty.

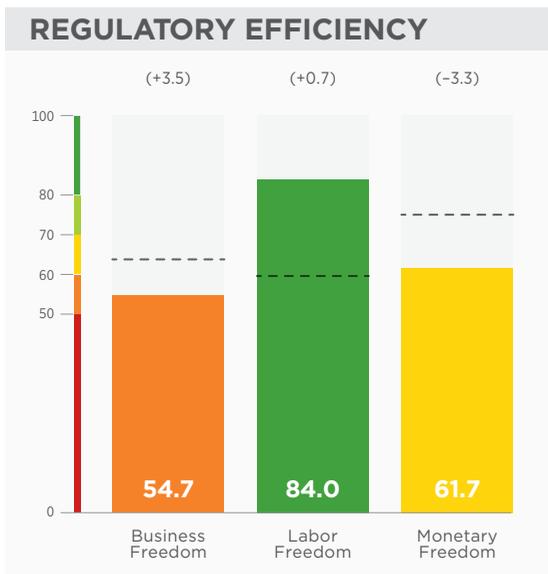
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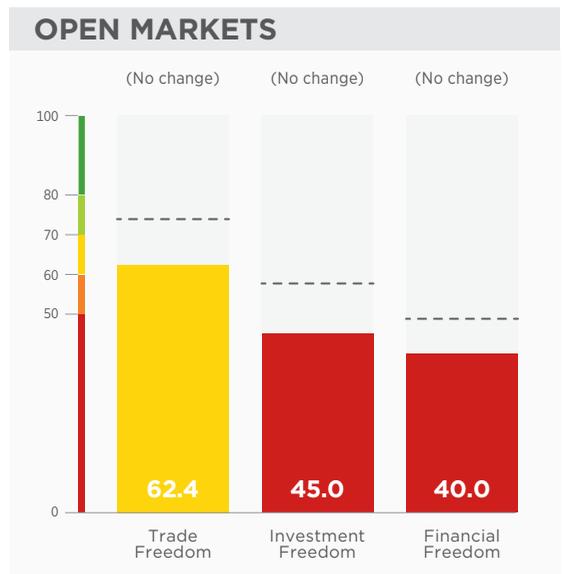
Protection of property rights is weak. Bribery is a common practice when starting a business and registering property. The judiciary is hobbled by political interference, understaffing, underfunding, inefficiency, and corruption. Pervasive corruption is rarely investigated or prosecuted, and impunity remains widespread at all levels of government. Nigeria is a major drug transshipment point and a significant center for financial crime and cybercrimes.



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 3.6 percent of total domestic income. Government spending has amounted to 11.2 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 28.4 percent of GDP.



Incremental improvements in starting a business, getting electricity, and enforcing contracts outweigh the added opacity that has been added to the property registration system. More than 60 percent of Nigeria's people live in extreme poverty. A vibrant labor market has yet to develop. The cost of funding government electricity and fuel subsidies soared in 2019 as the country grappled with fiscal deficits and rising debt levels.



The total value of exports and imports of goods and services equals 26.3 percent of GDP. The average applied tariff rate is 11.3 percent, and onerous nontariff barriers further deter growth in trade. Most sectors are open to private investment, and regulations formally treat foreign and domestic investment equally, but the investment regime lacks efficiency and transparency. The state continues to influence the allocation of credit.