

Nigeria: Selected Issues and Statistical Appendix

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NIGERIA

Selected Issues and Statistical Appendix

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Nigeria: Basic Data, 1995-2000

	1995	1996	1997	1998	1999	2000
(In millions of naira)						
GDP at constant market prices	306,517	326,125	336,111	342,428	346,196	359,278
GDP at constant factor cost	304,887	318,077	336,111	332,534	336,000	348,894
Oil sector	107,590	115,067	116,678	114,625	110,464	118,351
Non-oil sector	197,297	203,010	209,932	217,909	225,536	230,543
Agriculture	96,236	100,129	104,347	108,092	113,663	115,106
Industry	20,172	20,416	20,756	20,397	21,061	22,057
Services	80,890	82,465	84,829	89,421	90,812	93,380
GDP at current market prices	1,977,737	2,823,933	2,939,651	2,828,656	3,211,150	4,178,179
External resource balance	13,014	336,823	274,377	-128,479	-135,991	471,747
Consumption	1,641,583	2,086,840	2,169,224	2,275,083	2,596,298	2,756,230
Investment	323,140	400,270	496,049	682,052	750,843	950,202
(Average annual percent change)						
Consumer price index (end of period)	51.6	14.3	10.2	11.9	0.2	14.5
(In millions of U.S. dollars)						
Balance of payments						
Current account	-1,303	2,856	2,313	-3,074	-3,289	2,003
Exports of goods	11,734	16,117	15,539	10,114	11,927	20,441
Petroleum exports	11,449	15,830	15,181	9,708	11,393	19,550
Other exports	286	287	358	407	211	267
Imports of goods	-8,590	-8,998	-9,630	-9,276	-10,531	-12,372
Oil related	-2,292	-2,556	-2,172	-2,164	-2,273	-2,632
Other	-6,298	-6,441	-7,457	-7,112	-7,577	-8,936
Public	-1,597	-2,055	-1,836	-2,092	-4,026	-4,782
Private	-4,701	-4,387	-5,622	-5,020	-5,149	-4,933
Overall balance	-2,661	-1,900	-194	-3,024	-4,091	2,307
Foreign reserves	1,808	4,161	7,222	7,107	5,441	9,400
(Annual percentage change, unless otherwise stated)						
Exchange rates 1/						
Naira per U.S. dollar (end of period)	79.2	82.4	82.1	86.0	98.2	110.1
Nominal effective exchange	-25.7	-12.0	-2.6	-4.5	-7.2	-9.3
Real effective exchange	11.4	12.7	25.1	3.4	-9.6	12.7
(In billions of naira)						
Consolidated government operations 2/						
Total revenues and grants	444,040	556,136	589,339	458,341	986,954	1,927,088
Petroleum revenues	236,411	307,602	326,640	203,731	721,018	1,584,446
Nonpetroleum revenues	207,629	248,534	262,699	254,610	265,936	342,642
Total expenditure and net lending	361,955	418,888	561,036	722,480	1,227,960	1,834,305
Current expenditure	149,513	152,075	180,140	229,738	484,494	684,850
Capital expenditure and net lending	103,856	147,301	225,526	292,285	359,347	498,030
Overall balance (commitment basis)	82,085	137,248	28,303	-264,139	-241,006	92,782
Overall balance (cash basis)	41,190	169,004	29,647	-102,827	-241,006	79,482
Financing	-41,190	-169,004	-29,647	102,827	241,006	-79,482
Foreign financing (net)	-736	11,124	30,367	25,097	36,411	45,546
Domestic financing	-40,455	-180,128	-60,014	77,730	204,594	-143,131
(In billions of naira; end of period)						
Monetary survey						
Foreign assets (net)	62,114	113,500	183,463	177,399	649,967	1,164,876
Domestic credit	435,379	333,243	333,692	513,696	632,010	519,687
Net credit to consolidated government	258,124	113,532	42,882	162,596	178,907	-68,488
Credit to the rest of the economy	177,255	219,710	290,810	351,100	453,104	588,175
Broad money	306,334	360,696	423,336	518,359	698,019	1,015,167
Narrow money	196,942	227,602	266,856	324,240	400,826	630,082
Quasi money	109,392	133,094	156,480	194,120	297,194	385,086

Sources: Nigerian authorities; and staff estimates.

1/ Representative exchange rate; for 1997, refers to the autonomous foreign exchange market rate. Nominal and real effective exchange rate estimates are based on representative exchange rate estimates.

2/ Consists of the federal, state, and local governments, the "First Charges," the Special Funds, and the Petroleum Special Trust Fund (PSTF).

I. ISSUES IN FISCAL DECENTRALIZATION IN NIGERIA¹

A. Introduction

1. The Nigerian federation is composed of the federal government, 36 state authorities and the Federal Capital Territory of Abuja (up from three regions at independence), and 774 local authorities. Each level of authority comprises an executive and a legislative branch and, in some cases, a judiciary. The financial relations among these three levels of government are currently delineated by the 1999 constitution. This law sets broad responsibilities for the legislation and collection of revenue by the three tiers of government, the distribution of the revenue, and the delivery of public services. This note presents the current status of fiscal decentralization in Nigeria and discusses issues in reference to revenue assignment, distribution rules, and expenditure devolution. It draws on the work of a FAD mission that visited Nigeria in January 2001 to advise on fiscal decentralization.

B. Current Arrangements

Revenue

Revenue responsibilities

2. **Federal authorities.** The theory of fiscal decentralization suggests that taxes that are characterized by mobile bases² should be assigned³ to the center (defined as the federation), so that taxes do not affect the decision of households and companies to settle in one jurisdiction as opposed to another. In line with this (neutrality) principle, the constitution has assigned the legislation of such taxes as company profit tax and value-added tax (VAT) to the national authorities. The responsibility for oil revenue is also given to the national assembly and the federal government in accordance with the regional equity principle, which specifies that tax bases that are unevenly distributed across jurisdictions be assigned to the center. The main exception to central control over a major source of revenue is the personal income tax.

¹Prepared by Lubin Doe (Fiscal Affairs Department).

²A mobile base tax is a tax with a base that can be transferred or moved to another jurisdiction by the potential taxpayer. For instance, the income of an ambulant trader can be transferred across borders. Likewise, by adjusting internal prices, a company can reallocate accounting profits among subsidiaries in different jurisdictions. However, the base of a piece of real estate cannot be moved and is said to be immobile or fixed.

³Typically, three notions are covered under revenue assignment: jurisdiction, collection, and use. Revenue (often tax) administration or management deals with collection and, in some cases, use. As much as possible, the distinction is made to avoid confusion.

While the laws and policies governing this tax are national, the collection and use of this tax are generally entrusted to the states.⁴

3. **State authorities.** States are authorized to collect and use taxes that are governed by national legislation (personal income tax, stamp duties, capital gains taxes, etc.) and taxes over which they have legislative power (road tax, business registration fee, lease fees of state lands, etc.). All in all, states can raise their own revenue on 11 different tax bases (decree of September 30, 1998).

4. **Local authorities.** The fiscal decentralization literature suggests that local authorities administer taxes having a fixed base. In line with this tenet, the 1998 decree assigns many taxes to these administrations, including taxes on motor parks, shops, kiosks, restaurants, bakeries, houses, and buildings. In addition, the decree and the constitution grant them the collection of many mobile base taxes (licenses on televisions, radios, bicycles, etc.). The state legislature or the legislative council of local governments sets the rate and base of many of these taxes.

The revenue structure

5. **Data sources.** The fiscal data are limited to the operations of the federal government. There are no comprehensive and consistent data on subnational governments. The available financial data on the state and local governments come from annual surveys undertaken by the Central Bank of Nigeria (CBN). The coverage of states is comprehensive while that of local governments is selective. Although all the states participate in the survey, the quality of their responses differs. For instance, there are large discrepancies between the shares of federation account revenue resulting from the application of the theoretical allocation formula and the amounts reported in the surveys.⁵ Therefore, it is not possible to present consolidated fiscal accounts with a sufficient degree of accuracy.

6. **Revenue structure.** Table 1 contains data for 1993-2000 on oil and non-oil revenue collected by the federal government on behalf of the federation and non-oil receipts collected

⁴The income tax owed by certain groups of persons is collected and used by the federal government. These are members of the armed forces of the federation, the national police, residents of the Federal Capital Territory of Abuja, the staff of the Ministry of Foreign Affairs, and nonresident individuals.

⁵These discrepancies may be due in part to deductions at source, for instance to pay the salaries of primary school teachers in the case of local governments.

Table 1. Nigeria: Total Government Revenue, 1993-2000

	1993	1994	1995	1996	1997	1998	1999	2000
	(In millions of naira)							
Total revenue	249,147	224,118	449,989	573,634	592,995	492,016	994,739	1,899,561
Petroleum revenue	204,756	165,390	215,951	265,667	288,640	168,953	721,018	1,584,446
Gross crude export receipts	165,045	135,040	119,436	159,000	167,800	102,399	498,217	947,163
Petroleum profit tax	39,712	30,351	57,828	76,667	93,840	44,050	68,587	332,542
Royalty, rent, gas, and flare	...	...	...	...	...	...	102,824	192,531
Domestic crude	...	...	38,687	30,000	27,000	21,806	45,427	89,200
Upstream gas sales	...	...	...	...	...	699	5,963	23,010
Nonpetroleum revenue	44,390	58,727	234,038	307,967	304,355	323,063	273,721	315,115
Tax revenue	40,037	54,184	143,505	180,172	205,788	208,171	266,189	297,012
Federation revenue	25,146	37,830	100,814	149,968	161,000	165,167	197,511	236,471
Company income tax	9,401	12,275	21,878	22,000	26,000	33,500	42,383	51,028
Tax on petroleum products	...	...	20,460	41,935	38,000	34,778	23,388	25,467
Import duties and excises	15,745	18,295	37,967	55,000	63,000	58,475	83,226	101,506
Value-added tax revenue	...	7,260	20,509	31,033	34,000	38,415	48,514	58,470
Federal government revenue	8,121	4,234	23,433	8,478	14,733	11,180	31,425	60,541
Federal government internal revenue	8,121	2,106	19,121	3,407	7,760	3,112	17,000	38,057
FIRS-PAYE 1/	...	...	...	...	...	...	2,603	0
Education tax	...	2,128	1,845	1,000	1,733	2,233	3,000	8,302
Customs levies	...	...	2,467	4,071	5,240	5,835	8,823	14,182
State government internal revenue	5,726	10,930	17,287	19,515	27,368	29,214	34,109	...
Local government internal revenue	1,044	1,191	1,970	2,211	2,687	2,609	3,144	...
Other revenue	4,354	4,544	90,533	127,795	98,567	114,892	7,532	18,104
Federation (PSTF)	...	...	5,192	7,322	3,533	1,000	...	...
Federal government (AFEM/privatization)	...	...	79,645	103,190	90,247	82,158	...	18,104
State governments	4,354	4,544	5,696	17,283	4,787	31,715	7,473	...
Local governments	...	...	...	...	...	20	59	...
	(In percent of total revenue)							
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Petroleum revenue	82.2	73.8	48.0	46.3	48.7	34.3	72.5	83.4
Gross crude export receipts	66.2	60.3	26.5	27.7	28.3	20.8	50.1	49.9
Petroleum profit tax	15.9	13.5	12.9	13.4	15.8	9.0	6.9	17.5
Royalty, rent, gas, and flare	...	...	...	...	...	...	10.3	10.1
Domestic crude	...	...	8.6	5.2	4.6	4.4	4.6	4.7
Upstream gas sales	...	...	...	...	...	0.1	0.6	1.2
Nonpetroleum revenue	17.8	26.2	52.0	53.7	51.3	65.7	27.5	16.6
Tax revenue	16.1	24.2	31.9	31.4	34.7	42.3	26.8	15.6
Federation revenue	10.1	16.9	22.4	26.1	27.2	33.6	19.9	12.4
Company income tax	3.8	5.5	4.9	3.8	4.4	6.8	4.3	2.7
Tax on petroleum products	...	...	4.5	7.3	6.4	7.1	2.4	1.3
Import duties and excises	6.3	8.2	8.4	9.6	10.6	11.9	8.4	5.3
Value-added tax revenue	...	3.2	4.6	5.4	5.7	7.8	4.9	3.1
Federal government revenue	3.3	1.9	5.2	1.5	2.5	2.3	3.2	3.2
Federal government internal revenue	3.3	0.9	4.2	0.6	1.3	0.6	1.7	2.0
FIRS-PAYE	...	...	...	...	...	...	0.3	0.0
Education tax	...	0.9	0.4	0.2	0.3	0.5	0.3	0.4
Customs levies	...	...	0.5	0.7	0.9	1.2	0.9	0.7
State government internal revenue	2.3	4.9	3.8	3.4	4.6	5.9	3.4	...
Local government internal revenue	0.4	0.5	0.4	0.4	0.5	0.5	0.3	...
Other revenue	1.7	2.0	20.1	22.3	16.6	23.4	0.8	1.0
Federation (PSTF)	...	...	1.2	1.3	0.6	0.2	...	...
Federal government (AFEM/privatization)	...	...	17.7	18.0	15.2	16.7	0.0	1.0
State governments	1.7	2.0	1.3	3.0	0.8	6.4	0.8	...
Local governments	...	...	...	...	...	0.0	0.0	...

Sources: Nigerian authorities; and staff estimates.

1/ FIRS-PAYE = Federal Inland Revenue Service--pay as you earn.

by the three tiers of government for their own use. The revenue data are weak in several respects:

- The data for subnational governments are estimates obtained from surveys. Hence, they may be incomplete and insufficiently accurate.
- The classification of the revenue collected by subnational governments for their own use as tax or nontax revenue is not always clear. However, based on the legislation that instituted these levies and the limited sources of nontax revenue at the disposal of the lower tiers of government, it can be assumed that virtually all the receipts collected by state and local governments for their own use are tax revenue.
- For the period 1995-98, the revenue data for the federal government (and, therefore, of consolidated government) are distorted by the release of large amounts of profits made by the central bank on the domestic foreign exchange market resulting from the overvalued exchange rate of the naira used in official transactions in those years.

7. Concerning the composition of taxes, while the states' own taxes are principally composed of personal income tax and withholding at source of interest income and dividends, no taxes are clearly dominant in respect of local governments. However, tenement rates appear to be a significant source of revenue for urban local governments.

8. The data show that the structure of government revenue is skewed in favor of oil revenue. For instance, although oil prices were low in 1999, petroleum receipts (including the profit tax of oil companies) represented about 73 percent of consolidated revenue. The remaining 27 percent of total revenue collected by the three tiers of government includes federal, state, and local governments' own revenue, estimated at 1.7 percent, 3.4 percent, and 0.3 percent of total revenue, respectively.

9. The revenue profile of the states is characterized by the dominance of allocations from the federation account. These releases represented 61 percent of their revenue in 1999 (Table 2). Internally generated receipts stood at 20 percent. The dependence of local governments on revenue from the center is more pronounced, with releases from the federation account amounting to 73 percent of their total receipts in 1999 (Table 3). Local governments' own revenue-generating efforts met less than 6 percent of their needs in that year.⁶ The situation has been similar for the federal government in recent years (1999-2000, Table 4). The dependence of subnational governments on revenue inflows from the center is

⁶The VAT (14 percent) and other revenue (5 percent) accounted for the balance.

Table 2. Nigeria: Summary of Budgetary Operations of States and the Federal Capital Territory of Abuja (FCT), 1993-99.

	1993	1994	1995	1996	1997	1998	1999
(In millions of naira)							
Oil-producing states							
Total revenue	10,250	13,091	19,808	25,673	24,398	35,092	44,398
Federation account revenue	7,277	7,167	10,590	10,242	12,461	15,546	25,254
Value-added tax	...	1,173	1,591	2,656	3,063	3,726	5,401
Independent revenue	2,548	3,141	5,862	6,620	8,033	9,665	12,586
Stabilization Fund	199	244	187	149	7	7	10
Other receipts	227	1,366	1,577	6,006	835	6,149	1,148
Total expenditure	11,367	13,004	18,776	23,130	21,333	34,603	43,752
Recurrent expenditure	9,123	9,995	12,442	14,987	14,172	18,850	27,000
Capital expenditure	2,245	3,009	6,334	8,143	7,160	15,753	16,752
Overall balance	-1,117	87	1,032	2,544	3,065	489	646
Financing	1,117	-87	-1,032	-2,544	-3,065	-489	-646
Loans	120	327	1,315	939	180	939	939
Other	997	-413	-2,347	-3,483	-3,245	-1,428	-1,585
Non-oil producing states and FCT							
Total revenue	27,491	36,415	48,193	63,903	72,565	108,110	124,592
Federation account revenue	20,384	21,839	28,087	31,251	38,442	50,521	78,404
Value-added tax	...	3,853	4,750	8,629	10,842	12,481	18,349
Independent revenue	3,179	7,789	11,425	12,896	19,335	19,549	21,523
Stabilization Fund	2,533	821	249	482	442	230	911
Other receipts	1,396	2,113	3,682	10,646	3,503	25,329	5,404
Total expenditure	32,814	42,913	60,815	61,482	70,982	104,171	119,369
Recurrent expenditure	20,677	27,777	41,924	40,411	44,784	56,275	75,690
Capital expenditure	12,137	15,135	18,891	21,072	26,198	47,896	43,679
Overall balance	-5,323	-6,497	-12,622	2,421	1,583	3,940	5,223
Financing	5,323	6,497	12,622	-2,421	-1,583	-3,940	-5,223
Loans	2,313	4,616	3,537	3,388	192	3,456	3,836
Other	3,010	1,882	9,086	-5,809	-1,775	-7,396	-9,059
All states and FCT							
Total revenue	37,741	49,506	68,001	89,576	96,963	143,203	168,990
Federation account revenue	27,661	29,007	38,677	41,493	50,903	66,067	103,657
Value-added tax	...	5,026	6,340	11,286	13,905	16,207	23,751
Independent revenue	5,726	10,930	17,287	19,515	27,368	29,214	34,109
Stabilization Fund	2,731	1,065	436	631	449	237	922
Other receipts	1,623	3,478	5,260	16,652	4,337	31,478	6,552
Total expenditure	44,181	55,916	79,592	84,612	92,315	138,774	163,121
Recurrent expenditure	29,799	37,772	54,367	55,397	58,956	75,125	102,690
Capital expenditure	14,382	18,144	25,225	29,215	33,358	63,649	60,431
Overall balance	-6,440	-6,410	-11,591	4,965	4,648	4,429	5,869
Financing	6,440	6,410	11,591	-4,965	-4,648	-4,429	-5,869
Loans	2,433	4,942	4,852	4,327	372	4,395	4,775
Other	4,007	1,468	6,739	-9,291	-5,020	-8,824	-10,644
(In percent)							
All states and FCT							
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federation account revenue	73.3	58.6	56.9	46.3	52.5	46.1	61.3
Value-added tax	...	10.2	9.3	12.6	14.3	11.3	14.1
Independent revenue	15.2	22.1	25.4	21.8	28.2	20.4	20.2
Stabilization Fund	7.2	2.2	0.6	0.7	0.5	0.2	0.5
Other receipts	4.3	7.0	7.7	18.6	4.5	22.0	3.9
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Recurrent expenditure	67.4	67.6	68.3	65.5	63.9	54.1	63.0
Capital expenditure	32.6	32.4	31.7	34.5	36.1	45.9	37.0

Source: Central Bank of Nigeria (CBN).

Table 3. Nigeria: Summary of the Financial Operations of Local Governments, 1993-99

	1993	1994	1995	1996	1997	1998	1999
(In millions of naira)							
Total revenue and grants	19,617	18,860	24,682	23,790	31,398	36,852	54,124
Federation account revenue	18,573	17,669	18,447	18,272	21,552	27,246	39,527
Value-added tax	...	...	4,265	3,307	7,160	6,977	11,394
Independent revenue	1,044	1,191	1,970	2,211	2,687	2,609	3,144
Taxes	54	72	132	253	391	859	763
Rates	220	204	361	383	355	334	1,301
Fines	71	101	164	214	333	223	315
Licenses	226	245	395	606	506	...	...
Fees	108	165	223	246	379	...	...
Other	366	404	696	509	724	1,193	764
Grants	...	...	...	...	...	20	59
Total expenditure	19,545	18,776	23,262	22,666	30,436	17,900	41,290
Recurrent expenditure	14,053	14,749	16,843	16,620	22,045	9,778	25,461
Personnel	6,773	7,006	8,041	7,258	9,491	4,642	16,035
Overhead	6,123	6,630	8,113	8,987	11,970	4,794	8,241
Other	1,157	1,113	689	375	584	342	1,186
Capital expenditure	5,492	4,028	6,418	6,046	8,391	8,122	15,828
General administration	1,260	805	1,432	1,718	2,737	579	735
Education	836	701	480	474	514	584	1,216
Health	378	329	629	552	918	1,237	2,584
Agriculture	721	489	771	645	1,026	1,051	1,449
Roads	1,306	803	1,396	1,346	1,665	1,073	1,544
Other	990	900	1,712	1,310	1,533	3,598	8,301
Overall balance	72	84	1,420	1,124	962	18,952	12,835
Financing	-72	-84	-1,420	-1,124	-962	-18,952	-12,835
Domestic loans	69	0	0	17	15	0	0
Other	-142	-84	-1,420	-1,141	-977	-18,952	-12,835
(In percent)							
Total revenue and grants	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federation account revenue	94.7	93.7	74.7	76.8	68.6	73.9	73.0
Value-added tax	...	...	17.3	13.9	22.8	18.9	21.1
Independent revenue	5.3	6.3	8.0	9.3	8.6	7.1	5.8
Taxes	0.3	0.4	0.5	1.1	1.2	2.3	1.4
Rates	1.1	1.1	1.5	1.6	1.1	0.9	2.4
Fines	0.4	0.5	0.7	0.9	1.1	0.6	0.6
Licenses	1.1	1.3	1.6	2.5	1.6	0.0	0.0
Fees	0.6	0.9	0.9	1.0	1.2	0.0	0.0
Other	1.9	2.1	2.8	2.1	2.3	3.2	1.4
Grants	...	...	...	...	...	0.1	0.1
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Recurrent expenditure	71.9	78.5	72.4	73.3	72.4	54.6	61.7
Personnel	34.7	37.3	34.6	32.0	31.2	25.9	38.8
Overhead	31.3	35.3	34.9	39.6	39.3	26.8	20.0
Other	5.9	5.9	3.0	1.7	1.9	1.9	2.9
Capital expenditure	28.1	21.5	27.6	26.7	27.6	45.4	38.3
General administration	6.4	4.3	6.2	7.6	9.0	3.2	1.8
Education	4.3	3.7	2.1	2.1	1.7	3.3	2.9
Health	1.9	1.8	2.7	2.4	3.0	6.9	6.3
Agriculture	3.7	2.6	3.3	2.8	3.4	5.9	3.5
Roads	6.7	4.3	6.0	5.9	5.5	6.0	3.7
Other	5.1	4.8	7.4	5.8	5.0	20.1	20.1

Source : Central Bank of Nigeria (CBN).

Table 4. Nigeria: Summary of the Financial Operations of the Federal Government, 1993-2000

	1993	1994	1995	1996	1997	1998	1999	2000
	(In millions of naira)							
Federal government retained revenue	81,642	80,147	265,365	317,335	318,323	240,416	296,678	604,650
Federation account revenue	51,798	53,661	73,524	81,056	97,262	67,157	211,751	495,163
Drawdown of stabilization account	...	...	...	...	...	...	13,580	...
Value-added tax	...	1,452	7,433	10,746	12,000	9,462	7,277	8,770
Share of special funds/OMPADEC	...	...	...	...	...	...	0	19,807
Independent revenue	8,121	2,106	19,121	3,407	7,760	3,112	17,000	38,057
Privatization proceeds	...	...	...	...	...	...	...	18,104
Transfer for fertilizer subsidy	2,600	3,667	5,590	5,335	...	...	...	...
NNPC priority projects	...	...	39,000	51,152	53,240	71,861	23,468	24,750
National priority projects	...	...	15,400	13,192	16,280	13,200	...	...
Petroleum Special Trust Fund	0	0	25,652	49,257	41,533	35,778	21,000	...
Other	19,123	19,261	79,645	103,190	90,247	39,846	2,603	...
Total expenditure	150,252	158,712	249,201	294,580	399,201	514,744	581,093	730,139
Recurrent expenditure	119,863	117,201	137,606	136,669	170,167	219,419	289,965	454,246
Personnel cost	18,199	22,153	30,700	40,858	46,000	56,319	136,909	278,701
Overhead cost	20,500	25,486	36,194	35,469	55,000	75,833	69,023	71,377
Domestic debts	79,424	69,562	70,568	60,066	68,654	86,474	84,034	104,168
Other	1,740	0	145	276	513	794	0	0
Budgetary capital expenditure	31,789	44,076	111,595	157,911	229,034	295,325	191,008	270,848
Domestically financed core capital	17,220	27,100	43,182	51,065	104,792	132,254	118,940	176,825
Transfer for fertilizer subsidy	2,600	3,667	5,590	5,335	0	0	0	0
NNPC priority projects	...	...	39,000	51,152	53,240	71,861	23,468	24,750
National priority projects	...	...	15,400	13,192	16,280	13,200	14,000	42,459
Local contractors	0	0	2,004	5,000	3,000	2,250	1,000	0
Petroleum Special Trust Fund/other capital	0	0	420	18,353	43,497	67,621	21,000	14,559
Foreign-financed capital	11,969	13,310	5,999	13,814	8,226	8,139	12,600	12,254
Extrabudgetary expenditure	...	...	...	...	...	...	97,000	...
Net lending	-1,400	-2,565	...	...	...	...	...	...
Other/Federal contribution to NDDC (15%)	...	...	...	...	...	...	3,119	5,046
Overall balance	-68,610	-78,565	16,163	22,754	-80,879	-274,328	-284,415	-125,489
	(In percent)							
Federal government retained revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federation account revenue	63.4	67.0	27.7	25.5	30.6	27.9	71.4	81.9
Drawdown of stabilization account	...	...	...	...	...	...	4.6	0.0
Value-added tax	0.0	1.8	2.8	3.4	3.8	3.9	2.5	1.5
Share of special funds/OMPADEC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
Independent revenue	9.9	2.6	7.2	1.1	2.4	1.3	5.7	6.3
Privatization proceeds	0.0	0.0	0.0	0.0	0.0	0.0	...	3.0
Transfer for fertilizer subsidy	3.2	4.6	2.1	1.7	0.0	0.0	...	...
NNPC priority projects	...	...	14.7	16.1	16.7	29.9	7.9	4.1
National priority projects	...	...	5.8	4.2	5.1	5.5	...	...
Petroleum Special Trust Fund	0.0	0.0	9.7	15.5	13.0	14.9	7.1	...
Other	23.4	24.0	30.0	32.5	28.4	16.6	0.9	...
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Recurrent expenditure	79.8	73.8	55.2	46.4	42.6	42.6	49.9	62.2
Personnel cost	12.1	14.0	12.3	13.9	11.5	10.9	23.6	38.2
Overhead cost	13.6	16.1	14.5	12.0	13.8	14.7	11.9	9.8
Domestic debts	52.9	43.8	28.3	20.4	17.2	16.8	14.5	14.3
Other	1.2	0.0	0.1	0.1	0.1	0.2	0.0	0.0
Budgetary capital expenditure	21.2	27.8	44.8	53.6	57.4	57.4	32.9	37.1
Domestically financed core capital	11.5	17.1	17.3	17.3	26.3	25.7	20.5	24.2
Transfer for fertilizer subsidy	1.7	2.3	2.2	1.8	0.0	0.0	0.0	0.0
NNPC priority projects	...	...	15.6	17.4	13.3	14.0	4.0	3.4
National priority projects	...	...	6.2	4.5	4.1	2.6	2.4	5.8
Local contractors	0.0	0.0	0.8	1.7	0.8	0.4	0.2	0.0
Petroleum Special Trust Fund/other capital	0.0	0.0	0.2	6.2	10.9	13.1	3.6	2.0
Foreign-financed capital	8.0	8.4	2.4	4.7	2.1	1.6	2.2	1.7
Extrabudgetary expenditure	0.0	0.0	0.0	0.0	0.0	0.0	16.7	...
Net lending	-0.9	-1.6	0.0	0.0	0.0	0.0	...	...
Other/federal contribution to NDDC (15%)	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.7

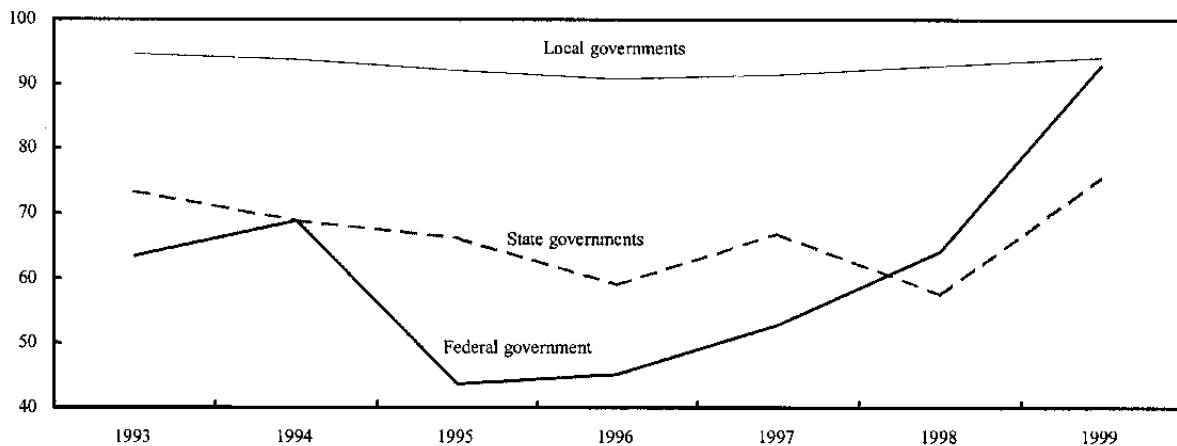
Sources: Nigerian authorities; and staff estimates.

heightened when the VAT is added to the allocations from the federation account, as is apparent from Figure 1. This dependence is due to the generally small and insufficiently elastic base of taxes assigned to the lower tiers of government.

Revenue-sharing arrangements

10. Two broad categories of revenue are shared by all three tiers of government. The first one is composed of oil revenue net of expenditures of the federation, called First Charges,⁷ and tax revenue collected by the federal government on behalf of the federation. This net revenue, known as the federation account revenue, is distributed in accordance with a formula that has changed over the years. The present rule allocates 48.5 percent of the revenue to the federal government, 24 percent to states, 20 percent to local governments and 3.5 percent to special funds (Figure 2). The balance of 4 percent, originally earmarked for OMPADEC⁸ (3 percent) and oil-producing areas through derivation (1 percent), has been

Figure 1. Nigeria: Share of Transfers in Total Revenue of Each Tier of Government, 1993-99 1/
(In percent)



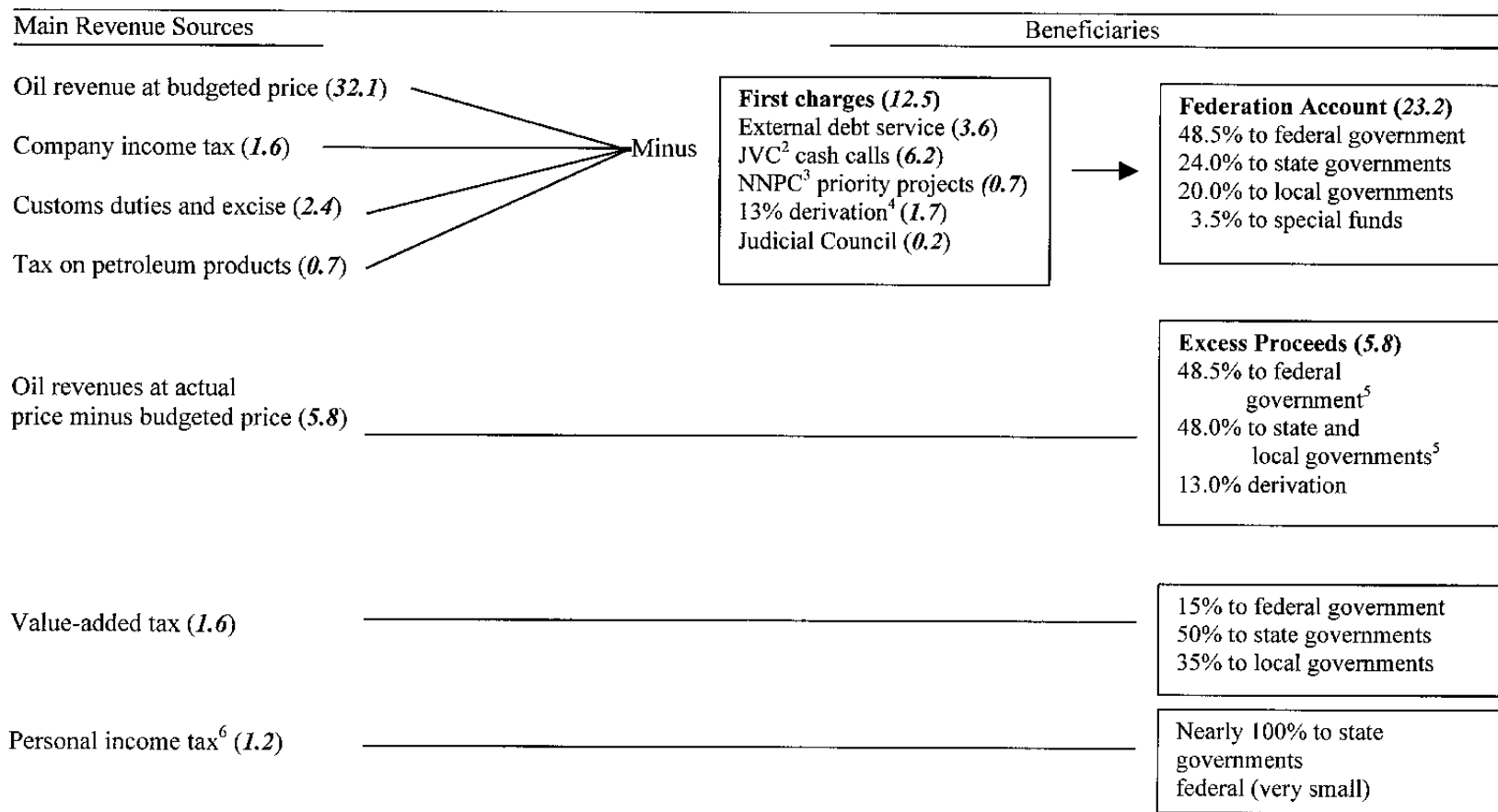
Source: Nigerian authorities.

1/ Transfers are defined to include the federation account revenue (i.e., all oil-related receipts, company income tax, customs, and excise), and the value-added tax. The higher the ratio, the more dependent is the tier of government on revenue from the center.

⁷Including a special allocation to the nine oil-producing states called the 13 percent derivation. This revenue is distributed in proportion to the share of each state in the total onshore oil production.

⁸OMPADEC stands for Oil and Mineral Producing Areas Derivation Account.

Figure 2. Nigeria: Intergovernmental Financial Flows, 2000¹



Source: Based on the 2000 budget, including supplementary.

¹ Figures in brackets refer to amounts in 2000 in percent of GDP at current market prices.

² JVC = Joint Venture Companies.

³ NNPC = Nigerian National Petroleum Corporation.

⁴ Transfer to the nine oil producing states based on onshore oil revenue alone.

⁵ Transfers made after deducting the 13 percent derivation.

⁶ Composed of independent revenue of subnational governments and income tax collected by the federal government.

reapportioned to the three levels of government subsequent to the creation of the Niger Delta Development Commission, the dissolution of OMPADEC, and the elimination of the derivation⁹ earmarked for the oil-producing regions.

11. The second category of shared revenue, the VAT, is also federally collected but is distributed according to a different formula that allocates 50 percent of the proceeds to the local governments, 35 percent to states, and 15 percent to the federal government.

12. The horizontal distribution (i.e., across states) allocates 40 percent to each state in equal amounts (i.e., equalization) and 60 percent based on six variables.¹⁰ The same rule applies to local governments.

13. The entire federation revenue is shared in the form of general-purpose, as opposed to specific-purpose, allocations. On occasions, the federal government undertakes operations that can be assimilated to specific-purpose transfers, like the construction of primary school buildings, an expenditure that is constitutionally the responsibility of subnational governments.

14. The constitution mandates a review of the revenue-sharing formula every five years. This review is to be conducted by the Revenue Mobilization, Allocation and Fiscal Commission. Its report is destined for the national assembly, which is empowered to modify the formula. Under the present dispensation, a new formula should be in place by 2002.

Expenditure devolution

15. The 1999 constitution defines three main lists of public services:

- an exclusive list for the federal government (part I of the Second Schedule);
- a joint list for the federal and state governments (part II of the Second Schedule); and
- a list of duties for the local governments (Fourth Schedule).

⁹Derivation is a policy or a practice whereby a given jurisdiction is allocated a specific share (up to 100 percent) of the receipts of a tax or revenue (for example, personal income tax) collected within its borders.

¹⁰The variables are population (30 percent), land mass (10 percent), internal revenue generation efforts (10 percent), secondary school enrollment (4 percent), number of hospital beds (3 percent), and rainfall (3 percent). The revenueshares depend positively on the first three variables and negatively on the last three.

List of the national authorities

16. The national assembly can make laws in areas of national interest, including defense, international affairs, elections, creation of states, the construction of roads and railways, banking and bankruptcy, the creation of commercial and industrial monopolies, the issuance of currency, exchange controls, labor laws, mines, trade and commerce, and weights and measurements (see table below).

Nigeria: Expenditure Assignments

Tier of Government	Expenditure Category
National authorities only	Defense; shipping; federal trunk roads; aviation; railways; post, telegraphs, and telephones; police and other security services; regulation of labor, interstate commerce, and telecommunications; mines and minerals; social security; insurance; national statistical system; national parks; guidelines for minimum education standards at all levels; water resources affecting more than one state, etc.
National-state authorities (shared)	Antiquities and monuments; electricity; industrial, commercial, and agricultural development; scientific and technological research; statistics and surveys; university, technological, and postprimary education; health and social welfare, etc.
State-local authorities (shared)	Primary, adult, and vocational education; health services; development of agriculture and nonmineral natural resources, etc.
Local authorities	Economic planning and development; cemeteries, burial grounds; homes for the destitute and infirm; markets; sewage and refuse disposal; roads, streets, street lighting, drains, other public facilities, etc.

Source: E. Ahmad and others, "Nigeria: Options for Reforming Intergovernmental Fiscal Relations" (unpublished; Washington: International Monetary Fund, 2001).

Joint responsibilities

17. The federal and state legislatures can pass laws on such matters as the supply of electricity (Articles 13 and 14), postprimary education (Articles 27, 28, and 29), and industrial, commercial, and agricultural developments (Articles 17 and 18). In addition, states can promote primary, technical, vocational, and other forms of education (Article 30). Finally, the national assembly can vote laws on the collection and use of statistics, including on matters that are outside of its sphere of responsibility (Article 23b). The state assembly is empowered to make laws on statistics in its own domains of responsibility and those of local governments. The federal and state legislatures have joint responsibilities in a number of noneconomic areas as well, including electoral laws, scientific research, land surveys, and archives.

18. State and local authorities also have concurrent responsibilities in a few areas (primary education, health care, agriculture, etc.).

List of local authorities

19. The constitution instructs local authorities to supply many public services, including the construction and maintenance of roads, streets lights, drains, public conveniences, sewages, refuse disposal, slaughterhouses, markets, metro parks, open spaces like parks, burial grounds, homes for the destitute and handicapped persons, and other public facilities as prescribed by the state assembly. In addition, the constitution mandates that local authorities collaborate with state authorities to provide and maintain primary, adult, and vocational training centers and health services. It orders a similar cooperation to develop agriculture and natural resources other than minerals.

Borrowing regulations

20. The authority to borrow in Nigeria is governed by the Borrowing by Public Bodies Act of 1978 and the 1999 constitution (Article 7 of the Exclusive List). Under these laws, only the federal government can contract external loans for its own use or that of a state. There is no limit on the amount of external or domestic loans that the federal government can acquire, except for central bank credit, which is limited to 12.5 percent of the current year's revenue of the government. The limit guaranteed by the federal government on foreign loans to a state is 30 percent of that state's share of federation account revenue. In many cases, states authorize loan reimbursements to be deducted from their share of federation account receipts.

21. States can borrow money from banks and nonbank sources without federal government approval or guarantee. There are no limits on such loans. The constitution is silent about the borrowing powers of local governments. Banks have extended credit to some local administrations, often with state guarantees or authorizations to deduct at source from their shares of federation account revenue as reimbursements. There are no reliable and comprehensive data on the debt of subnational governments.

22. The Debt Management Office (DMO) of the Federal Ministry of Finance and the Central Bank of Nigeria manage, respectively, the external and domestic debt of the federal government. The administration of the domestic debt is expected to be taken over by the DMO.

The institutions

23. The institutional setting for budget management is essentially the same for the federal and state governments. However, the budgetary process is quite different for the three tiers of government.

24. **The setting.** The financial institutions of states mirror those of the federal government, comprising an Inland Revenue Service and an expenditure office, an accountant general and an auditor general. The budgets of local governments are managed by a treasurer and are audited by the state auditor general. Both the federal government and the states rely on commercial banks for their financial operations. In addition, the federal government maintains several accounts at the central bank.

25. The National Planning Commission (NPC) prepares a three-year rolling plan, during which it carries out a coordinating exercise with state governments in order to ensure the internal consistency of the investment program of all three tiers of government.¹¹ Another mechanism for coordination of financial policies is the Federation Account Committee, charged with the monthly distribution of the federally collected revenue. This committee is composed of the commissioners of finance of all 36 states and is chaired by the federal minister of finance. Information on revenue prospects and trends is provided in this forum to subnational governments for the preparation and eventual revision of their annual budgets.

26. All levels of government follow a largely similar but not harmonized system of budget classification and accounting. The Financial Control Act of 1990 guides the preparation and execution of the federal government budget, whereas the budget of subnational governments conforms to the Memorandum of Financial Instructions of 1998. However, in practice, there are no standardized nomenclature or codification of accounting rules and budgeting.

27. **Procedures.** In general, the preparation of the budget by subnational governments is not guided by macroeconomic forecasts disseminated by the federal government. It follows a bottom-up, incremental approach, with no hard aggregate spending limits. The formulation of the budgets of state and local governments is further complicated by several deductions made from the source.

28. Under the democratic dispensation, the federal and state budgets are discussed and approved by the relevant legislature and executed by the government. However, there seems to be no clear rule underpinning the process for local governments, with the state institutions having to approve the budget of some of them, and local councils having to it in other cases.

C. Issues in Fiscal Decentralization in Nigeria

29. For several decades, the critical issue of control over revenue has strained intergovernmental relations in Nigeria. The 1999 constitution mandated that more revenue be allocated to the oil-producing states. However, this has not ended calls for resource control. Several other problems have hindered the smooth and satisfactory functioning of fiscal federalism in the country.

¹¹States are expected to coordinate the investment programs of local governments.

Derivation versus distribution

30. The dispute between the control of large revenue generated in specific parts of the country and the demand for distribution of this revenue to all governments has always been on the Nigerian political agenda. In this regard, several commissions¹² advised the government before and after independence in 1960. Derivation was applied not only to oil revenue, but also to non-oil receipts, such as customs duties (Hicks-Phillipson Commission, 1951). After the 1980s, the issue of oil derivation came to the fore because the oil-producing states felt neglected by several military regimes. The 1999 constitution stipulates the release of 13 percent of the oil revenue, net of federation charges, to these regions. In addition, the federal government and oil-producing companies are required by law to pay for the rehabilitation and the economic development of these regions under the Niger Delta Development Commission Act of 2000. These provisions have not, however, proved satisfactory, as many recipient states either challenge the base of the 13 percent derivation¹³ or call for a total control of the oil revenue. The dispute about the base is so strong that the federal government has asked for a Supreme Court ruling on the issue. At the same time, several oil-producing states have formed an association to seek total control of oil revenue. Likewise, Lagos State, where substantial amounts of VAT and customs duties are collected, has called for the distribution of these receipts on the basis of derivation.

Macroeconomic policy

31. There is no legal mechanism to impose fiscal discipline on the lower tiers of government (for example, in the form of saving excess revenue or imposing expenditure ceilings). The constitutional order to release federation revenue to subnational governments based on a predetermined formula, combined with the increase in the budgeted price of oil and the release of higher-than-budgeted oil revenues has led to a large increase in the distribution of financial resources to these governments during the past two and a half years. The increase in resources is even greater for oil-producing states because of the 13 percent derivation rule. By way of illustration, the federation revenue released to subnational governments rose sharply from ₦237 billion (7.4 percent of GDP) in 1999 to ₦551 billion (13.1 percent of GDP) in 2000, and amounted to ₦275 billion (6.2 percent of GDP) in the

¹² Most notably the Phillipson Commission (1946), the Hicks-Phillipson Commission (1951), the Chick Commission (1953), the Raisman-Trees Commission (1958), the Binns Commission (1964), the Aboyade Technical Committee (1977), the Okigbo Commission (1980), and the Danjuma Commission (1989).

¹³ About 60 percent of the Nigerian oil is produced onshore and 40 percent offshore. The federal government argues that offshore water and land are federation property, and hence, that revenue from offshore oil should accrue to the federation. By contrast, the oil-producing states, many of which are coastal, contend that the offshore oil belongs to them as well, so that the 13 percent ratio should be applied to 100 percent, not 60 percent, of oil revenue.

first quarter of 2001 alone. The rapid increase in aggregate demand stemming from such large injections into the economy contributed to rising inflation and a sharp depreciation of the naira in the parallel market. On the spending side, the annual budgets of subnational governments (and the federal government) are not based on medium-term expenditure profiles. Since there are no limits on domestic borrowing, subnational governments could incur large debts during periods of economic downturn or when oil prices are low, thereby complicating macroeconomic management.

32. While the present arrangement gives state authorities flexibility to set their budgetary priorities, it has also drawbacks:

- It provides no mechanism for an orderly adjustment, in the face of falling revenue.
- It places the burden of macroeconomic adjustment, particularly fiscal adjustment on the federal government, which accounts for less than 50 percent of the federation revenue injected into the economy.

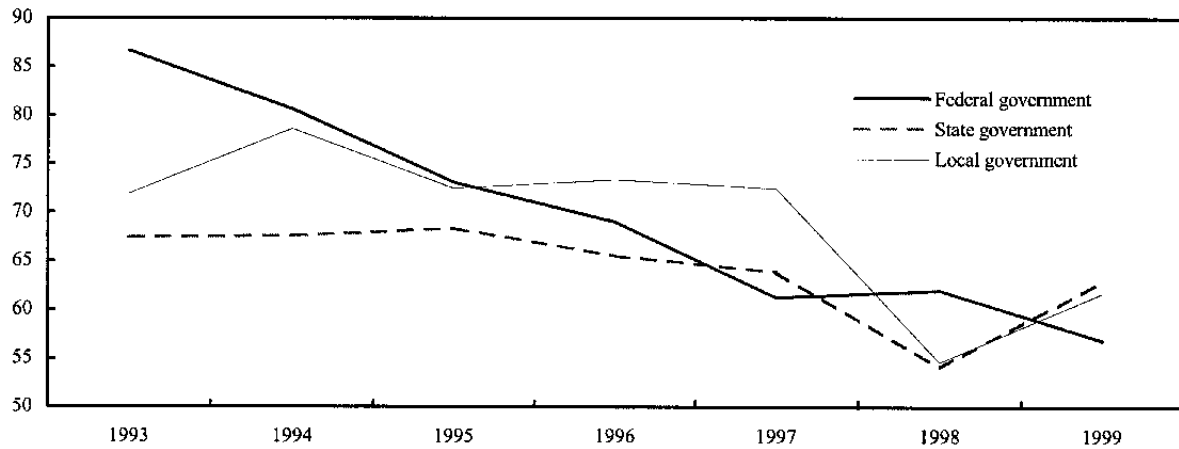
Transfers

33. **Minimum public services.** One drawback of the present allocation arrangement is that it is not based on a clearly defined set of minimum public services to be provided to all Nigerians irrespective of their place of residence. As a result, there is no assurance that the resources are effectively applied toward satisfying the priority needs of the population. The data collected by the central bank suggests that, during the period 1993-99, the wage bill and overhead of local governments represented an average of 34 percent and 32 percent of their share of federation revenue while capital expenditure accounted for 31 percent. The share of recurrent outlays (i.e., wages and overhead) in total expenditures fell during the period, thereby creating room for capital expenditures, which, in the case of Nigeria, cover outlays on public services and development needs (Figure 3). However, the large wage increase granted on May 1, 2000 may have reversed this trend.

34. **Financial disparities.** Another difficulty in designing and implementing macroeconomic policy in Nigeria resides in the disparities in per capita resources among states (and, certainly, local governments). This analysis is only illustrative because of serious weaknesses in the data used. Indeed, the data on transfers to state governments come from surveys that may lack comprehensiveness and accuracy. More important, there are no data on income and population for each state. The estimates used in this regard are expenditure and population figures derived from a 1996 household survey on poverty commissioned by the World Bank (Table 5). The data (Figure 4) reveal the following:

- States differ significantly in their ability to generate income. However, the disparity between the highest and lowest per capita income is smaller than in the case of government transfers. The ratio is about 6 for the former, compared with 8 for the latter.

Figure 3. Nigeria: Share of Recurrent Expenditure in Total Expenditure of Each Tier of Government, 1993-99 1/
(In percent)



Source: Nigerian authorities.

1/ The expenditure of the federal government does not include First Charges (considered as federation expenditure). The higher the ratio of recurrent spending, the fewer resources are devoted notably to investment.

- The ability to generate income appears to be stronger overall in the east and west than in the north, a reflection of differences in agricultural endowment and level of industrialization. Interstate disparities in per capita income also seem to be more marked in the northern region than elsewhere.
- There are wide differences in per capita transfers among states, with the largest allocation amounting to over eight times the smallest release.
- None of the three main regions of the country (east, west, or north) appears to have been overwhelmingly favored by the distribution of federally collected revenue. However, interstate disparities seems to be more pronounced in the north than in the other two regions.

In general, government transfers outstrip income. This is the case in all northern states. In a few eastern and western states, the private sector is able to generate more income per capita than releases from the center.

Expenditure assignment

35. **Policy coordination.** The assignment of joint responsibilities to the different tiers of government to provide services in the same area requires close collaboration in order to ensure efficient delivery. The responsibility for primary education provides an illustration of the challenges posed by the current expenditure assignment in the absence of such a coordination. In 1981, the federal government withdrew from the funding of primary education and

Table 5. Nigeria: Per Capita Government Transfers and Income, 1996 1/
(In naira)

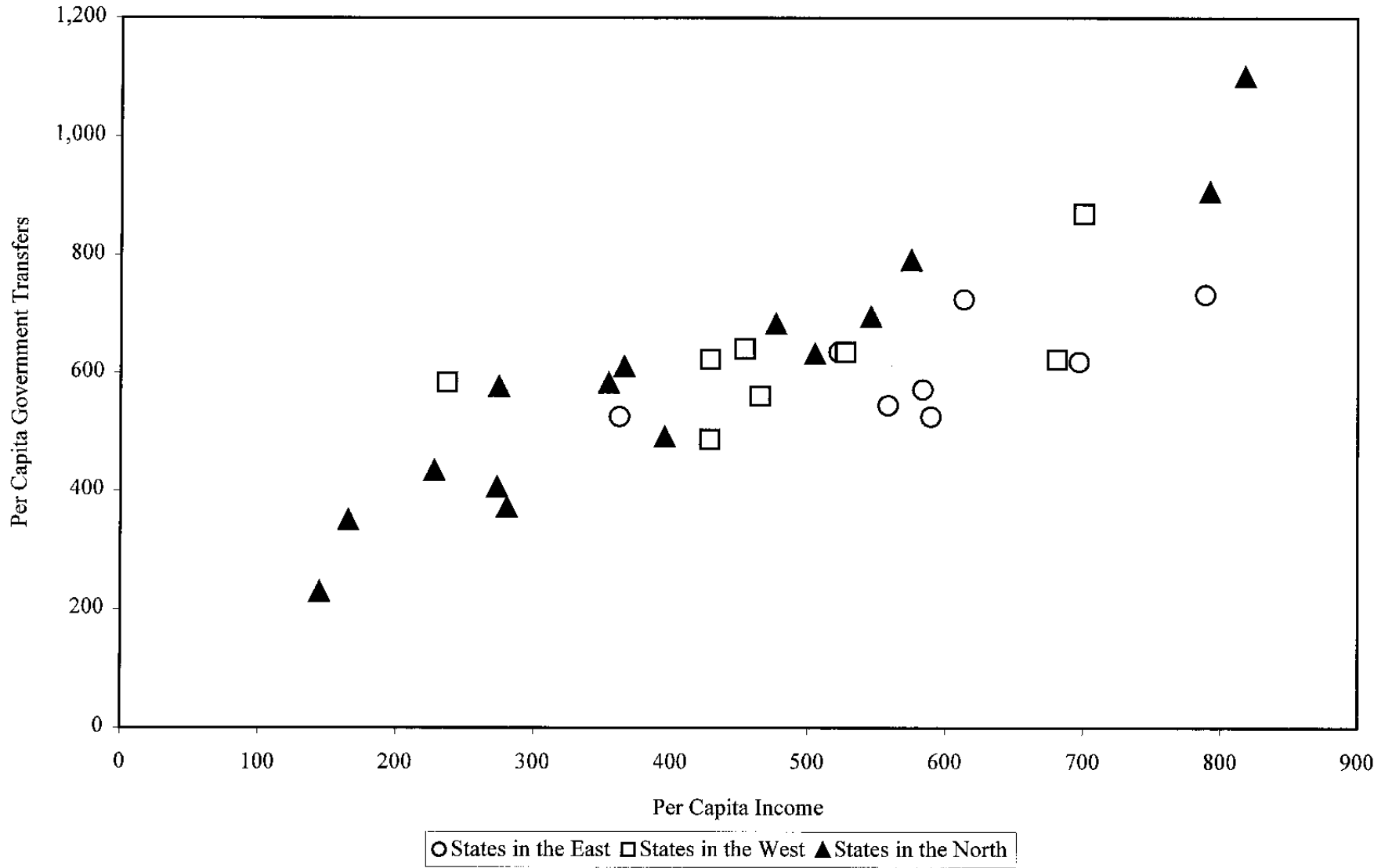
	Transfers Per Capita	Income Per Capita
States in the east of Nigeria		
Abia 2/	619	697
Akwa Ibom 2/	526	362
Anambra	545	559
Bayelsa 2/	201	...
Cross River 2/	724	613
Ebonyi	172	...
Enugu	732	789
Imo 2/	571	583
Rivers 2/	635	523
Average	525	589
States in the west of Nigeria		
Delta 2/	623	429
Edo 2/	560	465
Ogun	635	527
Ekiti	163	...
Kwara	870	700
Lagos	584	238
Ondo 2/	641	454
Osun	623	681
Oyo	487	428
Average	576	490
States in the north of Nigeria		
Adamawa	791	575
Bauchi	576	275
Benue	491	395
Borno	406	274
Gombe	197	...
Jigawa	583	354
Kaduna	435	228
Kano	350	166
Katsina	230	145
Kebbi	372	281
Kogi	632	505
Nassarawa	238	...
Niger	695	546
Plateau	683	476
Sokoto	611	366
Taraba	907	792
Yobe	1,101	818
Zamfara	128	...
Average	524	413
Memorandum items:		
Average for oil-producing states	567	516
Average for nonoil producing states	527	460
Overall average	537	396

Sources: Central Bank of Nigeria; and staff estimates.

1/ The data are annual. Government transfers include allocations from the federation account and the value-added tax. The income data were derived from a survey commissioned by the World Bank in 1996. These data do not include government transfers.

2/ Oil-producing states.

Figure 4. Nigeria: Per Capita Income and Per Capita Government Transfers by State, 1996
(In naira)



transferred this responsibility to subnational governments. Because of the fall in oil prices in the second half of the 1980s, releases to these governments dropped, leading to the suspension of the construction of schools and difficulties in paying teachers' salaries. In reaction to teachers' strikes, the federal government mandated the National Primary Education Commission (NPEC) to formulate primary school education policy, and to manage and allocate funds for primary education, including paying teachers. In 1993, State Primary Education Boards (SPEBs) were created and charged with the recruitment of teachers, the negotiation of their salaries, and the enforcement of discipline. The Local Government Education Authorities, established at the same time, were entrusted with the tasks of day-to-day operation of the schools, the acquisition of materials and equipment, and general maintenance of school buildings.

36. Funds for primary education are deducted at source from the share of federation account revenue that is earmarked for local governments. But the latter do not have control over primary education policy and its funding. The NPEC defines this policy and manages the money belonging to local governments but does not report to them. In fact, it is not clear that these funds are well identified in the budget of any of the three tiers of government.

37. **Lack of public service or duplication.** Another difficulty of the shared responsibility system is its inherent risk that neither one of the levels of government concerned might provide the required public service because each level of administration assumes that another level will deliver the service. Furthermore, in the absence of effective coordination, there is a risk of duplication of efforts¹⁴ or conflict of actions, with a resulting waste or misuse of scarce resources.

Data

38. Fiscal analysis in Nigeria is hampered by the lack of reliable and comprehensive data on the financial operations of all tiers of government, particularly subnational governments.

39. At the level of the federal government, revenue data are fragmented among collection agencies, the Nigerian National Petroleum Corporation or NNPC (government oilmarketing company), and the Central Bank of Nigeria (CBN). Revenue monitoring is further complicated by the operations of many accounts opened abroad and locally by the CBN for the federal government. In addition, line ministries hold several accounts in commercial banks across the country. To impose discipline, the federal government reduced the number

¹⁴ According to the 2000 National Water Supply and Sanitation Policy, the federal government is charged with the development and maintenance of bulk water supply facilities. Meanwhile, drilling, construction of boreholes, water treatment plants, and distribution networks are the responsibility of states. In practice, the federal government has undertaken several projects that fall within the purview of states.

of banks authorized to hold government accounts, closed all capital accounts at commercial banks, and instructed spending agencies to open separate accounts for wages and overhead. The management of government operations and the collection, as well as analysis, of related data could be further enhanced by the rationalization of accounts and computerization of the central bank and the treasury.

40. No data is available on the level of indebtedness of subnational governments. Therefore, it remains unclear to what extent such indebtedness poses a threat to macroeconomic stability. A marked improvement in the compilation of accurate financial data on all subnational governments would probably require the passing of a national law consistent with Article 23b of the 1999 constitution.

D. Conclusion

41. Fiscal decentralization in Nigeria is on the whole consistent with international tenets and experience. Revenue characterized by bases that are mobile, income sensitive, or geographically concentrated is assigned to the national authorities, whereas taxes with more localized bases are devolved to subnational legislatures and governments. Except for the joint functions, expenditures of national interest are assigned to the federal government, and others are assigned to the level of administration that is closest to the final beneficiary. Federation revenue is shared according to a predetermined rule.

42. The two key challenges posed by the Nigerian model of fiscal decentralization are the claim on oil resources, and the integration of subnational governments into macroeconomic policy.

43. Economic degradation of oil-producing regions spanning several decades is now being addressed through increased releases to these regions and more focused developmental efforts. The resistance of central control of these resources remains strong in the oil-producing states; however, the viability of the federal and most subnational governments will be impaired in the absence of oil revenue.

44. The present institutional arrangement allocates a large share of revenue to subnational governments and gives them virtually unrestricted authority to borrow from domestic sources, mainly banks. It gives macroeconomic policy responsibilities to the federal government but provides no mechanism for subnational governments to contribute to maintaining macroeconomic stability.

Table 6. Nigeria: Gross Domestic Product by Sector of Origin at Current Prices, 1995-2000 1/

	1995	1996	1997	1998	1999	2000
	(In millions of naira)					
Primary sector	1,414,255	2,038,436	2,058,381	1,795,613	2,033,403	2,849,865
Agricultural activities	619,805	841,457	953,549	1,057,584	1,127,672	1,191,989
Agriculture	527,474	713,786	807,760	892,053	948,183	997,289
Livestock	65,704	88,150	98,034	107,014	111,110	114,309
Forestry	7,560	9,498	11,500	14,548	17,664	22,436
Fishing	19,067	30,023	36,256	43,970	50,714	57,955
Mining and quarrying	794,450	1,196,978	1,104,831	738,029	905,731	1,657,876
Of which: crude petroleum and gas	792,373	1,194,561	1,102,005	734,287	901,459	1,653,212
Secondary sector	120,853	150,603	164,920	169,125	181,487	199,476
Manufacturing	105,154	132,554	144,107	142,226	150,972	166,247
Utilities	1,915	2,006	2,038	2,021	2,110	2,212
Building and construction	13,784	16,042	18,776	24,878	28,406	31,017
Tertiary sector	425,576	551,420	611,698	753,932	968,338	1,137,785
Transport	48,025	62,138	71,466	91,968	100,056	106,442
Communication	830	943	1,072	1,191	1,333	1,638
Wholesale and retail trade	273,913	357,053	392,343	444,485	485,757	527,127
Hotel and restaurants	2,712	3,329	4,286	4,865	5,665	6,315
Finance and insurance	20,398	27,752	30,923	35,698	39,387	43,217
Real estate	1,093	1,456	1,617	1,892	2,350	2,923
Housing	46,224	60,599	67,385	98,329	133,032	170,130
Community and other services	11,547	17,108	21,244	28,631	41,246	53,688
Government services	20,835	21,043	21,361	46,873	159,513	226,306
Unallocated	...	...	...	-5,650	-98,613	-147,473
Gross domestic product at factor cost	1,960,683	2,740,458	2,834,999	2,713,019	3,084,615	4,039,653
Oil	792,373	1,194,561	1,102,005	734,287	901,459	1,653,212
Non-oil	1,168,311	1,545,897	1,732,994	1,978,732	2,183,155	2,386,442
Total indirect taxes (net)	22,355	86,791	106,000	116,495	127,913	140,431
Subsidies	-5,301	-3,316	-1,348	-858	-1,378	-1,905
Gross domestic product at market prices	1,977,737	2,823,933	2,939,651	2,828,656	3,211,150	4,178,179
	(In percent of GDP)					
Memorandum items:						
Oil GDP	40.4	43.6	38.9	27.0	28.3	39.5
Non-oil GDP	59.6	56.4	61.1	73.0	71.7	60.5
Primary sector	31.7	30.8	33.7	39.0	35.6	28.6
Secondary sector	6.2	5.5	5.8	6.2	5.7	4.8
Tertiary sector	21.7	20.1	21.6	27.7	30.4	27.2

Sources: Federal Office of Statistics; and staff estimates.

1/ Reflects revisions made by the Fund staff through exchange rates used for oil GDP (see Dhonte and others, *Nigeria--Selected Issues and Statistical Appendix*, IMF Staff Country Report No. 98/78 (Washington: IMF, 1998)), as well as through the use of primary data on the oil sector provided by the Nigerian National Petroleum Corporation.

Table 7. Nigeria: Gross Domestic Product by Sector of Origin at Constant 1990 Prices, 1995-2000 1/

	1995	1996	1997	1998	1999	2000
(In millions of naira)						
Primary sector	203,825	215,196	221,025	223,274	224,756	238,591
Agricultural activities	95,889	99,802	103,991	108,198	113,796	119,724
Agriculture	81,605	84,659	88,092	91,263	95,684	100,169
Livestock	10,165	10,455	10,691	10,948	11,212	11,481
Forestry	1,170	1,127	1,254	1,488	1,783	2,253
Fishing	2,950	3,561	3,954	4,498	5,118	5,821
Mining and quarrying	107,936	115,394	117,034	115,076	110,960	118,867
<i>Of which: crude petroleum and gas</i>	107,590	115,067	116,678	114,625	110,464	118,351
Secondary sector	20,172	20,416	20,756	20,397	21,061	22,057
Manufacturing	17,551	17,969	18,137	17,153	17,520	18,383
Utilities	320	272	256	244	245	245
Building and construction	2,301	2,175	2,363	3,000	3,296	3,430
Tertiary sector	80,890	82,465	84,829	89,421	90,812	93,380
Transport	9,094	9,277	9,908	10,738	9,406	8,776
Communication	157	141	149	139	125	135
Wholesale and retail trade	52,170	53,445	54,418	53,291	45,445	43,035
Hotel and restaurants	513	497	594	568	533	521
Finance and insurance	3,863	4,143	4,287	4,168	3,703	3,563
Real estate	207	217	224	221	221	241
Housing	8,753	9,048	9,342	11,480	12,506	14,026
Community and other services	2,187	2,554	2,945	3,343	3,877	4,426
Government services	3,945	3,142	2,961	5,473	14,995	18,658
Unallocated	...	...	...	-558	-629	-5,134
Gross domestic product at factor cost	304,887	318,077	336,111	332,534	336,000	348,894
Oil	107,590	115,067	116,678	114,625	110,464	118,351
Non-oil	197,297	203,010	209,932	217,909	225,536	230,543
Total indirect taxes (net)	2,138	8,368	9,623	9,989	10,338	10,568
Subsidies	-507	-320	-122	-94	-142	-184
Gross domestic product at market prices	306,517	326,125	336,111	342,428	346,196	359,278
Memorandum items:	(Annual percentage change)					
GDP at factor costs	2.5	4.3	5.7	-1.1	1.0	3.8
Oil sector	2.5	6.9	1.4	-1.8	-3.6	7.1
Non-oil sector	2.4	2.9	3.4	3.8	3.5	2.2
Agricultural activities	3.7	4.1	4.2	4.0	5.2	5.2
Agriculture	3.7	3.7	4.1	3.6	4.8	4.7
Livestock	4.5	2.9	2.3	2.4	2.4	2.4
Forestry	-19.4	-3.7	11.3	18.7	19.8	26.4
Fishing	10.4	20.7	11.0	13.8	13.8	13.7
Secondary sector	0.2	1.2	1.7	-1.7	3.3	4.7
<i>Of which: manufacturing</i>	4.6	2.4	0.9	-5.4	2.1	4.9
Tertiary sector	1.7	1.9	2.9	5.4	1.6	2.8

Sources: Federal Office of Statistics; and staff estimates.

1/ See footnote in Table 1.

Table 8. Nigeria: Gross Domestic Product by Expenditure Category at Current Prices, 1995-2000 1/

(In millions of naira)

	1995	1996	1997	1998	1999	2000
External balance	13,014	336,823	274,377	-128,479	-135,991	471,747
Exports of goods and nonfactor services	875,895	1,359,582	1,352,825	948,307	1,184,838	2,186,431
Goods	825,667	1,289,352	1,276,365	869,837	1,105,044	2,087,387
Nonfactor services	50,228	70,229	76,460	78,470	79,794	99,044
Imports of goods and nonfactor services	-862,881	-1,022,759	-1,078,448	-1,076,785	-1,320,829	-1,714,684
Goods	-604,385	-719,809	-790,999	-797,713	-975,670	-1,263,445
Nonfactor services	-258,496	-302,950	-287,449	-279,072	-345,159	-451,240
Domestic demand	1,964,723	2,487,111	2,665,274	2,957,135	3,347,141	3,706,432
Consumption	1,641,583	2,086,840	2,169,224	2,275,083	2,596,298	2,756,230
Government	145,200	147,004	150,852	273,665	430,754	857,646
Private	1,496,383	1,939,836	2,018,372	2,001,417	2,165,544	1,898,584
Gross investment	323,140	400,270	496,049	682,052	750,843	950,202
Stock changes	351	386	447	...	...	...
Gross fixed investment	322,789	399,884	495,602	682,052	750,843	950,202
Government	103,856	147,299	208,728	320,000	332,555	409,470
Private	218,933	252,585	286,874	362,052	418,289	540,732
Gross domestic product at market prices	1,977,737	2,823,933	2,939,651	2,828,656	3,211,150	4,178,179
Net factor income from abroad	-156,241	-178,468	-235,654	-248,729	-321,175	-443,252
Gross national product at market prices	1,821,496	2,645,465	2,703,997	2,579,927	2,889,975	3,734,927
Net transfers from abroad	51,548	70,137	151,253	130,376	152,405	176,075
National disposable income	1,873,044	2,715,602	2,855,250	2,710,303	3,042,379	3,911,002
National savings 2/	231,461	628,762	686,026	435,220	446,081	1,154,772
Gross domestic savings 3/	336,154	737,093	770,427	553,573	614,852	1,421,949

Sources: Federal Office of Statistics; Federal Ministry of Finance; Central Bank of Nigeria; and staff estimates.

1/ Reflects revisions made by the Fund staff.

2/ National disposable income less aggregate consumption.

3/ Domestic disposable income (GDP) less aggregate consumption.

Table 9. Nigeria: Gross Domestic Product by Expenditure Category at Constant 1990 Prices, 1995-2000 1/

(In millions of naira)

	1995	1996	1997	1998	1999	2000
External balance	48,289	60,417	46,675	60,233	19,331	-5,758
Exports of goods and nonfactor services	153,949	174,092	173,293	182,695	160,033	157,512
Goods	145,121	165,099	163,499	167,578	149,256	150,377
Nonfactor services	8,828	8,993	9,794	15,118	10,778	7,135
Imports of goods and nonfactor services	-105,660	-113,675	-126,618	-122,463	-140,702	-163,270
Goods	-74,007	-80,003	-92,869	-90,724	-103,934	-120,304
Nonfactor services	-31,653	-33,672	-33,749	-31,739	-36,768	-42,967
Domestic demand	258,228	265,708	289,436	282,075	326,865	365,036
Consumption	180,114	192,916	222,111	211,622	226,548	224,901
Government	30,809	24,126	22,811	25,456	37,587	69,982
Private	149,305	168,790	199,300	186,166	188,961	154,919
Gross investment	78,113	72,792	67,325	70,453	100,317	140,135
Stock changes	162	140	153	-121	0	0
Gross fixed investment	77,951	72,652	67,172	70,574	100,317	140,135
Government	25,080	26,762	28,290	33,111	47,066	65,747
Private	52,871	45,890	38,882	37,463	53,251	74,388
Gross domestic product at market prices	306,517	326,125	336,111	342,307	346,196	359,278
Net factor income from abroad	-19,132	-19,836	-27,668	-28,288	-28,288	-34,213
Gross national product at market prices	287,385	306,289	308,443	314,019	317,908	325,064
Net transfers from abroad	6,312	7,795	17,758	14,828	14,828	16,235
National disposable income	293,697	314,084	326,201	328,847	332,736	341,299
National savings 2/	113,583	121,168	104,091	117,225	106,188	116,399
Gross domestic savings 3/	126,402	133,209	114,000	130,685	119,648	134,377

Sources: Federal Office of Statistics; Federal Ministry of Finance; Central Bank of Nigeria; and staff estimates.

1/ Reflects revisions made by the Fund staff.

2/ National disposable income less aggregate consumption.

3/ Domestic disposable income (GDP) less aggregate consumption.

Table 10. Nigeria: Selected Petroleum Statistics, 1995-2000

	1995	1996	1997	1998	1999	2000
Production and exports (Millions of barrels per day)						
Production 1/	1.990	2.179	2.271	2.231	2.110	2.261
Domestic consumption	0.290	0.267	0.268	0.268	...	...
Stock changes	0.000	0.000	0.000	0.000	...	...
Exports 2/	1.700	1.911	2.003	1.955	1.844	1.952
World price (U.S. dollars per barrel)						
Unit value of exports	17.20	20.80	19.80	12.90	17.62	28.00
U.K. Brent, average price 3/	17.05	20.45	19.12	12.72	17.70	28.31
Export values 2/ (In millions of U.S. dollars)						
	11,448	15,830	15,181	9,708	11,393	19,550
Domestic petroleum product prices (In naira per liter, unless otherwise indicated)						
Crude oil (naira per barrel)	374.00	374.00	374.00	374.00	807.50	950.00
Premium motor spirits	11.00	11.00	11.00	11.00	20.00	22.00
Kerosene	6.00	6.00	6.00	6.00	17.00	18.00
Gas oil/diesel	9.00	9.00	9.00	9.00	19.00	20.00
Fuel oil 4/	7.00	7.00	7.00	7.00	12.40	...
Liquefied petroleum gas (naira per kilogram)	4.00	4.00	4.00	35.10	26.05	...
Aviation spirits	8.00	8.00	8.00	8.00	19.00	...
Domestic consumption of petroleum products (In thousands of metric tons)						
Premium motor spirits	4,129.4	3,985.1	3,961.8	3,530.2	3,153.6	4,799.6
Kerosene	1,445.5	1,633.7	1,640.5	1,266.4	1,217.4	1,217.0
Gas oil/diesel	2,266.4	2,265.1	2,650.9	1,809.9	2,059.9	2,195.3
Fuel oil (high and low "pour")	1,446.5	2,343.7	2,476.9	1,580.5	2,863.9	...
Liquefied petroleum gas	81.2	89.7	93.4	66.1	37.6	...
Aviation spirits	367.7	347.5	460.5	26.2	32.4	...

Sources: Central Bank of Nigeria; Nigerian National Petroleum Corporation; and staff estimates.

1/ Includes condensates.

2/ Balance of payments basis, including exports of condensate.

3/ U.K. Brent, light-blend 38 API, f.o.b. United Kingdom.

4/ Average price of high-"pour" and low-"pour" fuel oil.

Table 11. Nigeria: National Consumer Price Indices, 1994-2001
(September 1985 = 100)

	All Items	Food	Beverages, Tobacco, and Kola	Clothing and Footwear	Housing, Fuel, and Light	Household Goods	Medical Care and Health	Transport	Recreation and Education Services	Other Services
Weights	1,000.0	690.9	47.4	46.9	118.7	35.8	11.0	23.5	13.7	12.1
1994 average	1,180.7	1,174.6	1,195.4	1,107.4	1,056.7	1,583.6	1,188.5	1,532.0	1,236.2	1,114.9
March	955.5	975.7	1,000.2	942.0	705.4	1,284.4	972.9	1,101.2	1,033.2	866.9
June	1,105.1	1,115.1	1,177.7	1,053.1	916.2	1,401.7	1,101.2	1,267.5	1,142.8	1,156.3
September	1,341.5	1,320.9	1,321.7	1,183.3	1,322.3	1,735.9	1,285.7	1,904.9	1,379.0	1,243.7
December	1,540.1	1,490.4	1,531.7	1,470.4	1,519.0	2,361.1	1,650.0	2,026.6	1,623.8	1,369.1
1995 average	2,040.4	2,017.7	1,973.2	1,996.3	1,844.9	3,042.1	2,013.1	2,374.3	2,154.3	1,960.4
March	1,732.3	1,668.1	1,698.5	1,749.3	1,684.4	2,792.5	1,867.7	2,153.7	1,859.4	1,681.7
June	2,094.9	2,107.3	2,005.3	1,947.3	1,805.5	3,040.2	1,949.6	2,324.3	2,116.2	1,941.3
September	2,278.9	2,277.9	2,114.8	2,173.7	2,046.4	3,295.5	2,146.9	2,541.4	2,332.7	2,130.5
December	2,334.6	2,306.7	2,338.1	2,359.9	2,091.8	3,313.6	2,354.9	2,784.5	2,496.9	2,264.0
1996 average	2,638.1	2,630.7	2,463.3	2,657.7	2,394.2	3,464.3	2,728.6	3,022.8	2,878.4	2,526.7
March	2,458.2	2,420.4	2,316.4	2,583.1	2,307.6	3,409.4	2,494.9	2,876.8	2,673.3	2,312.3
June	2,699.2	2,715.4	2,387.8	2,644.3	2,441.5	3,475.1	2,762.1	3,033.1	2,859.6	2,525.2
September	2,818.0	2,850.0	2,561.1	2,766.0	2,457.7	3,562.8	2,911.4	3,065.0	3,012.0	2,657.8
December	2,668.8	2,600.1	2,605.1	2,818.1	2,536.7	3,622.5	2,932.6	3,298.1	3,234.4	2,665.6
1997 average	2,916.0	2,890.5	2,636.8	2,914.9	2,520.1	3,557.3	3,115.3	3,373.2	3,552.2	2,727.3
March	2,830.7	2,842.1	2,545.4	2,813.1	2,528.5	3,502.3	2,969.8	3,200.2	3,475.4	2,780.8
June	2,929.0	2,963.7	2,648.3	2,964.6	2,462.6	3,525.6	3,167.9	3,459.3	3,631.4	2,685.1
September	2,860.8	2,840.7	2,657.0	2,988.9	2,569.7	3,608.9	3,124.6	3,469.3	3,599.0	2,753.6
December	2,854.6	2,814.3	2,705.7	3,003.4	2,571.2	3,638.3	3,355.1	3,589.0	3,699.6	2,821.7
1998 average	3,149.2	3,044.4	2,762.6	3,001.7	3,636.4	3,490.4	3,281.0	3,886.2	3,856.3	3,080.7
March	2,990.6	2,952.9	2,682.1	3,041.5	2,813.5	3,442.7	3,378.9	3,839.3	3,701.5	2,844.9
June	3,204.7	3,134.7	2,715.8	3,002.8	3,651.3	3,475.4	3,274.8	3,770.0	3,827.0	2,929.2
September	3,211.3	3,066.3	2,888.6	2,918.5	3,984.1	3,499.3	3,168.9	4,022.6	3,871.1	3,264.7
December	3,291.8	3,009.9	2,793.1	3,037.0	4,885.2	3,507.0	3,329.0	4,229.3	3,988.7	3,538.0
1999 average	3,357.6	3,074.6	2,846.2	2,978.9	4,945.5	3,627.1	3,413.7	4,449.3	4,183.7	3,704.0
March	3,395.3	3,100.1	2,780.9	2,966.4	5,208.0	3,537.7	3,362.5	4,495.1	3,993.9	3,553.6
June	3,469.9	3,218.1	2,800.6	3,032.2	5,037.1	3,602.0	3,476.0	4,598.8	4,145.9	3,633.7
September	3,283.1	3,038.0	2,810.0	2,928.8	4,575.3	3,623.6	3,336.0	4,287.7	4,291.9	3,841.5
December	3,299.2	3,000.4	2,976.6	3,011.6	4,747.6	3,695.7	3,563.3	4,405.4	4,299.6	3,999.0
2000 average	3,590.5	3,148.9	3,148.3	3,074.6	6,067.7	3,821.3	3,625.9	4,726.8	4,650.3	4,322.3
March	3,347.2	3,034.3	3,054.6	3,007.0	4,834.0	3,777.7	3,542.9	4,508.0	4,612.3	4,150.6
June	3,673.6	3,217.6	3,125.6	3,041.3	6,369.5	3,921.6	3,630.5	4,722.7	4,627.7	4,302.1
September	3,792.4	3,200.2	3,205.1	3,113.2	7,373.2	3,834.2	3,647.8	4,884.4	4,700.7	4,470.5
December	3,778.4	3,238.4	3,570.6	3,164.3	6,802.4	3,884.5	3,701.8	5,010.3	4,850.4	4,567.7
2001										
March	3,956.4	3,527.9	3,797.2	3,122.7	6,424.8	3,988.8	3,572.6	5,240.9	5,014.5	4,488.9

Sources: Central Bank of Nigeria; and Federal Office of Statistics.

Table 12. Nigeria: Urban Consumer Price Indices, 1994-2001
(September 1985 = 100)

	All Items	Food	Beverages, Tobacco, and Kola	Clothing and Footwear	Housing, Fuel, and Light	Household Goods	Medical Care and Health	Transport	Recreation and Education Services	Other Services
Weights	1000.0	654.2	36.2	42.8	139.6	33.9	12.3	49.5	19.0	12.5
1994 average	1,317.1	1,282.4	1,492.7	1,108.8	1,077.0	1,371.4	1,526.0	2,274.1	1,792.2	1,263.0
March	1,108.9	1,108.7	1,365.8	932.9	849.6	1,175.4	1,304.1	1,630.1	1,535.1	902.5
June	1,232.3	1,218.0	1,450.2	1,086.7	980.7	1,288.3	1,496.5	1,839.4	1,658.2	1,278.6
September	1,504.3	1,427.8	1,598.8	1,171.0	1,462.0	1,411.7	1,554.6	2,802.2	1,912.7	1,405.0
December	1,617.0	1,550.2	1,796.2	1,417.9	1,374.2	1,856.5	1,974.7	2,750.2	2,357.6	1,470.4
1995 average	2,134.9	2,095.7	2,424.7	2,056.8	1,672.4	2,656.6	2,320.4	3,204.1	2,968.5	1,830.1
March	1,842.3	1,789.2	2,098.2	1,736.6	1,454.6	2,369.9	2,074.7	2,917.2	2,605.4	1,639.1
June	2,156.4	2,148.1	2,473.8	2,010.9	1,635.9	2,647.3	2,337.1	3,076.8	2,872.1	1,879.0
September	2,301.4	2,251.6	2,541.0	2,247.4	1,844.4	2,916.2	2,489.5	3,427.5	3,198.3	1,986.4
December	2,428.1	2,358.2	2,820.6	2,463.8	1,880.0	2,936.4	2,696.0	3,944.1	3,407.0	2,063.7
1996 average	2,771.0	2,680.1	3,033.8	2,800.3	2,344.8	2,982.0	3,332.0	4,206.6	3,982.0	2,953.0
March	2,604.1	2,523.0	2,896.2	2,618.5	2,179.7	2,879.5	2,991.1	3,989.7	3,518.4	2,873.6
June	2,867.7	2,787.5	2,991.8	2,821.9	2,515.3	2,939.6	3,455.5	4,252.7	3,900.0	3,080.8
September	2,883.3	2,809.9	3,085.5	2,988.4	2,343.8	3,177.0	3,649.3	4,170.9	4,309.0	3,189.0
December	2,853.4	2,675.0	3,130.5	3,033.1	2,523.8	3,167.8	3,727.2	4,662.8	4,504.1	3,199.0
1997 average	3,053.8	2,947.3	3,040.5	3,037.6	2,583.5	3,065.6	3,865.4	4,572.5	5,703.2	3,123.1
March	2,993.0	2,899.5	3,063.6	2,886.6	2,545.2	3,041.6	3,611.9	4,328.2	5,482.7	3,315.7
June	3,116.1	3,073.6	3,035.9	3,114.3	2,263.6	3,054.0	4,028.0	4,812.8	6,112.4	3,096.8
September	3,131.1	3,007.2	3,081.1	3,089.7	2,724.6	3,085.4	4,033.9	4,709.9	5,990.0	3,059.7
December	3,092.8	2,899.3	3,039.9	3,174.8	2,900.7	3,124.0	4,056.6	4,744.2	6,053.9	3,140.9
1998 average	3,229.7	2,944.2	2,971.4	2,985.9	3,475.9	2,888.0	4,095.7	5,425.5	5,839.1	4,288.7
March	3,047.0	2,826.7	2,796.0	2,912.4	2,802.9	2,951.3	4,270.4	5,574.8	5,699.2	3,456.9
June	3,262.9	3,049.1	2,944.8	2,906.9	3,374.7	2,916.4	4,133.3	5,244.5	5,793.9	3,602.2
September	3,293.0	2,975.6	3,095.5	2,967.3	3,649.1	2,818.0	3,987.2	5,622.1	5,739.1	5,118.3
December	3,426.5	2,963.6	3,115.3	3,076.6	4,394.9	2,805.0	4,015.6	5,925.6	5,869.7	6,292.3
1999 average	3,489.2	2,922.3	3,144.3	2,984.7	4,743.2	3,077.5	3,668.4	6,373.1	6,553.6	6,647.8
March	3,525.6	2,888.9	3,096.6	2,919.2	5,298.3	2,920.0	3,750.7	6,550.4	5,861.5	6,212.1
June	3,560.7	3,018.3	3,099.7	2,875.7	4,841.6	2,856.3	3,607.4	6,689.7	6,416.6	6,345.8
September	3,358.6	2,850.3	3,167.1	2,943.2	4,125.2	3,279.5	3,618.1	5,973.3	7,076.9	7,228.5
December	3,403.1	2,885.5	3,163.2	3,118.5	4,167.8	3,260.8	3,856.5	6,214.5	6,682.5	7,329.5
2000 average	3,727.8	3,060.8	3,702.2	3,249.1	5,204.3	3,305.0	4,139.3	6,807.7	6,983.3	7,499.4
March	3,477.3	2,930.4	3,602.1	3,256.2	4,175.3	3,252.1	3,963.6	6,522.6	6,995.6	7,395.8
June	3,767.4	3,095.8	3,593.3	3,186.2	5,399.2	3,239.5	4,228.8	6,817.6	6,906.8	7,509.8
September	3,875.1	3,080.8	3,774.3	3,215.4	6,074.6	3,316.8	4,184.8	7,055.8	6,965.9	7,584.1
December	4,011.0	3,215.9	4,108.7	3,272.1	6,191.6	3,424.9	4,295.0	7,166.8	7,270.9	7,557.1
2001										
March	4,281.5	3,721.2	3,663.3	3,426.1	5,353.5	3,581.1	4,288.3	7,458.9	7,250.9	8,544.9

Sources: Central Bank of Nigeria; and Federal Office of Statistics.

Table 13. Nigeria: Rural Consumer Price Indices, 1994-2001
(September 1985 = 100)

	All Items	Food	Beverages, Tobacco, and Kola	Clothing and Footwear	Housing, Fuel, and Light	Household Goods	Medical Care and Health	Transport	Recreation and Education Services	Other Services
Weights	1,000.0	698.5	49.6	47.7	114.5	36.1	10.8	18.3	12.5	12.0
1994 average	1,154.2	1,154.2	1,151.6	1,107.2	1,051.7	1,623.7	1,111.2	1,127.9	1,066.2	1,083.8
March	925.7	950.6	946.4	943.6	669.9	1,305.0	897.0	813.3	879.7	859.4
June	1,080.4	1,095.6	1,137.5	1,047.0	900.3	1,423.1	1,010.7	956.1	985.2	1,125.4
September	1,309.9	1,300.7	1,280.8	1,185.5	1,288.0	1,797.1	1,224.1	1,416.4	1,215.7	1,209.7
December	1,525.1	1,479.1	1,479.1	1,479.9	1,554.6	2,456.4	1,575.7	1,632.7	1,399.3	1,347.8
1995 average	2,022.0	2,003.0	1,906.7	1,985.4	1,887.4	3,114.9	1,942.8	1,922.5	1,905.2	1,987.8
March	1,710.9	1,645.2	1,639.6	1,751.6	1,740.9	2,872.3	1,820.3	1,738.1	1,631.2	1,690.7
June	2,083.0	2,099.6	1,936.3	1,935.8	1,847.2	3,114.4	1,860.9	1,914.7	1,885.1	1,954.4
September	2,274.5	2,282.9	2,052.0	2,160.3	2,096.1	3,367.2	2,068.6	2,059.0	2,068.0	2,160.8
December	2,316.5	2,297.0	2,267.1	2,341.1	2,144.0	3,384.8	2,276.8	2,153.5	2,218.6	2,306.1
1996 average	2,612.2	2,621.4	2,379.3	2,631.9	2,406.3	3,555.3	2,590.5	2,378.4	2,540.9	2,436.9
March	2,429.8	2,401.1	2,231.0	2,576.7	2,339.0	3,509.5	2,381.4	2,270.9	2,414.8	2,194.2
June	2,666.4	2,701.8	2,298.9	2,612.1	2,423.3	3,576.2	2,603.4	2,369.2	2,541.3	2,408.2
September	2,805.3	2,858.5	2,483.8	2,725.8	2,485.7	3,635.6	2,742.5	2,463.0	2,615.2	2,546.0
December	2,633.0	2,586.0	2,527.8	2,779.2	2,539.8	3,708.4	2,750.7	2,555.2	2,846.0	2,582.3
1997 average	2,810.4	2,830.0	2,580.8	2,908.2	2,484.6	3,643.1	2,943.8	2,712.0	2,871.4	2,697.2
March	2,799.2	2,831.3	2,469.1	2,799.8	2,524.4	3,589.3	2,822.8	2,586.1	2,861.4	2,668.2
June	2,892.6	2,943.0	2,591.3	2,937.6	2,511.5	3,614.7	2,971.1	2,722.5	2,872.5	2,598.4
September	2,808.3	2,809.3	2,594.5	2,970.6	2,531.5	3,707.8	2,916.5	2,794.0	2,867.6	2,689.1
December	3,808.3	2,798.3	2,656.4	2,972.4	2,490.2	3,735.4	3,194.6	2,960.1	2,979.4	2,754.5
1998 average	3,133.5	3,063.4	2,731.9	3,004.5	3,686.3	3,604.4	3,094.6	3,025.6	3,249.8	2,826.4
March	2,979.6	2,976.7	2,665.3	3,064.9	2,940.7	3,535.5	3,174.9	2,894.6	3,090.4	2,716.1
June	3,193.4	3,150.9	2,682.1	3,020.1	3,719.3	3,581.0	3,078.3	2,967.3	3,225.4	2,787.6
September	3,195.4	3,083.4	2,858.1	2,909.6	4,066.5	3,628.0	2,981.6	3,151.8	3,299.7	2,874.6
December	3,265.6	3,018.6	2,745.6	3,029.8	5,005.9	3,639.6	3,171.9	3,305.8	3,413.3	2,958.2
1999 average	3,332.0	3,103.4	2,802.3	2,977.8	4,995.3	3,730.9	3,355.4	3,402.0	3,458.7	3,084.3
March	3,370.0	3,140.0	2,734.4	2,975.0	5,185.7	3,654.4	3,273.7	3,376.2	3,422.7	2,994.0
June	3,452.3	3,255.8	2,756.5	3,060.5	5,085.3	3,742.8	3,445.9	3,460.6	3,451.3	3,062.8
September	3,268.4	3,073.4	2,757.4	2,926.2	4,686.1	3,688.5	3,271.4	3,370.0	3,440.0	3,128.6
December	3,279.0	3,022.0	2,949.2	2,992.2	4,890.2	3,777.9	3,496.2	3,420.6	3,570.7	3,298.0
2000 average	3,564.1	3,165.6	3,066.7	3,043.1	6,282.0	3,918.8	3,508.4	3,594.0	3,936.7	3,653.5
March	3,321.9	3,053.9	2,974.0	2,961.9	4,996.1	3,877.0	3,446.7	3,411.3	3,883.4	3,467.5
June	3,655.4	3,240.6	3,041.9	3,015.0	6,610.6	4,050.4	3,493.6	3,582.2	3,930.6	3,627.0
September	3,776.3	3,222.8	3,121.3	3,094.7	7,692.7	3,931.9	3,525.1	3,713.2	4,007.8	3,815.2
December	3,733.2	3,242.7	3,402.1	3,144.8	6,952.6	3,971.3	3,566.0	3,836.4	4,110.0	3,938.5
2001										
March	3,893.2	3,491.4	3,597.8	3,067.8	6,688.3	4,065.8	3,408.7	4,033.4	4,330.4	3,635.3

Sources: Central Bank of Nigeria; and Federal Office of Statistics.

Table 14. Nigeria: Consolidated Government Finance, 1995-2000 1/

	1995	1996	1997	1998	1999	2000
	(In millions of naira)					
Total revenue	444,040	556,136	589,339	458,341	986,954	1,927,088
Petroleum revenue	236,411	307,602	326,640	203,731	721,018	1,584,446
Nonpetroleum revenue	207,629	248,534	262,699	254,610	265,936	342,642
Tax revenue	103,672	134,615	161,158	168,341	248,936	304,585
Taxes on net income, profits, and capital gains	42,729	44,512	58,918	65,616	84,985	104,960
Domestic taxes on goods and services	20,509	31,033	34,000	38,415	71,902	83,937
Taxes on international trade and transactions	40,434	59,071	68,240	64,310	92,049	115,688
Nontax revenue	103,958	113,919	101,541	86,269	17,000	38,057
Total expenditure	361,955	418,888	561,036	722,480	1,227,960	1,834,305
Recurrent expenditure	149,513	152,075	180,140	229,738	484,494	684,850
Personnel costs	30,700	40,858	46,000	56,319	136,909	278,701
Overhead costs	36,194	35,469	55,000	75,833	69,023	71,377
Interest payments due	72,572	65,066	71,654	88,724	266,740	312,288
Domestic interest	28,027	20,000	32,000	40,520	84,034	104,168
Foreign interest	42,541	40,066	36,654	45,954	182,706	208,121
Other (local contractors)	2,004	5,000	3,000	2,250	0	0
Other 2/	10,047	10,682	7,486	8,863	11,823	22,484
Capital expenditure	103,856	147,301	225,526	292,285	359,347	498,030
Domestically financed 3/	97,857	133,488	217,296	284,142	346,746	485,776
Of which: Petroleum Special Trust Fund	275	18,077	42,984	66,827	21,000	14,559
Foreign financed	5,999	13,814	8,231	8,143	12,600	12,254
Extrabudgetary/NDDC/other	0	0	0	0	100,119	5,046
State and local government (incl. Special Funds)	108,587	119,512	155,369	200,457	284,000	646,380
Overall balance (commitment basis)	82,085	137,248	28,303	-264,139	-241,006	92,782
Balancing item/drawdown on balances	-40,895	31,757	1,344	161,312	0	-13,300
Overall balance (cash basis)	41,190	169,004	29,647	-102,827	-241,006	79,482
Financing	-41,190	-169,004	-29,647	102,827	241,006	-79,482
Privatization proceeds	0	0	0	0	0	18,104
External	-736	11,124	30,367	25,097	36,411	45,546
Borrowing	5,999	13,814	8,226	8,139	12,600	12,254
Amortization due	-63,683	-71,755	-49,111	-46,720	-200,865	-135,513
Change in arrears (accumulation +, repayment -)	56,949	69,065	71,252	63,678	224,676	0
Rescheduling	0	0	0	0	0	168,804
Domestic	-40,455	-180,128	-60,014	77,730	204,594	-143,131
Banking system (net) 4/	-31,582	-191,082	-71,737	66,086	238,000	-227,003
Change in arrears (accumulation +, repayment -)	0	0	0	0	-32,000	-42,459
Nonbank	-8,872	10,954	11,723	11,644	-1,406	126,330
	(In percent of GDP, unless otherwise indicated)					
Total revenue	22.5	19.7	20.0	16.2	30.7	46.1
Of which: petroleum revenue	12.0	10.9	11.1	7.2	22.5	37.9
Total expenditure and net lending	18.3	14.8	19.1	25.5	38.2	43.9
Recurrent expenditure	7.6	5.4	6.1	8.1	15.1	16.4
Of which: foreign interest due	2.2	1.4	1.2	1.6	5.7	5.0
domestic interest due	1.4	0.7	1.1	1.4	2.6	2.5
Capital expenditure	5.3	5.2	7.7	10.3	11.2	11.9
State and local government (incl. Special Funds)	5.5	4.2	5.3	7.1	8.8	15.5
Overall balance (commitment basis)	4.2	4.9	1.0	-9.3	-7.5	2.2
Memorandum items:						
Primary balance 5/	7.8	7.2	3.4	-6.2	0.8	9.7
Price of Nigerian oil (U.S. dollars per barrel)	17.2	20.8	19.8	12.9	17.6	28.0

Sources: Federal Ministry of Finance; and staff estimates.

1/ Consists of the Federal, state and local governments, "First Charges," Special Funds, the Petroleum Special Trust Fund (PSTF).

2/ Includes PSTF recurrent expenditure, fertilizer subsidy, customs levies, Education Fund and presecondary foreign exchange market (SFEM) payments.

3/ Consists of Federal government budgetary capital expenditure, national priority projects, cash calls, Nigerian National Petroleum Corporation (NNPC) priority projects, and PSTF capital expenditure. Starting in 1999, expenditures on national priority projects and local contractors have been classified as domestic arrears.

4/ Includes adjustment for PSTF deposits held in the commercial and merchant banking system.

5/ Primary balance is defined as total revenue less total expenditure, excluding interest payments due.

Table 15. Nigeria: Consolidated Government Revenue, 1995-2000 1/

(In millions of naira)

	1995	1996	1997	1998	1999	2000
Total revenue	444,040	556,136	589,339	458,341	986,954	1,927,087
Tax revenue	181,960	253,217	292,998	247,169	317,523	637,126
Taxes on net income, profits, and capital gains	100,557	121,179	152,758	109,666	153,572	437,502
Petroleum profits tax	57,828	76,667	93,840	44,050	68,587	332,542
Company income tax 2/	21,878	22,000	26,000	33,500	44,985	51,028
Education tax	1,845	1,000	1,733	2,233	3,000	8,302
Personal income tax 3/	19,005	21,511	31,185	29,883	37,000	45,630
Domestic taxes on goods and services	40,969	72,968	72,000	73,193	71,902	83,937
Value-added tax	20,509	31,033	34,000	38,415	48,514	58,470
Taxes on petroleum products	20,460	41,935	38,000	34,778	23,388	25,467
Taxes on international trade and transactions	40,434	59,071	68,240	64,310	92,049	115,688
Import duties, excises, and fees 4/	37,967	55,000	63,000	58,475	83,226	101,506
Customs levies 5/	2,467	4,071	5,240	5,835	8,823	14,182
Nontax revenue	262,081	302,919	296,341	211,173	669,431	1,289,961
Oil export proceeds	119,436	159,000	167,800	102,399	498,217	947,163
Royalty	...	...	...	...	102,824	192,531
Autonomous foreign exchange market profits	79,645	103,190	90,247	82,158	0	0
Domestic crude 6/	38,687	30,000	27,000	21,806	45,427	89,200
Federal government independent revenue 7/	19,121	3,407	7,760	3,112	17,000	38,057
Petroleum Special Trust Fund independent revenue 8/	5,192	7,322	3,533	1,000		
Upstream gas proceeds/other oil	0	0	0	699	5,963	23,010
Memorandum item:						
Privatization proceeds	...	...	...	...	...	18,104

Sources: Federal Ministry of Finance; and staff estimates.

1/ Consists of the federal, state and local governments, "First Charges," the Special Funds, and the Petroleum Special Trust Fund (PSTF).

2/ Mainly company income tax collected by the Federal Inland Revenue Service.

3/ Consists of personal income tax, and other taxes and fees collected by state governments. The Federal Inland Revenue Service also collects a small amount of personal income tax from armed forces personnel and inhabitants of the Federal Capital Territory.

4/ Consists of import duties, excise duties, and fees that go directly to the federation account.

5/ Consists mainly of earmarked import levies of a 5 percent port development surcharge, a 1 percent Nigerian Shippers' Council surcharge, and a 1 percent Raw Materials Research and Development Council surcharge.

6/ Proceeds from the sale of crude oil to domestic refineries.

7/ Consists of dividends from public enterprises, directors' fees and loan recoveries.

8/ Consists of interest earned on PSTF balances held as deposits and treasury bills.

Table 16. Nigeria: Consolidated Government Expenditure, 1995-2000 1/

(In millions of naira)

	1995	1996	1997	1998	1999	2000
Total expenditure	361,955	418,886	561,036	722,480	1,227,960	1,834,305
Recurrent expenditure	149,513	152,075	180,140	229,738	484,494	684,850
Goods and services	67,039	76,603	101,513	132,946	205,931	350,078
Federal government personnel costs	30,700	40,858	46,000	56,319	136,909	278,701
Federal government overhead	36,194	35,469	55,000	75,833	69,023	71,377
Petroleum Special Trust Fund	145	276	513	794	0	0
Fertilizer subsidy	5,590	5,335	0	0	0	0
Customs levies	2,467	4,071	5,240	5,835	8,823	14,182
Education Fund	1,845	1,000	1,733	2,233	3,000	8,302
Interest payments due	72,572	65,066	71,654	88,724	266,740	312,288
Domestic interest	28,027	20,000	32,000	40,520	84,034	104,168
Foreign interest	42,541	40,066	36,654	45,954	182,706	208,121
Other (local contractors)	2,004	5,000	3,000	2,250	0	0
Capital expenditure	103,856	147,299	225,526	292,285	359,347	488,389
Domestically financed budgetary	97,857	133,486	217,296	284,142	346,746	476,134
Core capital	43,182	51,065	104,792	132,254	118,940	176,825
National priority projects	15,400	13,192	16,280	13,200	0	0
NNPC operations	39,000	51,152	53,240	71,861	206,806	284,750
JVC cash calls	...	38,504	45,100	54,991	183,339	260,000
NNPC priority projects	...	12,648	8,140	16,870	23,468	24,750
Petroleum Special Trust Fund	275	18,077	42,984	66,827	21,000	14,559
Foreign financed	5,999	13,814	8,231	8,143	12,600	12,254
Extrabudgetary outlays/other/NDDC	0	0	0	0	100,119	5,046
Judiciary	0	0	0	0	0	9,641
State and local governments 2/	108,587	119,512	155,369	200,457	284,000	646,380
Memorandum items:						
Payment of domestic arrears	...	...	...	...	32,000	42,459
Arrears on local contractors	...	...	...	...	1,000	0
Arrears on Federal government priority projects	...	...	...	...	14,000	42,459
Other domestic arrears	...	...	...	...	17,000	0

Sources: Federal Ministry of Finance, and staff estimates.

1/ Consists of the federal, state and local governments, "First Charges," Special Funds, and the Petroleum Special Trust Fund (PSTF).

2/ Includes the Special Funds.

Table 17. Nigeria: Federation Account Operations, 1995-2000

(In millions of naira)

	1995	1996	1997	1998	1999	2000
Total revenue	177,536	178,345	200,540	137,768	454,239	1,007,585
Petroleum revenue	117,691	101,345	111,540	45,793	326,027	855,051
Foreign-generated oil revenue (net)	79,004	71,345	84,540	23,988	257,212	740,384
Gross government export proceeds	119,436	159,000	167,800	102,399	498,217	947,163
Royalty and petroleum profit tax	57,828	76,667	93,840	44,050	171,411	525,073
First Charges/dedicated accounts	-98,260	-164,322	-177,100	-122,461	-412,416	-731,852
Domestically generated oil revenue (net)	38,687	30,000	27,000	21,806	68,816	114,667
Petroleum naira revenue	59,147	71,935	65,000	56,584	68,816	114,667
Transfers to Petroleum Special Trust Fund	20,460	41,935	38,000	34,778	0	0
Nonpetroleum revenue	59,845	77,000	89,000	91,975	128,212	152,534
Company income tax	21,878	22,000	26,000	33,500	44,985	51,028
Customs and excise	37,967	55,000	63,000	58,475	83,226	101,506
Total expenditure	167,419	169,711	194,380	132,525	436,599	1,020,954
Deduction for fertilizer subsidy	5,590	5,335	0	0	0	0
Transfers to stabilization account	8,524	0	0	0	0	0
Federation account distribution 1/	153,305	164,376	194,380	132,525	436,599	1,020,954
Federal government	73,524	81,056	97,262	67,157	211,751	514,969
State government	39,221	41,522	48,130	33,232	104,784	256,501
Local government	32,684	34,602	40,108	27,693	87,320	213,751
Special Funds	7,875	7,196	8,881	4,443	32,745	35,733
Federal Capital Territory (1 percent)	1,634	1,730	2,005	1,385	4,366	10,210
Ecology (2 percent)	3,268	3,460	4,011	2,769	8,732	20,419
Statutory stabilization (0.5 percent)	817	865	1,003	692	2,183	5,105
Derivation (2 percent)	539	285	465	-101	8,732	0
Mineral-producing areas (2 percent)	1,617	856	1,396	-303	8,732	0
Overall balance	10,117	8,634	6,160	5,243	17,640	-13,369
Financing	-10,117	-8,634	-6,160	-5,243	-17,640	13,369
Memorandum items:						
First Charges/dedicated accounts	98,260	164,322	177,100	122,461	412,416	731,852
First Charges	98,260	164,322	177,100	122,461	412,416	686,786
JVC cash calls	39,000	38,504	45,100	54,991	183,339	260,000
NNPC priority projects	...	12,648	8,140	16,870	23,468	24,750
External debt service	43,860	44,000	44,000	37,400	177,610	175,034
National priority projects	15,400	13,192	16,280	13,200	0	0
Special reserve/excess proceeds	...	55,978	63,580	0	28,000	227,003
Dedicated accounts	...	...	...	...	...	...
13 percent natural resource derivation	...	...	...	...	...	45,066

Sources: Federal Ministry of Finance; and staff estimates.

1/ Since 1992, the allocation formula of federation account revenue has been 48.5 percent for the federal government, 24.0 percent for state governments, 20.0 percent for local governments, and 7.5 percent for Special Funds. Subsequent to the creation of the Niger Delta Development Commission in 2000, the share of the former OMPADEC and derivation totaling 4 percent has been distributed mainly to the three tiers of governments, thereby reducing the share of Special Funds to 3.5 percent (see the chapter on Issues in Fiscal Decentralization in Nigeria at the beginning of this report).

Table 18. Nigeria: Summary of Federal Government Fiscal Operations, 1995-2000 1/

(in millions of naira, unless otherwise indicated)

	1995	1996	1997	1998	1999	2000
Total revenue	317,671	366,405	369,296	285,884	697,449	1,325,774
Distribution from federation account	73,524	81,056	97,262	67,157	211,751	514,969
Drawdown of federation stabilization account	4,134	0	0	0	13,580	0
Federal government share of value-added tax	7,433	10,746	12,000	9,462	7,277	8,770
Independent revenue 2/	19,121	3,407	7,760	3,112	17,000	38,057
Autonomous foreign exchange market profit	79,645	103,190	90,247	39,846	0	0
Education Trust Fund	1,845	1,000	1,733	2,233	3,000	8,302
Customs levies	2,467	4,071	5,240	5,835	8,823	14,182
First Charges deductions	98,260	108,344	113,520	122,461	412,416	741,493
External debt service	43,860	44,000	44,000	37,400	177,610	175,034
National priority projects	15,400	13,192	16,280	13,200	0	0
JVC cash calls and NNPC priority projects	39,000	51,152	53,240	71,861	206,806	284,750
Excess proceeds	0	0	0	0	28,000	227,003
Judiciary	0	0	0	0	0	9,641
13% derivation	0	0	0	0	0	45,066
Transfers from federation account for fertilizer subsidy	5,590	5,335	0	0	0	0
Transfers for Petroleum Special Trust Fund (PSTF)	20,460	41,935	38,000	34,778	21,000	0
PSTF independent revenue 3/	5,192	7,322	3,533	1,000	0	0
Other	0	0	0	0	2,603	0
Total expenditure	249,057	294,304	398,688	513,950	943,960	1,232,992
Recurrent expenditure	145,200	147,004	173,167	221,669	484,494	684,850
Goods and services	67,039	76,603	101,513	132,946	205,931	350,078
Personnel costs	30,700	40,858	46,000	56,319	136,909	278,701
Overhead	36,194	35,469	55,000	75,833	69,023	71,377
PSTF	145	276	513	794	0	0
Fertilizer subsidy	5,590	5,335	0	0	0	0
Interest payments due	72,572	65,066	71,654	88,724	266,740	312,288
Domestic interest	28,027	20,000	32,000	40,520	84,034	104,168
Foreign interest	42,541	40,066	36,654	45,954	182,706	208,121
Local contractors	2,004	5,000	3,000	2,250	0	0
Other	0	0	0	0	11,823	22,484
Capital expenditure	64,856	96,147	172,281	220,419	152,540	203,639
Domestically financed	58,857	82,334	164,056	212,281	139,940	191,384
Budgetary	43,182	51,065	104,792	132,254	118,940	176,825
National priority projects	15,400	13,192	16,280	13,200	0	0
PSTF	275	18,077	42,984	66,827	21,000	14,559
Foreign financed	5,999	13,814	8,226	8,139	12,600	12,254
First Charges	39,000	51,152	53,240	71,861	206,806	339,457
Other/extrabudgetary expenditure	0	0	0	0	100,119	5,046
Overall balance (commitment basis)	68,615	72,101	-29,392	-228,066	-246,511	92,782
Balancing item/drawdown on bank balances 4/	28,073	-100,272	-52,914	-42,100	0	13,300
Overall balance (cash basis)	40,542	172,373	23,522	-185,966	-246,511	79,482
Financing	-40,542	-172,373	-23,522	185,966	246,511	-79,482
Privatization	0	0	0	0	0	18,104
External loans (net)	-735	11,124	30,352	24,503	36,411	45,341
Borrowings	5,999	13,814	8,226	8,139	12,600	12,254
Amortization due	-63,683	-71,755	-49,111	-46,720	-200,865	-135,513
Change in arrears (accumulation +, reduction -)	56,949	69,065	71,237	63,084	224,676	0
Rescheduling	0	0	0	0	0	168,600
Domestic	-39,806	-183,497	-53,873	161,463	210,099	-142,927
Banking system (net) 5/	-29,089	-193,452	-63,873	151,464	238,000	-227,003
Change in domestic arrears (accumulation +)	0	0	0	0	-32,000	-42,459
Nonbank	-10,718	9,954	10,000	10,000	4,099	126,535
Memorandum items:						
Primary balance 6/	141,187	137,167	42,262	-139,342	20,229	405,070
Primary balance (in percent of GDP)	7.1	4.9	1.4	-4.9	0.6	9.7

Sources: Federal Ministry of Finance; and staff estimates.

1/ Consists of the federal government and the Petroleum Special Trust Fund (PSTF).

2/ Consists of dividends from public enterprises, directors' fees, and loan recoveries from public enterprises.

3/ Consists of interest earned on PSTF balances held as deposits and treasury bills.

4/ Through 1998, the balancing item reflects the difference between total spending implied by net credit to government derived from the monetary accounts and total spending from the fiscal accounts. In 2000, the balancing item reflects N15.3 billion in expenditure financed from from a drawdown of line ministries' commercial bank accounts.

5/ Includes adjustment for PSTF deposits held in the commercial and merchant banking system, which are classified as private deposits.

6/ Primary balance is defined as total revenue less total expenditure, excluding interest payments due.

Table 19. Nigeria: Budgeted Total Expenditure of the Federal Government by Functional Classification, 1995-99 1/

	1995	1996	1997	1998	1999
	(In millions of naira)				
Administration	42,096	61,986	101,861	89,944	139,871
General administration	26,174	35,866	71,564	47,025	82,447
Defense	9,361	15,686	17,121	25,162	24,477
Internal security	6,561	10,434	13,176	17,757	32,948
Economic services	56,542	84,670	94,089	61,334	73,628
Agriculture and water services	3,924	5,713	7,398	9,043	12,151
Road and construction	1,699	608	0	2,244	3,895
Manufacturing, mining, and quarrying	4,164	3,114	4,146	14,691	9,924
Transport and communications	3,592	9,817	3,348	9,965	5,948
Special projects	26,000	44,000	44,000	14,665	18,920
Others	17,163	21,418	35,198	10,725	22,789
Social and community services	23,036	26,343	27,119	50,865	55,002
Education	12,172	14,883	16,286	24,614	31,564
Health	4,633	4,835	6,718	13,641	16,180
Housing	4,818	2,831	0	4,722	0
Other	1,413	3,795	4,115	7,888	7,258
Transfers	143,400	125,766	145,573	206,591	316,742
Outstanding domestic liabilities	2,004	7,964	23,169	4,147	0
Interest due	70,568	60,066	73,308	86,474	266,740
Domestic	28,027	20,000	36,654	40,520	84,034
External	42,541	40,066	36,654	45,954	182,706
Other recurrent transfers 2/	35,828	15,801	10,524	52,272	25,190
Other capital transfers	35,000	41,935	38,572	63,698	24,812
Total	265,073	298,766	368,641	408,734	585,243
	(In percent of total)				
Administration	15.9	20.7	27.6	22.0	23.9
General administration	9.9	12.0	19.4	11.5	14.1
Defense	3.5	5.3	4.6	6.2	4.2
Internal security	2.5	3.5	3.6	4.3	5.6
Economic services	21.3	28.3	25.5	15.0	12.6
Agriculture and water services	1.5	1.9	2.0	2.2	2.1
Construction	0.6	0.2	0.0	0.5	0.7
Manufacturing, mining, and quarrying	1.6	1.0	1.1	3.6	1.7
Transport and communications	1.4	3.3	0.9	2.4	1.0
Special projects	9.8	14.7	11.9	3.6	3.2
Others	6.5	7.2	9.5	2.6	3.9
Social and community services	8.7	8.8	7.4	12.4	9.4
Education	4.6	5.0	4.4	6.0	5.4
Health	1.7	1.6	1.8	3.3	2.8
Housing	1.8	0.9	0.0	1.2	0.0
Other	0.5	1.3	1.1	1.9	1.2
Transfers	54.1	42.1	39.5	50.5	54.1
Outstanding domestic liabilities	0.8	2.7	6.3	1.0	0.0
Interest due	26.6	20.1	19.9	21.2	45.6
Domestic	10.6	6.7	9.9	9.9	14.4
External	16.0	13.4	9.9	11.2	31.2
Other recurrent transfers 2/	13.5	5.3	2.9	12.8	4.3
Other capital transfers	13.2	14.0	10.5	15.6	4.2
Total	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Nigeria, *Annual Reports*; and staff estimates of the interest due.

1/ Data on actual expenditures by functional classification are not available.

2/ Includes pensions, gratuities, and contingencies.

Table 20. Nigeria: Budgeted Recurrent Expenditure of the Federal Government by Functional Classification, 1995-99 1/

	1995	1996	1997	1998	1999
(In millions of naira)					
Administration	28,758	47,123	61,332	54,674	97,134
General administration	16,903	26,302	37,908	26,932	48,364
Defense	6,598	11,902	13,343	15,460	20,679
Internal security	5,257	8,919	10,082	12,281	28,091
Economic services	5,918	5,841	7,794	11,862	20,451
Agriculture and water resources	1,510	1,818	2,421	2,979	5,239
Road and construction	1,699	608	0	2,244	3,895
Transport and communications	1,081	1,199	2,185	1,439	2,632
Others	1,628	2,216	3,188	5,200	8,686
Social and community services	13,821	17,687	21,331	22,778	37,748
Education	9,746	11,667	12,983	14,035	23,047
Health	3,321	3,175	4,702	5,334	8,793
Others	754	2,845	3,645	3,409	5,908
Transfers	106,396	75,867	83,832	138,746	291,930
Interest due	70,568	60,066	73,308	86,474	266,740
Domestic	28,027	20,000	36,654	40,520	84,034
External	42,541	40,066	36,654	45,954	182,706
Others 2/	35,828	15,801	10,524	52,272	25,190
Total	154,893	146,518	174,289	228,059	447,264
(In percent of total)					
Administration	18.6	32.2	35.2	24.0	21.7
General administration	10.9	18.0	21.8	11.8	10.8
Defense	4.3	8.1	7.7	6.8	4.6
Internal security	3.4	6.1	5.8	5.4	6.3
Economic services	3.8	4.0	4.5	5.2	4.6
Agriculture and water resources	1.0	1.2	1.4	1.3	1.2
Construction	1.1	0.4	0.0	1.0	0.9
Transport and communications	0.7	0.8	1.3	0.6	0.6
Others	1.1	1.5	1.8	2.3	1.9
Social and community services	8.9	12.1	12.2	10.0	8.4
Education	6.3	8.0	7.4	6.2	5.2
Health	2.1	2.2	2.7	2.3	2.0
Others	0.5	1.9	2.1	1.5	1.3
Transfers	68.7	51.8	48.1	60.8	65.3
Interest due	45.6	41.0	42.1	37.9	59.6
Domestic	18.1	13.7	21.0	17.8	18.8
External	27.5	27.3	21.0	20.2	40.8
Others 2/	23.1	10.8	6.0	22.9	5.6
Total	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Nigeria, *Annual Reports*; and staff estimates of the interest due.

1/ Data on actual expenditures by functional classification are not available.

2/ Includes pensions, gratuities, and contingencies.

Table 21. Nigeria: Budgeted Capital Expenditure of the Federal Government by Functional Classification, 1995-99 1/

	1995	1996	1997	1998	1999
(In millions of naira)					
Administration	13,338	14,864	40,529	35,270	42,737
General administration	9,271	9,565	33,656	20,093	34,083
Defense	2,763	3,784	3,778	9,702	3,798
Internal security	1,304	1,515	3,095	5,476	4,856
Economic services	50,624	78,829	86,295	76,070	58,176
Agriculture and water resources	2,414	3,895	4,976	6,065	6,913
Road and construction	...	...	...	26,599	5,000
Manufacturing, mining, and quarrying	4,164	3,114	4,146	14,691	9,924
Transport and communications	2,511	8,619	1,163	8,526	3,317
Special projects	26,000	44,000	44,000	14,665	18,920
Others	15,535	19,202	32,010	5,525	14,103
Social and community services	9,215	8,656	5,789	28,088	17,254
Education	2,426	3,216	3,303	10,579	8,517
Health	1,312	1,660	2,016	8,307	7,387
Housing	4,818	2,831	0	4,722	0
Others	659	950	470	4,479	1,350
Transfers	37,004	49,899	61,741	67,846	24,812
Outstanding domestic liabilities	2,004	7,964	23,169	4,147	0
PSTF/Other	35,000	41,935	38,572	63,698	24,812
Total	110,181	152,248	194,353	207,274	142,979
(In percent of total)					
Administration	12.1	9.8	20.9	17.0	29.9
General administration	8.4	6.3	17.3	9.7	23.8
Defense	2.5	2.5	1.9	4.7	2.7
Internal security	1.2	1.0	1.6	2.6	3.4
Economic services	45.9	51.8	44.4	36.7	40.7
Agriculture and water resources	2.2	2.6	2.6	2.9	4.8
Manufacturing, mining, and quarrying	3.8	2.0	2.1	7.1	6.9
Transport and communications	2.3	5.7	0.6	4.1	2.3
Special projects	23.6	28.9	22.6	7.1	13.2
Others	14.1	12.6	16.5	2.7	9.9
Social and community services	8.4	5.7	3.0	13.6	12.1
Education	2.2	2.1	1.7	5.1	6.0
Health	1.2	1.1	1.0	4.0	5.2
Housing	4.4	1.9	0.0	2.3	0.0
Others	0.6	0.6	0.2	2.2	0.9
Transfers	33.6	32.8	31.8	32.7	17.4
Outstanding domestic liabilities	1.8	5.2	11.9	2.0	0.0
Other	31.8	27.5	19.8	30.7	17.4
Total	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Nigeria, *Annual Reports*.

1/ Data on actual expenditures by functional classification are not available.

Table 22. Nigeria: Federal Government Outstanding Domestic Debt, 1995-2000

	1995	1996	1997	1998	1999	2000
	(In millions of naira)					
Instruments	248,775	343,674	359,028	404,102	794,806	898,253
Treasury bills	103,327	103,327	221,801	221,802	361,758	465,535
Treasury bonds	118,682	237,388	134,388	179,620	430,608	430,608
Treasury certificates	23,596	0	0	0	0	0
Development stock	3,170	2,960	2,840	2,680	2,440	2,110
Other	0	0	0	0	0	0
Holdings	248,774	343,674	359,029	404,101	794,807	898,253
Banking sector	207,622	292,568	305,679	355,857	765,123	...
Central bank	187,509	247,461	264,229	301,742	522,820	520,000
Commercial banks	18,008	40,026	35,066	49,540	226,092	...
Merchant banks	2,105	5,081	6,384	4,574	16,211	...
Nonbank sector	41,152	51,106	53,350	48,245	29,684	...
	(In percent of total, unless otherwise indicated)					
Holdings	100.0	100.0	100.0	100.0	100.0	100.0
Banking sector	83.5	85.1	85.1	88.1	96.3	...
Central bank	75.4	72.0	73.6	74.7	65.8	57.9
Commercial banks	7.2	11.6	9.8	12.3	28.4	...
Merchant banks	0.8	1.5	1.8	1.1	2.0	...
Nonbank sector	16.5	14.9	14.9	11.9	3.7	...
Memorandum items:						
Total domestic debt (in percent of GDP)	12.6	12.2	12.2	14.3	24.8	21.5
Average rate of interest (in percent)	8.2	5.8	3.4	9.0	10.6	11.6

Sources: Central Bank of Nigeria, *Annual Reports*; and staff estimates.

Table 23. Nigeria: Summary of Budgetary Operations of State and Local Governments and Special Funds, 1995-99 1/

	1995	1996	1997	1998	1999
(In millions of naira)					
Revenue	117,513	152,679	163,799	224,242	316,820
Statutory share of federation account revenue 2/	81,653	97,270	107,000	132,758	232,221
Statutory share of federation stabilization account revenue	436	631	449	237	922
Share of value-added tax	9,898	15,868	21,420	26,378	37,655
State allocation	625	691	579	750	719
Independent revenue 3/	19,398	21,494	29,875	32,546	38,157
Other	5,503	16,725	4,476	31,573	7,146
Expenditure 4/	114,824	129,885	136,402	210,122	252,745
Recurrent	70,684	72,118	80,813	104,260	139,956
Capital	31,351	36,132	41,441	78,514	78,962
Net lending	0	0	0	0	0
Expenditure of Special Funds	12,789	21,635	14,148	27,348	33,827
Balance (deficit -)	2,689	22,794	27,397	14,120	64,075
Financing	-2,689	-22,794	-27,397	-14,120	-64,075
Foreign loans	1,824	4,229	192	246	295
Domestic loans	3,079	122	259	4,189	4,554
Other (residual) 5/	-7,592	-27,145	-27,848	-18,555	-68,924
(In percent of GDP)					
Revenue	5.9	5.4	5.6	7.9	9.9
Expenditure 4/	5.8	4.6	4.6	7.4	7.9
Balance	0.1	0.8	0.9	0.5	2.0

Source: Central Bank of Nigeria, *Annual Reports*.

1/ These data, obtained through annual surveys undertaken by the Central Bank of Nigeria, are only illustrative.

2/ This revenue is on a gross basis (i.e., before deductions, at the level of the federation, for payments of various commitments made by the subnational governments).

3/ Mainly personal income tax collected by state governments.

4/ Total spending is underestimated because only a sample of local governments are covered and spending on behalf of the state and local governments for which deductions were made at source (footnote 2) may not have been included.

5/ This residual may reflect an underestimation of expenditure.

Table 24. Nigeria: Monetary Survey, 1995-2000 1/

	1995	1996	1997	1998	1998	1999	2000
(In millions of naira; end of period)							
Net foreign assets	62,114	113,500	183,463	177,399	505,661	649,967	1,164,876
Central Bank of Nigeria (net)	-11,288	53,289	116,478	87,756	416,017	493,688	956,988
Foreign assets	42,338	93,830	179,201	132,142	473,823	510,559	1,091,053
Foreign liabilities	-53,626	-40,541	-62,722	-44,386	-57,806	-16,871	-134,065
Commercial and merchant banks (net)	73,402	60,211	66,985	89,643	89,643	156,280	207,889
Foreign assets	76,390	63,440	69,997	96,184	96,184	161,754	222,988
Foreign liabilities	-2,988	-3,229	-3,012	-6,540	-6,540	-5,474	-15,099
Net domestic assets	389,741	406,985	421,935	572,568	305,508	526,781	440,850
Domestic credit	435,379	333,243	333,692	513,696	311,371	632,010	519,687
Consolidated government (net)	258,124	113,532	42,882	162,596	-44,534	178,907	-68,488
Claims	465,437	369,826	452,495	502,455	498,499	736,646	853,827
Deposits	-207,314	-256,294	-409,613	-339,859	-543,033	-557,740	-922,315
<i>Of which: federal government (net)</i>	264,519	117,558	54,771	161,646	-45,483	176,805	-76,052
Nonfinancial public enterprises	1,468	2,929	2,526	14,482	19,287	692	689
Other financial institutions	3,160	3,267	5,916	4,314	4,313	4,568	4,881
Claims on private sector	172,628	213,514	282,369	332,304	332,304	447,843	582,606
Other items (net)	-45,638	73,742	88,242	58,872	-5,863	-105,229	-78,837
Broad money	306,334	360,696	423,336	518,359	518,262	698,019	1,015,167
Narrow money	196,942	227,602	266,856	324,240	324,142	400,826	630,082
Quasi money	109,392	133,094	156,480	194,120	194,120	297,194	385,086
Bonds and money market instruments	9,285	10,591	15,064	11,213	11,213	18,174	18,784
Capital accounts	136,239	149,198	166,991	220,397	281,696	460,555	571,775
(Annual percentage change, unless otherwise indicated)							
Net domestic assets	1.1	4.4	3.7	35.7	-27.6	14.1	-16.3
Domestic credit	6.8	-23.5	0.1	53.9	-6.7	103.0	-17.8
<i>Of which</i>							
Net credit to the consolidated government	-10.5	-56.0	...	...	...	...	...
Net credit to the federal government	-9.5	-55.6	...	...	...	...	...
Claims on private sector	50.5	23.7	32.2	17.7	17.7	34.8	30.1
Broad money	20.1	17.7	17.4	22.4	22.4	34.7	45.4
Narrow money	15.2	15.6	17.2	21.5	21.5	23.7	57.2
Quasi money	30.0	21.7	17.6	24.1	24.1	53.1	29.6
Velocity (non-oil GDP/broad money)	4.2	4.6	4.4	3.8	3.8	3.6	2.8
Contribution to growth of M2 (in percentage points)							
Net foreign assets	25.9	16.8	19.4	-1.4	76.1	27.8	73.8
Net domestic assets	1.6	5.6	4.1	35.6	-27.5	8.3	-12.3
Domestic credit	10.8	-33.3	0.1	42.5	-5.3	61.9	-16.1
Net credit to the consolidated government	-11.8	-47.2	-19.6	28.3	-20.6	43.1	-35.4
<i>Of which: net credit to the federal government</i>	-10.8	-48.0	-17.4	25.2	-23.7	42.9	-36.2
Other items (net)	-9.2	39.0	4.0	-6.9	-22.2	-19.2	3.8
Other accounts 2/	-7.5	-4.7	-6.2	-11.7	-26.2	-35.9	-16.0

Sources: Central Bank of Nigeria; and staff estimates.

1/ Consolidated accounts of the Central Bank of Nigeria, commercial banks, and merchant banks.

2/ Capital accounts and bonds and money market instruments.

Table 25. Nigeria: Consolidated Accounts of the Central Bank, 1995-2000

(In millions of naira; end of period)

	1995	1996	1997	1998	1999	2000
Net foreign assets	-11,288	53,289	116,478	87,756	493,688	956,988
Foreign assets	42,338	93,830	179,201	132,142	510,559	1,091,053
Foreign liabilities	-53,626	-40,541	-62,722	-44,386	-16,871	-134,065
Domestic credit	270,815	98,327	43,112	141,599	42,591	-252,185
Consolidated government (net)	241,452	63,558	13,318	101,171	14,376	-296,094
Claims	439,634	309,830	403,781	442,639	532,299	553,295
Deposits	-198,182	-246,272	-390,463	-341,468	-517,922	-849,388
Nonfinancial public enterprises (gross)	1,468	2,929	2,526	14,482	692	689
Private sector (gross)	604	966	777	516	884	2,163
Claims on banks (gross)	24,131	27,606	20,576	21,117	22,071	36,176
Other financial institutions (gross)	3,160	3,267	5,916	4,314	4,568	4,881
Liabilities to commercial banks	59,365	62,125	59,258	59,762	95,478	147,338
Currency in vault	7,053	9,884	14,121	15,521	21,892	34,976
Demand deposits	7,479	8,993	10,071	16,229	9,582	38,654
Special deposits	513	4	4	4	4	4
Required reserves	44,320	43,244	35,063	28,009	64,001	73,704
Liabilities to merchant banks	1,730	332	247	408	968	3,835
Currency in vault	45	36	86	141	213	1,510
Demand deposits 1/	281	288	153	258	746	967
Special deposits	155	9	9	9	9	9
Required reserves	1,249	0	0	0	0	1,350
Currency and deposit liabilities	114,880	126,358	138,306	158,134	189,971	272,093
Currency outside banks	106,411	108,975	123,596	148,539	186,456	260,391
Private sector demand deposits 2/	8,469	17,383	14,710	9,594	3,515	11,702
Other items (net)	-7,012	108,446	111,311	74,047	-10,932	41,039
Capital accounts	76,542	71,247	73,083	85,101	238,409	322,564

Source: Central Bank of Nigeria.

1/ Includes both merchant and commercial bank deposits deposited at the central bank branches.

2/ Includes nonfinancial public sector, state and local governments, and other financial institutions.

Table 26. Nigeria: Consolidated Accounts of Commercial Banks, 1995-2000

(In millions of naira; end of period)

	1995	1996	1997	1998	1999	2000
Net foreign assets	56,634	47,262	52,887	63,234	130,002	179,719
Foreign assets	57,258	47,605	53,335	63,260	135,223	194,585
Foreign liabilities	-624	-344	-448	-26	-5,221	-14,867
Reserves	54,065	62,686	64,581	66,194	118,522	167,630
Currency	7,053	9,884	14,121	14,584	21,892	34,976
Deposits at central bank	47,012	52,802	50,460	51,611	96,630	132,654
Reserve requirements	10,864	16,946	22,740	22,470	62,001	77,782
Current accounts	6,836	9,883	15,314	18,818	34,624	54,872
Stabilization securities	29,312	25,974	12,406	10,323	5	0
Domestic credit	161,686	216,485	270,003	277,898	540,758	732,251
Federal government (net)	17,365	41,549	29,441	21,923	148,155	204,302
Claims	20,789	47,521	39,622	37,093	188,576	278,130
Deposits	-3,424	-5,972	-10,182	-15,171	-40,422	-73,828
State and local governments (gross)	2,650	3,293	2,374	1,171	2,095	7,501
Claims on private sector	141,671	171,642	238,188	254,804	390,508	520,448
Deposit liabilities 1/	178,962	214,360	269,847	291,735	476,351	702,105
Demand deposit	79,469	95,904	128,164	127,152	202,152	345,001
Quasi-monetary deposits	99,493	118,456	141,683	164,583	274,199	357,103
Other items (net)	-45,575	-50,818	-33,230	-18,779	-119,692	-147,407
Bonds and money market instruments	4,667	5,618	10,512	15,352	11,337	12,995
Capital accounts	43,182	55,637	73,881	81,459	181,903	217,094

Source: Central Bank of Nigeria.

1/ Includes deposits of state and local governments.

Table 27. Consolidated Accounts of Merchant Banks, 1995-2000

(In millions of naira; end of period)

	1995	1996	1997	1998	1999	2000
Net foreign assets	16,768	12,949	14,099	16,570	26,277	28,170
Foreign assets	19,133	15,835	16,662	21,042	26,531	28,403
Foreign liabilities	-2,365	-2,885	-2,564	-4,472	-253	-233
Reserves	6,216	1,657	1,081	3,231	2,063	2,469
Currency	45	36	86	141	213	1,510
Deposits at central bank	6,171	1,622	996	3,089	1,850	959
Reserve requirements	1,306	185	10	10	10	3
Current accounts	765	733	986	3,079	1,840	956
Stabilization securities	4,101	704	0	0	1	2
Domestic credit	32,368	49,961	49,158	69,055	69,777	74,763
Federal government (net)	1,756	8,822	5,698	8,880	13,325	14,711
Claims	2,105	8,948	6,663	9,739	13,676	14,845
Deposits	-350	-126	-965	-859	-351	-134
State and local governments (gross)	259	235	56	107	0	57
Private sector (gross)	30,353	40,905	43,404	60,068	56,451	59,994
Deposit liabilities 1/	17,856	24,413	25,317	35,010	32,456	41,245
Demand deposits	6,094	8,113	6,475	8,724	7,747	11,953
Quasi-monetary deposits	11,762	16,300	18,842	26,286	24,709	29,293
Other items (net)	-16,363	-12,867	-14,441	-16,452	-18,580	-26,250
Bonds and money market instruments	4,618	4,973	4,552	4,874	6,837	5,789
Capital accounts	16,515	22,315	20,028	32,518	40,243	32,118

Source: Central Bank of Nigeria.

1/ Includes deposits of state and local governments.

Table 28. Nigeria: Selected Interest Rates, 1995-2001
(In percent; end of period)

	1995	1996	1997	1998	1999	2000	2001 April
Rediscount rate (minimum)	13.5	13.5	13.5	13.5	20.0	14.0	16.5
Treasury bill rate	12.5	12.0	12.0	12.5	14.0	13.0	17
Treasury certificate rate (two-year maturity)	13.5	...	...	...	...	...	...
Savings deposit rate 1/	12.6	10.1	5.4	5.2	5.2	5.5	6.0
Prime lending rate 1/	20.2	20.8	28.0	18.5	19.0	19.5	19.4

Source: Central Bank of Nigeria.

1/ At commercial banks.

Table 29. Nigeria: Financial Institutions and Branches, 1995-99
(In number of banks and branches)

	1995	1996	1997	1998	1999
Total deposit banks	1,471	1,484	1,131	1,106	1,105
Commercial deposit banks	64	64	64	51	51
Merchant banks	51	51	51	39	38
Community banks	1,355	1,368	1,015	1,015	1,015
People's Bank of Nigeria	1	1	1	1	1
Total other financial institutions	1,918	1,776	1,599	1,805	1,805
Foreign exchange bureaus	961	890	802	905	905
Finance companies	223	240	250	244	244
Deposit insurance corporation	279	279	279	279	279
Unit trusts	1	1	1	1	1
Stockbrokers	11	11	11	11	11
Federal mortgage bank	162	168	140	170	170
Primary mortgage institutions	1	1	1	1	1
Discount houses	280	186	115	194	194
Memorandum items:					
Total number of branches 1/	2,968	2,968	2,477	2,220	2,220
Commercial bank branches	2,362	2,362	2,330	2,107	2,107
Rural branches	701	701	615	557	557
Urban branches	1,661	1,661	1,715	1,550	1,550
Merchant bank branches 2/	144	144	147	113	113
People's Bank of Nigeria	275	275	275	275	275
Insurance companies	187	187	188	187	187

Source: Central Bank of Nigeria.

1/ Excluding community banks.

2/ All urban branches.

Table 30. Nigeria: Balance of Payments, 1995-2000
(In millions of U.S. dollars, unless otherwise specified)

	1995	1996	1997	1998	1999	2000
Trade balance	3,145	7,119	5,909	839	1,396	8,068
Exports	11,734	16,117	15,539	10,114	11,927	20,441
Petroleum	11,449	15,830	15,181	9,708	11,393	19,550
Other	286	287	358	407	211	267
Imports	-8,590	-8,998	-9,630	-9,276	-10,531	-12,372
Oil related	-2,292	-2,556	-2,172	-2,164	-2,273	-2,632
Other	-6,298	-6,441	-7,457	-7,112	-7,577	-8,936
Public	-1,597	-2,055	-1,836	-2,092	-4,026	-4,782
Private	-4,701	-4,387	-5,622	-5,020	-5,149	-4,933
Services (net)	-5,180	-5,140	-5,438	-5,429	-6,331	-7,789
Factor services	-2,221	-2,231	-2,869	-2,892	-3,467	-4,341
Oil related	-681	-753	-1,445	-1,112	-1,704	-2,663
Non-oil related	-1,540	-1,478	-1,424	-1,780	-1,763	-1,677
<i>Of which: interest due on public debt</i>	-1,510	-1,539	-1,636	-2,087	-1,972	-2,038
Nonfactor services	-2,960	-2,909	-2,569	-2,537	-2,864	-3,449
Oil related	-1,257	-1,498	-1,280	-1,153	-1,252	-1,554
Non-oil related	-1,703	-1,411	-1,288	-1,383	-1,515	-1,787
Private transfers (net)	799	945	1,867	1,570	1,625	1,706
Official transfers (net)	-66	-68	-26	-54	20	18
Current account balance	-1,303	2,856	2,313	-3,074	-3,289	2,003
Official capital (net)	-2,401	-3,101	-3,181	-1,803	-2,031	-1,207
Disbursements	274	631	376	372	136	120
Amortization due	-2,675	-3,732	-3,556	-2,175	-2,168	-1,327
Private capital (net)	677	760	1,539	1,220	1,473	1,374
Direct investment	677	760	1,539	1,220	1,473	1,374
Oil sector	437	478	492	350	402	471
Non-oil sector	240	282	647	421	421	452
Private borrowing (net)	0	0	0	0	0	0
Short-term capital (incl. errors and omissions)	366	-2,415	-866	433	-243	136
Capital account balance	-1,358	-4,756	-2,507	-150	-802	303
Overall balance	-2,661	-1,900	-194	-3,024	-4,091	2,307
Financing	2,661	1,900	194	3,024	4,091	-2,307
Gross reserves (increase -)	-399	-2,353	-3,061	115	1,666	-3,959
Exceptional financing	3,060	4,252	3,255	2,909	2,425	1,652
Net accumulation of arrears (decrease -)	3,060	4,252	3,255	2,909	2,425	-21,017
Reschedulings 1/	0	0	0	0	0	22,670
Memorandum items:						
Current account (as a percent of GDP)	-4.7	8.3	6.7	-9.7	-9.9	4.9
Gross official reserves (in millions of U.S. dollars)	1,808	4,161	7,222	7,107	5,441	9,400
(in months of imports of goods and nonfactor services)	1.8	3.9	6.6	6.8	4.5	6.7
Debt-service ratio (after rescheduling) 2/	34	31	32	39	32	8
Debt/GDP (in percent)	114	89	86	96	92	78
Price of oil (U.S. dollars per barrel)	17.2	20.8	19.8	12.9	17.0	28.0

Sources: Nigerian authorities; and staff estimates.

1/ In 2000, reflects the Paris Club rescheduling agreement of December 13, 2000.

2/ As percent of exports of goods and nonfactor services.

Table 31. Nigeria: Direction of Trade Statistics, Imports, 1996-2000

	1996	1997	1998	1999	2000
(In millions of U.S. dollars)					
Total imports from the world 1/	6,695	6,921	7,581	7,475	8,568
Industrial countries	4,585	4,584	4,739	4,651	5,179
United States	898	896	902	709	789
Japan	341	235	252	271	304
France	556	500	624	631	745
Germany	721	801	714	740	632
Italy	288	399	360	366	458
Netherlands	335	298	362	383	443
Spain	181	99	136	177	190
United Kingdom	752	771	854	819	930
Africa	332	266	348	335	418
Cote d'Ivoire	73	40	69	67	84
Ghana	65	65	71	69	86
Niger	51	40	47	51	64
South Africa	45	49	58	80	100
Asia	1,075	1,402	1,708	1,907	2,236
China, People's Republic of	188	348	393	436	536
Hong Kong S.A.R.	242	216	180	195	187
India	158	202	217	211	264
Indonesia	60	75	136	148	192
Korea	0	0	170	185	231
Singapore	112	140	203	213	265
Thailand	149	230	208	258	245
Other	702	670	786	583	735
Russia	10	16	36	28	90
Ukraine	n.a.	132	143	108	108
Argentina	55	48	36	49	61
Brazil	302	274	361	249	273
(In percent of total)					
Total	100	100	100	100	100
Industrial countries	68	66	63	62	60
Africa	5	4	5	4	5
Asia	16	20	23	26	26
Other	10	10	10	8	9

Source: IMF, *Direction of Trade Statistics*.

1/ Excluding imports related to the oil and gas sectors.

Table 32. Nigeria: Direction of Trade Statistics, Exports, 1996-2000

	1996	1997	1998	1999	2000
(In millions of U.S. dollars)					
Total exports to the world	15,651	15,818	11,358	11,686	20,410
Industrial countries	11,854	11,637	7,599	7,636	15,541
United States	5,610	6,107	4,135	4,220	9,409
Canada	228	377	209	261	311
Japan	151	181	78	189	221
Austria	251	205	94	83	188
France	1,260	653	673	684	1,055
Germany	643	786	289	189	436
Italy	337	494	340	224	297
Netherlands	527	329	115	130	217
Portugal	531	466	250	292	727
Spain	1,509	1,416	876	876	2,189
Switzerland	230	282	225	211	236
United Kingdom	420	183	211	190	166
Africa	1,426	1,518	1,234	1,291	1,603
Cameroon	120	88	115	153	191
Cote d'Ivoire	484	390	290	287	356
Ghana	388	430	443	439	545
Senegal	64	80	84	103	128
South Africa	9	182	82	89	111
Asia	1,728	1,756	1,548	1,751	2,081
China, People's Republic of	6	10	25	166	216
India	1,248	1,086	1,014	1,005	1,246
Korea	0	0	240	216	268
Other	643	908	976	1,008	1,185
Brazil	253	560	630	738	685
Chile	140	128	165	119	300
(In percent of total)					
Total	100	100	100	100	100
Industrial countries	76	74	67	65	76
Africa	9	10	11	11	8
Asia	11	11	14	15	10
Other	4	6	9	9	6

Source: IMF, *Direction of Trade Statistics*.

Table 33. Nigeria: External Public Debt, 1996-2000 1/

	1996	1997	1998	1999	2000
	(In millions of U.S. dollars)				
Multilateral	4,612	4,448	4,303	4,055	3,778
World Bank	3,200	3,110	3,018	2,829	2,611
African Development Bank	1,346	1,274	1,223	1,185	1,114
Other	66	64	62	41	53
Bilateral	19,416	21,005	20,617	21,420	24,573
Paris Club 2/	19,197	20,786	20,398	21,219	24,435
Pre-cutoff	...	...	...	...	23,101
<i>Of which</i> : consolidation of arrears and penalties	...	...	...	...	20,982
<i>Of which</i> : capitalized moratorium interest	...	...	...	...	607
Post-cutoff	...	...	...	...	1,334
<i>Of which</i> : consolidation of arrears and penalties	...	...	...	...	516
<i>Of which</i> : capitalized moratorium interest	...	...	...	...	17
Other bilateral	219	219	219	201	138
Commercial	4,300	4,085	3,878	3,709	3,584
Par bonds	2,043	2,043	2,043	2,043	2,043
Promissory notes	2,257	2,042	1,835	1,666	1,541
Total	28,328	29,538	28,798	29,184	31,935
	(In percent of total)				
Multilateral	16.3	15.1	14.9	13.9	11.8
World Bank	11.3	10.5	10.5	9.7	8.2
African Development Bank	4.8	4.3	4.2	4.1	3.5
Other	0.2	0.2	0.2	0.1	0.2
Bilateral	68.5	71.1	71.6	73.4	76.9
Paris Club 2/	67.8	70.4	70.8	72.7	76.5
Other bilateral	0.8	0.7	0.8	0.7	0.4
Commercial	15.2	13.8	13.5	12.7	11.2
Par bonds	7.2	6.9	7.1	7.0	6.4
Promissory notes	8.0	6.9	6.4	5.7	4.8

Sources: Nigerian authorities; Paris Club; and staff estimates.

1/ As reported by creditors. These figures are tentative pending the reconciliation of Nigeria's obligations with Paris Club creditors.

2/ Excluding late interest in 1996-99. In 2000, including late interest as reported by the Paris Club and capitalized moratorium interest as estimated by staff.

Table 34. Nigeria: Central Bank Sales of Foreign Exchange in the AFEM/IFEM, 1998-2000 1/
(In millions of U.S. dollars, unless otherwise specified)

	Total AFEM/IFEM Intervention	Sources of Foreign Exchange 2/		Exchange rate (naira/ U.S. dollar)	Number of Participating Banks
		Federal Govt. of Nigeria account	AFEM purchase account		
1998	4,112.0	1,350.0	2,762.0	84.4	58
January	467.8	150.0	317.8	78.0	59
February	370.5	150.0	220.5	83.3	58
March	246.1	150.0	96.1	84.0	53
April	282.9	150.0	132.9	84.1	53
May	358.3	150.0	208.3	85.1	58
June	326.1	150.0	176.1	86.0	58
July	304.8	0.0	304.8	84.5	55
August	359.5	0.0	359.5	84.0	64
September	483.9	150.0	333.9	85.6	62
October	331.7	150.0	181.7	86.0	64
November	247.4	150.0	97.4	86.0	55
December	333.0	0.0	333.0	86.0	59
1999	4,842.1	638.3	2,239.8	92.9	56
January	560.6	0.0	560.6	86.0	62
February	376.0	0.0	376.0	86.0	59
March	486.0	0.0	486.0	87.7	59
April	445.0	117.8	327.2	90.0	48
May	520.5	520.5	0.0	94.9	53
June	490.0	0.0	490.0	94.9	53
July	336.0	...	...	94.9	...
August	320.0	...	...	94.9	...
September	310.0	...	...	94.9	...
October	326.0	...	...	95.3	...
November	302.0	...	...	97.2	...
December	370.0	...	...	98.7	...
2000	6,969.2	...	...	102.1	...
January	357.1	...	...	98.8	...
February	486.5	...	...	99.9	...
March	509.1	...	...	100.9	...
April	441.3	...	...	100.4	...
May	598.9	...	...	101.1	...
June	562.9	...	...	101.8	...
July	639.3	...	...	105.3	...
August	634.0	...	...	102.9	...
September	667.0	...	...	102.4	...
October	752.0	...	...	102.5	...
November	617.0	...	...	102.6	...
December	704.0	...	...	106.9	...

Source: Central Bank of Nigeria.

1/ The Central Bank of Nigeria (CBN) discontinued the weekly Autonomous Foreign Exchange Market (AFEM) on October 28, 1999, after the CBN had shifted its sales and purchases of foreign exchange to the daily interbank market (IFEM).

2/ Before the unification of the exchange rate at end-1999, the Central Bank of Nigeria purchased foreign exchange from (a) the federal government at the official exchange rate; and (b) oil companies, commercial banks and others at the prevailing AFEM exchange rate.

Table 35. Nigeria: Exchange Rates, January 1998 - December 2000 1/
(In naira per U.S. dollar, unless otherwise specified)

	Period Average				End Period			
	Official rate	AFEM/IFEM rate	Parallel market rate	Spread (percent)	Official rate	AFEM/IFEM rate	Parallel market rate	Spread (percent)
1998								
January	21.89	78.00	82.86	278.6	21.89	78.00	83.50	281.5
February	21.89	83.30	84.99	288.3	21.89	83.30	85.60	291.1
March	21.89	84.00	85.19	289.2	21.89	84.00	85.25	289.5
April	21.89	84.10	86.19	293.8	21.89	84.10	86.75	296.4
May	21.89	85.10	87.86	301.4	21.89	85.10	89.75	310.1
June	21.89	86.00	90.19	312.1	21.89	86.00	87.75	300.9
July	21.89	84.50	87.19	298.4	21.89	84.50	86.75	296.4
August	21.89	84.00	87.30	298.9	21.89	84.00	89.25	307.8
September	21.89	85.60	91.60	318.5	21.89	85.60	90.25	312.4
October	21.89	86.00	90.92	315.4	21.89	86.00	90.50	313.5
November	21.89	86.00	90.21	312.2	21.89	86.00	90.25	312.4
December	21.89	86.00	89.79	310.2	21.89	86.00	92.75	323.8
1999								
January	...	86.00	94.80	10.2	...	86.00	94.65	10.1
February	...	86.00	93.20	8.4	...	86.00	93.00	8.1
March	...	87.70	94.20	7.4	...	87.70	93.50	6.6
April	...	90.00	97.30	8.1	...	90.00	97.15	7.9
May	...	94.88	99.20	4.6	...	94.88	99.75	5.1
June	...	94.88	105.00	10.7	...	94.88	104.65	10.3
July	...	94.90	103.20	8.7	...	94.88	103.20	8.8
August	...	94.90	102.20	7.7	...	94.88	102.20	7.7
September	...	94.90	99.00	4.3	...	94.88	99.00	4.3
October	...	95.25	100.20	5.2	...	95.25	100.20	5.2
November	...	97.15	100.50	3.4	...	97.15	100.50	3.4
December	...	98.70	103.20	4.6	...	98.70	103.20	4.6
2000								
January	...	98.78	103.92	5.2	...	99.15	105.20	6.1
February	...	99.91	105.51	5.6	...	100.45	105.30	4.8
March	...	100.93	106.04	5.1	...	100.57	106.20	5.6
April	...	100.38	105.82	5.4	...	100.37	103.00	2.6
May	...	101.15	105.41	4.2	...	101.20	106.10	4.8
June	...	101.83	106.13	4.2	...	102.20	106.30	4.0
July	...	105.33	111.37	5.7	...	104.00	111.50	7.2
August	...	102.88	113.67	10.5	...	102.55	115.50	12.6
September	...	102.36	118.42	15.7	...	102.25	117.70	15.1
October	...	102.47	119.08	16.2	...	102.50	120.00	17.1
November	...	102.55	119.55	16.6	...	102.50	120.20	17.3
December	...	106.94	121.30	13.4	...	110.05	120.50	9.5

Source: Central Bank of Nigeria.

1/ See footnote 1 and footnote 2 in Table 34.

Summary of the Tax System as of March 2001

(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates
1. Tax on net income and profits			
1.1 Company income tax (Companies Income Tax Act of 1979, as amended to date)	Annual tax on profits of companies, except those engaged in exploration, drilling, and extraction of petroleum and natural gas. Total profits are defined as assessable profits from all sources after adjusting for balancing charges, losses, investment, and capital allowances. Losses may be carried forward against future profits for four years.	<p>Exempt are the following:</p> <ul style="list-style-type: none"> • nonprofit organizations, including religious and educational institutions; • companies with pioneer status, which have a tax holiday of between three to five years; and • interest on public loans; and • dividends paid out by companies with pioneer status. <p>Deductions include expenditure incurred in the earning of income. Apart from the usual expenses, those include contributions to pension funds, Industrial Training Fund contributions, royalty payments up to a maximum of 1 percent of sales, donations out of profits to a maximum of 10 percent of total profits, and reserves made out of profits for research and development, up to a maximum of 10 percent of total profits. Dividends received from investments in export-oriented companies are exempt. Dividends from small companies in the manufacturing sectors in the first five years of operation are exempt.</p>	<p>30 percent of taxable income; 20 percent if engaged in manufacturing and the turnover is 1 million or less for the first five years of operation. There is, however, a minimum tax base of</p> <ul style="list-style-type: none"> • 0.5 percent of gross profits, or • 0.5 percent of net assets, or • 0.25 percent of paid-up capital, or • 0.25 percent of turnover, whichever is the highest, for turnover of 500,000 or less. For turnover of more than 500,000, the minimum tax on turnover up to 500,000 plus 0.125 percent of the turnover in excess of 500,000 is applied.
		<p>Instead of a depreciation provision, there is a system of capital allowances for prescribed assets. These allowances consist of a straight-line method of spreading annual allowances over the specified period of write-off. The annual claim for capital allowances by companies (except manufacturing, agro-allied and agricultural trade or business) are limited to 66 2/3 percent of prescribed assets. An additional 5 percent initial allowance is granted for certain expenditure items. Agro-allied, companies receive in addition an investment allowance of 10 percent.</p>	
		<p>Export-processing companies in a bonded export zone will be entitled to 100 percent first-year capital allowance on their qualifying expenditure.</p>	
		<p>All new industrial undertakings in any export processing zone in Nigeria are provided with full tax holidays for three consecutive assessment years, provided that exports of the company or person are not less than 75 percent of the total turnover.</p>	

Summary of the Tax System as of March 2001 (All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates
1.2 Petroleum profit tax (Petroleum Profit Tax Act of 1959, as amended in 1979 and 1990)	Annual tax on profits of companies engaged in exploration, drilling, and extraction of petroleum and natural gas. Income generated by a petroleum company not related to its petroleum operations is subject to the company income tax. Tax payments are spread over 12 monthly installments. In determining profits, exports of crude oil are valued at a posted price, which is determined by the government, while domestic sales are valued at the actual price.	<p>Deductions include any current expenditure incurred in the earning of income, and royalties and duties to the federal government or local authorities. All capital expenditure can be amortized in five equal annual installments; 1 percent of the initial cost of each asset has to be retained on the books.</p> <p>An investment tax credit in the year of such expenditure is provided in the following cases:</p> <ul style="list-style-type: none"> • operations on land, 5 percent; • operations on offshore areas of water depth up to 100 meters, 10 percent; • operations on offshore areas of water depth between 100 and 200 meters, 15 percent; and • operations on offshore areas of water depth beyond 200 meters, 20 percent. <p>Profits in the form of dividends derived from manufacturing companies in petrochemical and liquefied natural gas subsection are tax exempt.</p>	<p>68.75 percent for the first five accounting years, and 85 percent thereafter. The rate is never less than 15 percent of profits before capital allowances. In practice, the posted price is adjusted to guarantee producers a profit margin ranging between US\$2 per barrel when oil prices are US\$23 per barrel and below, and US\$3 per barrel for oil priced at US\$30 per barrel or above. The royalty rate, which is levied only on exports, is graduated as follows:</p> <ul style="list-style-type: none"> • operations on land, 20 percent; • operations on offshore areas up to 100-meter water depth, 18 ½ percent; and • beyond 100 meters, 16 2/3 percent.
		<p>The capital gains tax will be abrogated on gains from disposal of stocks and shares.</p> <p>The following incentives are provided to the gas industry:</p> <ul style="list-style-type: none"> • All development gas projects, including those engaged in power generation, liquid plants, fertilizer plants, gas transmission, and distribution pipelines, are to be taxed under the company income tax and not under the petroleum profit tax. • Initial tax holiday period of three years is to be extended to five years. • Gas is to be transferred at 0 percent petroleum profit tax and 0 percent royalty. • Investment capital allowance is increased from 5 percent to 15 percent. 	

Summary of the Tax System as of March 2001

(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates															
1.3 Personal income tax (Decree 104 of 1993)	Progressive tax on chargeable income arrived at after deducting personal allowances and exempted categories of income. Taxes on rents, dividends, royalties, and interest are withheld at source at a rate of 10 percent. For non-residents, the withholding is the final tax.	<ul style="list-style-type: none"> • Interest on loans for gas projects is to be deductible, provided that prior approval is obtained from the Federal Ministry of Finance before taking the loan. • All dividends distributed during the tax holiday are to be tax free. <p>Exempted income:</p> <ul style="list-style-type: none"> • investment income of any pension fund; • death gratuity and compensation for death, or injuries; the value of transport and rent subsidy paid by an employer to an employee up to 2,436 and 28 percent of annual basic salary, subject to a maximum of 10,000 per annum, respectively; • all retirement gratuities; • compensation for loss of office; • proceeds of foreign earnings that are repatriated into Nigeria in convertible currencies, to which concessional tax rates apply; and • all salaries, dividends, interest, rent, royalties, fees, commissions, etc., earned from abroad and brought into Nigeria by Nigerian residents, provided the income is received in convertible currency that is paid into a domiciliary account in a bank approved by the government. <p>The following deductions and allowances are provided:</p> <ul style="list-style-type: none"> • personal allowance of 5,000, plus 20 percent of earned income; • 2,500 per annum per unmarried child, subject to a maximum of four children; • 1,000, subject to limit of two dependents; and • for disabled person, additional earned income of 3,000 or 20 percent of his/her earned income, whichever is lower. <p>The following are tax exempt:</p> <ul style="list-style-type: none"> • all life insurance premiums; • interest on loans for owner-occupied house; • contributions to pension, provident, or other retirement benefit funds; 	<p style="text-align: center;"><i>Taxable income</i></p> <p style="text-align: center;"><i>Rate (percent)</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>First</td> <td>20,000</td> <td>5</td> </tr> <tr> <td>Next</td> <td>20,000</td> <td>10</td> </tr> <tr> <td>Next</td> <td>40,000</td> <td>15</td> </tr> <tr> <td>Next</td> <td>40,000</td> <td>20</td> </tr> <tr> <td>Next</td> <td>120,000</td> <td>25</td> </tr> </table> <p>The tax-free worker's earned income that is exempted is 30,000.</p>	First	20,000	5	Next	20,000	10	Next	40,000	15	Next	40,000	20	Next	120,000	25
First	20,000	5																
Next	20,000	10																
Next	40,000	15																
Next	40,000	20																
Next	120,000	25																

Summary of the Tax System as of March 2001
(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates
1.4 Capital gains tax (Capital Gains Tax Act of 1967)	A tax levied on capital gains by individuals or companies accruing and derived from the sale, lease, or transfer of property rights in chargeable assets in or outside Nigeria. Capital losses cannot be offset against capital gains. Chargeable assets consist of loans, buildings, movable assets (such as motor vehicles), stocks, and shares in Nigerian companies.	<ul style="list-style-type: none"> • losses incurred in trade or business, profession, or vocations; • equity shareholding in company floated exclusively for research and development on 25 percent of chargeable income in year of assessment; and • dividends for three years if (a) company is incorporated in Nigeria, (b) equity participation was imported into the country between January 1, 1987 and December 11, 1992, and (c) the recipient's equity in company constitutes at least 10 percent of the company's share capital. (Tax exemption is extended to five years if company is engaged in agricultural, petrochemical, or liquefied natural gas production). 	10 percent.
2. Payroll tax			
2.1 Industrial Training Fund levy	An obligatory contribution to the Industrial Training Fund by employers in industry and commerce.	Employers with fewer than 25 employees are exempt.	1 percent of annual payroll.
2.2 National Provident Fund levy	An obligatory contribution to the National Provident Fund.	Employers with fewer than ten employees are exempt.	Employers contribute 6 percent of employees' salary to the National Provident Fund. Theoretically, employees make a similar contribution. However, in practice, the maximum monthly contribution per employee is 4.
2.3 Education levy	An obligatory contribution for primary and secondary education.	Same exemptions apply as for company income tax.	2 percent of assessable profits.

Summary of the Tax System as of March 2001
(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates								
3. Taxes on goods and services											
3.1 Value-added tax (VAT) (Decree 102 of 1993)	VAT replaces the sales tax and covers all items not on the exclusion list. Effective January 1, 1994.	<p>Exempted items include the following goods:</p> <ul style="list-style-type: none"> • medical and pharmaceutical products; • basic food items—beans, yam tubers, cassava, maize, millet, rice, milk, meat, fish, and infant food; • books and educational materials, including exercise books, laboratory equipment, school fees, PTA levies, etc.; • baby products, including feeding bottles, carriages, clothes, napkins, baby cream and powder, soap, toys, and baby dresses; and • agricultural equipment and products, fertilizer, and veterinary medicine. <p>The following services are exempt:</p> <ul style="list-style-type: none"> • medical services; • services by community banks, peoples' banks, and mortgage institutions; and • plays and performances conducted by educational institutions as part of learning. <p>Educational goods and services incidental to education for an educational institution are also exempt.</p>	The tax carries a flat rate of 5 percent; however, exports are zero rated.								
3.2 Excise tax	Excise duties are levied at ad valorem rates on selected goods manufactured or produced in Nigeria.		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 60%;">Goods</th> <th style="text-align: right; width: 40%;">Duty Rate</th> </tr> </thead> <tbody> <tr> <td>Spirits and other spirituous alcohol</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Cigarettes, cigar, Cheroots, and cigarillos</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Other manufactured tobacco and tobacco-manufactured substitutes</td> <td style="text-align: right;">40</td> </tr> </tbody> </table>	Goods	Duty Rate	Spirits and other spirituous alcohol	40	Cigarettes, cigar, Cheroots, and cigarillos	40	Other manufactured tobacco and tobacco-manufactured substitutes	40
Goods	Duty Rate										
Spirits and other spirituous alcohol	40										
Cigarettes, cigar, Cheroots, and cigarillos	40										
Other manufactured tobacco and tobacco-manufactured substitutes	40										

Summary of the Tax System as of March 2001
(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates
4. Taxes on international transactions			
4.1 Import duties (Customs Tariff Consolidation Act of 1973, as amended in 1984, 1989, 1993, 1994, and 1995)	A tax on merchandise imports.	Exemptions include the following: <ul style="list-style-type: none"> • aircraft equipment used by foreign airlines; • films of educational, scientific, or cultural character imported by the United Nations or its agencies or an approved educational or scientific organization; • fuel, lubricants, etc., used exclusively for operation of military equipment or aircraft; • government imports by internationally recognized nonprofit organizations or by the Head of State, consular offices, or under diplomatic privilege, or for other technical assistance purposes; and • life-saving appliances. 	A new tariff structure, which includes a narrower and lower range of customs duty rates, was effected in March 1995. The dispersion in import duty rates was reduced from 0-300 percent to 5-100 percent, with most rates clustering between 10 percent and 40 percent, compared with the previous structure of 25-75 percent.
			<i>Rate 1/ (percent)</i>
			5-25
			5-50
			55
			Luxury consumer goods
			(except automobiles) 30-50
			Paper products 10-45
			Vehicles 5-50
			Soya meal, soya cake, and groundnut cake 35
			Refined petroleum
			Products 10
			Wheat 60

With effect from January 1, 1987, an advanced payment of 25 percent of the assessed duty is required.

With effect from January 1, 1999, the 25 percent export duty rebate was abolished.

Summary of the Tax System as of March 2001
(All amounts in naira)

Tax	Nature of Tax	Exemption and Deductions	Rates
4.2 Import surcharges	A tax on merchandise imports.	<ul style="list-style-type: none"> • Same as above. 	<p>Three import duty surcharges apply:</p> <ul style="list-style-type: none"> • A 5 percent port development surcharge; • A 1 percent Raw materials and Development Council surcharge; and • a 0.02 percent freight rate stabilization surcharge earmarked for the Nigerian Shippers' Council.
5. Other taxes			
5.1 Stamp duties	A tax imposed on most legal documents.		The rates vary with the type of document. The highest rates of duty relate to transfers of real estate (0.75 percent), leases (4-6 percent), and share capital (1.25 percent).
5.2 Company pre-operation levy	A tax on registered companies that after six months of incorporation fail to commence business. The tax is imposed on an annual basis for as long as the company remains dormant, and before a tax clearance certificate is issued to such company.		500 for the first year of obtaining a tax clearance certificate; 400 in each of the subsequent years.

1/ These rates apply to the 1995 tariff regime.