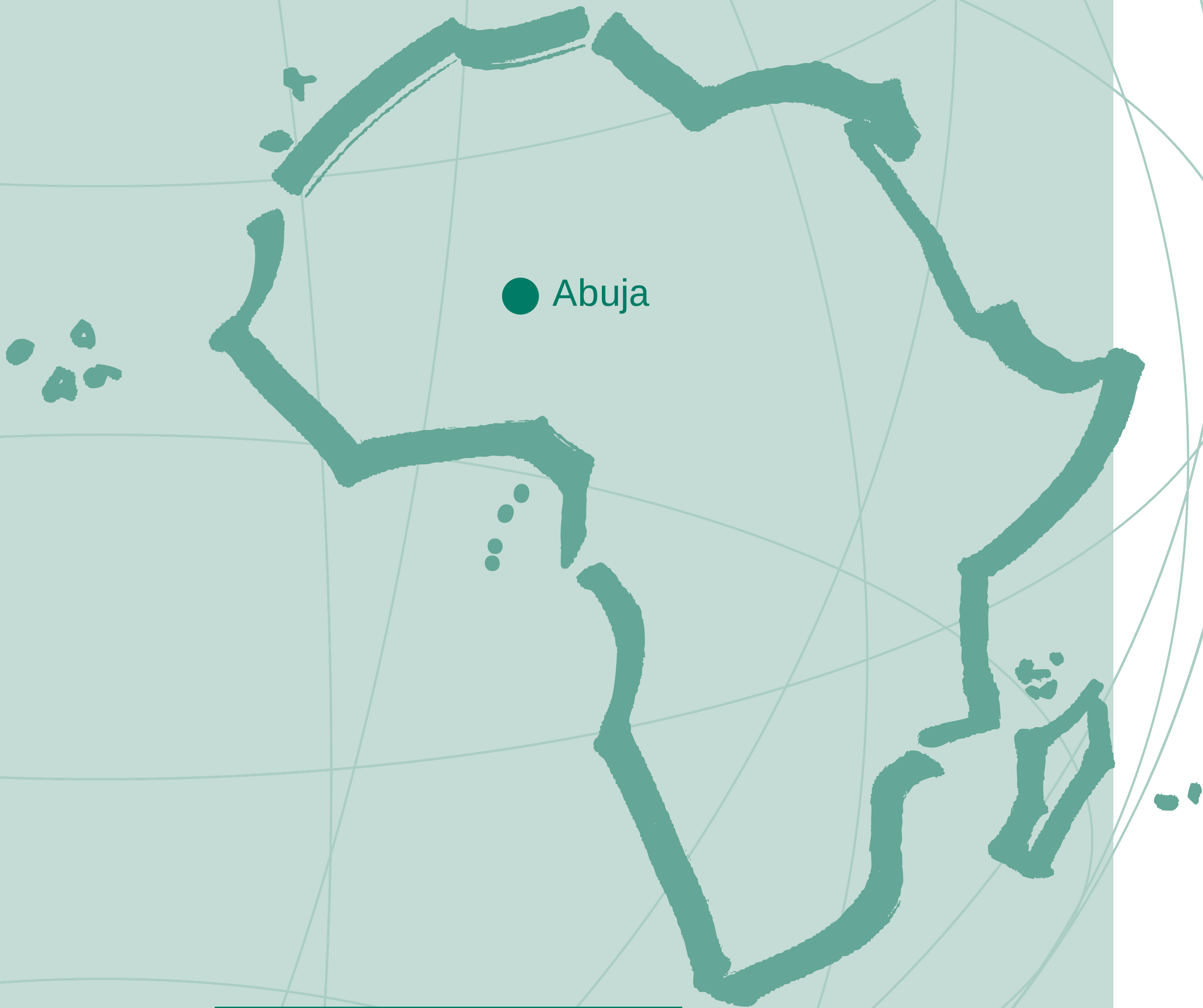
Nigeria



key figures

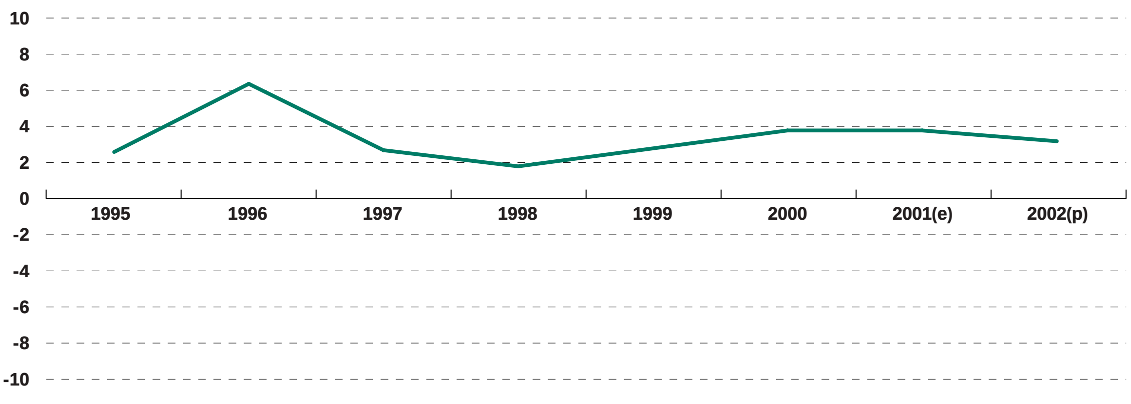
- Land area, thousands of km²: 911
- Population, thousands (2000): 113 862
- GDP per capita, $ (2000): 358
- Life expectancy (1995-2000): 51.3
- Illiteracy rate (2001): 34.7

Nigeria

NIGERIA USHERED IN A NEW administration in May 1999 after nearly two decades of military dictatorship. The new administration attempted a new social and economic order that would make the country exploit its enormous resources. The aim was to accelerate economic growth to alleviate the widespread poverty in the country. Against a backdrop of pressure to deliver a "democracy dividend", the new government increased spending, made possible by a sharp rise in oil prices in 2000. The high government spending and buoyant oil sector appeared to give a temporary boost to the ailing economy as real GDP growth increased to 3.8 per cent in 2000. Economic growth is expected to be maintained at about 3.8 per cent in 2001 and at 3.5 per cent in 2002. However, the growth process in 2000 introduced macro-economic instability as inflation rose sharply and the foreign exchange rate became unstable. This instability is expected to continue in 2001 and 2002. Nigeria's political transition now appears successful. However, the structural transformation of the country remains slow in areas such as privatisation. In addition, progress made in strengthening approaches to governance problems remains limited.

To deliver a "democracy dividend" the new government increased spending, made possible by a sharp rise in oil prices

Figure 1 - Real GDP Growth

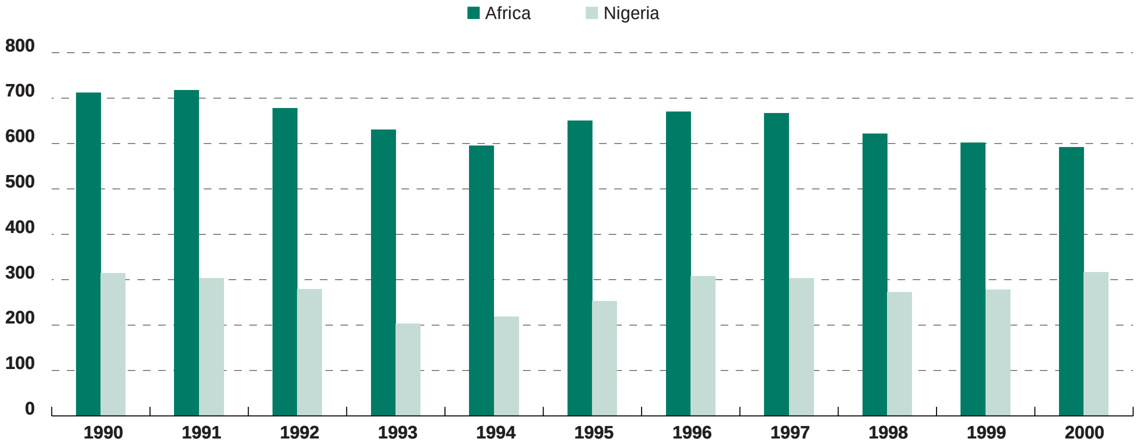


Source: Authors' estimates and predictions based on IMF and domestic authorities' data.

Recent Economic Developments

The Nigerian economy appeared to improve in 2000 as the real GDP growth rate rose to 3.8 per cent compared with 2.8 per cent in 1999 and 1.8 per cent in 1998. The improved growth performance in 2000 was due largely to the positive terms of trade shock, following an oil price increase from $18 per barrel in 1999 to $28 per barrel in 2000. The income effect of the shock enabled an expansion in government expenditure, which together with the buoyant oil sector boosted growth. The 2001 budget envisages higher government spending as the oil price is also anticipated by the government to remain high at an estimated $25 per barrel. However, the recovery in growth may be temporary as real GDP growth is estimated at 3.8 per cent in 2001 and to fall back to 3.5 per cent in 2002. The constraint in growth in 2001 might result in part from a reduction in Nigeria's OPEC oil production quota by more than 9 per cent during the first quarter of 2001, as well as the slow pace of reforms to remove structural bottlenecks in the economy.

Figure 2 - GDP Per Capita in Nigeria and in Africa (current $)



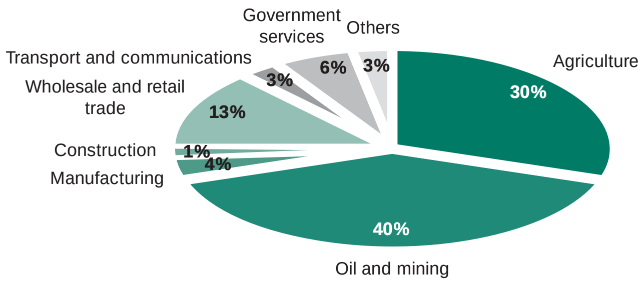
Source: Authors' estimates based on IMF data.

The structure of Nigeria's GDP showed a major change in 2000 with the oil sector emerging as the dominant contributor to GDP ahead of agricultural activities as was the case in 1999. The share of the oil sector in GDP increased from 28.3 per cent in 1999 to 39.5 per cent in 2000, while the share of agricultural activities fell from 35.1 per cent in 1999 to 28.5 per cent in 2000. The services sector accounted for 27.2 per cent of GDP in 2000 compared with 30 per cent in 1999.

Manufacturing retained its 4 per cent share in GDP in 2000. The fall in the share of agriculture in total GDP in 2000 did not reflect a major decline in growth of agricultural output as growth in the sector remained relatively stable at 3.1 per cent in 2000 compared with 3.3 per cent in 1999. Staple crop output rose by 3 per cent compared with 3.6 per cent in 1999 with all the major staples, except maize, recording significant output increases over the preceding year's level. Cash crop production grew by 3.3 per cent compared with 3.1 per cent in 1999. A national survey by the Central Bank of Nigeria (CBN) showed that the sustained growth in agricultural production was due largely to favourable weather conditions. However, notwithstanding the stable performance, the 3.1 per cent growth rate in 2000 was lower than the 5.5 per cent annual growth target set in the 2000-2002 national rolling plan. The output of crops in 2000 was hampered by shortages in the supply of fertilisers as the locally produced ones became inadequate following the continued closure of the National Fertilizer Company of Nigeria (NAFCON), which accounts for over 85 per cent of total domestic production of the commodity.

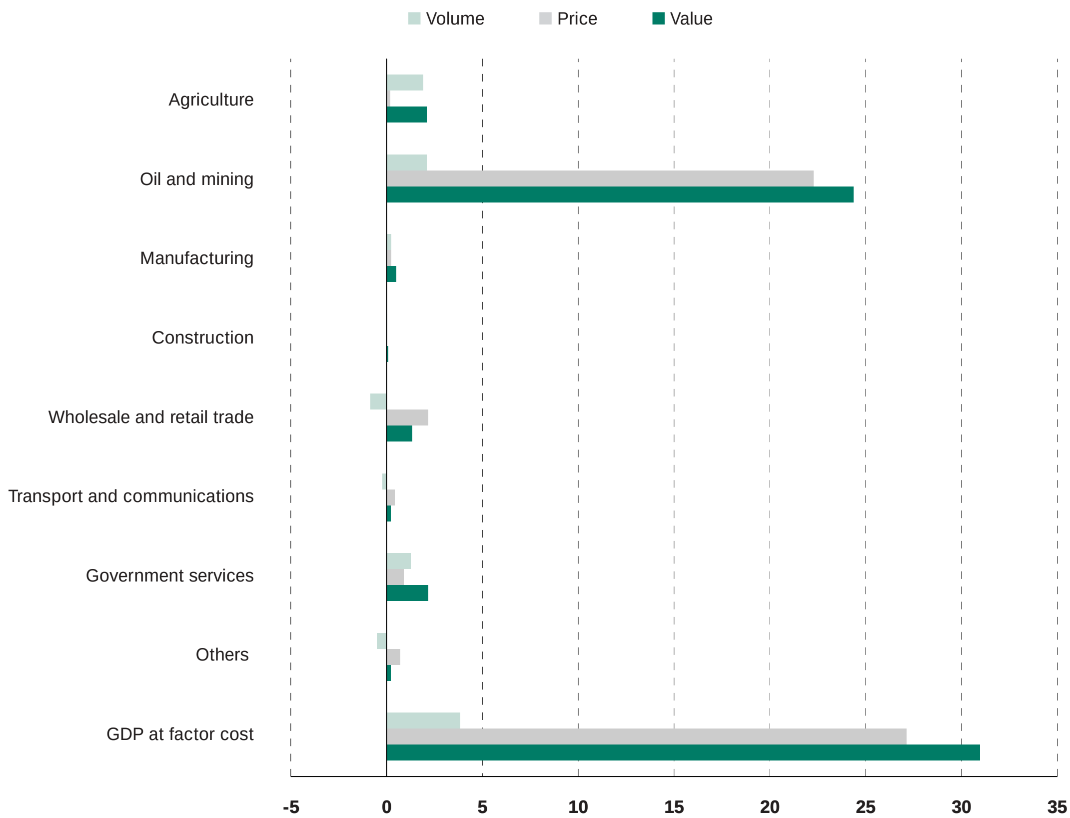
Industrial output, which fell in the preceding two years, recorded a strong recovery in 2000 owing to the 12 per cent expansion in crude petroleum, which accounted for about 99 per cent of mining output. The increase was attributed to OPEC quota increases, which raised Nigeria's shares from 1.89 mbd in March to 2.03, 2.09 and 2.18 mbd in April, July, October and November respectively. As indicated earlier, a fallback from these levels has already occurred, in early 2001. The other industrial sub-sectors did not fare well. Manufacturing recorded less than 1 per cent growth in 2000 compared with 3.5 per cent in 1999. The below expectation performance of manufacturing in 2000 was attributed to the continued weak demand for local manufactures, increased cost of production, and the general insecurity of lives and property in Nigeria that disrupted production programmes and discouraged new investment. The services sector as a whole grew by 19 per cent in 2000 with all the sub-sectors achieving significant growth rates. Growth in services was derived largely from improvement in the purchasing power of consumers as a consequence of increased public spending. The main sources of growth in services were

Figure 3 - GDP by Sector in 1999/2000



Source: Authors' estimates based on IMF data.

Figure 4 - Sectoral Contribution to GDP Growth 1999/2000

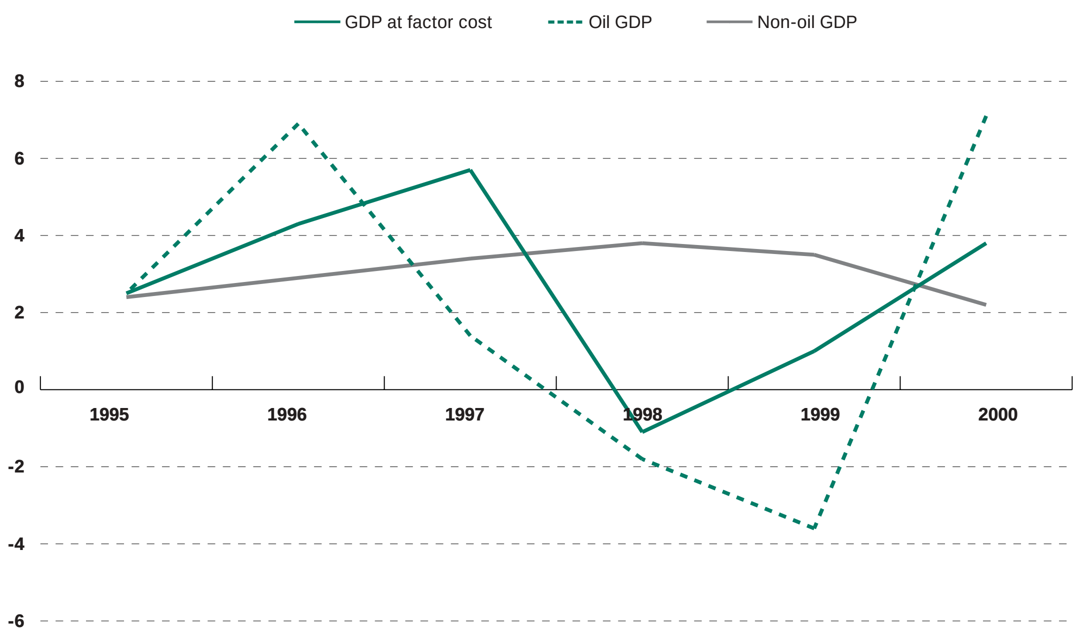


Source: Authors' estimates based on IMF data.

in transport, communications, finance and insurance, and producers of government services.

The demand composition of GDP shows that the oil windfall accruing to the government led to public consumption being maintained at a high level in 2000, while public investment continued its downward trend from 1998. On the other hand, private investment, which had fallen to a low of 3.7 per cent of GDP in 1998 on account of governance related problems, recovered to 12 per cent of GDP in 2000 as investor confidence in the economy was slowly restored with the return to democratic rule. Total consumption is expected to increase in 2001 and further in 2002, with

Figure 5 - Growth Rates of Total GDP, Oil GDP and Non-Oil GDP



Source: IMF data.

Table 1 - Demand Composition (percentage of GDP)

	1995	1998	1999	2000	2001 (e)	2002 (p)
Gross capital formation	**16.3**	**28.2**	**22.7**	**21.7**	**25.0**	**24.8**
Public	5.3	24.5	10.3	9.7	12.0	11.9
Private	11.1	3.7	12.4	12.0	13.0	12.9
Total consumption	**83.0**	**76.3**	**81.5**	**67.3**	**72.8**	**80.1**
Public	7.3	12.8	13.4	13.5	6.7	7.1
Private	75.7	63.5	68.1	53.8	66.1	73.1
External sector	**0.7**	**-4.5**	**-4.2**	**11.0**	**2.1**	**-4.9**
Exports	44.3	33.4	36.8	52.5	48.8	42.7
Imports	-43.6	-37.9	-41.0	-41.6	-46.6	-47.7

Source: Authors' estimates and predictions based on IMF data.

the increase coming from the private sector, as public consumption declines to historical low levels.

Macroeconomic Policy

Fiscal and Monetary Policies

The Nigerian government's total revenue in 2000 increased massively to represent about 46 per cent of GDP from about 31 per cent of GDP in 1999. The improved performance in 2000 was attributed to increases in revenue from the oil sector that reflected the substantial rise in the price of crude oil over the budget benchmark of $20 per barrel. A breakdown of gross revenues showed that oil receipts rose by 119.7 per cent accounting for 83.5 per cent of total revenue. On the expenditure side, the government's salary and wage increases in 2000 were reflected in their higher share of current expenditure. However, interest payments fell in 2000 owing to debt rescheduling, while capital expenditure rose moderately on the 1999 level. In effect, aggregate expenditure as a share of GDP recorded about a 6 per cent increase in 2000. The operations of the government in 2000 resulted in a primary surplus equivalent to nearly 10 per cent of GDP, compared with a surplus of 0.8 per cent of GDP in 1999. The primary balance is expected to remain in surplus in 2001 though at a reduced level from 2000. However, in 2002 the primary balance is expected to move into deficit as the domestic tax revenue falls.

The fiscal operations of the government in 2000 introduced fiscal imbalances that may be difficult and challenging to reverse. The government's unduly large expenditure in 2000, with similarly large outlays also envisaged in 2001 financed from oil revenues, could undermine prospects in the non-oil sectors as the real exchange rate appreciates (the "Dutch Disease" effect). Also, as the stagnation in capital expenditure is politically unsustainable, the sustainability of the fiscal balance would require major efforts to tackle politically sensitive expenditures such as the wage bill. In addition, the government may be constrained from maintaining fiscal sustainability by Nigeria's fiscal federalism. Under the current revenue-sharing arrangements (guaranteed by the Constitution) the states and local governments receive full and automatic access to their share of oil revenues. In the absence of corresponding limits on spending, there is no mechanism formally to involve states and local governments in contributing to fiscal stability – for example, by saving windfall gains from oil revenues.

Table 2 - Public Finances (percentage of GDP)

	1995	1998	1999	2000	2001 (e)	2002 (p)
Total Revenue and grants[a]	**22.5**	**16.2**	**30.7**	**46.5**	**43.6**	**39.4**
Taxes	5.2	8.7	9.9	15.4	15.5	14.8
Oil revenue	12.2	7.2	23.1			
Total Expenditure and net lending[a]	**18.3**	**25.5**	**38.2**	**44.3**		
Current expenditure	7.6	8.1	18.2	16.7		
Excluding interest	*3.9*	*5.0*	*9.9*	*9.2*	*10.7*	*11.3*
Wages and salaries	1.6	2.0	4.3	6.7	8.2	8.9
Interest on public debt	3.7	3.1	8.3	7.5		
Capital expenditure	5.2	10.3	11.2	12.0	14.9	14.8
Primary balance	**7.8**	**-6.2**	**0.8**	**9.8**	**2.1**	**-2.4**
Overall balance	**4.2**	**-9.3**	**-7.5**	**2.2**		

a. Only major items are reported.
Source: Authors' estimates and predictions based on domestic authorities' and IMF data.

In 2000, monetary policy was loosened in an attempt to reflate the economy. With inflation very low at 0.2 per cent at the start of the year, the CBN pursued a policy of low interest rates to reflate the economy. The minimum rediscount rate was reduced in three steps from 18 per cent at end-1999 to 14 per cent in December 2000, and the cash reserve requirement was reduced in two steps from 12 per cent to 10 per cent over the same period. These policy actions and the magnetisation of the enhanced oil receipts were marked by rapid expansion in monetary aggregates in 2000 with the acceleration of monetary growth exceeding policy targets by substantial amounts. Broad money supply (M2) increased by 48.1 per cent compared with the target of 14.6 per cent for 2000. This followed a 31.6 per cent increase of M2 compared with the target of 10 per cent for 1999. The increasing money supply stoked inflationary pressures in the economy during 2000. The rate of inflation, measured by the 12-month increase in the consumer price index, rose from 0.2 per cent in December 1999 to 14 per cent in December 2000. The large government expenditure provided for in the 2001 budget further aggravated inflationary pressures. The rate of inflation duly rose to 18 per cent by March 2001. However, the rate of inflation is expected to moderate slightly to finish at an annual average of 13.7 per cent in 2001, and stabilise at that level in 2002.

Available data indicate that interest rates declined generally in 2000, reflecting the liquidity overhang in the financial system. At the prime market, the Nigeria Treasury bill issue rate declined from 17 per cent in January 2000 to 13 per cent in December. Commercial banks' deposit and lending rates declined accordingly. Since early 2001, the CBN has tightened the monetary policy stance. The minimum re-discount rate has been raised in three steps by 2.5 percentage points to 16.5 per cent (accompanied by increases in interest rates on Treasury bills and CBN certificates); the cash reserve requirement was raised by 2.5 percentage points to 21.5 per cent; and the liquidity ratio increased from 35 per cent to 40 per cent. These measures appeared to have an impact as market interest rates rose from about 17-20 per cent in early 2001 to between 30 and 40 per cent in May.

Nigeria's current exchange rate arrangement is described by the IMF as a managed float with no pre-announced target for the exchange rate of the naira. Currently, there are four exchange rates: the interbank foreign exchange market (IFEM) at which the CBN transacts, an interbank exchange rate quoted by a group of commercial banks — Nigerian Inter-Bank Foreign Exchange Fixings (NIFEX) — the *bureaux de change* rate, and the parallel market rate. The exchange rate of the naira depreciated in all segments of the foreign exchange market during 2000. At the IFEM, the naira depreciated on average by 6.5 per cent to N101.65/US$1.00. This followed a significant increase in import-driven demand for foreign exchange following the government expenditure increases: total demand for foreign exchange at the IFEM during the year was $6.9 billion compared with $4.9 billion in 1999. In the *bureaux de change* and the parallel market segments, the depreciation of the naira was steeper, as it dropped by the same margin of 10.7 per cent in both markets. Following the tightening of monetary policy at the beginning of 2001, there were nascent signs that the naira had strengthened. The parallel market rate appreciated from over N140 per US dollar in early April to about N135 per US dollar in mid-May. Correspondingly, the differential between the parallel and the IFEM rates narrowed from 23 per cent to about 19 per cent.

External Position

Nigeria continues to make progress towards liberalising its external trade. Nigeria introduced a customs and excise schedule for the 1995-2001 period, which liberalised external trade further by reducing the average tariff, the dispersion and number of rates, and lowering some tariffs on consumer goods while increasing those on raw materials. Nigeria currently has a structure of trade taxes, with at least seven taxes and with the customs duty varying from 0 per cent to 100 per cent. The customs and excise schedule has been reviewed regularly by the annual budgets. It is estimated that the tariff changes introduced in the 2000 budget reduced the average import tariff rate from 24 per cent to 12 per cent. The 2001 budget introduced many reductions in import duties and some increases in duties on final goods. Out of about 5 000 lines in the tariff code, 70 were increased (by an average of 25 per cent) and 437 were reduced (by an average of about 9 per cent). These changes are estimated to have further decreased the average tariff rate. Nigeria's trade regime also has a number of non-tariff barriers. The customs and excise schedule originally included import prohibition of 16 items and an absolute prohibition list of 19 items (mostly on health, safety or moral grounds). The import prohibitions have also been progressively reduced by annual budgets. In 2001, the import prohibition list included cement in bags; bulk vegetable oil; wheat flour; millet; sorghum; retreaded and used tyres; mosquito-repellent coils; and gaming machines.

Nigeria's trade account improved substantially in 2000 as the massive rise in exports was met with imports that stabilised at the 1999 levels. The increase in exports reflected the improvements in the oil sector, influenced mainly by the favourable international crude oil price, as performance of the non-oil sector showed only marginal improvement. The slight increase in imports in 2000 was accounted for by capital goods and raw materials, the share of which in total imports increased

Table 3 - Current Account (percentage of GDP)

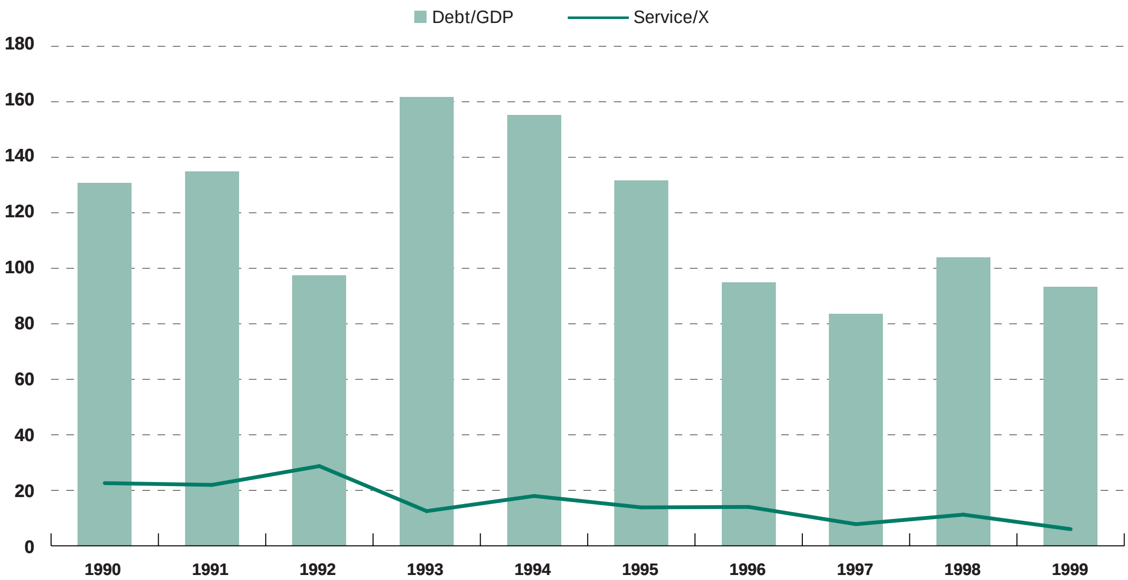
	1995	1998	1999	2000	2001 (e)	2002 (p)
Trade balance	11.2	2.5	4.0	19.6	11.0	4.6
Export of goods (f.o.b.)	41.7	30.6	34.4	50.2	45.5	39.8
Imports of goods (f.o.b.)	-30.6	-28.1	-30.3	-30.6	-34.5	-35.2
Services balance	-10.5	-7.1	-8.2	-8.6		
Factor income	-7.9	-8.8	-10.0	-10.3		
Current transfers	2.6	4.6	4.7	4.2		
Current account balance	**-4.6**	**-8.7**	**-9.5**	**4.9**		

Source: Authors' estimates and predictions based on IMF data.

from 59.9 per cent in 1999 to 60.9 per cent in 2000; the share of consumer goods dropped by 1.2 percentage points to 38.8 per cent over the same period. The gain in the trade balance translated into the strong performance in the current account as other components of the current account stabilised on their 1999 levels. The trade balance is expected to remain in surplus in both 2001 and 2002, though at reduced levels from 2000. This would derive from reduced levels of exports.

Nigeria is carrying a large external debt overhang, which was estimated at end-1999 at 29.36 billion, or the equivalent of about 93 per cent of GNP for the year. The distribution of the debt by creditor showed that the bilateral creditors held the largest share of 57 per cent, followed by private creditors with 26 per cent and multilateral institutions with 17 per cent. Nigeria is not eligible for debt relief under the Enhanced HIPC Initiative. Nigeria obtained a non-concessional rescheduling of its debt in an agreement with the Paris Club creditors on 13 December 2000. The Agreement consolidated Nigeria's arrears at end-July 2000 amounting to $21.3 billion and maturities falling due during the IMF stand-by Agreement (August 2000-July 2001) of $300 million, fully capitalised moratorium interest on the rescheduling amounting to $1.4 billion and deferred post-cut-off date arrears as of end-2000 of $616 million. As a result of this agreement, Nigeria

Figure 6 - Stock of Total External Debt (percentage of GNP) and Debt Service (percentage of exports of goods and services)



Source: World Bank (2001), *Global Development Finance.*

obtained savings of cash payments estimated at $1.6 billion in 2000 and $970 million for the first half of 2001, on the basis of the payment due during January-July 2001. Nigeria currently uses the Debt Conversion Programme (DCP) as part of its debt management strategy. At end-December 2000, external debts valued at $56.7 million were redeemed under the auction system, while $1.2 million were cancelled under the out-of-auction arrangements. The government also currently updates the debt database regularly to ensure close monitoring of all outstanding obligations. A Debt Management Office (DMO) has been established to ensure that debt service obligations are met in a timely manner.

Structural Issues

Nigeria continues to carry out reforms to attract investment into its known areas of comparative advantage, as well as into other areas towards the diversification of the economy. Nigeria is well endowed with natural resources that include vast amounts of arable land, rich forests, relatively well-educated labour force, petroleum resources and natural gas, and other mineral resources. However, the country has a clear comparative advantage in the vast amount of energy resources. The country has proven crude oil reserves estimated at 3.2 billion tons or 22.5 billion barrels. Proven gas reserves, both associated and non-associated with oil, are currently estimated at about 3.4 trillion cubic metres, which is equivalent to 3 billion tons of oil. Additional reserves of more than 25 trillion cubic metres are estimated to exist in the country. In addition, the country's rivers can potentially generate 10 000 MW of electricity annually. There is also a known vast reserve of coal in the country. Nigeria continues to carry out reforms to press home its comparative advantages to enhance growth in the country.

Nigeria has been carrying out a three-phase privatisation programme since July 1999, which is progressing though at a very slow pace. The first phase of the privatisation programme, which involved the sale of the government's shareholdings in a dozen commercially viable enterprises, including banks and petroleum marketing, cement and insurance companies, had largely been completed at end-2000. The second phase, which was scheduled to be completed in 2000, rather began in 2001. Progress has been made towards the privatisation of the telecommunications sector, a key item in the second phase. The government successfully auctioned in February 2001 three GSM licences. The government also got expressions of interest from strategic investors in the Nigeria Telecommunications Company (NITEL); it is expected that the government's majority shareholding in NITEL will be sold by end-2001. Further, the government had reached agreement on a privatisation support credit with the World Bank that would enable the bank to intensify its support for privatisation in Nigeria. Thus far, privatisation in Nigeria's economic reforms has a long way to go to remove structural bottlenecks to growth and improve allocation of budgetary resources. The 2001 budget, for example, made injections of large amounts of public funds into a number of large enterprises in aluminium, fertiliser, steel and others that had been scheduled to be sold by then. In the energy sector, it is believed unreliability in electricity supply compelled up to 90 per cent of commercial enterprises to rely on expensive backup that adds as much as 25 per cent to total costs. The privatisation of the Nigerian Electric Power Agency (NEPA) is now scheduled from 2002, as the severe disruptions in power supply continue unabated. Besides, the government was forced to maintain price distortion in the petroleum sector as public pressure forced an almost complete rollback of the 50 per cent hike in retail prices of petroleum prices in July 2000 that would have removed the petroleum subsidy to avert the perennial shortages.

Compared with other countries in the sub-region, Nigeria has a well-developed and diversified financial sector. In addition to banks and non-banking institutions Nigeria has an active stock exchange. Liberalisation of the financial system continued in 2000 with the licensing of a new bank, the Regent Bank Limited, bringing to two the number of new banks licensed since 1999. Also in 2000, the effort to weed out distressed institutions culminated in the revocation of the operating licences of three banks and the re-capitalisation of eight others. Six development financial institutions (DFIs) were merged and restructured into two, while the operating licences of 790 non-bank financial institutions were withdrawn. Following these developments, the aggregate number of banks in operation declined to 88 in 2000 from 90 in 1999.

The Nigerian Stock Exchange (NSE) staged a dramatic recovery in 2000, after three years of sluggish growth. The all-share NSE index recorded a 60.6 per cent increase in 2000 and has recorded a further 34 per cent increase during the first half of 2001. The relatively strong performance of the capital market reflected the positive trend in equity prices and the improved confidence in the market following the return to democratic rule. The NSE also intensified its efforts at internationalisation of the capital market in 2000, by signing a memorandum of understanding (MOU) with the Nairobi Stock Exchange to facilitate cross border listing of securities. The NSE had earlier signed a similar MOU with the Ghana Stock Exchange and the Johannesburg Stock Exchange. The MOU with the Johannesburg Stock Exchange in 1999 had brought, for the first time, non-Nigerian companies to the NSE: two South African companies, Electronic Media Network (M-Net) and Supersport International Holdings, became the first securities to be listed in the foreign companies sector of the NSE.

Political and Social Context

Nigeria has re-established the democratic process since 1999, and popular participation and the multi-party democracy is functioning. The Obasanjo Administration is now well entrenched after an initial bitter political battle with the national assembly – in essence to delineate the boundaries of their respective authorities under the new democracy. The rule of law has been restored and the special extra-judicial tribunals, which were created during military rule to handle certain cases, have been abolished. The courts are enforcing fundamental human rights, including freedom of speech and association. The independent news media have regained their freedom and vibrancy. However, concern remains about the strong ethnic and religious tensions that surfaced with the cessation of military rule. These have claimed many lives and, at times, threatened national unity. Although these tensions appear to have eased, the undercurrent of these conflicts continues to haunt the nation. In addition to the ethnic tensions, insecurity, criminality, and corruption continue to be major problems both at home and abroad. However, since 1999 public accountability and transparency have been significantly enhanced. The government has taken steps to improve accountability and transparency in such areas as oil transactions and government expenditures. In line with these, a recent review conducted of some 4 000 public contracts withdrew all 31 oil exploration and production licences issued in early 1999. Anti-corruption legislation was passed by the National Assembly in June 2000 and has been promulgated into law. Also, an independent Anti-Corruption Commission has been created. However, there appears to be a sense of disappointment among the Nigerian populace and the international community that corrupt practices continued to be widespread throughout public institutions in Nigeria. Nigerian authorities now argue that the often-cited Transparency International (TI) Corruption Index, which ranks Nigeria at the bottom, was based on a survey taken before the present administration took over. However, President Obasanjo (himself a member of the Advisory Council of TI) has been in power since May 1999, while the June 2001 TI index puts Nigeria second from bottom. Nigeria's own preliminary interim reports of the value-for-money audit of government expenditures in 2000 showed frequent neglect of the established procedures governing the use of public resources.

The proportion of Nigerians living below the poverty line of one dollar a day has increased dramatically during the last two decades. In 2000, 56 per cent of Nigerians were estimated to be living below the internationally defined poverty line. In 2000, both per capita income and per capita private consumption were lower than in the early 1970s. Per capita income fell from $1600 in 1980 to $270 in 2000 putting Nigeria among the 20 poorest countries in the world. Poverty in Nigeria is both state- and sector-based. Poverty is more widespread in the northern part of the country. Two northern states, Kano and Kogi, account for nearly one-third of the poorest 20 per cent of the population. Almost 90 per cent of Nigeria's core poor were engaged in agriculture, while 58 per cent of the urban population were living in poverty. Past poverty reduction programmes, including the Family Economic Advancement Programme, had a marginal impact on poverty, despite large budgetary allocations. These programmes failed to achieve their objectives because of poor design. The government has a new poverty reduction plan based on lessons learnt from the past. This aims to reduce the level of poverty from about 66 per cent to 20 per cent by 2010. In this direction, the 2000 budget appeared to make a shift in the poverty focus of public expenditures by placing more emphasis on education, health, rural water development in small communities and smallholder agriculture.

The performance of social services in Nigeria has remained unsatisfactory. In spite of increased budgetary allocations to the various sub-sectors, service delivery by key institutions and departments designed to mitigate the living conditions of the vulnerable groups was hampered by the continued deterioration of basic facilities and the high incidence of industrial strikes, especially in education and health. Nigeria has a well-defined health system supported by a national health policy and strategy. This strategy lays emphasis on primary health care as the pivotal strategy to ensure health services for all Nigerians. However, public financing and human resource capacity to provide a wider coverage of quality primary health care has deteriorated significantly in the past. At all levels of the health system, the physical state of health facilities and the morale of health workers have steadily deteriorated. Nigeria's health indicators have deteriorated with the weakening of the health service system at all levels. The HIV/AIDS pandemic has complicated the health problems of the country, with the estimated proportion of the adult (15-49 years) population infected rising from 1.8 per cent in 1992 to 5.4 per cent in 1999.

Nigeria continues to place emphasis in its education policy on universal basic education. The recent improvement in the performance of education in Nigeria was sustained in 2000 as enrolment in primary and secondary schools increased. Available figures show gross enrolment in primary school to have increased from 86.6 per cent in 1996 to 91 per cent in 2000; the female gross enrolment also increased from 76.5 per cent to 80.1 per cent. Similarly, the gross enrolment for secondary schools had improved from 34 per cent to 36 per cent, with the female ratio moving from 31.1 per cent to 33 per cent over the same period. Pupil/teacher ratios in both primary and secondary schools deteriorated slightly as both increased from 52 and 38 in 1999 to 54 and 41 respectively in 2000. The improving enrolment performance in the education sub-sector was attributed to enhanced government budgetary spending on education, which in 2000 increased by 104.1 per cent, accounting for 7.1 per cent of total expenditure and 1.4 per cent of GDP. However, Nigeria's budgetary outlay for education remains lower than the African average of 3.5 per cent of GDP.

