Nigeria’s economic freedom score is 58.7, making its economy the 105th freest in the 2021 Index. Its overall score has increased by 1.5 points, primarily because of an improvement in judicial effectiveness. Nigeria is ranked 13th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Nigeria’s economy remains mostly unfree this year. In addition to chronic and severe political instability and a range of security threats, greater economic freedom is blocked by ongoing policy failures that undermine the rule of law. Protectionism resulting from the government’s decision to close all of Nigeria’s land borders to goods traffic in late 2019 to prevent smuggling will be difficult to roll back.

**IMPACT OF COVID-19:** As of December 1, 2020, 1,176 deaths had been attributed to the pandemic in Nigeria, and the economy was forecast to contract by 4.3 percent for the year.

**ECONOMIC FREEDOM SCORE**

- **Overall Score:** 58.7 (Up 1.5 points)
- **Regional Average:** 55.7
- **World Average:** 61.6

**HISTORICAL INDEX SCORE CHANGE (SINCE 1995):** +11.4

**RECENT FREEDOM TREND**

**QUICK FACTS**

- **Population:** 201.0 million
- **GDP (PPP):** $1.2 trillion
  - 2.2% growth in 2019
  - 5-year compound annual growth 1.2%
  - $5,348 per capita
- **Unemployment:** 8.1%
- **Inflation (CPI):** 11.4%
- **FDI Inflow:** $3.3 billion
- **Public Debt:** 29.4% of GDP

**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 his long absences from the country and rumored 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 170 million people still live in extreme poverty.
Protection of property rights is weak because of poorly regulated, complex, and corrupt state-level property registration and titling systems. Disputes over land ownership in rural areas are common. The constitutionally independent judiciary is vulnerable to political interference and corruption. Courts lack adequate funding, equipment, and training. Corruption in public and private institutions is pervasive, especially in customs and the oil and security sectors.

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 5.7 percent of total domestic income. Government spending has amounted to 12.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.9 percent of GDP. Public debt is equivalent to 29.4 percent of GDP.

The time needed to register a company has been reduced, and online platforms for starting a business have been improved. In Lagos, the Infrastructure Development Charge for warehouses has been abolished. Wages and labor productivity are low. Lower global oil prices and revenues have forced the government to reduce consumer subsidies and raise gasoline and electricity prices.

Nigeria has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.3 percent, and one formal nontariff measure is in effect. However, barriers to trade and investment persist in the form of bureaucratic delays. The financial sector, dominated by banking, is growing across the country, albeit unevenly. About 44 percent of adult Nigerians have an account with a formal banking institution. Nonperforming loans remain a problem.