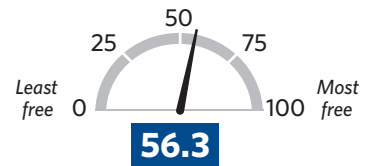


NIGERIA

Economic Freedom Score



World Rank: **116**

Regional Rank: **19**

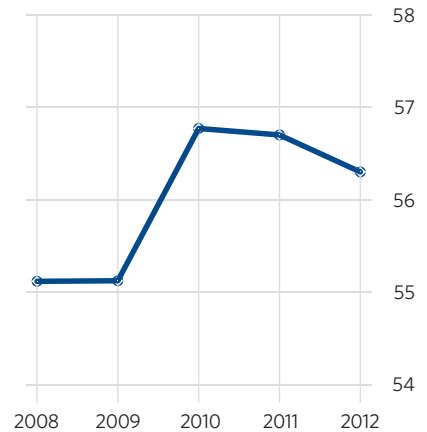
Nigeria's economic freedom score is 56.3, making its economy the 116th freest in the 2012 *Index*. Its score is 0.4 point lower than last year, reflecting declines in six of the 10 economic freedoms, including labor freedom, monetary freedom, trade freedom, and freedom from corruption, that overwhelmed a modest gain in business freedom. Nigeria is ranked 19th out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average.

The Nigerian government has pursued structural reforms centered on enhancing the management of public finance and improving the efficiency of the entrepreneurial environment. With a strong surge in oil production, the economy has achieved an average annual growth rate of around 7 percent over the past five years.

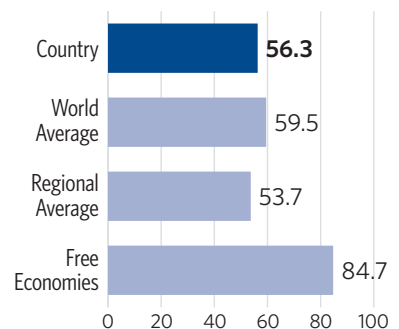
Nonetheless, the structural changes that are necessary to develop a more vibrant private sector or achieve more broad-based growth have not emerged. The oil sector continues to dominate the economy. Lingering institutional problems hamper activity elsewhere. With the judicial system susceptible to political interference, corruption is prevalent, and the rule of law is weak throughout the country. Cronyism is pervasive, particularly in connection with the oil and gas sector.

BACKGROUND: After the death of President Umaru Yar'Adua in May 2010, Vice President Goodluck Jonathan was sworn in as president. He was re-elected in April 2011. Nigeria is Africa's most populous nation, with an estimated population of over 150 million. It is also Africa's leading oil producer, although sabotage of oil facilities and pipelines and violent attacks on foreign oil workers in the Niger Delta impede output. Oil and gas account for about 90 percent of export earnings and 80 percent of government revenue. The informal economy is extensive, and a majority of the population is engaged in agriculture. Ethnic, regional, and religious violence has taken a heavy toll in parts of Nigeria, aggravated by the imposition of Islamic law in several states.

Freedom Trend



Country Comparisons



Quick Facts

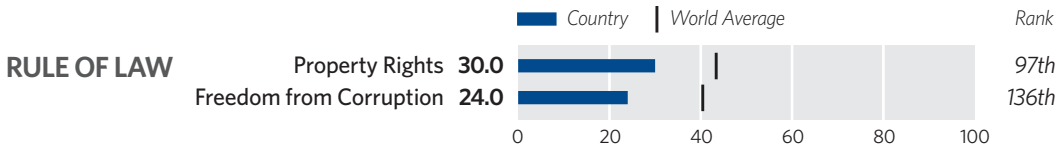
Population: 156.1 million
GDP (PPP): \$377.9 billion
 8.4% growth in 2010
 5-year compound annual growth 6.9%
 \$2,422 per capita
Unemployment: n/a
Inflation (CPI): 13.7%
FDI Inflow: \$6.1 billion
Public Debt: 17.3% of GDP

How Do We Measure Economic Freedom?

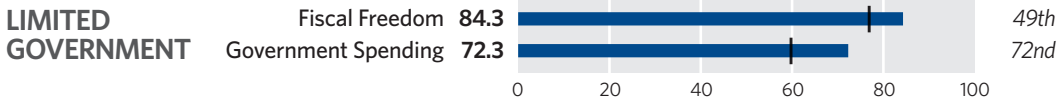
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

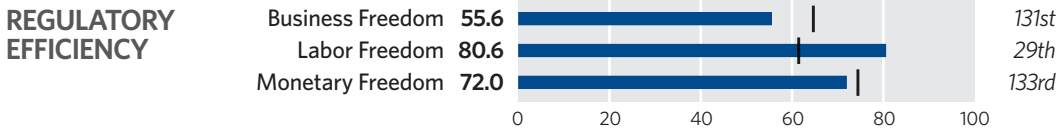
THE TEN ECONOMIC FREEDOMS



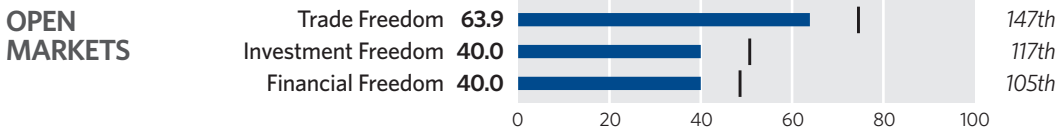
The legal system suffers from political interference, bureaucratic delays, insufficient funding, and the lack of a document-processing system. One of the world’s least efficient property registration systems makes acquiring and maintaining rights to real property difficult. Enforcement of copyrights, patents, and trademarks is deficient. Corruption is endemic at many levels of the public sector.



The top income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax (VAT) and a capital gains tax, with the overall tax burden amounting to 6.9 percent of total domestic income. Government spending has increased slightly to a level equivalent to 30.4 percent of total domestic output. The budget deficit has been over 5 percent of GDP, although public debt remains below 20 percent of GDP.



The business environment has improved only marginally. The entrepreneurial environment remains burdened by time-consuming and costly regulatory procedures. The minimum capital requirement for starting a business has been eliminated, but completing licensing requirements still costs over five times the level of annual average income. Much of the formal labor force is employed in the public or energy sectors. Inflation has been high.



The trade weighted average tariff rate is quite high at 10.6 percent, and onerous non-tariff barriers further deter dynamic growth in trade. Most sectors are open to private investment, and regulations formally treat foreign and domestic investment equally. However, the investment regime lacks efficiency and transparency. The economy remains largely cash-based, and the state continues to influence the allocation of credit.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.1	Business Freedom	+4.0	Trade Freedom	-1.1
Freedom from Corruption	-1.0	Government Spending	-0.7	Labor Freedom	-3.9	Investment Freedom	0
				Monetary Freedom	-1.5	Financial Freedom	0