CPIA Detailed Report

Pays: Nigeria

Année de l'exercice: CPIA Exercise 2023

Currency: Nigerian Naira (NGN)

Ville: Abuja

Groupe de revenu: Lower middle income

Catégorie de prêt: Blend

Score CPIA final: 3.212

(A) Economic Management

Score du cluster: 3.333

01. Fiscal Policy

Score du critère: 3

1. Fiscal Policy

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The recovery in revenues and recent improvements in non-oil revenues have moderately improved Nigeria's fiscal position, but the situation remains precarious. Real GDP growth fell to 3.3% in 2022 from 3.6% in 2021, precipitated mainly by a decline in oil production. This led to 5% shrinkage in overall industry, which was offset by expansion in services (7%) and agriculture (2%). On the demand side, the decline in GDP growth was driven by contraction in public consumption (2.5%) and net exports (80%). Growth in income per capita declined to 0.8% from 1.2% in 2021. The fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021 and was financed by borrowing, bringing public debt to $103.1 billion (about 22% of GDP) from $92.6 billion in 2021.The deficit is projected to narrow further to slightly to 4.7% and 4.4% of GDP in 2023 and 2024 respectively, helped by the removal of fuel subsidies. Removing the subsidy on fuel could save the Federal Government about N3.9 trillion (equivalent to US$ 5.2 billion), which could be deployed to infrastructure development and spending on critical social services. While in nominal terms Nigeria's public debt situation is not alarming, it is accumulating vulnerabilities. First, the share of short-term debt is high, and foreign debt is rising in percentage, from 33% of total in 2018 to 40% in 2022. This makes Nigeria vulnerable to macroeconomic shocks, including fast changing international financial conditions due to rising interest rates worldwide, and rising geopolitical tensions. Second, debt servicing is high and rising, accounting for 40% of total government expenses, crowding out much needed infrastructure spending as well as education, health and social services. Nigerians continue to suffer economic hardship with Inflation rising to 25.8% in August from 24.1% in July fueled by both food (29.3%) and transportation inflation rates (27.1%). It is expected that the full effect of the PMS subsidy removal will continue to be a key driver of inflation in the short to medium term. Since the CBN has been relying on its reserves for continued defense of the local currency in the foreign exchange market, Nigeria's foreign exchange reserves, which used to be once-robust against economic shocks, have dwindled by $3.8 billion, which is around 10.2 percent in recent months, to $33.31 billion. However, the government has put in measures in place to increase the supply of foreign exchange and reduce the divergence between the forex markets and strengthen the Naira in the medium to long-term. Four avenues should be explored: faster economic growth to grow fiscal income; more, bigger and better targeted taxes; increased formalization; and lowering the interest rate to decrease interest charges, which requires amendments to monetary policy too.

source: Nigeria Economic Outlook, AfDB

Central Bank of Nigeria

The recovery in revenues and recent improvements in non-oil revenues have moderately improved Nigeria's fiscal position, but the situation remains precarious. Real GDP growth fell to 3.3% in 2022 from 3.6% in 2021, precipitated mainly by a decline in oil production. This led to 5% shrinkage in overall industry, which was offset by expansion in services (7%) and agriculture (2%). On the demand side, the decline in GDP growth was driven by contraction in public consumption (2.5%) and net exports (80%). Growth in income per capita declined to 0.8% from 1.2% in 2021. The fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021 and was financed by borrowing, bringing public debt to $103.1 billion (about 22% of GDP) from $92.6 billion in 2021.The deficit is projected to narrow further to slightly to 4.7% and 4.4% of GDP in 2023 and 2024 respectively, helped by the removal of fuel subsidies. Removing the subsidy on fuel could save the Federal Government about N3.9 trillion (equivalent to US$ 5.2 billion), which could be deployed to infrastructure development and spending on critical social services. While in nominal terms Nigeria's public debt situation is not alarming, it is accumulating vulnerabilities. First, the

share of short-term debt is high, and foreign debt is rising in percentage, from 33% of total in 2018 to 40% in 2022. This makes Nigeria vulnerable to macroeconomic shocks, including fast changing international financial conditions due to rising interest rates worldwide, and rising geopolitical tensions. Second, debt servicing is high and rising, accounting for 40% of total government expenses, crowding out much needed infrastructure spending as well as education, health and social services. Nigerians continue to suffer economic hardship with Inflation rising to 25.8% in August from 24.1% in July fueled by both food (29.3%) and transportation inflation rates (27.1%). It is expected that the full effect of the PMS subsidy removal will continue to be a key driver of inflation in the short to medium term. Since the CBN has been relying on its reserves for continued defense of the local currency in the foreign exchange market, Nigeria's foreign exchange reserves, which used to be once-robust against economic shocks, have dwindled by $3.8 billion, which is around 10.2 percent in recent months, to $33.31 billion. However, the government has put in measures in place to increase the supply of foreign exchange and reduce the divergence between the forex markets and strengthen the Naira in the medium to long-term. Four avenues should be explored: faster economic growth to grow fiscal income; more, bigger and better targeted taxes; increased formalization; and lowering the interest rate to decrease interest charges, which requires amendments to monetary policy too. source: Nigeria Economic Outlook, AfDBCentral Bank of Nigeria The recovery in revenues and recent improvements in non-oil revenues have moderately improved Nigeria's fiscal position, but the situation remains precarious. Real GDP growth fell to 3.3% in 2022 from 3.6% in 2021, precipitated mainly by a decline in oil production. Thus, fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021, financed by borrowing. This led to 5% shrinkage in overall industry, which was offset by expansion in services (7%) and agriculture (2%). On the demand side, the decline in GDP growth was driven by contraction in public consumption (2.5%) and net exports (80%). Growth in income per capita declined to 0.8% from 1.2% in 2021. The fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021 and was financed by borrowing, bringing public debt to $103.1 billion (about 22% of GDP) from $92.6 billion in 2021.The deficit is projected to narrow further to slightly to 4.7% and 4.4% of GDP in 2023 and 2024 respectively, helped by the removal of fuel subsidies. Removing the subsidy on fuel could save the Federal Government about N3.9 trillion (equivalent to US$ 5.2 billion) , which could be deployed to infrastructure development and spending on critical social services. While in nominal terms Nigeria's public debt situation is not alarming, it is accumulating vulnerabilities. First, the share of short-term debt is high, and foreign debt is rising in percentage, from 33% of total in 2018 to 40% in 2022. This makes Nigeria vulnerable to macroeconomic shocks, including fast changing international financial conditions due to rising interest rates worldwide, and rising geopolitical tensions. Second, debt servicing is high and rising , accounting for 40% of total government expenses, crowding out much needed infrastructure spending as well as education, health and social services. Four avenues should be explored: faster economic growth to grow fiscal income; more, bigger and better targeted taxes; increased formalization; and lowering the interest rate to decrease interest charges, which requires amendments to monetary policy too. source: Nigeria Economic Outlook, AfDB The recovery in revenues and recent improvements in non-oil revenues have moderately improved Nigeria's fiscal position, but the situation remains precarious. Real GDP growth fell to 3.3% in 2022 from 3.6% in 2021, precipitated mainly by a decline in oil production. This led to 5% shrinkage in overall industry, which was offset by expansion in services (7%) and agriculture (2%). On the demand side, the decline in GDP growth was driven by contraction in public consumption (2.5%) and net exports (80%). Growth in income per capita declined to 0.8% from 1.2% in 2021. The fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021 and was financed by borrowing, bringing public debt to $103.1 billion (about 22% of GDP) from $92.6 billion in 2021.The deficit is projected to narrow further to slightly to 4.7% and 4.4% of GDP in 2023 and 2024 respectively, helped by the removal of fuel subsidies. Removing the subsidy on fuel could save the Federal Government about N3.9 trillion (equivalent to US$ 5.2 billion), which could be deployed to infrastructure development and spending on critical social services. While in nominal terms Nigeria's public debt situation is not alarming, it is accumulating vulnerabilities. First, the share of short-term debt is high, and foreign debt is rising in percentage, from 33% of total in 2018 to 40% in 2022. This makes Nigeria vulnerable to macroeconomic shocks, including fast changing international financial conditions due to rising interest rates worldwide, and rising geopolitical tensions. Second, debt servicing is high and rising, accounting for 40% of total government expenses, crowding out much needed infrastructure spending as well as education, health and social services.

Nigerians continue to suffer economic hardship with Inflation rising to 25.8% in August from 24.1% in July fueled by both food (29.3%) and transportation inflation rates (27.1%). It is expected that the full effect of the PMS subsidy removal will continue to be a key driver of inflation in the short to medium term. Since the CBN has been relying on its reserves for continued defense of the local currency in the foreign exchange market, Nigeria's foreign exchange reserves, which used to be once-robust against economic shocks, have dwindled by $3.8 billion, which is around 10.2 percent in recent months, to $33.31 billion. However, the government has put in measures in place to increase the supply of foreign exchange and reduce the divergence between the forex markets and strengthen the Naira in the medium to long-term. Four avenues should be explored: faster economic growth to grow fiscal income; more, bigger and better targeted taxes; increased formalization; and lowering the interest rate to decrease interest charges, which requires amendments to monetary policy too. source: Nigeria Economic Outlook, AfDBCentral Bank of Nigeria

02. Monetary Policy

Score du critère: 3

2. Monetary Policy

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Inflation is fast becoming the number one macroeconomic issue in Nigeria. It has been on a slow upward trend since a low 7% in 2013, and accelerated above 20% in 2022. Relative to its peers Nigeria's inflation rate was the 10th highest in SSA over 2016-2021. Inflation is harming most the poorest segments of Nigerian society. The World Bank has estimated that, in the first three quarters of 2022 alone, as many as 5 million Nigerians were pushed into poverty because of inflation, mainly through higher prices of local staples (rice, bread, yam, and wheat).

Nigeria is a member of the West Africa Monetary Zone (WAMZ), a sub-set of ECOWAS Member States. However, the Central Bank of Nigeria is responsible for the oversight of monetary policy. The Central Bank of Nigeria (CBN) continues with its tight monetary policy, with the monetary policy rate increasing to 18.75% in July 2023 from 18.5% in June 2023. High food and energy prices stoked inflationary pressures, which have been exacerbated by the removal of fuel subsidies and rapid depreciation of the local currency resulting from the unification of exchange rates. Inflation reached 24.1% in July 2023, from 19.6% in July 2022. Furthermore, food inflation reached 25.3% in July 2023 compared to 22.0% in July 2022, and 25.7%

in August 2023. Inflation is projected to remain elevated in 2023 resulting from higher fuel and food prices resulting from the removal of fuel subsidies.

According to the World Bank, Nigeria’s current account deficit to remain at 0.3% of GDP next 2years. Nigeria's projected current account deficit will remain at an average of 0.3 percent of Gross Domestic Product (GDP) in 2023–25 as a result of declining prices and stagnant oil production.

Steadily rising inflation (24.1% as of July 2023) is indeed adding to Nigeria’s macroeconomic instability. While some of it is due to COVID-related disruptions in supply chains and geopolitical tensions, domestic factors are also at play. In particular, debt monetization by the Central Bank of Nigeria (CBN) and government credit schemes are outweighing recent interest rate hikes, jeopardizing the central bank’s credibility and crowding out private investment. In 2021, the share of CBN’s loans going to the central government and other public institutions rose to 40% of the CBN’s balance sheet, and 55% of GDP. Directed lending and debt monetization circumvent the fiscal policy framework by providing funding outside of the budget. They are a direct violation of Section 38 of the CBN Act. Monetary authorities should also carefully evaluate the opportunity of using the interest rate as its main policy tool. It seems to be relatively ineffective given the dominance of supply shocks, yet its costs in terms of further increasing the government’s interest rate bills and lowering aggregate demand is putting the sustainability of public finances at risk. Finally, the ineffectiveness of monetary policy in Nigeria is obstructed by an outdated monetary policy framework (MPF). Nigeria’s MPF features heavily administered exchange rates, forex rationing, parallel forex markets, regulated interest rates below market-clearing values, and fiscal dominance. The opacity and complexity of Nigeria’s MPF undermines the effectiveness of monetary policy while providing substantial seigniorage revenues for the government and the CBN at the expense of Nigerian households and businesses.

In 2016 Nigeria returned to managed flexibility in its exchange rate, trying to avoid further depletion of foreign exchange reserves, prioritizing critical foreign exchange needs and maintaining exchange rate stability. In June 2023, Nigeria's central bank moved to fully liberalize foreign exchange. Nigeria also suffers from a severe lack of foreign exchange. Because it exports crude oil but imports refined oil products at a higher price, a perpetual dollar shortage sets in, and it is not compensated by a positive trade balance in either manufactured goods or services. Second, buying foreign exchange below their market price works like a tax on foreign capital, decreasing capital inflow and stimulating capital outflow. In fact, since 2015 remittances have been the only net positive flow of foreign exchange in the country. Given that Nigerians abroad are increasingly using crypto-currencies to send money back home in order to circumvent the official exchange rate, this last net positive leg of forex inflow is at risk too. As a result, expressed as a percentage of GDP, foreign exchange reserves are today at their lowest point in decades. The lack of foreign exchange is exacerbated by the numerous restrictions imposed by the CBN and by a virtual monopoly over the supply of foreign exchange. As a matter of fact, due to low exports and FDI, the CBN has long managed the limited supply of foreign exchange, allocating dollars to sectors of the economy that it deems a priority, and restricting the supply of forex for dozens of imported products.

Under the current administration of President Tinubu, the CBN introduced new directives : • Directives to banks to cease from utilising their FX revaluation gains for dividends and operational expenditures. This is to enable banks to set aside FX revaluation gains for counter-cyclical buffers to mitigate potential unfavourable fluctuations in FX rates • Directives to all International Money Transfer Operators (IMTOs) operating within the country to strictly follow the allowable limit of -2.5% to +2.5% foreign exchange guideline. This enables the IMTOs to sell forex above the 2.5% of the preceding day’s NAFEX rates. However, there are still compliance concerns on the ability of the CBN to enforce these directive. Enforcing this directive may help narrow the gap between the official exchange rate and the parallel exchange rate, therefore fostering stability within the foreign exchange (FX) market. (see Page 27 for

recommendations on closing the gap) CBN introduces new policies: • The reintroduction of Bureau De Change to increase the supply of foreign exchange, reduce the divergence between the forex markets and strengthen the Naira in the medium to long-term. This raises concerns over the absence of long-term planning by the monetary policy authority. • The launch of a Foreign Exchange (FX) Price Verification System (PVS) to enable importers gain access to forex. This may help regularise and standardise the prices of goods and services that people wish to import, potentially reducing the demand for the dollar within the economy

03. Debt Policy

Score du critère: 4

3. Debt Policy

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

Nigeria’s Medium-Term Debt Management Strategy (MTDS), 2020-2023, is formulated to guide the borrowing activities of the Government in the medium-term. The framework compares alternative funding strategies available to Government as it pursues the desiredstructure of debt portfolio that reflects the selected strategy considering the costs and risk trade-offs in the medium-term. The Debt Management Office (DMO) is responsible for the management of Nigeria’s public debt.

In 2023, Nigeria's debt reached $108.3 billion, representing an increase of 123% since 2012, a rate roughly six times the country's growth rate of GDP. External debt as a share of total debt has increased from 14% to 40% between 2012 and 2022. Nigeria's increased debt is as a result of an interplay of factors including the COVID-19 pandemic and the Russia Ukraine war. Most of the new debt has been externally obtained leading to an increase in the risk of the burden of that debt becoming unsustainable. This is because global financial pressures have weakened local currencies and increased interest rates, thus increasing the cost of servicing debt in real terms.

On the one hand, Nigeria has a relatively low debt-to-GDP ratio, standing at 37% in 2022 and up from 27% in 2018 according to the IMF (2023b). This good reading is due to the 2005 debt relief package arranged by the Paris Club, which cut US$18 billion from Nigeria’s debt, to strong fiscal revenues extracted from the oil industry, and to growing non-oil revenues. Progress in debt management also played a role. Under the guidance of the Debt Management Office (DMO), the country has introduced several new financing instruments and improved the transparency of its debt management through sustainability analysis, capacity building, and debt reconciliation.

Nigeria has been running a 5% budget deficit for nearly a decade. While in nominal terms Nigeria’s public debt situation is not alarming, it is accumulating vulnerabilities. First, the share of short-term debt is high, and foreign debt is rising in percentage, from 33% of total in 2018 to 40% in 2022. This makes Nigeria vulnerable to macroeconomic shocks, including fast changing international financial conditions due to rising interest rates worldwide, and rising geopolitical tensions. Second, debt servicing is high and rising, accounting for 40% of total government expenses, crowding out much needed infrastructure spending as well as education, health and social services.

The creditor landscape has also changed with most of the new debt being owed to multilateral and private creditors as opposed to bilateral creditors such as the Paris Club in the early 2000s. In 2005, multilateral creditors accounted for 13% of total debt, while presently they account for 48% of total debt, while bilateral debt has declined. Private creditor debt has increased from 10% in 2005 to 38% in 2020. With private debt typically at higher interest rates, this has huge implications for Nigeria's debt servicing.

https://www.brookings.edu/articles/fiscal-policy-options-for-growing-out-of-debt-evidence-from-nigeria/

https://www.dmo.gov.ng/publications/other-publications/debt-management-strategy/3469-nigeria-s-medium-term-debt-management-strategy-2020-2023/file

Nigeria draft Country Diagnostic Note.

(B) Structural Policy

Score du cluster: 3.611

04. Policies and Institutions for Economic Cooperation, RI and Trade

Score du critère: 3.167

4.a. Regional Integration and Economic Cooperation

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria is the largest contributor to wealth creation in West Africa (about 65% of regional GDP). The country's regional trade policy is mostly based on the Economic Commission for West African States (ECOWAS), headquartered in Abuja. Nigeria has ratified all the ECOWAS protocols on free movement of persons, goods and right of establishment. Nigeria also has strong regional influence in the political and security space, and actively intervenes to defuse political tensions and regularly contributes to regional security command forces in other member countries. Recently, the newly elected president Bola Tinubu was appointed Chairman of the ECOWAS Authority of Heads of State. Following the attempted coup in Niger, President Tinubu took on a leadership role in managing tensions in the region.

Nigeria is also collaborating with other countries in the region to combat human trafficking, terrorism and other forms of insurgency. As the largest country with a vast population and economy in West Africa, Nigeria shares deep social and cultural relations with other countries in the region. In terms of free movement of people, Nigeria has performed relatively well by ratifying the relevant ECOWAS instruments concerning free movement of persons, rights of establishment and free movement of workers18. Nigeria allows nationals holding a valid travel document19 from other ECOWAS countries to enter visa-free.

Nigeria usesemploys a combination of tariffs and quotas for the dual purposes of revenue generation and protecting local industries from highly competitive imports. The country's tariffs are determined by the ECOWAS 2015 – 2019 Common External Tariff (CET). The tariff has five bands: 0% duty on capital goods and essential drugs, 5% duty on raw materials, 10% on intermediate goods, 20% on finished goods and 35% on imports into strategic sectors. Nevertheless, effective rates tend to be higher since the Nigerian government may apply additional charges (e.g., levies, excise, and VAT) on the imports. However, the total effective rate of each line item is not to exceed 70%. To protect local industries, Nigeria has instituted a "list of prohibited & restricted imports" which include frozen poultry, bagged cement, some pharmaceuticals, tomato concentrate etc.

Nigeria is implementinged the ECOWAS Trade Liberalization scheme (ETLS) which forms the basis of West Africa's customs union and allows for the free movement of goods originating from the region with removal of all non-tarriff barriers, duties and taxes of equivalent effect. Nigeria Customs service (NCS) in partnership with the Federal Ministry of Trade and Industry, and the Ministry of Foreign Affairs are responsible for the implementation of the ETLS. NNigeria has also demonstrated its commitment to regional integration with the assent to the African Continental Free Trade Area (AfCFTA) agreement on 7 July 2019 and ratification in December 2020. This move opens opportunities for deep integration into the continental trading bloc with the attendant potential trade benefits for the country. The AfCFTA creates the largest continental single market in the world, bringing together more than 1.3 billion consumers. However, realizing the benefits from membership into AfCFTA hinges upon Nigeria's ability to address infrastructure and other structural bottlenecks, removing anti-competitive tendencies, overall improvement in the business environment and export diversification to increase the share of non-oil exports, which form the bulk of its exports to African countries. For instance, in the second quarter of 2021, about 60 percent of Nigeria's manufactured exports went to Africa, compared with 11 percent of crude oil exports.

According to the 2020 Africa Regional Integration Index (ARII), Nigeria ranks in the 5th position out of 15 countries in the ECOWAS region (as an average performer in overall integration). Across the 5 dimensions of the ARII, Nigeria performs best in free movement of people and worst in macroeconomic integration with the rest of the region. Nigeria is part of the West Africa Monetary Zone which consists of countries in the non-CFA zone. Nigeria's poor performance in macroeconomic integration is partly due to the poor convertibility of the Naira with other currencies in the region. It is also due to higher rate of inflation relative to other countries in ECOWAS, especially those in the WAEMU CFA bloc. In the context of ECOWAS, Protocols are pronounced during political meetings but commitment to implement them often takes longe. Nigeria has expressed some reluctance in joining the currency bloc citing the need to ensure all fundamentals are in place before the launch of the regional currency. The plans for the ECO have now been postponed through the new roadmap to 2027, as the COVID-19 pandemic significantly disrupted economies of the region. However, Nigeria has played a significant role in the financial sector development of the ECOWAS region. Nigerian commercial banks have strong footprint with branches in other ECOWAS countries and the continent in general. This has helped to promote financial inclusion and boost trade and investment in the region. In terms of regional capital markets, there is little to no integration in this regard. While Nigeria's trade within ECOWAS may be boosted with the launch of the single currency, there is still a lot to be done to address the macroeconomic challenges and bottlenecks which make it difficult for trade to flow from Nigeria to its regional neighbors.

Given the importance the Bank attaches to regional integration, a dedicated focal person has been engaged in each of the regional economic communities. The focal person liaises closely between the Bank's country/regional offices and the RECs. In Nigeria, the headquarters for ECOWAS has the regional integration integration coordinator, who coordinates all issues relating to project design and monitoring and policy dialogue involving the Bank and ECOWAS and its subsidiary agencies.

4.b. Trade restrictiveness

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria employs a combination of tariffs and quotas for the dual purposes of revenue generation and protecting local industries from highly competitive imports. The country’s tariffs are determined by the ECOWAS 2015 – 2019 Common External Tariff (CET). The tariff has five bands: 0% duty on capital goods and essential drugs, 5% duty on raw materials, 10% on intermediate goods, 20% on finished goods and 35% on imports into strategic sectors. Nevertheless, effective rates tend to be higher since the Nigerian government may apply additional charges (e.g., levies, excise, and VAT) on the imports. However, the total effective rate of each line item is not to exceed 70%. There are growing complaints from U.S. companies, including in the healthcare and processed foods sectors, regarding exorbitant registration fees and very long processing timelines with the National Agency for Foods and Drugs Administration and Control (NAFDAC).

In a bid to protect local industries and grow several strategic sectors, especially agriculture, the Nigerian government has continued to restrict or place bans on certain imports. Most goods destined for Nigeria, especially in the food, drug, and cosmetics, require inspection or certification from authorities or appointed third-party contractors. Because the government lacks the capacity to undertake inspections, testing, and reviews, clearance of imports is typically delayed to the detriment of the importer.

The Nigerian government has several import substitution policies which aim to increase local production through subsidies, tariffs, quotas, and other barriers to trade. Among these measures is a directive which stipulates that preference be granted to domestic manufacturers, contractors, and service providers in all government procurements. This directive, issued via an Executive Order in May 2017, also states that at least 40% of expenditure for the procurement of the following items shall be on locally manufactured goods:Uniforms and footwear; Food and beverages; Furniture and fittings; Stationery Motor vehicles; Pharmaceuticals; Construction materials; Information technology

Nigerian port practices continue to present major obstacles to trade. Importers report erratic application of customs regulations, lengthy clearance procedures, high berthing and unloading costs, and corruption. Due to lack of space at Lagos ports, ships queue for days, and in some cases weeks or months, before being able to berth and unload. Due to delays caused by congestion and the poor condition of the port access roads, operations at Nigerian ports are among the most expensive in the world. There have been small improvements in improving the port infrastructure and also in April 2022, the government of Nigeria reopened four additional land borders. The government had closed land borders with Benin and Niger in 2019 to curb smuggling and the proliferation of illegal importation of drugs, small arms, and agricultural products.

https://www.trade.gov/country-commercial-guides/nigeria-trade-barriers

4.c. Customs/trade facilitation

Type de score	Valeur
Score de brouillon	2.5
Score révisé	2.5
Score de deuxième brouillon	2.5
Score final	2.5

Notes du pays:

Although Nigeria has signed several agreements for trade facilitation, their implementation remains challenged for several reasons, such as corruption, failure to digitilalize processes, poor transport and logistics infrastructure, and a protectionist approach.

Nigeria has been a member of the World Trade Organization since January 1, 1995, having been a member of the General Agreement on Tariffs and Trade (GATT) since November 18, 1960. Nigeria ratified the WTO Trade Facilitation Agreement on January 20, 2017, and the amended WTO Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS) Agreement on January 16, 2017.

At the regional level, nigeria is party to the ECOWAS Protocol on Free Movement of Persons, Goods and services, which is spelt out by the ECOWAS Trade Liberalization Scheme (ETLS). At the continental level, Nigeria has ratified the AfCFTA. Nigeria also has several bilateral agreements on trade, especially with the United States called the Trade and Investment Framework Agreement (TIFA). Nigeria has also been a member of the WTO since 1995, ratifying the Trade Facilitation Agreement. Nigeria's Integrated Customs Information System, introduced in 2009, is a single portal system to facilitate, secure and enhance trade management, to reduce the cumbersome custom clearance procedures and increase revenue generation. Despite this, customs inefficiency and congestion are commonplace at Nigeria's ports.

Nonetheless, Nigeria scores very low in terms of facilitating trade. the Nigeria's economic freedom score is 53.9, making its economy the 124th freest in the 2023 Index. Its score is 0.5 point lower than 2022last year. Nigeria is ranked 22nd out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average. According to the Global Index of Economic Openness 2019, Nigeria has fallen 13 places since 2009, and was ranked 130th. Its weakest pillar is Market Access and Infrastructure. It is particularly poor on transport infrastructure, where it ranks 149th for the quality of roads and 140th for efficiency of seaport services.

In general, Nigeria's customs and trade facilitation are hampered by myriad of factors, notably weak port infrastructure and reports of corruption by customs officials. Furtjermore, despite ratifying the Trade Facilitation Agreement of the World Trade Organisaiton on 17 February 2017, Nigeria's status of implementation commitments stands at 40.8% with a time-frame spanning from February 2017 to December 2029 [2]. In August 2023, the Nigerian Custom Services (NCS) showed its continuous commitment to resolving risks and eliminating certain procedural bottlenecks and facilitating trade as it launched the Authorized Economic Operator.

Between 2019 and 2020, the cost of moving goods in a 40ft container from Lagos ports (Apapa) to other areas within the country rose from N350,000 to N2 million significantly increasing costs along the supply chain. Also, almost 5000 trucks currently seek access to Apapa and Tin Can ports in Lagos daily while the capacity is 1,500 trucks only. According to Dynanmar, a Dutch consultancy firm, Nigeria loses an estimated $55 million (46 million euros) daily because of congestion at the country's ports.

05. Financial Sector Development

Score du critère: 3.667

5.a. Financial stability

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The Nigerian financial system is dominated by commercial banks. Under the supervision of the Central Bank of Nigeria, there are currently 24 commercial banks, 6 merchant banks, 719 Micro-finance banks, 3 non-interest bank and 6 development financial institutions.

Despite challenges in the economy post-COVID, the Nigerian banking system has remains sound and resilient, according to the Central Bank of Nigeria. To further enhance the soundness and resilience of Nigeria's financial system, the Government enacted the Banks and Other Financial Institutions Act (BOFIA) 2020 into law on 12 November 2020. This legislation repealed the BOFIA 1991. Industry non-performing Loans decreased from 4.9 per cent in December 2021 to 4.2 per cent in December 2022, which was below the maximum prudential requirement of 5.0 per cent. The decline in NPLs was attributable to write-offs, restructuring of facilities, Global Standing Instruction and sound credit risk management by banks.

According to the CBN, total assets of the banking industry grew by N14.36tn or 24.24 per cent from N59.24tn in December 2021 to N73.59tn in December 2022, driven by balances with CBN/banks, investments, and credit expansion to the real sector. As a result, total gross credit increased by N5.14tn or 20.93 per cent between the end of December 2021 and December 2022, from N24.57tn to N29.72tn, due to the increase in the industry funding base as well as the CBN's directive on Loan to Deposit Ratio, which has encouraged banks to increase lending to the real sector of the economy, and business strategy and competition. The CBN notes that the increase in credit to the key sectors of the economy was expected to bolster aggregate demand and promote economic growth, job creation, and poverty alleviation.

Nigeria's insurance industry is small for the size of the economy. Total insurance penetration, measured by gross written premiums (GWP), is less than 0.3 percent of GDP and only 1.9 percent of the adult population has insurance coverage. The total assets of insurance companies (general and life business) stood at N2.0 trillion (approximately $4.9 billion) as of end 2020 (2019: N1.6 trillion), non-life (general) business is the largest share of the market, accounting for about two thirds of assets and contributes more than 70 percent to gross premiums.

Overall, Nigeria's banking sector barely survived some shocks such as the COVID-19 pandemic and other external shocks, it remains vulnerable in the medium term. The share of NPLs and the level of capital at risk are moderately high. General adherence to Basel Core Principles (capital adequacy requirements in line with or above Basel I requirements, enforcement improving) and the quality of risk management in financial institutions is not quite satisfactory. Supervisors' ability to adequately assess risk is very limited. Banking sector is vulnerab Overall, the financial sector has generally remained stable, even in the face of external shocks, including the COVID-19 pandemic.

5.b. Sector's efficiency, depth, and resource mobilization strength

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

The capital market serves as a conduit for raising long-term capital and is governed by the 2015-2025 Capital Markets Masterplan (CMMP). The CMMP has 4 main pillars, namely (i) to drive and facilitate capital raising for sustainable national development; (ii) align market structures to requirements of the economy; (iii) to ensure competitiveness; and (iv) create an effective oversight and regulatory framework, facilitative and supportive of the deepening and development of the Nigerian capital markets. The capital market is largely dominated by trading in government securities with minimal activity in stocks and corporate bonds. About 104 commercial papers worth NGN 798.30 billion, and N95billion in corporate bonds were issued in the first half of 2023. The domestic equities market outperformed most of its peers in the West African market. Investors had a positive reaction to the bold key policy changes by the government such as the removal of subsidy, floating of the naira and the unification of the exchange rate windows which caused the market to rally positively. The size and reach of Nigeria's financial and capital markets is approaching adequate levels for economies of similar size and sophistication. Interest rate spreads somewhat high but falling and the private sector credit (share of GDP) is moderately adequate for the economy's size and sophistication. The Microfinance industry is thriving and is reasonably efficient.

5.c. Access to financial services

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The CBN has also finalized the review of the National Financial Inclusion Strategy to achieve 80 percent of the adult population having access to formal financial services and 10 percent included in the informal sector, both targets by 2020. However, in view of the challenges imposed by the COVID-19 pandemic, this target is likely to have been missed. The revised National Financial Inclusion Strategy is nonetheless expected to remain the guiding document for financial inclusion in Nigeria and the approval of the Payment Service Bank will facilitate financial inclusion, especially in rural areas.

Financial inclusion rates have gradually improved but still fall short of the targets adopted in Nigeria's 2012 financial inclusion strategy (revised in 2018, see CBN, 2018). The share of the adult population with a bank account has consistently increased and now accounts for more than two-thirds of financially-included individuals. However, this bankarization has been sourced in large part by integrating those having used the non-bank and informal financial sector. Overall, the share of the financially-excluded population is only slightly lower than in 2012. Nigeria is also falling short in access to credit and particularly non-bank financial services (insurance, and pensions).

Financial inclusion in Nigeria is not only relatively low but also uneven. While the gender gap in financial inclusion is relatively low, the gaps for the youth, people with low educational attainment or income as well as the urban-rural divide (only 56 percent are included in rural areas) are higher than in peer countries and SSA.

Financial inclusion in Nigeria has had undeniable successes, yet many challenges remain. The onboarding of residents to the banking sector has consistently progressed but the overall exclusion rate and the one for the use of specific financial products continue to exceed official targets by far. The reasons for inclusion gaps, also in terms of gender, education, income, and geography, include long distances to financial access points, limited financial literacy, and relatively low use of mobile money and payments. Policies have focused on improving networks and financial access points and need to continue doing so while also pushing ahead with ID onboarding and refocusing the approach to financial education. Various recent initiatives aimed at promoting financial literacy and access to finance of women hold promise for narrowing the financial inclusion gaps.

Digital financial services have seen a slow adoption and warrant further promotion. While the fintech ecosystem provides a full array of financial services, uptake of digital financial services, notably mobile money, is still lower than in peer countries due to preference for cash operations as well as cost and trust issues. Policy initiatives to foster financial inclusion and digital finance have been diverse but going forward would need to focus even more on improving digital financial literacy, upgrading digital infrastructure, and promoting fintech incubation and sound practices in fintech operations, notably digital lending.

Overall, Payment and clearance systems and credit reporting systems pare moderately developed and functional. Moderate share of the population has access to formal sector financial services. SMEs have moderate access to finance. Legal and regulatory framework still has weaknesses but generally supports access to finance.

https://www.imf.org/en/Publications/selected-issues-papers/Issues/2023/03/07/Nigeria-Fostering-Financial-Inclusion-through-Digital-Financial-Services-Nigeria-Nigeria-530633

06. Business Regulatory Environment

Score du critère: 4

6.a. Regulations affecting entry, exit, and competition

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

The principal law for the regulation of companies and businesses in Nigeria is the Companies and Allied Matters Act (“CAMA”) 2020. CAMA establishes the Corporate Affairs Commission (“CAC”) and gives it the mandate of regulating the incorporation, management and winding up of companies and other business entities in Nigeria.

Under the new Administration that took effect on 29 May 2023, Nigeria has taken bold steps such as the removal of the fuel subsidy and unification of the official exchange rate and the black market rate.

new Administration that took effect on 29 May 2023 and has bold policy initiatives of the fuel subsidy removal and unification of the official exchange rate and the black market rate.

Nigeria was ranked 105 in the World Bank's DB 2020 report on the ease of starting a business. The total number of procedures to register a firm is 7 procedures and it takes 7 days to register the firm. The institution in charge of business registration is the Corporate Affairs Commission. Nigeria made starting a business easier by reducing the time needed to register a company and improving online platforms. This reform applies to both Kano and Lagos. Nigeria also made starting a business easier by no longer requiring on-site inspections for business premises registration.The DB report of the World Bank ranked Nigeria as No.55 on the ease of getting a permit. It takes between 111 days and 16 procedures to obtain permits. The requirements for obtaining permits are easily accessible online free of charge. Nigeria made dealing with construction permits less costly by eliminating the Infrastructure Development Charge (IDC), the fee for construction permits for warehouses.According to the World Bank report on ease of doing business 2020, Nigeria ranked 131 out of 190 economies, compared to its previous ranking of 146 in 2019, meaning a significant improvement in the business regulatory environment. Nigeria was named among the top 10 countries that recorded significant improvements in six out of the ten areas evaluated - starting a business, dealing with construction permits, getting electricity, registering property, trading across borders, and enforcing contracts. The significant improvement in the ranking was due to introduction of some critical reforms by the government, led by the Presidential Enabling Business Council (PEBEC). The Presidential Enabling Business Council was set up in 2016 to minimize constraints to doing business.

Local content laws are in place across sectors of the Nigerian economy. Originally introduced to ensure local participation in labor and across the value chain of the oil and gas sector, local content requirements have gradually begun to spread to other sectors such as information and communications technology (ICT) and advertising. Section 78 of the Corporate and Allied Matters Act provides that a foreign company intending to carry on business in Nigeria is obligated to incorporate a separate entity in the country before participating in any such business. A foreign company may not participate in any business or have a place of business or an address for service until it has incorporated a separate entity in Nigeria. Addresses for the receipt of notices and other documents for the purposes of incorporating an entity in Nigeria are permissible.

However, Nigeria's concentrated markets and continued government interventions increase the risk of anticompetitive firm behavior (such as abuse of dominance and cartels). The passage of Competition Act of 2019 provides an opportunity to develop a functional framework to tackle such behavior. Successful implementation of the Competition Act will depend on the new Federal Commission for Consumer Protection and Competition (FCCPC) being able to operate independently of political influence and being sufficiently funded.

The Federal Competition and Consumer Protection Act (FCCPA) was enacted on 30 January 2019. The FCCPA repealed the Consumer Protection Act and the provisions of the Investment and Securities Act relating to merger control and established the FCCPC. The FCCPC is now vested with the powers to approve and regulate mergers. Although the FCCPC has been established, its governing board has not been constituted and no rules or guidelines have been issued in relation to the process for implementing mergers.

Between 3 May 2019 and early 2020, the Securities and Exchange Commission (SEC) and the FCCPC operated a joint review desk for merger control approvals. That process has since terminated and as of March 2020, all merger control applications are to be submitted exclusively to the FCCPC. The SEC retains its supervisory oversight of public companies and, in this respect, the FCCPC has stated that it will still review mergers involving public companies.

As of March 2020, both houses of the National Assembly had passed the Companies and Allied Matters Bill 2019 (Bill). The Bill contains several innovative provisions in the context of Nigerian company law. The Bill requires the assent of the President before it can be passed into law. If passed in its current form, the Bill will allow viable businesses to thrive, while also ensuring that non-viable businesses can properly exit the market. It is significant to note that while the country’s ranking on the Doing Business Indicators improved slightly due to certain reforms, overall implementation remains weak as most SMEs still face many challenges in the business environment. These efforts are however blighted by the continued delay to assent to the Petroleum Industry Bill, which offers opportunities to improve the business environment and incentivize investment in the energy sector. The Bill passed the first reading in Parliament. Its enactment will have to pass the seal of the President, who has previously returned it to the National Assembly for modifications. According to the DB report of the World Bank, resolving insolvency framework in Nigeria provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. Nigeria made enforcing contracts easier by introducing a pre-trial conference as part of the case management techniques used in court. This reform applies to both Kano and Lagos. Nigeria also made enforcing contracts easier by issuing new rules of civil procedure for small claims courts, which limit adjournments to unforeseen and exceptional circumstances. According to the US Department of State, Nigeria’s civil courts have jurisdiction over disputes between foreign investors and the Nigerian government as well as between foreign investors and Nigerian businesses. The courts occasionally rule against the government. Nigerian law allows for the enforcement of foreign judgments after proper hearings in Nigerian courts.

Nigeria was ranked 105 in the World Bank’s DB 2020 report on the ease of starting a business. The total number of procedures to register a firm is 7 procedures and it takes 7 days to register the firm. The institution in charge of business registration is the Corporate Affairs Commission. Nigeria made starting a business easier by reducing the time needed to register a company and improving online platforms. This reform applies to both Kano and Lagos. Nigeria also made starting a business easier by no longer requiring on-site inspections for business premises registration.The DB report of the World Bank ranked Nigeria as No.55 on the ease of getting a permit. It takes between 111 days and 16 procedures to obtain permits. The requirements for obtaining permits are easily accessible online free of charge. Nigeria made dealing with construction permits less costly by eliminating the Infrastructure Development Charge (IDC), the fee for construction permits for warehouses.According to the DB report of the World Bank, resolving insolvency framework in Nigeria provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. Nigeria made enforcing contracts easier by introducing a pre-trial conference as part of the case management techniques used in court. This reform applies to both Kano and Lagos. Nigeria also made enforcing contracts easier by issuing new rules of civil procedure for small claims courts, which limit adjournments to unforeseen and exceptional circumstances. According to the US Department of State, Nigeria’s civil courts have jurisdiction over disputes between foreign investors and the Nigerian government as well as between foreign investors and Nigerian businesses. The courts occasionally rule against the government. Nigerian law allows for the enforcement of foreign judgments after proper hearings in Nigerian courts.

On 16 August 2021, the President assented the Petroleum Industry Act 2021. The enactment of this legislation ends years of procrastination to put into law a governance framework for the petroleum industry. The Act, seen as game changer in attracting investment and improving sector governance, formally segments the petroleum industry into an upstream sector on one hand, and the midstream and downstream sectors, on the other. The upstream sector will be overseen by the Nigerian Upstream Regulatory Commission (‘the Commission’), while the midstream and downstream sectors is under the oversight of the Nigerian Midstream and Downstream Petroleum Regulatory Authority (the ‘Authority’). General oversight powers over the petroleum industry is vested in the Minister of Petroleum (‘the

Minister'), whom the Commission and Authority are required to report to.

6.b. Regulations of ongoing business operations

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

According to the US Department of State, foreign investors receive largely the same treatment as domestic investors in Nigeria, including tax incentives. There are currently no limits on foreign control of investments; however, some Nigerian regulatory bodies have insisted on domestic equity as a prerequisite to doing business.According to the US Department of State, domestic and foreign businesses frequently express strong concern about the CBN's foreign exchange restrictions, which they report prevent them from importing needed equipment, goods, and services; paying foreign debt obligations; and repatriating earnings. Nigerian securities especially as repatriation concerns continue to mount. According to the World Bank, Nigeria reduced the time to export and import by further upgrading its electronic system and by launching e-payment of fees.The Federal Government of Nigeria has made strides to improve the business environment with removal of constraints to doing business, especially for micro, small and medium enterprise. These include, among others: 1) Implementation of the 60-day National Action Plan by the Presidential Enabling Business Environment Council which involves implementing streamlined processes of acquiring construction permits, processing of land titles, business registration and visa application and issuance.2) Introduction of the Nigerian Integrated Customs Information System (NICIS II) to ease trade, enhance efficiency and increase revenue generation for example the pre-arrival access report form. Relatedly, the Federal Government also revised the guidelines for the Export Expansion Grant (EEG), which had been suspended in 2014. The EEG seeks to improve the collection of non-oil revenues, while not exerting a punitive burden on exporters. Among other requirements, proceeds of qualifying export transactions must be fully repatriated within 300 days from the date of export. Furthermore, exporters are required to present an Export Expansion Plan as a prerequisite for participating in the scheme. The ongoing digitization of tax processes by the FIRS will further strengthen implementation of the NICIS II. 3) Access to credit, especially among the micro, small and medium enterprises (MSMEs) has been hampered in part by lack of quality collateral. In 2017, the federal government enacted into law the "Secured transactions in Movable Assets, Act 2017," otherwise known as the "Collateral Registry Act". The Act gives legal credence to the Collateral Registry Regulation issued by the CBN and widens the scope of coverage of collateral to movable assets. Coverage also extends to financial institutions not regulated by the CBN. This Act, if properly implemented, will enhance financial inclusion whilst stimulating responsible lending to MSMEs which may otherwise not have fixed assets to pledge as collateral. It will also add value to movable assets. 4) Grow and Earn More (GEM) for Women by the Bank of Industry, designed for women agro-entrepreneurs. The GEM provides up to N1 million per beneficiary, targeting small holder farmers as defined under the Nigeria Incentive Risk Sharing for Agricultural Lending guidelines. No collaterals is required but applicants must provide acceptable guarantors.

6.c. Regulations of factor markets (labor and land)

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria still grapples with huge infrastructural deficit, weak macroeconomic conditions including double digit inflation, high rate of unemployment, all of which deepened with the onset of the COVID-19 induced 2020 economic recession, the second in four years. In the labour market, Nigeria was ranked 67 in the Global Competitiveness Report 2019, lower than the previous ranking of 73 in 2018 report. In terms of hiring and firing, the country ranks 18, internal labour mobility 15 and ranked 21st for flexibility of wage determination.

Following the removal of the fuel subsidy and as the economic hardship worsens, the Nigeria Labour Congress have threatenedlanned two to hold two nation-wide strikes since the government took office in May 2023. To avert another strike, President Tinubu on Oct 1, 2023 signed a MOU promising implementation within 30 days. In the MOU signed, the following agreements were reached: The Federal Government will grantgrants a wage award of N35,000 (thirty-five thousand Naira) only to all Federal Government workers beginning in the month of September, pending when a new national minimum wage is expected to have been signed into law.s approached the government In

From a legal perspective, there are two broad categories of employees in Nigeria. "Workers" who are defined under the Labour Acts as those "who are generally employees who perform manual labour or clerical work" and employees who perform administrative, executive, technical or professional functions (referred to as non-workers). The Labour Act which prescribes the minimum terms of employment and conditions of employment, is limited in scope as it only applies to the first category - "Workers". The terms and conditions of employment of non-workers are primarily subject to the terms of their respective contracts of employment, if and where they exist. In 2019, the federal government increased the minimum wage from N18,000 to N30,000. Whilst this was welcomed as an important policy decision by organized labour unions, there are many people employed in the informal sector not covered by the minimum wage.

The implementation of the minimum by some private sector companies as well as government agencies, including state governments has been problematic and many now are in arrears. The threshold for the minimum wage has further been eroded with the rise in inflation.

According to the DB report of the World Bank, there are 12 procedures and a 105-day process involves in registering property in Nigeria. The type of land registration system in the economy is Deed Registration System. Land Registry is the institution in charge. There exists an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system). The High Court is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city. Nigeria (Lagos) improved its land administration system by implementing a geographic information system. According to the US Department of State, clarity of title and registration of land ownership remain significant challenges throughout rural Nigeria, where many smallholder farmers have only ancestral or traditional use claims to their land. Nigeria's land reforms have attempted to address this barrier to development but with limited success.

According to the DB report of the World Bank, there are 12 procedures and a 105-day process involves in registering property in Nigeria. The type of land registration system in the economy is Deed Registration System. Land Registry is the institution in charge. There exists an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system). The High Court is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city. Nigeria (Lagos) improved its land administration system by implementing a geographic information system. According to the US Department of State, clarity of title and registration of land ownership remain significant challenges throughout rural Nigeria, where many smallholder farmers have only ancestral or traditional use claims to their land. Nigeria's land reforms have attempted to address this barrier to development but with limited success.A World Bank study (2016) showed that tackling restrictive regulations in Nigeria's professional service sectors alone could result in an increase in GDP growth by at least 0.2 percentage points. The impact would be even larger if reforms were implemented in other service sectors such as electricity, telecommunications, and transport with higher spillover effects across the economy.

In addition, the World Bank's Ease of Doing Business 2020 report indicated an improvement in the registration of property. For example, Lagos State improved its land administration system by implementing a geographic information system. The report also shows that Lagos state scored a higher quality index of 9.0 compared to 4.5 rate scored by Kano state.

Land administration in Nigeria is governed by an archaic Land Use Act of 1978. Given the gaps in land management, many activities are characterized by informality, including in land tenures, which makes it difficult to capture the legal definition of ownership. This means property development, including residential housing, is governed by this legislation. With passage of time, there is need to repeal and update the Land Use Act to make it amenable to current trends in the use of land, including promoting sustainability and green and resource-conserving investments that will enhance quality of life and improve the aesthetics of Nigeria's urban and rural communities.

(C) Policies for Social Inclusion/Equity

Score du cluster: 2.653

07. Gender Equality

Score du critère: 3

7.a. Promotion of equal access for men and women to human capital development opportunities

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Nigeria has made significant strides in establishing gender machinery to address gender disparities and promote gender equality. The country recognizes the importance of having institutional frameworks, policies, and programs dedicated to addressing gender issues and empowering women. Nigeria has adopted global and regional commitments on gender equality, including the Solemn Declaration on Gender Inequality in Africa adopted at the African Union Summit in 2004. It has also adopted the ECOWAS Gender Policy and the Supplementary Act Relating to Equality of Rights Between Women and Men for Sustainable Development in the ECOWAS Region (2015), and the Roadmap for ECOWAS Supplementary Act Relating to Equality of Rights Between Women and Men for Sustainable Development in the ECOWAS Region (2017). Others are the 2030 Agenda for Sustainable Development which incorporates a cross-cutting understanding of gender in all of the SDGs established in 2015 as a specific emphasis on gender equality through SDG number 5.

The Federal Ministry of Women Affairs (FMWA) recently reviewed and launched the new National Gender Policy (2021 – 2026) in 2021. The reviewed policy adopts a gender, equality, empowerment of women and social inclusion (GEESI) framework to address emerging and cross-cutting issues[1]. The policy takes cognizance of the need to implement gender equality across all key economic sectors such as Economy and Economic Policies, Agriculture & Rural Development, Infrastructure, Extractive Industries (including mining and petroleum), Information and Communication Technology (ICT), Sports & the Entertainment Industry and all social sectors including Infrastructure, WASH, the media, Education and Health. The GEESI framework extends to the Security sector reform; Access to justice, human rights and governance; leadership and political participation.

[1] Federal Republic of Nigeria National Gender Policy (2021 – 2026); Federal Ministry of Women and Gender Affairs

However, Ssignificant gender disparities exist across many dimensions of Nigerian society. The country is among the 10% of countries worldwide with the highest levels of gender discrimination. Women represent 49.3% of Nigeria’s population of more than 200 million people. However, enforcing laws promoting and protecting the rights of women remains a challenge in the country. Gender indicators show that efforts are still needed on all fronts to close the gap observed between men and women.

As of 2020, Nigeria ranked 128th out of 153 countries on the global gender gap index and an African Ge nder Index (AGI) of 0.372 (African Gender Index, 2019). Although, Nigeria has shown some commitment by ratifying international treaties that promote gender equality, pervasive discriminatory cultural practices and social norms continue to hinder achieving gender equality. Nigeria faces pronounced gender gaps in accessing credit,basic and secondary education, earnings in agriculture and wage employment. Although women and girls represent half of Nigeria’s population, the country has yet to unlock the full economic pot ential due to inequalities especially in participation in decision making, voice and agency. These gaps are underpinned by a range of underlying constraints (all influenced to some extent by social norms), including those related to crop choice, access to farm labor and other productive inputs and access to finance.

In 2018, the literacy rate in urban and rural area was recorded at 86.4 percent and 59.5 percent respectively. The female literacy rate in the urban and rural areas was recorded at 74 percent and 35.4 percent respectively.?In terms of wealth, young women from the wealthiest 20 percent of households are four times more likely to be literate than young women from the poorest 20 percent of households.?Based on age, the literacy rate of people older than 15 is 62 percent, with males at 70 percent and females at 53 percent. In the academic year 2018/2019, there were 1.8 million undergraduate students in Nigerian universities, 790 thousand of whom were female students (44% of total).

In collaboration with donors and development partners, Nigeria has implemented several education programmes targeted at girls' education, most of which have also covered a cluster of Northern states. Such programmes include the Girls’ Education Programme (GEP), which ran from 2005 – 2019, Education of Nigerian Girls in New Enterprises (ENGINE) in Kano and Lagos; Adolescent Girls Initiative for Learning and Empowerment (AGILE) project, whose goal is to improve secondary education opportunities among girls at federal and state levels in Borno, Ekiti, Kaduna, Kano, Katsina, Kebbi, and Plateau; and Partnership for Learning or All in Nigeria (PLANE) 2022 – 2028 whose focus is on improving learning outcomes for P1 to P3 learners in Kaduna, Kano and Jigawa states.

In Nigeria, only 65% of women receive antenatal care during pregnancy. In areas of the country with the highest maternal and perinatal death rates, there are stark disparities in access to health care

(1)https://contraceptionmedicine.biomedcentral.com/articles/10.1186/s40834-020-00133-6

(2)https://www.joghr.org/article/12733-reducing-maternal-mortality-in-nigeria-addressing-maternal-health-services-perception-and-experience

(3) https://idrc-crdi.ca/en/project/increasing-womens-access-skilled-pregnancy-care-nigeria-imcha#:~:text=In%20Nigeria%2C%20only%2065%25%20of,in%20access%20to%20health%20care.

7.b. Promotion of equal access for men and women to productive and economic resources

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Some of the achievements on gender in Nigeria include: Increased awareness and commitment to gender equality: Through the establishment of gender-related institutions and mechanisms such as the Federal Ministry of Women Affairs and Social Development and the National Gender Policy, the Nigerian government has demonstrated a stronger commitment to promoting gender equality and women's empowerment. Increased representation of women in leadership positions: Nigeria has made strides in increasing the number of women in leadership positions. For instance, in 2019, the country had a record number of women elected to the National Assembly and state houses of assembly. Improved legal frameworks for gender equality: The Nigerian government has taken steps to address gender discrimination through the enactment of laws such as the Violence Against Persons (Prohibition) Act, which criminalizes various forms of gender-based violence. Additionally, the National Gender Policy provides a framework for mainstreaming gender into policies and programs across various sectors. Strengthening women's economic empowerment: The Nigerian government has implemented various programs and initiatives to empower women economically, such as the National Women Empowerment Fund and the Government Enterprise and Empowerment Program. These programs aim to provide access to finance, training, and business support to women entrepreneurs.Informality creates severe gender ine quality against women, as bulk informal jobs are dominated by women. Research indicates that 60 perce nt of informal sector employment excluding the agricultural sector is occupied by women, further e mphasizing the incidence of inequality in theeconomy. A PwC report showed that over 23 million female e ntrepreneurs own micro-businesses, accounting for over 41% of the MSME, which has helped to create job opportunities and skills development for women and youth. However, while Nigeria boasts considered one of the highest entrepreneurship rates globally, womenrepresent 13.57% in the formal sector versus 86.43% for males. Reasons for the low performance include women engaging in businesses out of nece ssity without adequate skills and lack of financial resources. They hire fewer employees and engage in le ss risk-averse businesses. Women also facegender-specific constraints, such as household-related de mands.

7.c. Men and women equal status and protection under the law

Type de score	Valeur

Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Nigeria is a signatory to several regional and international protocols, charters and conventions which recognize and guarantee the rights of women including girls and young women. Nigeria became a state party of the convention when it signed and ratified the UN Convention of Elimination of all forms of Discrimination Against Women (CEDAW) in 1985; and also signed the Protocol and ratified it in 2000 and 2004. However, the non-domestication of the CEDAW treaties has been a major concern in Nigeria.

Equally, there are still gaps in legal instruments upholding the rights of girls and women in the country. For instance, Nigeria is yet to domesticate laws that protect women and girls and guarantee them equal rights and opportunities. Nigerian women, especially girls and young women routinely face injustices and human rights violations. Girls, boys and young women also face certain discrimination and barriers that limit their opportunities to develop their full potential based on their gender or age. This discrimination, borne out of rigid gender stereotypes reinforced by religious/traditional practices and societal structures, continues to encourage the patriarchal socio-economic and political setting of the country.

Family law however gives men and women equal rights in getting a divorce, and women may obtain identity or travel documents without the consent of a man, unless in cases where the woman seeks to change her name.

A Violence Against Persons (Prohibition) Act (VAPP) 2015, enacted in May 2015 also seeks to protect women and girls against violence. The objective of the VAPP Act is to protect people against domestic violence, female genital mutilation, trafficking, rape, harmful cultural practice and other physical and emotional abuse.

Nigeria has a very poor score (0.087) recorded in terms of representation and empowerment which is due to the low proportion of women seats held in national parliaments (5.8 percent) and a low proportion of women (16.7 percent in 2021) in ministerial level positions. The scarce representation of women in electoral positions is contrary to the national gender policy which prescribes that 30 percent of all elective and appointive positions to women should be implemented through a legal framework that ensures compliance. In an effort to change cultural norms, the Nigerian Women's Trust Fund (NWTF) runs the 'She Should Contest' and 'Create Her Space' internet campaigns and has released the 'A New Dawn' film to disseminate positive images of women in positions of power. In 2019, the representation of women participation in management team composition across all sectors was reported to be highest in conglomerates at 27% and lowest in Natural resources at 11%. Likewise, women's representation in board management was highest in construction and lowest in Natural resources at 24% and 8% respectively.

The current administration has made efforts to increase the participation of women ministers to about 19% from 16.7% during the previous administration. However till date only about 4% of women make up the national parliament, reflecting that efforts are still required to ensure women participation and protection in politics.

08. Equity of Public Resource Use

Score du critère: 3.5

8.a. Poverty Measurement

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

According to the Nigeria Living Standards Survey 2018-2019, 40.1 % of total population or almost 83 million people live below the country's poverty line of N137,430 per annum (equivalent to $0.91 a day at the current official exchange rate of N412/$). Poverty is more entrenched in the rural (52.1%) than in urban (18.01 %) area. Lower urban poverty may be explained by the disproportionate distribution of oil windfall gains and expansion of the middle class. The predominantly rural and conflict afflicted states in the North West and North East regions have higher poverty rates on average than those in the central and southern regions. Out of the 17 states with poverty rates higher than the national average, 13 are in the north east and north west regions, respectively. The southern region has had longer exposure to economic development and modern international links.

Nigeria's high population growth estimated at 3.5% annually fuels poverty and add additional layers to the development challenges including rising unemployment especially for youth. Between 2003 and 2009, poverty rate stagnated just above 62% in Nigeria. Yet, given the high population growth, the number of people living in poverty raised to 102.2 million in 2009 from 80 million in 2003. During that period, the poverty gap which represents the intensity of poverty (how far poor are from the poverty line) declined just by less than one percentage point like the severity of poverty (which put much weight on the poorest) which does not fall significantly. However, as shown in Figure 1, the poverty rate shrank between 2009 and 2019 from 62.6% to 40.1% and the number of poor dropped to 82.9 million. During that decade, the poverty gap fell significantly from 26.2% to 12.9%, meaning the diminishing of the ratio by which the mean income of the poor falls below the poverty line and the severity of poverty plummeted to 5.6%. Compared to 2009, it means less resources were required from the Government to lift the poor out of poverty in 2019. Yet this represents huge resources required to eliminate poverty in the country given the size of the population. Accounting for the absolute number of poor and the population's size, it is estimated that the

Government must mobilize up to 3.7 billion Naira annually to eradicate poverty. Furthermore, some studies estimated that the number of poor rose to 92 million in 2020 and 94 million in 2021 and could potentially reach 112 million by 2030 due to a combined effect of the pandemic, high population growth, and economic stagnation.

8.b. Public Expenditures: Priorities and strategies

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

To cope with the significant economic burden caused by the COVID-19 pandemic and the restrictions put in place to curb its spread, the Nigerian government introduced an amendment to the 2020 budget in May 2020. The amended budget aimed at reprioritizing expenditure to ensure that funds were directed to areas in most need as well as providing a “modest” stimulus to the economy. The amended 2020 budget includes a fiscal stimulus of N500 billion designated as a COVID-19 Intervention Fund aimed at upgrading healthcare facilities, supporting subnational government interventions, financing public works projects and funding social interventions. The COVID-19 Intervention Fund represents 4.7% of total expenditure in the amended budget.

To fast-track impact of intervention started in 2020 when the pandemic struck, the 2021 budget of “Economic Recovery and Resilience” was premised on stimulating economic recovery, engendering growth and building resilience. To this end, public expenditure was increased by 21%, and capital spending was increased by 43.4%, largely to build health sector including the provision for the BHCPF, GAVI/Immunization programs and other critical infrastructure such as supporting implementation of the Power Sector Recovery Program with transfer of N150 billion to the NBET, to stimulate economic growth. The allocations were also meant to tackle the endemic insecurity and build human capital and skills, with for example, the allocation of N318 billion transfer to the Tertiary Education Trust Fund for infrastructure projects in Tertiary institutions. In the social sector, N400 billion for FGN Special Intervention Program covering programs such as the Home-Grown School Feeding Programme and Government Economic Empowerment Program, the flagship N-Power Job Creation Program and Conditional Cash Transfers.

As of August 2021, N1.759 trillion of the 2021 capital budget had been expended. Of this, N1.723 trillion represents 81% of the provision for MDAs’ capital, and N36.01 billion as GOEs capital expenditure. To consolidate the economic recovery and strengthen impact of interventions through the fueled by implementation of government’s Economic Sustainability Plan, the President presented the 2022 budget to National Assembly proposing to spend N16.39 trillion, a 12.5% increase over the 2021 budget. Priority has been given to spending areas to improve security, a pre-requisite for economic growth with a proposed allocation of N2.4 trillion (15% of the budget); infrastructure development (N1.45 trillion), representing 8.9% of the budget; social development, and poverty reduction programs for N863 billion (5.3% of the budget).

8.c. Regressive Tax

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria's income tax system is largely progressive - higher-income earners pay a higher percentage of taxes than low-income earners. Employees simply pay their income tax through the Pay As You Earn (PAYE) system, whereby employers deduct the due tax at source from the salaries and transfer it directly to the FIRS on a monthly basis, while independent workers and beneficiaries of additional income are required to file their own tax returns. Income tax in Nigeria is levied at a progressive rates capped at 24%. Here are the applicable rates for personal income tax in Nigeria :

Annual income (NGN):

First 300,000: personal income tax rate of 7%

Next 300,000: personal income tax rate of 11%

Next 500,000: personal income tax rate of 15%

Next 500,000: personal income tax rate of 19%

Next 1,600,000: personal income tax rate of 21%

Above 3,200,000: personal income tax rate of 24%

09. Building Human Resources

Score du critère: 3.167

9.a. Health and nutrition services

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

There has been modest progress in tackling malnutrition, children and women's health but the increase in civil conflicts could reverse the gains. Health indicators have improved marginally in the past decade, but remain generally below expected milestones for the achievement of the SDGs. diseases constitute the main cause of morbidity in Nigeria.

At 0.6% of GDP Nigeria has spent less on health per person than any other government in the world. This is to be compared with an estimated 2.4% of GDP allocated to fuel subsidies in 2022 (Fitch Ratings, 2023).

Malnutrition remains high with a national prevalence of stunting at 43.6% and a national prevalence of wasting at 10.8%. These percentages are well above the threshold of 20% and 5% respectively set by the WHO. Whereas the states of the South West and the South East have recorded some improvements since 2008, those in the North West region have recorded an increase in stunting. Malnutrition among infants is compounded by a low prevalence of exclusive breastfeeding of up to 6 months, estimated at just 23.7% nationally ?(FGN, 2018c)?.

The high level of infant mortality has been a significant concern to the Government and measures have been taken to provide medical facilities through the provision of vaccines, antenatal treatment as well as HIV and TB treatment, while mobile school units are being provided for displaced people by UNICEF and other development partners.

The resilience of Nigeria's health sector was tested by the COVID-19 pandemic. The pandemic disruptions to routine health programmes, such as childhood immunisation, reproductive health and maternal health services exposed the inadequacies of Nigeria's health systems. Nigeria is ranked 86 out of 195 countries by the 2021Global Health Security Index. The country score of 38 out of 100 reflects infrastructure inadequacy, weak supply chain for health system and healthcare workers, limited health capacity in clinics, hospitals, and community care centres, and inadequate laboratory systems strength and quality. These peculiarities mirror the sub dimension low scores for prevention, health capacity. In Nigeria out of pocket expenditure is extremely high at 77%, compared to 37% for Africa and 18% world average. According to the 2022 Nigeria Multidimensional Poverty Index, 113 million Nigerians cannot afford to pay health insurance premiums. It is estimated that every year 100 million people are pushed into poverty because they have to pay for health services directly. This could be the case for Nigeria where health insurance coverage is limited.

9.b. Education, ECD, training and literacy programs

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Public spending on education is at 1.7%, nearly a third of what SSA spends on average on education (4.7%). Although Nigeria's slowly rising Human Capital Index is lifting productivity, it remains low by international and SSA standards. At 26%, Nigeria has the 7th highest percentage of out-of-school children of primary age in 2023 in the world (UNESCO, 2023). As much as 61% of children are not attending school in the North East. This is due for the most part to household poverty making school costs unaffordable. But there is also a lack of schools, with 23% of rural school age children who have never attended school mentioning the absence of school nearby as the main reason. Numerous attacks on education facilities in the North are adding to the problem, with school closures due to safety reasons impacting an estimated 1.3 million children in the 2020/2021 school year (World Bank, 2022).

When the child makes it to school, the quality of education received is low and significantly below Africa's average. For instance, in 2017, only 20% of Nigerian adults between 18-37 years who completed primary school can read, compared to 80% in Tanzania (World Bank, 2018). Measured with the harmonized test scores, Nigeria obtains 309 against 474 in SSA out 625 which corresponds to high proficiency in education.2 The quality issue is also evidenced by the rapid rise in private primary and secondary school enrollments, from 5% to 20% of total enrollment for primary school between 2006 and 2019, and from 12% to 22% for secondary schools (World Bank, 2023). Low outcomes are made worse by the high prevalence of stunting, which is associated with lower education.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The prevalence of HIV and AIDS affects mostly the working population. According to available statistics gleaned from the 2019 Global Aids Monitoring Survey by UNAIDS, over 88% of the Nigerian population living with HIV infection were on anti-retroviral treatment.

Nigeria has increased its domestic public investment in HIV by more than 30% since 2010. Tuberculosis has remained a serious threat among the population. According to the 2019 Global TB report, Nigeria is ranked number one in Africa and sixth globally amongst the 30 high TB burden countries. It is also among the 14 countries in the world with the triple high burden of TB, TB/HIV and Drug Resistant TB (DR-TB). It is estimated that 429,000 people in Nigeria have TB each year (WHO Global TB report, 2019). In addition, there is an estimated 53,000 HIV positive cases that get TB each year and an estimated 157,000 people die from TB in Nigeria including an estimated 32,000 people living with HIV.

Actions taken by the Federal Ministry of Health to control and address the increasing level of TB include: National Strategic Plan Control (2015-2020) introduced by the Federal Ministry of Health and National Tuberculosis and Leprosy Control Programme aimed to providing a high quality patient-centered prevention, diagnosis and treatment services for TB, TB/HIV and drug-resistant TB by 2020. The National HIV/AIDS Strategic Plan 2017-2021 guides interventions in the prevention and treatement of HIV/AIDS pandemic. The Plan advocates for a bottom-up approach, whose vision is for “An AIDS-free Nigeria, with zero new infection, zero AIDS related discrimination and stigma, with a broad goal to “Fast-track the national response towards ending AIDS in Nigeria by 2030”. In line with the UNAIDS investment framework, the Plan targets five thematic areas: (i) Prevention of HIV among General and Key Populations; (ii) HIVTesting Services; (iii) Elimination of Mother-to-Child transmission of HIV (eMTCT); (iv) HIVTreatment; and, (v) Care, Support and Adherence. All activities and interventions in the HIV/AIDS sector are undertaken through the National Agency for the Control of Aids (NACA) by facilitating the development and management of the policies and strategies of all sectors to ensure human, financial and organizational resources support successful execution of the national HIV/AIDS response programme. Thus, consistent with the bottom-up approach and the mandate of NACA, implementation of a HIV and Tuberculosis integrated community case management to assist the vulnerable children has also commenced. According to NACA, 1.8 million people are estimated to be living with HIV/AIDS, 103,400 estimated new annual infections and 44,830 annual deaths.

According to UNAIDS, despite the initial negative impact of the COVID-19 lockdowns, the contingency measures put in place helped ensure that Nigeria was able to successfully put about 300,000 people on treatment by the end of 2020. Through the one UN Basket Fund, about 10,000 households of PLHIV in need were provided with cash transfers, personal protective equipment, and hygiene products to help prevent and mitigate the impact of COVID-19.

To ensure service continuity, the National AIDS and STI Control Program (NASCP) issued a policy directive from the Minister of Health for multi-month dispensing of ART, meaning that all clinically stable patients were provided with 3 months of treatment at once.

According to the 2019 World Malaria Report, Nigeria had the highest number of global malaria cases (25 % of global malaria cases) in 2018 and accounted for the highest number of deaths (24 % of global malaria deaths). More than three quarters (76 %) of the population live in high transmission areas while 24 % of the population live in low transmission areas.

Implementation of Nigeria’s 'National Malaria Strategic Plan, 2014-2020 is estimated to have cost about $4.1 billion. The Plan was designed to ensure the transition from malaria control to malaria elimination. It is complemented by the Presidential Malaria Initiative, which has since its establishment provided $75 million annually for malaria control. There has also been active engagement of the donor community with the Global Fund, the UK’s Foreign, Commonwealth and Development Office (FCDO), and the World Bank, among the most active contributors. The private sector also provides some funding to combat malaria. The outbreak of the COVID-19 pandemic is likely to have diverted attention and resources from these communicable diseases.

10. Social Protection and Labor

Score du critère: 3.6

10.a. Social safety net programs

Type de score	Valeur
Score de brouillon	3.5

Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The National Social Safety-Nets Coordinating Office (NASSCO), estab is a federal government organisation with the mandate to establish the building blocks & delivery of targeted transfers & livelihood supports to extreme poor & vulnerable households in Nigeria. In Nigeria the flagship programs that are targeted to help the poor and vulnerable include: the National Cash Transfer Office (NCTO), implementing cash transfers to targeted vulnerable households; Youth Empowerment and Social Support Operations (YESSO), supporting vulnerable youths with life skills trainings, grants and reorientation; and the Community and Social Development Project (CSDP) providing grants to boost the development agenda of vulnerable communities. These programs were encapsulated in the Government of Nigeria National Social Safety Nets Project (NASSP).

Given the record-high inflation rate and general hardship, President Bola Ahmed Tinubu, the President of Nigeria, in a recent speech to the nation in August 2023 announced a series of measures aimed at fulfilling his campaign promises and easing hardships for Nigerians. The President said his administration would energise micro, small and medium-sized enterprises and the informal sector as drivers of growth with N125 billion. He said of the sum, N50 billion would be spent on conditional grants to one million nano businesses between now and March 2024, explaining that the government’s target was to give N50,000 each to 1,300 nano business owners in each of the 774 local governments across the country.

Due to very sparse resources, Nigeria's safety net programs are not able to reach a wide population. There are concerns about the accountability structure built into these programs to ensure that those who need it most receive support. As a result, the Nigerian informal economy constitutes a social safety net shelter in Nigeria as in most developing countries since it provides employment and income to many people that may otherwise be unemployed in the absence of enough opportunities in the formal sector.

10.b. Protection of basic labour standards

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5

Score final	3.5

Notes du pays:

Nigeria has ratified ILO Convention 182 on Worst Forms of Child Labour since 2002.

There are two broad categories of employees in Nigeria: “Workers”, who are defined under the Labour Act as those “who are generally employees who perform manual labour or clerical work”; and “Employees” who perform administrative, executive, technical or professional functions (referred to as “Non-Workers”). The Labour Act, which is the principal legislation that regulates the employment of persons in Nigeria, prescribes the minimum terms and conditions of employment and is limited in its scope as it applies only to Workers. The terms and conditions of employment of Non-Workers are primarily subject to the terms of their respective contracts of employment. The other laws, which regulate the employment of persons in Nigeria, do not make a distinction between different categories of employees.

The Labour Act prescribes the minimum terms and conditions of employment that employers must comply with in relation to Workers. These minimum terms include giving the employee a written statement outlining details of the employment, including the nature of the employment, the appropriate notice period, the rates of wages and calculation thereof and the manner and periodicity of payment of wages, terms and conditions relating to hours of work, holiday and holiday pay, sick leave requirements and any provisions for sick pay, and maternity leave for female Workers, etc.

10.c. Labour market regulations

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The main sources of employment law in Nigeria are the Constitution of the Federal Republic of Nigeria 1999 (as amended) (the “Constitution”) and the Labour Act, Chapter L1, Laws of the Federation of Nigeria 2004 (“Labour Act”). Other laws include federal laws enacted by the National Assembly (Nigeria’s national legislative houses) and the State laws enacted by the House of Assembly (the state legislative authority) of each state that relate to labour and employment, pension and workplace compensation. Employment law is also governed by the decisions of the Nigerian courts – case laws; and international conventions, treaties and protocols relating to labour, employment, workplace, industrial relations or matters connected therewith that have been ratified by Nigeria.

The Federal Ministry of Labor and Employment is responsible for formulation and implementation of Nigeria's labor laws and policies. In 2017, the Ministry launched the National Employment Policy (NEP) with active support of the International Labor Organization (ILO). The National Assembly passed the Labour Act Bill 2019. Other labour bills such as the Employee Compensation Act (Amendment) Bill 2018, Labour Act (Amendment) Bill 2016, Labour Standards Bill 2016, and Occupational Safety and Health Bill 2016 have passed the first and second reading in National Assembly but has yet to be enacted into law. The institutional frameworks and regulations are aligned to the international labour standards. However, actual operationalization tends to be below the international practices.

10.d. Community driven initiatives

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

To achieve inclusive growth, the Federal Government has embarked on several community development programs with the aim to diversify the economy away from oil and to promote social inclusion. This include the National (i) N500 billion funded Social Investment Programme NSIP) established in 2016 as the main vehicle to tackle poverty and hunger across Nigeria; and (ii) the Youth Empowerment Scheme (P-YES) which is aimed at creating 774,000 jobs across the 774 local government areas in the country.

The Social Investment Program (NSIP). focuses on ensuring a more equitable distribution of resources to vulnerable populations, including children, youth and women. The NSIP comprises four main interventions: (i) The N-power programme, designed to assist young Nigerians between the ages of 18 to 35 to acquire and develop life-long skills and given a stipend of N30,000 monthly. The programme is broadly categorized into two broad categories, N-Power Graduate Categories and N-Power Non-Graduate Categories. The N-Power is a scheme set up by the current administration since 8 June 2016, to address the issues of youth unemployment and help increase social development. The scheme was, to provide a structure for large scale and relevant work skills acquisition and development and to ensure that each participant will learn and practice most of what is necessary to find or create work. To date the Federal Government has spent about N279 billion (US$ 681 million) which has benefitted about 800,000 young

Nigerians across States and Local Government areas in Nigeria.

(ii) The Conditional Cash Transfer (CCT) programme designed to benefit poor and vulnerable households with a monthly stipend of 5,000 Nigerian naira aims to improve nutrition, household consumption and development of human capital To date, the CTT, revamped in 2020 following the impact of COVID-19 pandemic on vulnerable households is implemented in all the 36 States of Nigeria and the Federal Capital territory reaching 10,078,097 Poor & Vulnerable Households comprising 42,712,348 individuals through the national social registry.

(iii) Government Enterprise and Empowerment Programme (GEEP) which provides micro- loans between 10,000 and 300,000 (reconstruction to GEEP 2.0 in 2021 to increase ceiling form the initial 100,000) at no monthly cost to beneficiaries including traders, artisans, enterprising youth, farmers, and women.

(iv) The Home-Grown School Feeding Programme aims to deliver school feeding to young children with a specific focus on increasing school enrollment, reducing the incidence of malnutrition and empowering women through linked opportunities such as cooking and food commodity supplies. The program supports States to collectively feed over 24 million school children, making it the largest school feeding program in Africa. By July 2021, 9 million children were benefiting from the program. In 2018, 77,481 cooks were employed by the program.

10.e. Pension and old age savings programs

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

The Pension Reform Act 2014 introduced the Contributory Pension Scheme, to ensure that all employers and employees in public and private sector participate fully in the pension scheme with the aim of providing a secured income source for the Nigerian Workers on retirement. The Scheme introduced a Tripartite System to eradicate embezzlement of Pension Funds.

Pension coverage in Nigeria has recorded sluggish growth year-on-year with the latest data showing average of just about 16 percent as at end 2022. Analysts project that the growth rate would remain subdued in the medium term due to inherent bottlenecks in the system. They also noted that when measured against the wider population the coverage is less than 5 percent, worsening the national old age

> poverty index. This comes as the population growth rate outpaces economic growth rate where the population growth rate is recorded at 2.41 percent in 2023 while the gross domestic product, GDP, is at 2.31 percent for first quarter 2023. The stunted growth in pension coverage is also coming at the backdrop of huge emphasis on financial inclusion by the various financial system regulatory authorities. Industry experts are of the opinion that while financial inclusion aims to ensure that all individuals, especially the underserved and marginalised populations, have access to affordable and appropriate financial services, the low pension penetration in the country could serve as setback in achieving full financial inclusion.
>
> Recruitment of more Nigerians especially those in the informal sector into the pension basket represents a sure way of including more Nigerians into the financial systems in view of the multiplier effects of the scheme. In 2022, the number of employed persons in the country stood at 60.5 million, only 9.86 million or 16.3 per cent of such workers had pension savings. The report also shows that in 2021, total number of employed workers was 58.2 million, however, only 9.59 million or 16.5 per cent of the workers had pension savings.

11. Environmental Policies and Regulations

Score du critère: 0

> **11. Environmental Policies and Regulations**
>
> *Aucune donnée de score disponible pour ce sous-critère.*

(D) Public Sector Management and Institutions

Score du cluster: 3.342

12. Property Rights and Rule-based Governance

Score du critère: 3.125

> **12.a. Legal basis for secure property and contract rights**

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The Nigerian government recognizes secured interests in property, such as mortgages. However, recording of security instruments and their enforcement remain subject to the same inefficiencies that charactterise the country's judicial system. Nigeria exhibits a complex and evolving landscape concerning property and intellectual property rights (IPR). While the Nigerian government acknowledges secured property interests, including mortgages, the system for recording and enforcing these interests is plagued by inefficiencies that mirror those found in the country's judicial sector. The World Bank Doing Business 2020 Report ranking illuminates these challenges, as Nigeria ranks low in property registration, particularly in major regions like Lagos and Kano. Property transfers, predominantly via long-term leases, are intricate due to bureaucratic procedures. Furthermore, the government often enforces building regulations stringently, even overriding court injunctions, complicating property ownership.Rural Nigeria struggles with clarifying title and land ownership, as most smallholder farmers rely on ancestral or traditional claims. Efforts at land reform to address these barriers have been met with limited success, and non-titled land ownership is often evidenced through traditional histories or long-term possession. The state can claim land for overarching public purposes, but uncommitted lands can be assigned to private entities.On the IPR front, Nigeria demonstrates a developing but still inadequate infrastructure for IPR protection. However, it's heartening to note positive strides made recently. The collaboration with the World Intellectual Property Organisation (WIPO) to draft the National IP Policy and Strategy, as well as President Buhari's signing of the Copyright Act, 2022, indicates a forward momentum in strengthening the country's IPR landscape. These legislative and collaborative actions aim to address crucial areas in digital communication, broadcasting, and online infringements pertinent in today's global economy. The NCC, while understaffed and underfunded, is diligently working on copyright enforcement, and the Copyright Act, 2022, equips them with more tools to execute their duties.However, the enforcement of IPR in Nigeria grapples with several systemic challenges, like limited judicial capacity, inadequate regulatory and statutory frameworks, and scant resources. Further, IPR violations, especially counterfeiting, are pervasive. While there are dedicated efforts from bodies like the Nigerian police, their efficacy is stymied by capacity constraints, and the penalties for IPR violations often lack the necessary deterrent factor. While there are foundational legislative frameworks for industrial property protection, stakeholders are hopeful for more reforms.The Nigerian Customs Service (NCS) possesses the authority to intercept and eliminate contraband. Procedures between the NCS and the NCC are yet to be standardised, with cases handled individually. The NCC, in collaboration with rights owners and stakeholders, shoulders the responsibilities and costs associated with infringing goods. Agencies like NAFDAC and FCCPC also collaborate with relevant stakeholders in their respective domains. Importantly, Nigeria has also seen a decline in the property rights index between 2021 (36) and 2023 (24).Source: 2023 Investment Climate Statements: Nigeria

According to the World Bank Ease of Doing Business 2020(1), Nigeria ranks 183 out of 193 economies on the ease of registering property a decline of one point over its 2019 ranking. Although there has been an improvement in the number of days to register a property from 105 days in 2018 to 92 days in 2020, the period remains long, when compared to other sub-Saharan countries. In Lagos State, it takes 12 procedures and 105 days to register property while in Kano State it takes over 11 procedures and 47 days to register property at a cost of 11.1% of the property value .In terms of enforcing contracts, Nigeria ranks 73 out of the 193 countries surveyed. Contract enforcement takes 399 days (376 Lagos and 476 Kano). Lagos has a better quality of judicial process index of 9.0 compared to Kano at 8.0. Smaller states with challenging legal landscape and limited capacity to enforce the law could be down on the ranking.The Global Competitiveness Report 2019 ranks Nigeria 115 on property rights and 132 on intellectual property protection out of 141 countries. Regarding judicial independence, Nigeria was ranked 99 out of 141 countries. In the real estate sector, the Land Use Act land in the state is vested in the state governor, held in trust and administered for the benefit of all Nigerians. some states have legislation that expressly restricts land ownership to Nigerian citizens. Ownership is also restricted to those above 18 years. In some states, such as Lagos, the Acquisition of Land by Aliens Law Cap A2 of 2015 places age limit for non-Nigerians at 25 years. The law also requires non-Nigerians intending to acquire land to obtain the prior approval of the governor in writing where the interest to be acquired in the land is for a period of more than three years. (1) The World Bank has since discontinued the publication of the Doing Business Report -https://www.worldbank.org/en/news/statement/2021/09/16/world-bank-group-to-discontinue-doing-business-report

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

The Nigerian legal system is predicated on impartial adjudication of justice with a clearly defined court system from lower levers to the court of appeal, which provides recourse to aggrieved parties to seek redress when not satisfied with the rulings of the lower courts. Since the advent of multipartyism in 1999, the judiciary has grown from strength to strength, depicting of a maturing democracy. In some instances, lower court rulings have been overturned or penalties reduced on appeal by the Supreme Court or the Court of Appeal, a hallmark of judicial independence. In November 2021,

Legal certainty is critical to fostering business efficiency and private sector investment. According to the GCR 2019, Nigeria was ranked 103 out of 141 countries on efficiency of legal frameworks for settling disputes and even lower at 121 in transparency of government policy making.

However, the predictability of court judgments remains limited, and the exposure of judges suspected to have taken bribes to influence court judgments has further blighted the reputation of transparency and impartiality of the judiciary. On safety and the rule of law, Nigeria ranked 25th out of 54 countries which still shows weak performance with a score of 47% (Mo Ibrahim Index report 2020). The convition of former Chairman of Nigeria's Pension Reform Task Team Pension Authority to 61 years (to run concurrently for 8 years jail term (61 years running concurrently) for money maundering and embezellement of N 2 billion meant for pensioners gives renewed credence to Nigeria's fledgling justice system.

Lack of transparency and policy uncertainty or irregular application of the law stifles investment and constraints decision making in businesses. One area of concern for investors and business is the lack of transparency and management of the foreign exchange. The World Bank notes that increasing the transparency and predictability of exchange rate management policies will help reduce distortions in allocations in the private and public sector; and ensure that agents can access foreign exchange in a timely and orderly manner, at an agreed rate. The convergence of exchange rates across multiple windows is key to improving transparency as investors are assured of purchasing foreign exchange at an established rate, known to all agents.

Nigeria has made efforts to align its legal, accounting, and regulatory systems with international standards. However, uneven application and enforcement indicate that while laws and regulations aren't changed arbitrarily, their consistent application is questionable. This mirrors the third point in the guidelines.There's mention of potential governmental favouritism and the direct competition of the government with the private sector, reflecting a lack of impartiality and hinting at aspects of the first and second points in the guidelines.Although ministries and agencies are supposed to develop and make public regulatory changes, this doesn't always occur, impacting transparency. This leans towards the second and third points of the guidelines.Fiscal management and the sharing of revenues between different tiers of government appear to be somewhat transparent at the federal level. However, there's less transparency and accountability at the state level, aligning with the third point in the guidelines.The judiciary system, while based on various legal foundations, suffers from inefficiencies, susceptibility to external pressures, and variations in performance, leaning towards the third point in the guidelines.

12.c. Difficulty in obtaining business licenses

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

The World Bank's report provides an objective measure of the ease of doing business in Nigeria. The country's rank of 131 out of 190, even with an improvement of 15 places from 146 in 2018, suggests there are notable challenges in the business environment. The rankings on the sub-indexes for starting a business (105) and protecting minority investors (28) paint a mixed picture - the country performs relatively well in some areas but faces difficulties in others.

According to the World Bank report on ease of doing business (DB) 2020, Nigeria ranked 131 out of 190 countries.

Several notable positives include:Reduction in the time needed to register a business.Improvements in online platforms for information access and business registration.No longer a need for on-site inspections for business premises registration in Kano, representing a significant easing of bureaucratic hurdles.Only 7 days and 7 procedures on average to start a business, which compares favourably with many nations.Notable efforts by the Federal Government to streamline the process of starting a business.However, significant challenges persist:Predictions suggest only a minor improvement in the country's ranking by 2023.There are major concerns about security, economic policies, government regulations, inequality, infrastructure, and corruption.The DB 2020 report, covering only Lagos and Kano, might not fully capture the challenges in the more insecure states of Nigeria, suggesting the true business environment might be even more challenging in those regions.Specific pain points, like the time and cost to import, are particularly problematic, being double the sub-Saharan African average.Given this additional information, Nigeria has made laudable efforts in improving the business environment in specific areas.

On the sub-index of starting a business and protecting minority investors, the country was ranked 105 and 28, respectively. Nigeria made starting a business easier by reducing the time needed to register a company and by improving online platforms for accessing information and conducting business registration. This reform applies to both Kano and Lagos.

Although Nigeria recorded some improvement after moving 15 places from 146 in 2018, stakeholders in the sector, however, project that the country will trend around 135 in the global ranking in 2023. There are several factors as highlighted by experts that influence Nigeria’s business environment such as security, economic policies, and government regulations, among others. A report by the United Kingdom, UK, Department of International Trade: Overseas Business: Nigeria, notes that the Nigerian economy is characterised by extreme inequality and significant economic disparities between the North and the South, poor infrastructure, a complex and opaque regulatory environment, corruption and a fast-growing population.

While the Nigerian government has put several policies and programmes to create enabling environment for business and foreign direct investment to thrive, experts say that improving standards plays will a key role in improving Nigeria’s ranking.

In Kano, it is no longer necessary to conduct on-site inspections for business premises registration before registering a business. This is a significant milestone and reduces the rep tape when there are no officers to verify business location. Importantly, in this era of digitization, businesses can run without physical location. According to the same DB 2020 report, takes an average of 7 days and 7 procedures to start a business. This translates into 26% of income per capita.

Although the DB 2020 report covered only Lagos and Kano state, it is important to note that the conditions of doing business may be more onerous in highly insecure states in the country. Therefore, it is essential to interpret such indicators with some degree of caution. The Federal Government has made concerted efforts to reduce the number of days it takes to start a business through the Executive Order E01. Overall, Nigeria recorded improvements in eight of the 10 categories with "obtaining construction permits" witnessing the highest increase. The other two categories, "getting credit" and "protecting minority investments" remained static. Yet, Nigeria remains a difficult place to do business. Particularly egregious is the time to import (border compliance) and cost to import (documentary compliance) which, at 242 hours and $564, respectively, are double the sub-Saharan African average.

Thus, in the absence of alternative surveys, the cessation of the publication of the Doing Business report by the World Bank will make it difficult to assess progress on reforms implemented to improve the business environment in Nigeria.

12.d. Crime and violence as an impediment to economic activity

Type de score	Valeur
Score de brouillon	2.0
Score révisé	2.0
Score de deuxième brouillon	2.0
Score final	2.0

Notes du pays:

Insecurity has become a norm in Nigeria, across all its geopolitical zones with issues including armed banditry, cybercrime, armed robbery, kidnapping, farmer-herder clashes, ethnoreligious killings and commercial crimes. The security situation has continued to worsen while the government has no clear plan to tackle the multidimensional insecurity. Nigeria continues to face heightened security pressures, including spillove reffect from neighbouring countries such as Niger, Mali, and thethe Lake Chad Basin an d Sahel in general. ed banditry, cybercrime, armed robbery, kidnapping, farmer-herder killings, ethnoreligious killings,

Nigeria has not demonstrated its ability to effectively protect citizens' lives and property against crime and violence.

The Bank’s 2021 Country Resilience and Fragility Assessment (CRFA) shows that Nigeria faces high and heightened pressures.

The prevalence of violent conflicts, such as those involving Boko Haram and territorial disputes between herdsmen and local farmers, highlights an overarching inability to maintain peace and safeguard citizens across various regions.Spillover Effects: The security situation is further complicated by the vulnerability and conflicts in neighbouring regions like Niger, Mali, and the Lake Chad Basin, which potentially expand the theatre of conflict and instability.Socio-Economic Issues: Extensive issues such as skewed wealth distribution, substantial unemployment (with only half of the working-age population employed), and poverty are notable, restricting economic progression and enhancing fragility.Cybersecurity Threats: A rise in cybercrime, partly attributed to the socio-economic impacts of the COVID-19 pandemic, exhibits another dimension of the inability to safeguard citizens and their properties effectively.Security Forces’ Strains: The security apparatus, despite its efforts, is overtly stretched and at times exhibits tendencies towards violent repression, indicating a deficit in both capability and approach towards managing internal conflicts and threats.Given the extensive and varied nature of these issues, the capacity of the state to protect its citizens and ensure the security of their properties is notably compromised across multiple regions and contexts.

The main challenges arise from a tenuous security situation and the potential spillover effect of vulnerability in its neighboring countries/region, especially Niger, Mali, Cameroon, the Lake Chad Basin, and the Sahel Region. Nigeria’s high pressure also emanates from the lack of social cohesion, rapid population increase, weak service delivery and lack of employment opportunities to sustain social cohesion. According to the International Labour Organization (ILO), only half of the working age population in Nigeria is employed. Additionally, skewed distribution of Nigeria’s wealth makes inequality, poverty and lack of access to basic services primary sources of grievances across the country, holding back socio-economic development and driving fragility.

Persistent violence in Northwest geopolitical zone and the Boko Haram Islamist insurgency in the northeast, continue to test the resilience of Nigeria’s security apparatus. The violence has overstretched the security forces across the country with increasing scale of security operations. The key issues remain the tenuous security situation and the potential spillover effect of vulnerability in its neighboring countries/region, especially Niger, Mali, Cameroon, the Lake Chad Basin and the Sahel Region; lack of socio-economic inclusiveness due to skewed distribution of Nigeria’s wealth makes inequality, poverty and lack of access to basic services primary sources of grievances across the country highlighting socio-economic disparities as major drivers of fragility; high strain on national service provision due to increase population, weak service delivery and lack of employment opportunities to sustain social cohesion.

The Armed Conflict Location & Event Data Project (ACLED) records a 22% increase in organized political violence events in Nigeria in 2021. This provides a fertile ground for radicalization and violent extremism especially among unemployed young men. Security forces showing themselves increasingly prone to violent repression, add another element of tension and fragility to an already frayed security situation. Conflict and Insecurity.

Nigeria faces heightened security risks, with strong regional spill-over effects. After the Government declared in 2016 that Boko Haram had technically been defeated and that the Nigerian military had generally regained territory in the North East region, the region has continued to suffer sporadic attacks on villages and military installations. Nigeria is also experiencing kidnappings and banditry. In contrast, the security situation in the Niger Delta has improved, following steps taken by the FGN to address concerns in the region despite occasional threats from disaffected militants to disrupt oil production. The events in the North East suggest that Boko Haram is still active while the surge in banditry highlights the need for concerted efforts to curb conflict across the country.

The persistence of violent conflicts between herdsmen and local farmers in the middle-belt region and other parts of the country over access to land and water resources has reduced agricultural output, exacerbated food insecurity and led to the death of 1,600 and the displacement of 300,000 people ?(Human Rights Watch, 2019)?. Estimates show that the affected states – Benue, Kaduna, Nasarawa and Plateau – have lost between 22% and 47% of their internally generated revenues. Overall, Nigeria could gain up to $13.7 billion annually if there was peaceful co-existence between farmers and herdsmen in the affected region. This represents 2.8% of national GDP ?(Mercy Corps, 2015)?. The conflict is also complicated by rivalry between the federal, state and local governments over national land policy, which has caused difficulties in the management and coordination of natural resources, infrastructure development, and rural development.

Cybercrime has also been on the rise in Nigeria, posing a huge threat and cost to the Nigerian economy. Cyber-attacks increased during the COVID-19 pandemic as most people resorted to online payments in the face of in-person restrictions. The other reason is that job losses during the pandemic led to many young people whose livelihoods were under threat forced them to turn to cybercrime for financial security. Cybercrime is covered under the Nigerian Cybercrime Prevention and Provision Act 2015 which provides deterrent measures. However, this Act is largely inadequate in preventing the vulnerability of major institutions such as banks and people highly exposed to such form of crime.Real-time coordination has been a challenge and made early detection and prevention difficult and insufficient.

13. Quality of Budgetary and Financial Management

Score du critère: 3.75

13.a. Comprehensive and credible budget

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0

Score final	4.0

Notes du pays:

The main institutions for public financial management in the FGN are the Federal Ministry of Finance (FMF) and Federal Ministry of Budget and EconomicNational Planning (FMBNP). Recently, the two ministries were merged into the Federal Ministry of Finance, Budget and National Planning (FMFBNP). MFBNP is responsible for strategic development planning and coordination of economic policies of the different levels of government of the federation as well as preparation of the budget and coordinating implementation of the budget and fiscal policies of the FGN (that is executed through the Budget Office of the Federation). The Federal Government produces a Medium-Term Expenditure Framework (MTEF) in line with provisions of the Fiscal Responsibility Act (2007) covering three-year projections, underlying assumptions, the fiscal strategy paper, and related expenditure and revenue frameworks.

The Budget Office of the Federation within the Ministry of Budget and Planning was established to provide budget function such as preparation of Executive budget, oversee budget implementation, and budget monitoring. Other functions include the implementation of fiscal policies of the Federal Government of Nigeria to maintain aggregate fiscal discipline, allocate resources in accordance with government priorities, and promote the efficient delivery of services. Nigeria has a citizen;s budget which clearly summarizes the information contained in the budget, which allows the population to easily understand the role, operation and various allocations of the budget. Nigeria's fiscal year is from 1 January to 31 December and begins with the budget preparation in June. Commencing preparation of the budget provides enough time for broad consultations and validation of proposed budget inputs by the different MDAs. The budgetary process is very comprehensive. The budget process includes:

1. Development of the Medium-Term Expenditure Framework (MTEF), a three-year fiscal programming cycle. The MTEF outlines the underpinning macroeconomic framework and financing requirements through revenue and expenditure projections during the budget cycle and in the medium-term. The MTEF is accompanied by the Strategic Implementation Plan. The MTEF is presented at stakeholders' workshop to elicit input and ownership from the public before publication. Details of the MTEF are then captured in the Appropriation Bill presented to Parliament for approval. The MTEF is based upon the nation's development plan which outlines the policy thrust of the federal government needed to promote economic growth, employment and reduce poverty through various interventions, including infrastructure development. The annual budget with the overall process is therefore underpinned by the MTEF and country development vision.

2. Issuance of Circulars to Ministries, Departments and Agencies (MDAs): The Ministry of Finance, Budget and National Planning issues a circular to MDAs requesting expenditure proposals within agreed limits of spending in alignment with the objectives of the federal government. However, given that the budget is subject to volatile oil revenues, planning is made difficult due to unpredictable revenue performance, further exacerbating Nigeria's challenge of fiscal prudence.

3. Evaluation and Approval of the Appropriation Bill by the National Assembly: The appropriation bill is presented at the floor of the National Assembly by the President for review and approval. The Senate and House of Representatives hold a joint sitting during the budget review. In addition, MDAs are invited by various committee panels for questioning and defense of budget proposals. Once approved by National Assembly, the final Bill is then delivered to the President for his assent in a Finance Act for the respective

fiscal year.

4. The expectation is that by December preceding the fiscal year of the budget, the Bill would have been approved by the National Assembly and signed into law by the President in time for implementation to commence in January. In an event that there is a delay, the law provides for the President to allow for continued spending from the previous year's budget but only up to June of the fiscal year, while waiting for the Appropriation Act for the current fiscal year. The consolidation of the Federal Ministry of Budget and National Planning into a single Ministry of Finance, Budget and National Planning has further helped strengthen the institutional capacity for planning and budgeting process in the country.

Public participation in the budget process is well developed and led by the Ministry of Finance, Budget and National Planning (MFBNP). Cross sections of the public including civil society are routinely engaged to ensure that issues of gender, children, vulnerability, disability and diversity are mainstreamed in the annual budget. Section 13.2 of Fiscal Responsibility Act, 2007 provides that 'in preparing the draft budget (Medium-term Expenditure Framework) the Minister of Finance may hold public consultation, on the macro-economic framework, the fiscal strategy paper, the revenue and expenditure framework, and the economic, social and developmental priorities of the Federal government". The requirements of the Fiscal Responsibility Act, 2007 are a means of ensuring that the budget reflects the view of many groups that would otherwise be ignored in budget planning. Also, the MFBNP, maintains a website where information on federation accounts revenue distributed to different tiers of government, federal government annual budget information and financial reports are hosted for the public to review. Some of the reports are not produced and published in a timely manner, however.

Information contained in the annual and medium-term budgets is relatively comprehensive, satisfying five of nine PEFA criteria7. There is a still need to improve on budget transparency, both in terms of the number of budget documents accessible to the public and the comprehensiveness of information publicly disclosed, as well as for public participation in the budget process. Nigeria's last rating for transparency under the Open Budget Index (OBI) deteriorated from 24% in 2015 to 17% in 2017 but has been increasing since 2019 and moved upwards to 26% in the 2021 assessment. This upward movement underscores the gains made in making participatory budgeting and efforts to make budget information publicly available. Also of importance is the fact that some operations of government exist outside the government fiscal reports and constitute extra budgetary operations. These relate to the operations of tertiary institutions, sub-vented boards, and parastatals.

Nigeria has a National Poverty Reduction with Growth Strategy (approved in March 2021) by the Presidential Economic Advisory Council. Over the 10-year programme period (2021-2031), the total cost of the execution/implementation of the policies and programmes underpinning this strategy is estimated at US$1.6 trillion, giving an annual average of about US$161 billion. This estimated cost covers the dual objective of lifting 100 million Nigerians out of poverty as well as of achieving all the country's development objectives in line with the Sustainable Development Goals 2030. As a middle-income country, around 50-60% ($80b - $97b) of financing needs is expected to be covered by government. The challenge, however, is that in the recent past, specifically in 2020, the total consolidated national budgetary resources (federal and state governments) was only around US$54 billion.

https://nationalplanning.gov.ng/wp-content/uploads/2021/08/NPRGS-Final_23April-2021.pdf

13.b. Effective financial management systems

Type de score	Valeur
Score de brouillon	4.5
Score révisé	4.5
Score de deuxième brouillon	4.5
Score final	4.5

Notes du pays:

Improvement of the public financial management system through an enhanced revenue generation capacity, rational allocation, public financial management reforms and sustainable debt management has been the key priority of the government.

The Federal government continues to implement measures to effectively manage public finances. Some of the measures, highlighted below, are yielding gradual benefits.

5.1) The implementation of the E-procurement system

6.2) The Voluntary Asset and Income Declaration Scheme (VAIDS) and implementation of the Treasury Single Account (TSA), with coverage above 90% at the federal level

7.3) Implementation of Integrated Payroll and Personal Information System to automate staff records and payment of salaries of MDAs

8.4) Gradual progression towards migration to “IPSAS” accrual basis of accounting and reporting; efforts towards the establishment of a function budget management system to control budgetary expenditures through a commitment management system under the GIFMIS, and revenues are accounted in real time through a revenue management platform

9.5) Submission of quarterly fiscal reports and annual financial statements by the State and local governments to the Office of the Accountant General.

10.6) Availability of fiscal reports for at least 97% of public expenditures financed from the budget on a real time basis

11.7) Adoption in 2016 of a Zero-Based Budgeting and Fiscal Sustainability Plan to minimize fiscal risks.

12.8) Signing up to the Open Government Partnership by the federal government and supported by the Nigeria Extractive Industries Transparency Initiative. This has made helped enhance fiscal governance, thereby improving transparency and disclosures in the oil and gas sector

Adoption of tax auditing and accrual-basis IPSAS accounting and reporting standards as well as introduction of more innovation and technology form part of government efforts to combat corruption and financial malpractice. These processes are reinforced by close collaboration by federal government and sub-national governments aimed at sustaining public financial management (PFM) reforms and prioritization of efforts to address weaknesses in tax administration. The rolling out of the Fiscal Responsibility Act that requires agencies to remit 80% of operating surplus to the consolidated revenue fund has helped improve revenue collection. In addition, although there is some delay, the Federal Government has made efforts towards publishing its annual budgets, and budget implementation reports. These developments indicate that Nigeria is exhibiting a positive trajectory of change in the overall country PFM systems.

13.c. Timely and accurate fiscal reporting

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

In Nigeria, the responsibility for timely and accurate fiscal reporting lies with the Office of the Accountant General of the Federation (AGF). To enhance transparency and accountability of public finances to support the agenda of the government, the AGF has been undertaking a continuous Audit of Federal Parastatals and agencies to ensure efficient utilization of government funds and to enable the government to assess capital and recurrent expenditure across the MDAs. To achieve this, the AGF introduced the Integrated Payroll and Personnel Information (IPPIs) system covering over 459 MDAs and currently, more than three hundred thousand federal government employees has been captured in the system. Budgetary units using IPPIS procedures continue to migrate their employee master data with bank account details into the accounting and expenditure system (GIFMIS).

In addition, the adoption of the International Public Sector Accounting Standards (IPSAS) and the monthly publication reports of budget execution, financial and audit reports on time, has helped enhance transparency and accountability through websites for public scrutiny. Despite these measures, delays in producing or non-publishing of some of the reports on a timely basis, appear to have been reflected in

Nigeria's loss of a notch in ranking on the 2020 Mo Ibrahim Index on budget management in 2019 to 24 out of 54 countries from 23 in 2018.

Although submission of audit reports has improved with the Auditor General's reports on the accounts of the Federation of Nigeria for the years from 2014 to 2018 posted on its web site. The latest Bank's Country Fiduciary Risk Assessment (CFRA) for the Federal level PFM in Nigeria updated in 2019 rates the overall risk as substantial, with key weaknesses related to the uneven legislative oversight over audit reports produced by the Auditor General of the Federation, inconsistent monitoring of the implementation of the related audit recommendations, and manual control over initiation of commitments (Nigeria CSP 2020-2024).

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

All revenues collected by the Federal Government of Nigeria are paid into the federation account. From this account, the three tiers of government receive their share based on a pre-determined formula established by the Revenue Mobilization and Fiscal Allocation Commission. The federal government receives 52.68% of all revenues, the state and local governments are allocated 26.72% and 20.60%, respectively. As can be seen from this, the federal government receives a disproportionately higher amount than the two tiers of the federation.

On the revenue side, the major tax laws are comprehensive and clear, affording minimal administrative discretion to the Federal Inland Revenue Service (FIRS), especially at the Federal level. In practice, however, there is evidence of discretion and inconsistencies in the application of penalties and interest, and the award of waivers, both at the federal, and the state government levels. Uncertainty relating to these discretionary procedures makes the predictability of expected tax revenues poor and a major concern. Some of the challenges on the expenditure side, include difficulties in the collection and reporting of sectoral data across the three tiers of government (federal, state, and local government). This is as a result of the fiscal autonomy of the state governments that makes it difficult for the federal government to compel state governments to regularly report on expenditure data to the federal level. There is also the issue of a lack of a common chart of accounts across the different tiers of government, that could have made collating the information easier. While some state government copy the Office of the Federal Accountant General on their financial statements out of courtesy, there are others who have never submitted their accounts, and the federal government has not yet established a means of compelling all states to report. Regarding parastatals, less than 20% have consistently submitted copies of their financial statements to the Office of Federal Accountant General and Federal Auditor General.

14. Efficiency of Revenue Mobilization

Score du critère: 3.5

14.a. Tax policy

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria has one of the lowest revenue-to-GDP ratios in the world, which makes its fiscal position vulnerable to shocks. General government revenue in Nigeria was 7.3 percent of GDP for 2021—less than half of the average in countries belonging to the Economic Community of West African States (ECOWAS) and nearly a third of the average of countries in Sub-Saharan Africa (SSA)—and ranked as 191st out of 193 countries in the world. Nigeria’s fiscal revenue also shows a declining trend, mainly due to declining oil revenue over the past decade. Non-oil revenue has stagnated at around 4–5 percent of GDP in the past decade. Nigeria’s very low tax revenue and continued reliance on volatile (downward-trend) oil revenue pose a threat to fiscal sustainability.

The primary objective of the Federal Inland Revenue Service is to increase collection of revenues needed for financing Nigeria's development needs whilst ensuring reduction of the tax burden of households and businesses. Thus, strengthening the taxation system by improve compliance and enhancing the effectiveness of tax collection by agencies remains paramount. In 2021, the implementation of the revised VAT rate of 7.5% took effect in line with the 2020 Finance Act. The Act also provided for amendment of the Companies Income Tax Act, Personal Income Tax Act, Petroleum Profits Tax Act, Capital Gains Tax

Act, Customs and Exercise Tariff, Stamp Duty Act and Value Added Tax Act.

Nigeria’s low tax revenue has been mainly driven by the narrow bases of its indirect taxes, low tax compliance, large amount of tax exemptions as well as low rates. Tax compliance and tax morale are still very low. Nigeria’s VAT collection efficiency is the lowest among peer African countries. Furthermore, Nigeria offers large amount of tax incentives (tax expenditures)—including tax holidays, generous allowances, and exemptions—which has eroded the revenue base. According to the 2021 Tax Expenditure Statement (TES), the revenue foregone by tax expenditures was estimated at around 4 percent of GDP (N6.8 trillion) in 2021, which made Nigeria one of the costliest tax expenditure countries in SSA . Nigeria’s indirect taxes (i.e., VAT and excise) have the lowest rates—around half of the average of ECOWAS countries —with their narrow bases, which significantly undermine tax revenues.

Nigeria has adopted a national plan aiming to raise the revenue-to-GDP ratio to 15 percent by 2025. The authorities recognize the limited fiscal space and have developed and updated a “Strategic Revenue Growth Initiative (SRGI)” with four main objectives: (i) raising revenue-to-GDP ratio to 15 percent by 2025; (ii) expanding the tax base; (iii) countering tax evasion and encouraging the payment of taxes by citizens; and (iv) enhancing transparency in the tax system. The SRGI has several important tax and customs administration measures, but it does not include any specific plan for raising tax rates. Given Nigeria’s very low level of tax revenues, administration measures alone will not be sufficient to raise needed resources. Bolder tax policy measures— including raising indirect tax rates to the level comparable to ECOWAS countries and rationalizing numerous tax incentives—will need to be adopted.

https://www.elibrary.imf.org/view/journals/018/2023/019/article-A001-en.xml

14.b. Tax administration

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

In Nigeria, businesses often face a myriad of indirect taxes that need to be paid to multiple agencies performing related or similar functions. Thus, simplifying the tax code and consolidating multiple taxes into a few, easy to administer ones could encourage taxpayers to meet their tax obligations. With the advent of the AFCFTA, Nigeria will need an investor friendly tax regime to improve the competitiveness of local firms. A simpler tax code can bring more informal firms into the taxable sector.

The primary objective of the Federal Inland Revenue Service is to increase collection of revenues needed for financing Nigeria's development needs whilst ensuring reduction of the tax burden of households and businesses. Thus, strengthening the taxation system by improve compliance and enhancing the effectiveness of tax collection by agencies remains paramount. In 2021, the implementation of the revised VAT rate of 7.5% took effect in line with the 2020 Finance Act. The Act also provided for amendment of the Companies Income Tax Act, Personal Income Tax Act, Petroleum Profits Tax Act, Capital Gains Tax Act, Customs and Exercise Tariff, Stamp Duty Act and Value Added Tax Act.

Nigeria’s low tax revenue has been mainly driven by the narrow bases of its indirect taxes, low tax compliance, large amount of tax exemptions as well as low rates. Tax compliance and tax morale are still very low. Nigeria’s VAT collection efficiency is the lowest among peer African countries. Furthermore, Nigeria offers large amount of tax incentives (tax expenditures)—including tax holidays, generous allowances, and exemptions—which has eroded the revenue base. According to the 2021 Tax Expenditure Statement (TES), the revenue foregone by tax expenditures was estimated at around 4 percent of GDP (N6.8 trillion) in 2021, which made Nigeria one of the costliest tax expenditure countries in SSA . Nigeria’s indirect taxes (i.e., VAT and excise) have the lowest rates—around half of the average of ECOWAS countries —with their narrow bases, which significantly undermine tax revenues.

https://www.elibrary.imf.org/view/journals/018/2023/019/article-A001-en.xml

15. Quality of Public Administration

Score du critère: 3.167

15.a. Policy coordination and responsiveness

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

According to the Mo Ibrahim Index report on good governance (2020), Nigeria ranks 28 out of 54 countries in Africa. The country’s score on public management declined from 43.6 in 2018 to 50.1 in 2019. The Ministry of Finance, Budget and National Planning is responsible for the formulation and coordination of national development plans at the Federal, State and Local government level. The Ministry monitors and ensure all government plans and development policies are in line with the National plan.

The Federal Executive Council (FEC) oversees the operation of the national projects, approval of policies, budget and implementation. It is the highest Federal decision-making council in the country and the Minister is the representative of each ministry while the President chairs the FEC regular meeting.

The FEC approved the 2022-2024 Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) which provides estimates and projections to guide annual budget planning and fiscal management over a three-year period. The MTEF/FSP articulates fiscal support to economic recovery as the country rebuilds its economy from the adverse impact of the COVID-19 pandemic and propel the economy on the path of accelerated growth.

The FEC also approved the Medium-term National Development Plan 2021-2025, which among other things, identified the need for adherence to a centralized planning, implementation and policy coordination mechanism, which has been undermined by multiplicity of coordinating agencies. Increasing public sector efficiency by enhancing coordination between the various tiers ofgovernment and redefining the competency framework for civil servants is key to service delivery and overcoming Nigeria's development Increase public sector efficiency by enhancingcoordination between the various tiers ofgovernment and redefining the competencyframework for civil servants.

The combined effects of COVID-19 and attendant impact of crude oil prices coupled with recent social protests and growing incidences of conflict and insecurity, have put Nigeria in a precarious financial and socio-economic situation, which requires proper policy coordination and a high level of responsiveness to mitigate the negative effects suffered in recent times.

Once programs and policies are approved, it is the responsibility of each MDA to implement. Often there are overlapping and conflicting mandates where implementation involves multiple agencies. In some cases, two or more agencies may also be pursuing similar development agenda without coordination among them. This leads to duplication and thin spread of scarce resources. Citizens often also have limited leverage to monitoring of implementation of government policies to hold the authorities accountable and ensure avoidance of waste of resources.

15.b. Service delivery and operational efficiency

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The Efficiency Unit set up by the Ministry of Finance, Budget and National Planning under the current administration was meant to entrench a new culture of service delivery that promotes efficiency, value for money, prudence and integrity in the public service. It was meant to be participatory and a cooperative platform for MDAs to institutionalize a culture of efficiency. The Efficiency Unit has helped to reduce wastage, exorbitant pricing and collective negotiation for bulk MDAs wide supplies and needs.

The Federal Civil Service Strategy and Implementation (FCSSI) Plan 2017-2020 by the Office of the Head of the Civil Service of the Federation in the Presidency seeks to improve service delivery and customer satisfaction, deploying innovation solutions and relying on highly skilled civil servants, developed through an identified capacity development program. As part of the reform in the civil service, the Public Service-Learning Management System (PSLMS) by the Public Service Institute of Nigeria (PSIN) was launched to benefit civil service officers. The PSIN comes with numerous benefits, which include revenue generation to the Federal Government, reducing the cost of training, wider reach of capacity building to Public Servants and other interest groups. The e-learning platform will help reposition the Public Service for effective service delivery.

Despite these efforts and initiatives aimed at improving service delivery, the quality of public services across different government agencies remains poor with weak institutional and governance structures. Therefore, complaints of operational inefficiency are prevalent both at federal and state level.

Efforts and initiatives aimed at improving service delivery could be enhnaced with effective use of available human and organizational resources. Also, according to one study (1) there is poor service delivery at all levels of the service, and that basic social services, such as good roads, portable water, regular electricity supply, security, are hardly available.

15.c. Merit and ethics

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

The Nigerian Values and Ethics Code for the Public Service sets forth the values and ethics of public service to guide and support public servants in all their professional activities. It serves to maintain and enhance public confidence in the integrity of the Public Service. The Code also serves to strengthen respect for, and appreciation of, the role played by the Public Service within Nigerian democracy. The Public Service of Nigeria is an important national institution. Through the support they provide to the duly constituted government, public servants contribute in a fundamental way to good government, to democracy and to Nigerian society. The role of the Public Service is to assist the Government of Nigeria to provide for peace, order and good government.

Section 23 of the 1999 constitution of Nigeria as amended says ‘‘the national ethics shall be discipline, Integrity, and dignity of labour, social justice, religious tolerance, self- reliance, and patriotism’. The civil service hand book of Nigeria contains code of ethics in government business to include; discipline loyalty, honesty, courage, courtesy, co-operation, tact, and industry, avoidance of delay, tidiness, helpfulness, and kindness. Nigerian public servants are trained to operate on laid down rules and regulations and to go by the rules and regulations. In abiding by these rules and regulations, public servants are largely expected to be very conscious of the ethics and values of the civil service which demand impartiality, neutrality, and anonymity.   However, these measures have failed to provide the necessary ethical environment in the post independence period due to deliberate frustration by civil servants and the government hence resulting in unethical conducts, unbridle corruption and collapse of public service. Adhering to these ethical standards would also mean tackling corruption at all levels of public service and ensuring punishment for bad behavior. The various control and accountability measure instituted in the constitution have been rendered inoperative by the same people who are expected to work by them. https://www.researchgate.net/publication/311988682_Ethics_and_Accountability_in_Nigerian_Public_Service_Its_Collap

15.d. Pay adequacy and management of the wage bill

Aucune donnée de score disponible pour ce sous-critère.

16. Transparency, Accountability, and Corruption in the Public Sector

Score du critère: 3.167

16.a. Accountability of the executive to oversight institutions

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5

Score final	3.5

Notes du pays:

In March 2023, the National Assembly passed into law the Federal Audit service Bill which provided more power to the Office of the Auditor ccountant General, which is independent to the Executive arm of Government.

Legislative oversight powers are provided for in the Constitution of the Federal Republic of Nigeria, as well as in the Rules of the two chambers of the National Assembly. It is also an added responsibility of overseeing the executive arm in implementation of projects over which the National Assembly has approved funds. Oversight requires that the National Assembly conduct investigations into governance issues through its committees and that they monitor the performance of MDAs (ministries, departments and agencies) for the benefits of citizens.

Legislative oversight involves keeping an eye on the activities of government agencies especially the executive branch, on behalf of the Nigerian people. This process brings to the knowledge of the public what the executive branch is doing, and affords the electorate the opportunity to determine whether public servants are really serving their collective interest or not. In Nigeria, there is legislative oversight which gives power to the legislature to review, monitor and supervise government agencies, programmes, activities and policy implementation strategies of the executive arm of government. This is to ensure that the executive arm sustains the principles of good governance, remains responsive, transparent and accountable to the electorate. The Committee structure of the National Assembly (House of Representatives and Senate) is used to execute oversight functions and ensure that activities of the executive arm of government and its agencies are kept under constant surveillance and scrutiny by the legislature.

However, the citizens' confidence in Nigeria's governance system has been undermined by the perception of high-level corruption, characterized by lack of transparency, accountability, non-adherence to ethical and professional standards, especially in the public sector. Corruption has been a major challenge to development in Nigeria. Despite Nigeria's anti-corruption campaign, the country dropped from 146 in 2019 to 149 in 2020 on the Transparency International Index 2020.The report revealed that Nigeria ranks 149 out of the 180 countries considered, behind other oil producing countries in Africa such as Algeria (102), Angola (142) and Gabon (129) and way below Africa's best performing countries - Botswana (35), Rwanda (49) and Mauritius (52). Nigeria also slid to 40th position in 2019 on the Mo Ibrahim index of governance relating to corruption from 37th position a year earlier.

Different MDAS of the executive wing of the federal government, including the Presidency also regularly appear before Parliamentary select committees to account for the use of public resources and general discharge of their duties in line with their mandate. This institutionalized oversight function of the executive accords the Parliamentarians an opportunity to hold the executive accountable. The fact that the President makes the budget presentation to Parliament in person and is required to tender responses to Senators and House of Representatives demonstrates the importance the executive attaches to these oversight institutions.

https://placng.org/i/wp-content/uploads/2019/12/Guide-to-Legislative-Oversight-in-The-National-Assembly-Final-Purple.pdf

16.b. Access of civil society to information on public affairs

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Nigeria signed the Freedom of Information Act in 2011 into law under President Goodluck Jonathan but many government institutions are still not complying with its provisions despite advocacy from media and civil society o spite advocacy from media and civil society organisations. However, the implementation of the law has faced challenges. Its implementation has faced many challenges. .Many state governments have failed to domesticate and recognise it, and various federal institutions still find ways to circumvent the provisions. disclosed in a report that over 170 Nigerian Ministries, Departments and Agencies (MDAs) violated the FOIA in 2023.

Recently, a coalition of CSOs disclosed in a report that over 170 Nigerian Ministries, Departments and Agencies (MDAs) violated the FOIA in 2023, out of over 200 which were assessed based on a compliance and transparency ranking exercise.

Decision making is generally not transparent. In the February 2023 elections, there were several accusations by CSOs and the media of manipulation of ballots. There was heightened distrust of the government machinery to conduct free and fair elections.

According to the Mo Ibrahim report 2020, Nigeria showed improvement in relating to establishment and operations of CSOs as well as their entry and exit. However, their participation in national discourse has been constrained, with the country sliding by one point to 26th position out of 54 countries on ‘CSO space’. It also fell on the ranking on overall participation and inclusion to 32nd position in 2019 from 25th, in 2018. This may be due to significant decline in ranking on Absence of Harassment of CSOs (down to 34 in 2019 from 28 in 2018) and Absence of Persecution of Non-Governmental Organizations by the same magnitude.

While Nigeria has the FOIA in place, it is lacking in implementation and is subject to bias.These declines came on the back of the launching of the Freedom of Information (FOI) Portal by Nigeria Extractive

Industry Transparency Initiative (NEITI) designed to promote accountability and give the public access to the reforms and operations of Federal Ministries, Department and Agencies (MDAs). All MDAs are issued guidelines for the compliance of FOI Act. The FOIA ensures openness in the public sector and assist government in curbing corruption and enhances the operations of anti-corruption agencies such as, the Economic and Financial Crimes Commission, the Independent Corrupt Practices and Other Related Offences Commission (ICPC).

Although space for CSOs appear to have been limited, this mainly relates to those engaged in political discourse. The CSOs that monitor public sector performance, including budget process continue to be actively and more systematically engaged from drafting through to the when government’s fiscal strategy paper is presented. This process provides CSOs an opportunity to critically interrogate the government’s policy priorities and ensure proposed allocation of resources are aligned with these priorities. The use of technology in the budget process and Open Government Platform have further enhanced provides the public's access to information on the budget through tracking of such as public expenditure and other budget data details. This is key in which is expected to enhancinge transparency and accountability in government operations.Monthly publication of revenues distributed to states of the federation from the Federal Account in leading national newspapers and on the website of the National Bureau of Statistics grants the public have access to information on the total revenue generated and allocated across Nigeria’s federal government system. Lastly, the publication of audit reports on extractive industry by NEITI improves transparency of related industries. Supported by the EITI, in 2020 the Nigerian National Petroleum Commission enhanced its transparency as shown by publication of information and financial statements.Most MDAs have functional websites even though information available remains limited and mostly not updated. Often civil society organizations (CSOs) and citizens who require classified but relevant information on government activities use informal approaches to obtain such information. In many cases, such insider information has helped to expose some illicit financial activities in public sector institutions. Once this information is available to the CSOs, it becomes public information which can be sent to the parliament. However, the advent and deployment of technology and introduction of Open Government Platform will likely enhance public's access to information on the budget, including tracking of expenditure and other budget details. This is key in enhancing transparency and accountability in government operations.On 5 June 2021 the government’s indefinite ban of Twitter service after the social media platform deleted tweets made by the Nigerian President warning people in south eastern region to desist from fanning trouble that could trigger a Civil War like the Biafran insurrection in 1967. The conditional lifting of the ban was announced on 4 October 2021. The ban came on the back of growing discontent across the country of government’s perceived underwhelming performance, which also triggered the #ENDSARs protests (an anti-police brutality campaign) in October 2020.

16.c. State captured by narrow vested interests

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

In Nigeria, elected and public officials often have private interests that conflict with their positions. Nigeria has a code of conduct for Public officials in its Constitution which spells out how officials should act in areas of conflict of interest. However, there is low adherence to the elements of the Code. During the recent 2023 elections, several ministers and the central bank governor with political ambitions continued to campaign while in office for the presidential seat. The CBN governor was requested to either resign or desist from campaigning under any party. As part of the code of conduct, resignation is necessary before seeking any elective office.

Another area of poor implementation is asset disclosure. The government recently passed in March 2023, the Federal Audit Service Bill which prescribes among others, a five-year jail term for any accounting officer, who prevents the Office of the Auditor General for the Federation from accessing their account books. The Bill also calls for newly passed Federal Audit Service Bill and integrity checks on heads and staff of organisations with anti-corruption mandates.

In August 2023, President Tinubu announced that as part of his reform efforts, the Central bank was undergoing a comprehensive forensic audit as part of reforms following the suspension of the bank's governor in June.

The main challenge to the executive's accountability towards overnight functions is that many heads of these institutions are subject to political appointments and thus vulnerable to political manipulation. In July 2020, the President suspended the Head of the Economic Financial Crimes Commission and the replacement was appointed after more than six months. This delay exposes the fight against corruption to instability in management and undermines Nigeria's highly publicised fight against corruption. The Commission has been at the forefront of Nigeria's anti-corruption efforts since its formation in 2003 and the head of the Commission enjoys constitutional autonomy to investigate and lead prosecution of suspected corrupt practices. Despite enduring popular support for anti-corruption, the commission's history, as with many of Nigeria's other anti-corruption efforts, has been marked by inconsistency in performance and has been unable to make any long-lasting effects on the country's endemic corruption with prosecutions mainly secured for lower-level corruption cases, while some high-profile cases are pending. The enactment of the Companies and Allied Matters Act (2020) is a major game changer in the corporate regulatory landscape and avoidance of state capture by vested interests. The newly enacted Act prescribes that companies/agencies should disclose the Persons of Significant Control and therefore provides public's access for registration of all licensed companies in Nigeria and the list of companies benefiting from public contracts. The Act introduces measures to ensure efficiency in the registration and regulation of corporate entities as well as enhance transparency by identifying ownership of private companies by government and public sector officials. This is key in reducing capture of government business especially procurement issues by vested internal interests. Enactment of the Companies and Allied Matters Act (2020) provides public access for registration of all licensed companies in Nigeria and the list of companies benefiting from public contracts. Besides, the Act will help identify issues related ownership of private companies by government and public sector officials. This is key to reducing capture of government business especially procurement issues by vested internal interests. The NEITI strategic framework for 2017-2021 implementation of beneficial ownership reforms is also an attempt to aid resistance from vested interest. Lastly, the introduction of the Bureau for Public Procurement open contracting data platform allows the public access to the list of all agencies benefiting from public sector contracts.

These pieces of legislation and institutional frameworks should however be backed by effective implementation. In general, Nigeria has sound policy frameworks and safeguards in place, but implementation is often weak. Therefore, cases of malfeasance and policy breaches are not uncommon. This is reflected in assessment of public sector governance performance. For instance, although Nigeria performed well on the ranking (unchanged at 14 over two years – 2018/2019) for 'Publicized laws' according to the Mo Ibrahim index, the country's performance on 'Asset Disclosure of Politicians and Public Officials' fell by 6 points from 10th to 16th position in 2019. It is therefore hoped that performance will improve, subject to effective implementation of the provisions of the Companies and Allied Matters Act (2020).

(E) Infrastructure and Regional Integration

Score du cluster: 3.5

17. Infrastructure Development

Score du critère: 3.5

17.a. Sector strategy/policy

Type de score	Valeur
Score de brouillon	3.5
Score révisé	3.5
Score de deuxième brouillon	3.5
Score final	3.5

Notes du pays:

Nigeria's National Development Plan (NDP), 2021 – 2015 is a medium-term blueprint designed to unlock the country's potentials in all sectors of the economy for a sustainable, holistic and inclusive national development, developed by the different facet of the Private Sector, Sub-national Government, Civil Society Organization (CSO) and facilitated by the Federal Government of Nigeria. One of the key objectives of the NDP is to invest in critical physical, financial, digital, and innovation infrastructure.

Nigeria's current infrastructure stock is about 25 percent of GDP as against the benchmark of 75 percent, pointing to a huge infrastructural gap and financing need. T Despite recent strides in improving infrastructure stock, Nigeria suffers from immense infrastructure deficit as identified by the Nigeria Infrastructure Masterplan. Compared to several sub-Saharan African countries, Nigeria has relatively advanced power, road, rail and information and communications technology that have a national reach. However, the condition and quality of some of the infrastructures are low.

Nigeria’s infrastructure deficit, amounting to 30% of its gross domestic product (GDP), falls short of the international benchmark of 70% set by the World Bank. With Nigeria’s population growing at a rate of over 2.5% per year and an expected population of 400 million people by 2050, the US agency worries that the current infrastructure in the country is likely to be overwhelmed. The World Bank has projected that Nigeria will need to invest $3 trillion to reduce its infrastructure deficit.

Inadequate infrastructure facilities have been identified as one of the factors militating against sustainable economic growth in Nigeria. Despite the government’s various efforts to bridge infrastructure gaps, the journey seems prolonged with recurring rural-urban migration and an increase in annual population growth that further strains existing facilities.

Part of the mechanisms deployed by the government to fix the country’s infrastructure deficits is the establishment of the Economic Recovery and Growth Plan (ERGP) and the National Integrated Infrastructure Master Plan— a framework for building a resilient economy and a roadmap for building world-class infrastructures. Both, identify and elaborate on effective strategies for the successful implementation of the programs in line with the current economic realities.

The 2019 Global Competitive Index Report ranked Nigeria 130th out of 141 economies surveyed for quality infrastructure facilities. With a score of 48.33 out of 100 total points, the country still has over 50% infrastructure deficit. Also, Nigeria was ranked 24th out of 54 African countries in the Africa Infrastructure Development Index (AIDI), 2020. With a total score of 23.26, Nigeria lags behind Egypt at 2nd place with 88.3 points, and Libya at 3rd with 82.9 points.

On the AIDI’s Electricity index to measure the total electricity production of a given county, Nigeria scored 2.721 over 100, ranking 29th out of 54 African countries. In a similar survey by the World Bank to evaluate electricity access for countries in Sub-Saharan Africa across different years, Nigeria got a score of 55.4%. Though a significant feat, about half of its population—majorly people in the rural area still live without basic access to electricity.

Power supply has also not increased to match the rising demand. Out of the country’s installed power generation capacity of 13.4 GW only about 25% (4 GW) is distributed. Nigeria loses approximately 7.4% of power during transmission and a further 12.5% during distribution. Two major factors account for the significant losses across the power sector value chain – technological limitations and ageing infrastructure. As a result, the country experiences frequent and prolonged electricity outages, leaving majority of households and businesses to resort to fuel powered generators for electricity. About 56.5% of Nigeria’s nearly 210 million people have access to electricity, with the rate in rural areas especially lower at about 31%. Unless huge investment is made to improve electricity capacity, reaching the global access average 89.6% will remain elusive.

In 2015, Nigeria launched a 30-year Integrated Infrastructure Master Plan, with financing needs more than $3 trillion. Recognizing various constraints faced by the power sector, the Federal Government prepared the Power Sector Recovery Programme (PSRP) 2017 – 2021 to restore the financial viability of Nigeria's power sector, improve transparency and service delivery, address customer complaints, reduce losses and electricity theft, and reset the industry for future growth through focused policy actions, operational, governance and financial interventions. However, implementation of the PSRP has been mixed as certain important actions have not been incomplete or delayed.

The federal government has launched a Medium-Term National Development Plan (MTNDP) 2021-2025 as well as the National Poverty Reduction with Growth Strategy (NPRGS). Both these economic plans/strategies target investment in infrastructure, to accelerate poverty reduction by lifting 100 million out of poverty within a decade.

The NDP (2021-2025) provides for the implementation of major infrastructure and other development projects across the six geopolitical zones and the opening up of opportunities for the rural areas to ensure balanced development and increased competitiveness. The Federal Government acknowledges that these critical infrastructure projects require massive capital investment and urgent implementation across the country. According to the NDP, the attainment of the objectives of the Plan will require an investment commitment of about N348.1 trillion. It is estimated that the government capital expenditure during the period will be N49.7 trillion (14.3 percent) while the balance of N298.3 trillion (85.7 percent) is expected from the Private Sector. Of the 14.3 percent government contribution, FGN capital expenditure will be N29.6 trillion (8.5 percent) while the Sub-National Governments' capital expenditure is estimated to be about N20.1 trillion (5.8 percent). The successful implementation of this Plan will therefore be heavily dependent on a strong partnership between the private and public sector.

The launch of the National Digital Economy Policy and Strategy (2020-2030) in 2020 stresses the need to improve the country's digital infrastructure and usher it into a digitally and knowledge driven economy.

The 2020 ICT Index to measure the availability of quality ICT infrastructure also saw Nigeria perform low with 17.8 points out of 100.

On the other hand, in 2019, a state of emergency was declared on Nigeria's Water, Sanitation, and Hygiene (WASH) project owing to inadequate lack of infrastructure, insufficient human capital, poor investment, and others. In a featured story on World Bank News, 60 million Nigerians have no access to basic drinking water, 80 million lack access to advanced sanitation facilities, and 167 million have no access to basic hand washing facilities.

It is important to note that Nigeria is not short of adequate plans or strategies for infrastructure improvement. The main challenge is matching vision with implementation, the latter is often hampered by lack of resources of weak capacity. For instance, the financial outlay for implementing the NPRGS is estimated at $161 billion per annum, or 40.6 % of 2020 GDP. The share of infrastructure expenditure per annum is estimated at 6.3% of 2020 GDP, the largest of which (2.2%) is in transport, followed by energy, at 1.6 % and water and sanitation, at 1.1 %. The remainder is distributed across various areas of infrastructure development. These resources are significantly below the available annual capital budget.

Thus, to drive its infrastructure development agenda, the government launched the Presidential Infrastructure Development Fund (PIDF) in 2020 aimed at mobilising resources for road and power projects and will managed by the Nigeria Sovereign Investment Authority (NSIA). Some flagship projects to be considered by the PIDF include the 11.9km second Niger Bridge and the 130km Lagos to Ibadan Expressway.

The government has also commenced construction of a $2 billion railway line connecting northern Nigeria to neighbouring Niger and mobilising $3 billion for the rehabilitation of a 1,400km line linking Port Harcourt with Maiduguri in the northeast. It has also contracted Siemens to rehabilitate and expand the power grid under the Presidential Power Initiative, which is targeting 25,000 MW of electricity by 2025, up from the current installed capacity of around 13,000 MW.

The approval by Parliament of $22.7 billion infrastructure borrowing plan in 2020 has opened opportunities to flag off additional mega projects. The loan will be supplemented by resources mobilised from bilateral and multilateral development institutions including the Export-Import Bank of China, the World Bank, Islamic Development Bank, African Development Bank, among others.

17.b. Legal and regulatory frameworks for infrastructure

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

Nigeria partially applies the laws and regulations governing infrastructure development. The following local laws in Nigeria provide for protection and preservation of the environment especially as it pertains to infrastructure projects: The Environmental Impact Assessment (EIA) Act 2004; The Harmful Waste (Special Criminal Provisions, etc.) Act 2004; The Establishment Act 2007 (which empowers Nigeria to enforce any foreign conventions to which it is a party); The National Environmental Standards and Regulations Enforcement Agency (NESREA). The National Building Code is a legal document that was signed into law in 2007 after a succession of building collapse in Nigeria which has plagued the nation in recent years. =The Infrastructure Concession Regulatory Commission Act (Establishment Etc,) Act 2005 is the principal legislation for the regulation of PPP contracts over Federal Government Infrastructure.

While, NNigeria has a legislative and regulatory environment for PPPs that includes a range of laws, regulations, and guidelines to govern the procurement, implementation, and management of infrastructure projects, their implementation is general week. There is poor public consultation and low adherence to the E&S policies. PPP projects.

For PPPs, Tthe Nigerian government has a budgetary system in place that provides financial support and manages fiscal commitments for PPPs. This typically involves the allocation of funds from the government's annual budget to PPPs and includes several key components: 1) a budget allocation for PPP projects, which is determined based on the government's priorities, fiscal capacity, and the specific needs of the projects, may cover various aspects of PPP projects, such as capital expenditure, operational expenses, and contingent liabilities. 2) mechanisms for financial support, such as government guarantees or subsidies, designed to incentivize private sector participation, mitigate risks, and attract investments for PPP projects. 3) provisions for fiscal commitments management including monitoring and tracking the financial performance of PPP projects, ensuring compliance with financial covenants and agreements, and managing any contingent liabilities that may arise from PPP projects. It may also include measures to ensure transparency, accountability, and value-for-money in PPP project implementation. Access to finance is a critical factor in the successful implementation of Public-Private Partnerships (PPPs) in Nigeria. Nigeria has a very sophisticated financial market which has facilitated all forms of private sector participation in infrastructure development, including PPPs. Adequate access to various types of finance, including project finance structures, debt and equity finance, and risk mitigation instruments, can play a crucial role in attracting private sector investment, mitigating risks, and ensuring the financial sustainability of PPP projects.

Support for PPPs was underscored by the enactment of the Infrastructure Concession Regulatory Commission (Establishment, etc.) Act, 2005 which codified the process of establishing a PPP framework at federal level. In 2008, the Federal Government formed the Infrastructure Concession Regulatory Commission (ICRC) as part of the Act's implementation. The ICRC published the National Policy of Public-Private Partnership (N4P) in 2009, underlining the federal government's policy objectives and commitment to creating an enabling environment for PPPs to thrive. To narrow the focus and offer more clarity and legal backing on various PPP components, the ICRC issued PPP regulations in 2014. At subnational level, 20 states have made significant progress in establishing PPP framework. Many of these states have also established offices for PPPs projects as well as outline implementation frameworks or manuals.

To tackle some of these challenges and promote transparency, the Infrastructure Concession Regulatory Commission (ICRC) launched the Contract Information Disclosure Web Portal to ensure the timely disclosure of contract information from project initiation to implementation stage. The Contract Information Disclosure Web Portal will ensure a transparent management system of PPP with the objectives of securing investors' confidence. Another benefit of the Contract Disclosure portal is the public access to PPP information such as on the various stages of the projects.

The uncertainty of the legal framework has been improved since the ICRC legislation was put in place. However, the government needs to strengthen its legal and political framework to develop well-articulated guidelines in order to attract private investment. These efforts can be enhanced by streamlining the mandates of the Infrastructure Concession Regulatory Commission and the Bureau for Public Enterprises, both of which are involved in the execution of the PPP model of attracting investment in infrastructure. One example of a PPP in Nigeria is the contractual agreement between Federal Airports Authority of Nigeria (FAAN) and Bi-Courtney Aviation Services for the Build Operate and Transfer (BOT) of Muhammad Murtala domestic airport terminal in Lagos.

In 2019, the President signed an Executive Order No. 007 of 2019 'Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme'. The Scheme is a Public-Private Partnership intervention to leverage on private sector funding for the construction or refurbishment of 19 key economic federal roads stretching about 800 km across the six geopolitical zones in return for company income tax credit equivalent to the project cost. This facility, a variant of a Public-Private Partnership, seeks to reduce the cost of doing business whilst transferring the burden on financing road construction to the private sector. Participants in the Scheme shall have two benefits – 1) project cost incurred on the construction or refurbishment of eligible roads can be used as credit against income tax payable credit and 2) enjoy a onetime uplift (non-taxable) on the prevailing monetary policy rate plus 2% of the project cost. Tax credit earned shall be called 'Road Infrastructure Tax Credit'. The Federal Inland Revenue Service shall, upon approval by the committee of a participant's application for Road Infrastructure Tax Credit, issue a Road Infrastructure Tax Credit Certificate to a Participant on an annual basis.

In general, however, and based on previous experience, PPPs in Nigeria face numerous challenges, including lack of transparency and accountability; poor governance and poor planning, weak management capacity and lack of project sustainability. Projects under PPP arrangement have also suffered from lack of intergovernmental cooperation among different agencies operating in the infrastructure space.

17.c. Public resource management and accountability in the infrastructure sector

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Although Nigeria's performance in project procurement and contract management is at par or better than its peers in Africa according to the World Bank Survey on 'Benchmarking 2020 Infrastructure Development', project preparation is lacking when compared to other countries and the overall score of SSA and other low-income countries.

The Infrastructure Concession Regulatory Commission (ICRC) in collaboration with the office of the Head of Civil Service of the Federation established PPP units in various MDAs to enhance infrastructure service delivery and development of viable PPP projects. The ICRC also engages in monitoring the implementation of the PPP projects by ensuring the attainment of the desired service standards to get the value for money and capital funds available.

Accountability in the infrastructure sector remains very weak with poor auditing processes. According to present governance structure in Nigeria, a sub-national project needs to pass through all three layers (federal, state and local) of Government in procuring relevant permits, clearances and approvals. It is therefore critical to have an unambiguous sub-national PPP framework to provide clear and positive signals to the private sector. Transparency and accountability in resource management and procurement must be balanced with the necessity for commercial confidentiality within the infrastructure sector to protect investor interests.

Major infrastructure projects do notusually undergo public consultations, at design stage. Rather the public is only informed of potential disruption at the implementation stage. The environmental and safeguards policies are usually in place on paper, however, their implementation is varied depending on the level of project supervision and financingunding available. For projects supported by external donors, the E&S aspects tend to be supervised more closely, than purely local contracts. however these consultations are post-design, where In line with Section 2(4) of the ICRC Act 2005, ICRC is required to publish all federal government projects eligible for PPPs. This is meant to notify interested investors to prepare participation in the process when procurement commences. The introduction of PPP Contract Information Disclosure Web Portal by the World Bank Public-Private Partnership Infrastructure Advisory Facilities in Nigeria in 2017 is meant to establish integrity, accountability, and transparency in the PPP transactions.

18. Regional Integration

Score du critère: 3.5

18.a. Movement of persons and labor and right of establishment

Type de score	Valeur
Score de brouillon	4.0
Score révisé	4.0
Score de deuxième brouillon	4.0
Score final	4.0

Notes du pays:

Nigeria is a member of ECOWAS and has signed the Free Movement of People Protocol. Nigeria provides visa-free access to all citizens of ECOWAS. Nigeria scored 0.846 ranking 6th in Africa in the 2022 Visa Openness Index reflecting the efforts made in easing visa requirements.

ECOWAS nationals continue to enjoy free movement into Nigeria with a valid travel certificate, in line with the ECOWAS Protocol of 1979 on free movement of people addresses the right of ECOWAS citizens to freely enter other countries within the bloc provided they have a valid travel document and health certificate. Nigeria also adopted the ECOWAS biometric passport to enhance detection of security features of travellers. According to the 2019 Africa Regional Integration Index (ARII),Nigeria with a score of 0.667 ranks 4th out of 15 ECOWAS countries (0.733) in free movement of people.ranks in the 5th position out of 15 ECOWAS Member States (as an average performer in overall integration). Across the 5 dimensions of the ARII, Nigeria performs best in free movement of people and worst in macroeconomic integration with the rest of the region. However, Nigeria has a below average performance on the same dimension within CEN-SAD – to which it also belongs. Nigeria ranks 8 out of 54 countries in Africa, according to the 2020 Africa Visa Openness Index Report regarding entry of other African nationals. The introduction of the Visa at Entry policy is yet to be implemented.

In terms of right of establishment, ECOWAS Protocols encourage free movement of persons, goods, their right to settle down and reside in any Member State. ECOWAS nationals employed to work in Nigeria may be granted work permits which qualifies them to reside and work in Nigeria. Upon employment in Nigeria, an ECOWAS national would be required to process a Work Permit with the Nigerian Immigration Authority. On the Nigeria Immigration website, there is a link to apply for the ECOWAs Residence Card. However, the process is still cumbersome and not completely digitalized. the information is not made readily available to the public. Nigeria Nigeriathis has been implemented less smoothly effectively due to concerns such as the lack of reciprocity from other member countries, rising insecurity and the fear of jobs being lost to other nationals from the region.

18.b. Regional financial integration

Type de score	Valeur
Score de brouillon	3.0
Score révisé	3.0
Score de deuxième brouillon	3.0
Score final	3.0

Notes du pays:

Nigeria has signed the AfCFTA and is a member of WAMZ, which consists of countries in the non-CFA zone. Nigeria scored 0.46 in the 2023 Africa Regional Integration Index which placed it in the average performer group in ECOWAS. Nigeria's financial system comprises of both banks and insurance firms, but the banking sector dominates the financial system. Nigeria has only met one of the four convergence criteria of the WAMZ.

With Nigeria's approximately 25% inflation rate Nigeria continues to move away from meeting the minimum macroeconomic convergence criteria. The primary criteria include; Budget Deficit/GDP ratio (excluding grants) of less or equal to 4 percent; Inflation rate of less or equal to 5 percent; Central Bank Financing of Budget Deficit of less or equal to 10 percent of previous year's Tax Revenue, as well as Gross External Reserves of greater than or equal to 6 months of imports cover. As at end 2022, Nigeria had only met one of the 4 criteria - budget deficit/GDP ration. However, none of the ECOWAS Member States met the four criteria at end-December 2022 with the performance score for the zone on the primary convergence scale declining to 41.7 percent, compared to the 45.8 percent attained at end-December 2021.

Nigeria contiunes to be part of the West Africa Monetary Zone (WAMZ) which consists of countries in the non-CFA zone. However, according to the 2020 ARII, Nigeria performs the poorest on the macroeconomic integration dimension with a score of 0.25, of the 5 dimensions for regional integration. Some of the reasons include failure to meet the macreconomic convergence criteria and poor convertibility of the Naira with other currencies in the region.

Nigeria has expressed some reluctance in joining the ECOWAS single currency "ECO" citing the need to ensure all fundamentals are in place before the launch of the regional currency. However, the plans for the ECO have now been postponed through the new roadmap to 2027., as the COVID-19 pandemic has significantly disrupted economies of the region. However, the ability of the West Africa region to adopt the single currency will depend heavily on Nigeria's position and compliance with all the economic and non-economic fundamentals. Currently, Nigeria is facing higher levels of inflation, rising fiscal deficit, and an exchange rate crisis, further creating challenges in meeting the regional macroeconomic convergence criteria.

Nigeria has played a significant role in financial sector development of the ECOWAS region. Nigerian commercial banks have strong footprint with branches in other ECOWAS countries and the continent in general. This has helped to promote financial inclusion and boost trade and investment in the region. In terms of regional capital markets, however, there is little to no integration.

3.0