



**NATIONAL BUREAU OF STATISTICS**

***MEASURING BETTER:***  
**FREQUENTLY ASKED QUESTIONS ON THE  
REBASING / RE-BENCHMARKING OF NIGERIA'S  
GROSS DOMESTIC PRODUCT (GDP)**

## A. INTRODUCTION

Statistics are a vital source of evidence as they provide us with clear objective numerical data on all aspects of our lives and the state of our economy. Without this, we cannot plan or make well informed decisions that will catalyse our social and economic development. The Rebasing / Re-benchmarking of Nigeria's economy is overdue, necessary, credible and beneficial to the country<sup>1</sup>. Rebasing will give government tools to better tackle the challenges of growing the economy and fighting poverty. It is only when we are able to collate, understand and interpret data correctly as well as identify key areas in our economy that require change that our policy prescriptions and direction are more likely to respond to the real needs of the Nigerian economy.

## B. UNDERSTANDING GROSS DOMESTIC PRODUCT (GDP)

**Q1 What is GDP and GDP growth, and why are these statistics important?**

**Answer:**

The Gross Domestic Product is the market value of all officially recognized final goods and services produced within a country in a given period. It measures overall economic activity and signals the direction of economic growth and welfare. It is also a barometer to measure the health of the economy. It is an internationally recognized indicator for measuring the size of an economy in a given period of time. The GDP growth rate is a measure of the rate of change that a nation's gross domestic product (GDP) experiences from one year to another.

**Q2. Is GDP growth synonymous with economic development?**

**Answer:**

No, it is not. Development encompasses broader measures of human progress beyond measuring output (GDP) growth which mostly measures economic progress. In addition to measures of economic progress, development includes social and environmental measures which are not well captured by GDP.

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<sup>1</sup>The terms "Rebasing" and "Re-benchmarking" though technically distinct from one another, are simply referred to as "Rebasing" in this document for the convenience of the reader.

**Q3. How is the GDP computed?****Answer:**

There are three ways of computing GDP:

- i. **The Expenditure Approach:** This approach captures spending by key economic agents in an economy. It is the sum of consumption expenditures by households, investments expenditures by firms, government expenditures as well as the difference between exports and imports:  

$$\text{GDP} = C + I + G + (\text{EX} - \text{IM})$$
- ii. **The Income Approach:** This approach measures the income earned by various factors of production. It is a sum of: compensation to workers, rental income, taxes on production and imports (less subsidies), interest, miscellaneous payments and depreciation.
- iii. **The Production or Value Added Approach:** It is the value of sales of goods minus the purchase of intermediate inputs used to produce the final products.

**C. RATIONALE FOR REBASING / RE-BENCHMARKING THE GDP ESTIMATES****Q4 What is GDP rebasing / re-benchmarking?****Answer:**

Rebasing/ re-benchmarking of the national account series (GDP) is the process of replacing an old base year used to compile volume measures of GDP with a new and more recent base year or price structure. Economies are dynamic in nature. They grow, they shrink, they add new sectors, new products and new technologies, and consumer behaviour and tastes change over time. Rebasing / Re-benchmarking is used to account for these changes, so as to give a more current snapshot of the economy, as well as improve the coverage of economic activities included in the GDP compilation framework<sup>2</sup>. The base year provides the reference point to which future values of the GDP are compared. It is a normal statistical procedure undertaken by the national statistical offices of countries to ensure that national accounts statistics present the most accurate reflection of the economy as possible.

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<sup>2</sup>See footnote 1

**Q5. Key benefits of rebasing/re-benchmarking**

**Answer:**

The key benefit of the rebasing exercise is that its results enables policy makers and analysts obtain a more accurate set of economic statistics that is a truer reflection of current realities for evidence-based decision-making. It also reveals a more accurate estimate of the size and structure of the economy by incorporating new economic activities which were not previously captured in the computational framework.

Rebasing will enable government to have a better understanding of the structure of the economy, an indication of sectoral growth drivers, sectors where policies and resources should be channeled in order to grow the economy, create jobs, improve infrastructure and reduce poverty.

**Q6: How often should a country rebase?**

**Answer:**

The UN Statistical Commission (UNSC) recommends that countries rebase every 5 years, although some countries do at intervals of less than 5 years.

**Q7: Why hasn't Nigeria done it before now?**

**Answer:**

With the abandonment of planning, and consequently the use of data for evidence based decision-making in the 1980s, the development of the national statistical system received less attention. With the return to democracy, strategic planning and evidence based policy and decision-making however, there has been an increase in the demand for accurate and reliable data. The Nigerian Statistical System has also evolved gradually with improving staff capacity, funding, increasing application of technology, and supporting legislation which has made it more feasible to undertake such a demanding exercise at this time, than it would have been some years back.

**Q8. Which other countries have re-based their GDP recently and what was the magnitude?**

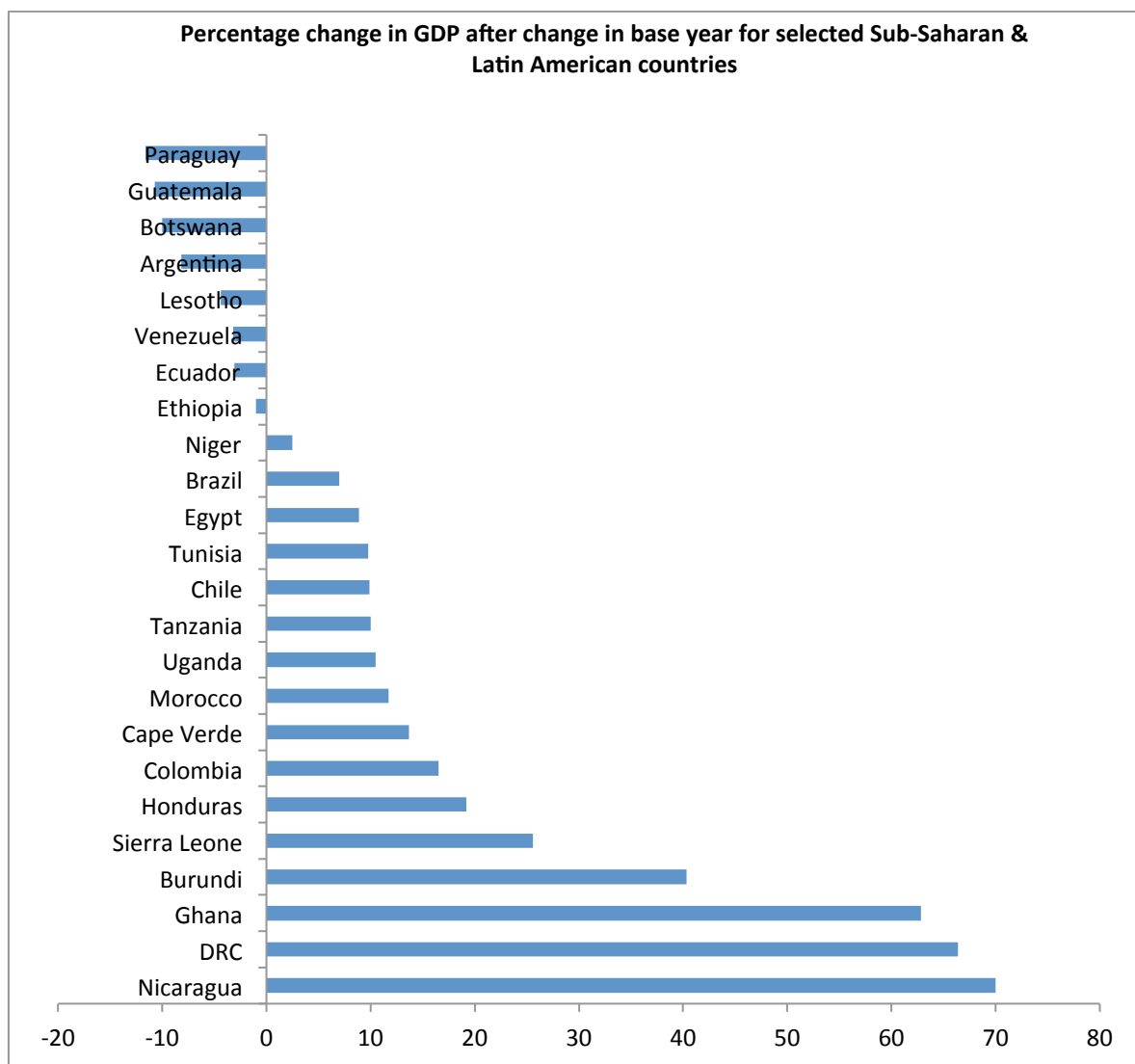
**Answer:**

Table 1 and Figure 1 below show a number of countries that have undertaken rebasing exercise in recent years and the magnitude of the changes.

**Table 1: Statistics on rebasing exercises undertaken by different countries.**

| Country        | Old Base Year | New Base Year | Number of years between base years | % Change in GDP between Old Base and New Base |
|----------------|---------------|---------------|------------------------------------|---|
| Botswana       | 1993/1994     | 2006          | 13                                 | -10   |
| Burundi        | 1996          | 2005          | 9                                  | 40.3  |
| Cape Verde     | 1980          | 2007          | 27                                 | 13.7  |
| DRC            | 2000          | 2005          | 5                                  | 66.4  |
| Egypt          | 2001/2002     | 2006/2007     | 6                                  | 8.9   |
| Ethiopia       | 1999/2000     | 2010/2011     | 12                                 | -1  |
| Ghana          | 1993          | 2006          | 13                                 | 62.8  |
| Lesotho        | 1995          | 2004          | 9                                  | -4.4  |
| Morocco        | 1988          | 1998          | 10                                 | 11.7  |
| Niger          | 1987          | 2006          | 19                                 | 2.5   |
| <b>Nigeria</b> | <b>1990</b>   | <b>2010</b>   | <b>20+</b>                         | <b>???</b>                                    |
| Sierra Leone   | 2001          | 2006          | 5                                  | 25.6  |
| Tanzania       | 2001          | 2007          | 6                                  | 10  |
| Tunisia        | 1990          | 1997          | 7                                  | 9.8   |
| Uganda         | 1997/1998     | 2002          | 5                                  | 10.5  |
| Argentina      | 1986          | 1993          | 7                                  | -8.2  |
| Brazil         | 1985          | 2000          | 15                                 | 7.0   |
| Chile          | 1986          | 1996          | 10                                 | 9.9   |
| Colombia       | 1975          | 1994          | 19                                 | 16.5  |
| Ecuador        | 1975          | 1994          | 19                                 | -3.1  |
| Guatemala      | 1958          | 2001          | 43                                 | -10.7   |
| Honduras       | 1978          | 2000          | 22                                 | 19.2  |
| Nicaragua      | 1980          | 1994          | 14                                 | 70.0  |
| Paraguay       | 1982          | 1994          | 12                                 | -11.6   |
| Venezuela      | 1984          | 1997          | 13                                 | -3.2  |
|                |               |               |                                    |   |

**Figure 1: Percentage change between old and new nominal GDP series for selected countries**



**D METHODOLOGY**

Detailed methodology notes can be found on the website of the National Bureau of Statistics [[www.nigerianstat.gov.ng](http://www.nigerianstat.gov.ng)]

**Q9 What influenced the choice of the base year?**

**Answer:**

This is the first time Nigeria’s GDP estimates will be rebased in almost a quarter century. The last exercise was done in 1990. The UN Statistical Commission (UNSC) recommends that countries rebase their national accounts (GDP) estimates every five years. An “appropriate” base year is one for which data is readily available and which

witnessed relative stability. Currently, Nigeria's base year is 1990, but a new base year of 2010 has been selected for the rebasing exercise. It is expected that by 2016, the GDP will be rebased again using 2015 as base year.

**Q10. How long has it taken to complete this exercise?**

**Answer:**

The preparatory work for the rebasing exercise commenced in the last quarter of 2011. Since then, several activities have been undertaken some of which include field surveys for certain economic activities that were not adequately captured previously, validation with sector experts, and technical assistance from international development partners.

**Q11 What methodology was used for this rebasing exercise?**

**Answer:**

The exercise was conducted in line with internationally-recognised methodology procedures and guides. The National Bureau of Statistics (NBS) started with an update of its survey frame, complemented by a listing exercise. As a result, the size of the sample frame expanded from 83,733 to 851,628 establishments (See Table 2). In addition, the number of economic activities reported in the GDP computation framework increased to 46 compared to 33 in the previous series.

Three major methodological pillars were used to compile the rebased GDP estimates:

- i. The System of National Accounts (SNA 2008 version),
- ii. the International Standard Industrial Classification (ISIC Revision 4), and
- iii. The Central Product Classification (CPC version 2).
- iv. The ongoing development of an SUT for Nigeria:

These are the most up to date methodologies in National Accounting. Less than half of the countries in the world have been able to successfully make these upgrades.

The SNA is the internationally agreed standard set of recommendations on how to compile measures of economic activity.

The ISIC is the international reference for the classification of productive activities. Its main purpose is to provide a set of activity categories that can be used for the collection and reporting of statistics according to such activities.

The CPC is a classification based on the physical characteristics of goods or on the nature of services rendered. Each type of good or service distinguished in the CPC in such a way that it is usually produced by only one activity as defined by the ISIC. The CPC covers products that are output of economic activities.

All of the above are applied into the Supply and Use Table (SUT). The SUT contains a pair of tables, namely, the *Supplytable* and the *Usetable*. The SUT combines the product balances of all individual products (or group of products) in a matrix framework to present a coherent picture of how goods are produced and then supplied versus how they are used within the whole economy.

The development of the Supply and Use Table (SUT) is on-going and will form the basis of the final estimates. Other refinements to be incorporated include the estimation of public administration, the conduct of the National Census on Commerce, Industries and Businesses (NCCIB) and the National Agricultural Sample Census (NASC). The data from these censuses will however be utilized in the next rebasing exercise in 2016. It is also expected that another round of the Harmonized Nigeria Living Standard Survey will be completed by then to give an updated picture for household consumption expenditure.

**Table 2: Survey frame developed during the rebasing exercise**

| <b>NBS Harmonized Frame</b> |  |                  |                      |
|-----------------------------|--|------------------|----------------------|
|                             | <b>Sectors</b>   | <b>NBS FRAME</b> | <b>NBS Old Frame</b> |
| 1                           | AGRICULTURE, FORESTRY AND FISHING                                    | 1,116            | 671                  |
| 2                           | MINING AND QUARRYING   | 971              | 261                  |
| 3                           | MANUFACTURING  | 76,656           | 16,248               |
| 4                           | CONSTRUCTION   | 53,507           | 551                  |
| 5                           | WHOLESALE AND RETAIL TRADE, REPAIR OF MOTOR VEHICLES AND MOTORCYCLES | 502,085          | 16,583               |
| 6                           | TRANSPORTATION AND STORAGE   | 5,902            | 1,418                |
| 7                           | ACCOMMODATION AND FOOD SERVICE ACTIVITIES                            | 13,109           | 5,774                |
| 8                           | INFORMATION AND COMMUNICATION  | 1,719            | 2,183                |
| 9                           | PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES                    | 125,482          | 4,593                |
| 10                          | ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES                        | 2,048            | 1,096                |
| 11                          | EDUCATION  | 34,974           | 24,713               |
| 12                          | HUMAN HEALTH AND SOCIAL WORK ACTIVITIES                              | 13,083           | 6,749                |
| 13                          | ARTS, ENTERTAINMENT AND RECREATION                                   | 805              | 281                  |
| 14                          | OTHER SERVICE ACTIVITIES   | 8,450            | 2,002                |
| 15                          | Real Estate  | 11721            | 610                  |
|                             | <b>Total</b>   | <b>851,628</b>   | <b>83,733</b>        |



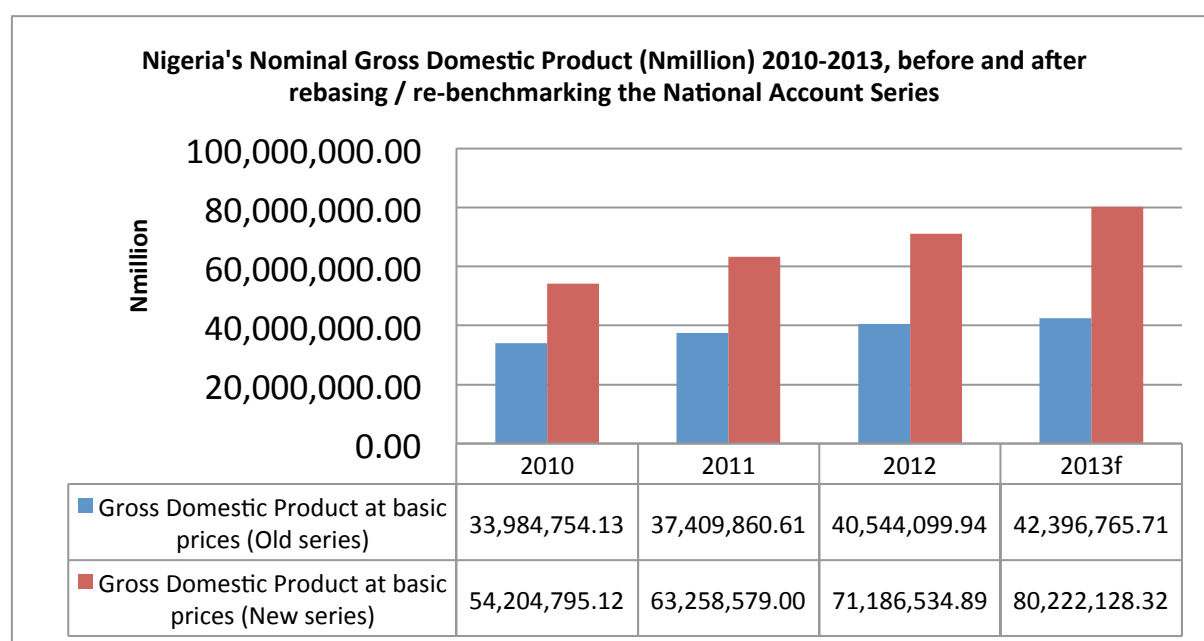
## E. KEY RESULTS FROM THE GDP REBASING EXERCISE

### Q12. What are the significant features of the rebased GDP series?

Answer:

- i. **Nominal GDP much higher than previously estimated:** The rebased estimates indicate that the nominal GDP for Nigeria was much larger than previously estimated. The rebased nominal GDP stood at N54,204,795.12m in 2010, N63,258,579.01m in 2011, N71,186,534.89m in 2012 and (forecast to be) N80,222,128.32m in 2013. This translates to \$US360,644.01million in 2010, \$US408,805.60million in 2011, \$US453,966.81m in 2012 and \$US509,970.14million in 2013 (forecast)<sup>3</sup> (see Table 4)

**Figure2: Nominal Gross Domestic Product, 2010-2013**



<sup>3</sup> The exchange rate used for Nigeria (2010-2012) was the one listed in the World Development Indicators (Local Currency Unit LCU per US\$, period average). In 2010 the value was 150.30; in 2011 it was 154.74 and in 2012 it was 156.81. The 2013 exchange rate is based on the Central Bank of Nigeria's average WDAS/RDAS exchange rate for 2013.

Table 3: Sectoral composition of Nominal GDP in millions of Naira before and after rebasing

| <b>OLD SERIES (Nm)</b>                        |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2010</b>          | <b>2011</b>          | <b>2012</b>          | <b>2013</b>          |
| <b>Agriculture</b>                            | <b>10,310,655.64</b> | <b>11,593,434.13</b> | <b>13,413,842.46</b> | <b>14,709,104.92</b> |
| <b>Industry</b>                               | <b>15,659,521.00</b> | <b>16,569,291.58</b> | <b>16,456,457.10</b> | <b>15,374,554.67</b> |
| - Crude                                       | 14,505,759.31        | 15,285,004.21        | 15,695,654.52        | 13,750,726.84        |
| - Manufacturing                               | 643,070.22           | 694,814.15           | 761,467.00           | 823,860.13           |
|   |                      |                      |                      |                      |
| <b>Services</b>                               | <b>8,014,577.50</b>  | <b>9,247,134.90</b>  | <b>10,673,800.38</b> | <b>12,313,106.11</b> |
| - Telecommunications and information services | 260,707.87           | 292,539.10           | 331,502.79           | 364,499.74           |
| - Motion picture, Sound recording             | -                    | -                    | -                    | -                    |
|   |                      |                      |                      |                      |
| <b>Total Nominal GDP</b>                      | <b>33,984,754.13</b> | <b>37,409,860.61</b> | <b>40,544,099.94</b> | <b>42,396,765.71</b> |
| <b>NEW SERIES (Nm)</b>                        |                      |                      |                      |                      |
|   | <b>2010</b>          | <b>2011</b>          | <b>2012</b>          | <b>2013f</b>         |
| <b>Agriculture</b>                            | <b>12,988,809.19</b> | <b>14,421,928.95</b> | <b>15,918,631.70</b> | <b>17,625,142.90</b> |
| <b>Industry</b>                               | <b>13,992,438.93</b> | <b>17,615,537.36</b> | <b>19,024,322.24</b> | <b>20,671,951.45</b> |
| - Crude Petroleum                             | 8,402,676.40         | 11,080,794.65        | 11,315,033.28        | 11,554,223.51        |
| - Manufacturing                               | 3,578,641.72         | 4,085,393.24         | 4,744,699.37         | 5,476,303.11         |
| <b>Services</b>                               | <b>27,223,547.01</b> | <b>31,221,112.69</b> | <b>36,243,580.95</b> | <b>41,925,033.96</b> |
| - Telecommunications & information services   | 4,931,991.14         | 5,530,155.05         | 6,213,794.01         | 6,974,681.34         |
| - Motion picture, sound recording             | 479,194.45           | 639,245.40           | 853,937.18           | 1,139,942.91         |
| <b>Total Nominal GDP</b>                      | <b>54,204,795.12</b> | <b>63,258,579.00</b> | <b>71,186,534.89</b> | <b>80,222,128.32</b> |

Table 4: Percentage Change in the Nominal GDP between the Old and New Series

| <b>Sector</b>            | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>2013f</b>  |
|--------------------------|---------------|---------------|---------------|---------------|
| <b>Agriculture</b>       | <b>25.97</b>  | <b>24.40</b>  | <b>18.67</b>  | <b>19.82</b>  |
| <b>Industry</b>          | <b>-10.65</b> | <b>6.31</b>   | <b>15.60</b>  | <b>34.46</b>  |
| <b>Services</b>          | <b>239.68</b> | <b>237.63</b> | <b>239.56</b> | <b>240.49</b> |
| <b>Total Nominal GDP</b> | <b>59.50</b>  | <b>69.10</b>  | <b>75.58</b>  | <b>89.22</b>  |

**Table 5: Nigeria- Rebased GDP at Current Basic Prices (Nmillion) 2010- 2013**

| Gross Domestic Product At Current Basic Prices (=N=Million) |               |               |               |                 |
|---|---------------|---------------|---------------|-----------------|
| ACTIVITY SECTOR   | 2010          | 2011          | 2012          | 2013 (forecast) |
| AGRICULTURE   | 12,988,809.19 | 14,421,928.95 | 15,918,631.70 | 17,625,142.90   |
| 1. Crop Production  | 11,650,645.93 | 12,884,849.19 | 14,191,235.47 | 15,662,324.87   |
| 2. Livestock  | 952,730.88    | 1,099,705.03  | 1,234,565.54  | 1,405,490.84    |
| 3. Forestry   | 135,720.90    | 153,045.31    | 170,159.66    | 190,533.96      |
| 4. Fishing  | 249,711.48    | 284,329.42    | 322,671.03    | 366,793.23      |
| MINING AND QUARRYING  | 8,454,554.20  | 11,140,408.09 | 11,382,587.74 | 11,631,349.02   |
| 5. Crude Petroleum and Natural Gas                          | 8,402,676.40  | 11,080,794.65 | 11,315,033.28 | 11,554,223.51   |
| 6. Coal Mining  | 3,218.23      | 3,927.62      | 4,678.59      | 5,641.51        |
| 7. Metal Ores   | 2,354.84      | 2,714.44      | 3,273.02      | 3,859.69        |
| 8. Quarrying and Other Minerals                             | 46,304.72     | 52,971.37     | 59,602.85     | 67,624.31       |
| MANUFACTURING   | 3,578,641.72  | 4,085,393.24  | 4,744,699.37  | 5,476,303.11    |
| 9. Oil Refining   | 255,160.05    | 294,748.21    | 332,090.85    | 378,889.70      |
| 10. Cement  | 221,087.82    | 254,653.27    | 300,680.54    | 350,678.37      |
| 11. Food, Beverage and Tobacco                              | 2,298,522.91  | 2,667,543.92  | 3,158,989.33  | 3,703,565.04    |
| 12. Textile, Apparel and Footwear                           | 352,543.82    | 359,428.71    | 371,114.42    | 380,771.02      |
| 13. Wood and Wood Products                                  | 123,384.10    | 139,411.15    | 158,520.82    | 179,680.96      |
| 14. Pulp, Paper and Paper Products                          | 24,355.21     | 28,529.11     | 33,098.64     | 38,585.51       |
| 15. Chemical and Pharmaceutical Products                    | 25,167.16     | 29,373.94     | 34,143.46     | 39,769.04       |
| 16. Non-Metallic Products                                   | 59,548.40     | 65,293.55     | 71,657.11     | 78,605.67       |
| 17. Plastic and Rubber products                             | 33,859.54     | 41,255.15     | 51,896.35     | 64,256.93       |
| 18. Electrical and Electronics                              | 2,506.55      | 2,816.48      | 3,192.90      | 3,603.65        |
| 19. Basic metal , Iron and Steel                            | 44,474.19     | 53,216.42     | 64,183.87     | 77,106.01       |
| 20. Motor vehicles & assembly                               | 21,890.75     | 25,220.23     | 29,156.99     | 33,649.94       |
| 21. Other Manufacturing                                     | 116,141.22    | 123,903.10    | 135,974.10    | 147,141.27      |
| 22. ELECTRICITY, GAS ,STEAM AND AIR CONDITIONING SUPPLY     | 315,302.59    | 486,162.80    | 654,380.92    | 944,802.53      |

|  |              |               |               |               |
|--|--------------|---------------|---------------|---------------|
| 23. WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION | 72,966.95    | 83,770.57     | 99,900.67     | 116,914.39    |
| 24. CONSTRUCTION   | 1,570,973.47 | 1,819,802.66  | 2,142,753.54  | 2,502,582.39  |
| 25. TRADE  | 8,910,282.11 | 10,325,565.30 | 11,843,529.17 | 13,654,685.03 |
| 26. ACCOMMODATION AND FOOD SERVICES                          | 245,760.58   | 282,439.47    | 327,404.73    | 377,898.66    |
| TRANSPORTATION AND STORAGE                                   | 694,771.81   | 754,079.44    | 881,296.69    | 993,303.97    |
| 27. Road Transport   | 619,136.86   | 670,804.09    | 784,810.74    | 884,248.47    |
| 28. Rail Transport & Pipelines                               | 107.77       | 116.90        | 135.01        | 151.20        |
| 29. Water Transport  | 4,225.75     | 4,705.73      | 5,418.30      | 6,136.25      |
| 30. Air Transport  | 32,673.90    | 36,668.85     | 42,732.74     | 48,878.49     |
| 31. Transport Services                                       | 22,646.26    | 24,775.87     | 29,000.43     | 32,836.45     |
| 32. Post and Courier Services                                | 15,981.28    | 17,008.00     | 19,199.46     | 21,053.12     |
| INFORMATION AND COMMUNICATION                                | 5,960,944.87 | 6,754,904.07  | 7,692,089.42  | 8,780,137.74  |
| 33. Telecommunications and Information Services              | 4,931,991.14 | 5,530,155.05  | 6,213,794.01  | 6,974,681.34  |
| 34. Publishing,  | 14,661.08    | 16,720.63     | 19,072.87     | 21,754.10     |
| 34. Motion Pictures, Sound recording and Music production    | 479,194.45   | 639,245.40    | 853,937.18    | 1,139,942.91  |
| 36. Broadcasting   | 535,098.20   | 568,783.00    | 605,285.36    | 643,759.39    |
| 37. ARTS, ENTERTAINMENT AND RECREATION                       | 30,934.93    | 39,358.21     | 50,075.79     | 63,711.40     |
| FINANCIAL AND INSURANCE                                      | 1,242,813.40 | 1,580,492.35  | 2,050,043.19  | 2,645,195.98  |
| 38. Financial Institutions                                   | 946,032.29   | 1,242,138.08  | 1,656,341.84  | 2,191,719.44  |
| 39. Insurance  | 296,781.11   | 338,354.26    | 393,701.35    | 453,476.53    |
| 40. REAL ESTATE  | 4,127,988.21 | 4,633,587.99  | 5,544,996.12  | 6,429,913.45  |
| 41. PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES          | 1,711,698.01 | 1,950,982.89  | 2,236,209.76  | 2,555,976.99  |
| 42. ADMINISTRATIVE & SUPPORT SERVICES                        | 13,140.14    | 14,911.69     | 16,922.18     | 19,203.68     |
| 43. PUBLIC ADMINISTRATION                                    | 1,998,470.88 | 2,258,293.77  | 2,566,981.58  | 2,909,290.60  |
| 44. EDUCATION  | 826,671.62   | 965,125.17    | 1,133,391.18  | 1,327,104.42  |
| 45. HUMAN HEALTH AND SOCIAL SERVICES                         | 560,047.59   | 639,370.18    | 722,346.00    | 820,373.01    |

|                                    |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| 46. OTHER SERVICES                 | 900,022.87           | 1,022,002.17         | 1,178,295.12         | 1,348,239.05         |
| <b>GDP at Basic prices</b>         | <b>54,204,795.12</b> | <b>63,258,579.00</b> | <b>71,186,534.89</b> | <b>80,222,128.32</b> |
| Net Indirect tax on Products       | 857,086.13           | 732,962.17           | 885,694.91           | 917,401.24           |
| <b>GDP at Current Market price</b> | <b>55,061,881.25</b> | <b>63,991,541.17</b> | <b>72,072,229.80</b> | <b>81,139,529.55</b> |

**Table 6: Sectoral shares of Current GDP (2010-13)**

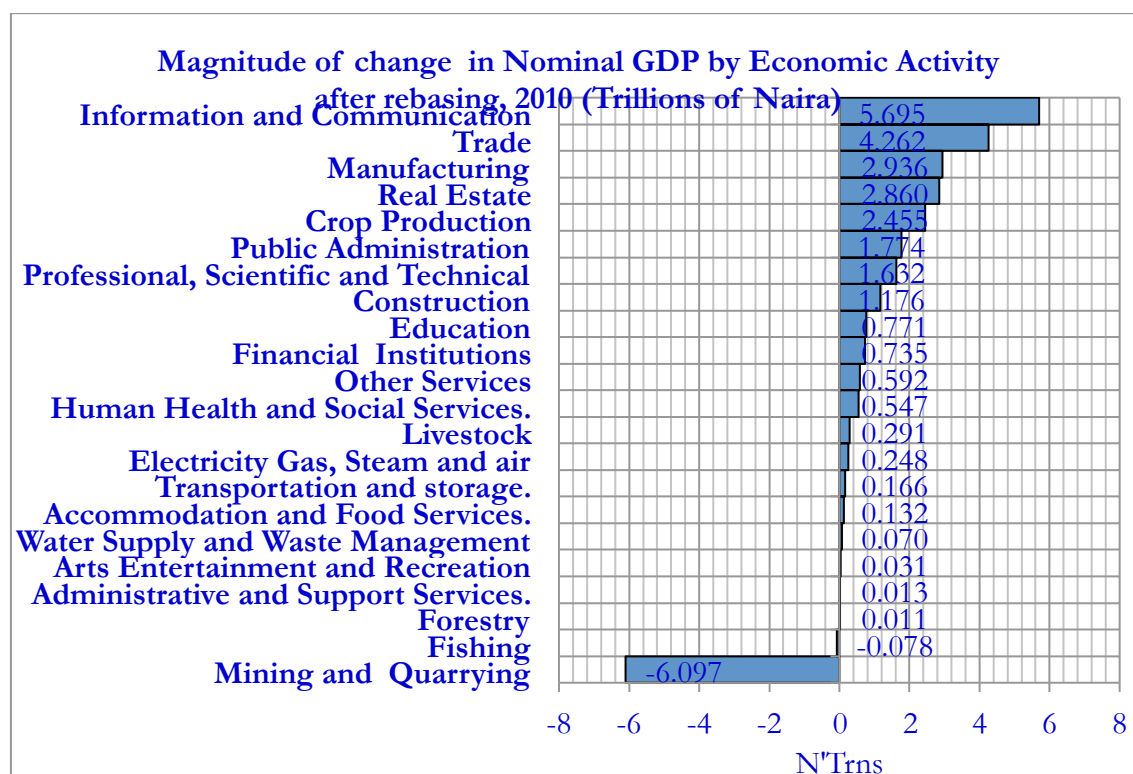
|  | 2010   | 2011   | 2012   | 2013   |
|--|--------|--------|--------|--------|
| ACTIVITY SECTOR                          |        |        |        |        |
| AGRICULTURE                              | 23.96% | 22.80% | 22.36% | 21.97% |
| 1. Crop Production                       | 21.49% | 20.37% | 19.94% | 19.52% |
| 2. Livestock                             | 1.76%  | 1.74%  | 1.73%  | 1.75%  |
| 3. Forestry                              | 0.25%  | 0.24%  | 0.24%  | 0.24%  |
| 4. Fishing                               | 0.46%  | 0.45%  | 0.45%  | 0.46%  |
| MINING AND QUARRYING                     | 15.60% | 17.61% | 15.99% | 14.50% |
| 5. Crude Petroleum and Natural Gas       | 15.50% | 17.52% | 15.89% | 14.40% |
| 6. Coal Mining                           | 0.01%  | 0.01%  | 0.01%  | 0.01%  |
| 7. Metal Ores                            | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| 8. Quarrying and Other Minerals          | 0.09%  | 0.08%  | 0.08%  | 0.08%  |
| MANUFACTURING                            | 6.60%  | 6.46%  | 6.67%  | 6.83%  |
| 9. Oil Refining                          | 0.47%  | 0.47%  | 0.47%  | 0.47%  |
| 10. Cement                               | 0.41%  | 0.40%  | 0.42%  | 0.44%  |
| 11. Food, Beverage and Tobacco           | 4.24%  | 4.22%  | 4.44%  | 4.62%  |
| 12. Textile, Apparel and Footwear        | 0.65%  | 0.57%  | 0.52%  | 0.47%  |
| 13. Wood and Wood Products               | 0.23%  | 0.22%  | 0.22%  | 0.22%  |
| 14. Pulp, Paper and Paper Products       | 0.04%  | 0.05%  | 0.05%  | 0.05%  |
| 15. Chemical and Pharmaceutical Products | 0.05%  | 0.05%  | 0.05%  | 0.05%  |
| 16. Non-Metallic Products                | 0.11%  | 0.10%  | 0.10%  | 0.10%  |

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 17. Plastic and Rubber products                                | 0.06%  | 0.07%  | 0.07%  | 0.08%  |
| 18. Electrical and Electronics                                 | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| 19. Basic metal , Iron and Steel                               | 0.08%  | 0.08%  | 0.09%  | 0.10%  |
| 20. Motor vehicles & assembly                                  | 0.04%  | 0.04%  | 0.04%  | 0.04%  |
| 21. Other Manufacturing  | 0.21%  | 0.20%  | 0.19%  | 0.18%  |
| 22. ELECTRICITY, GAS ,STEAM AND AIR<br>CONDITIONING SUPPLY     | 0.58%  | 0.77%  | 0.92%  | 1.18%  |
| 23. WATER SUPPLY,SEWERAGE, WASTE<br>MANAGEMENT AND REMEDIATION | 0.13%  | 0.13%  | 0.14%  | 0.15%  |
| 24. CONSTRUCTION   | 2.90%  | 2.88%  | 3.01%  | 3.12%  |
| 25. TRADE  | 16.44% | 16.32% | 16.64% | 17.02% |
| 26. ACCOMMODATION AND FOOD<br>SERVICES                         | 0.45%  | 0.45%  | 0.46%  | 0.47%  |
| TRANSPORTATION AND STORAGE                                     | 1.28%  | 1.19%  | 1.24%  | 1.24%  |
| 27. Road Transport   | 1.14%  | 1.06%  | 1.10%  | 1.10%  |
| 28. Rail Transport & Pipelines                                 | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| 29. Water Transport  | 0.01%  | 0.01%  | 0.01%  | 0.01%  |
| 30. Air Transport  | 0.06%  | 0.06%  | 0.06%  | 0.06%  |
| 31. Transport Services   | 0.04%  | 0.04%  | 0.04%  | 0.04%  |
| 32. Post and Courier Services                                  | 0.03%  | 0.03%  | 0.03%  | 0.03%  |
| INFORMATION AND COMMUNICATION                                  | 11.00% | 10.68% | 10.81% | 10.94% |
| 33. Telecommunications and Information<br>Services             | 9.10%  | 8.74%  | 8.73%  | 8.69%  |
| 34. Publishing,  | 0.03%  | 0.03%  | 0.03%  | 0.03%  |
| 34. Motion Pictures, Sound recording and<br>Music production   | 0.88%  | 1.01%  | 1.20%  | 1.42%  |
| 36. Broadcasting   | 0.99%  | 0.90%  | 0.85%  | 0.80%  |
| 37.ARTS, ENTERTAINMENT AND<br>RECREATION                       | 0.06%  | 0.06%  | 0.07%  | 0.08%  |
| FINANCIAL AND INSURANCE  | 2.29%  | 2.50%  | 2.88%  | 3.30%  |
| 38. Financial Institutions                                     | 1.75%  | 1.96%  | 2.33%  | 2.73%  |
| 39. Insurance  | 0.55%  | 0.53%  | 0.55%  | 0.57%  |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| 40. REAL ESTATE                                     | 7.62% | 7.32% | 7.79% | 8.02% |
| 41. PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES | 3.16% | 3.08% | 3.14% | 3.19% |
| 42. ADMINISTRATIVE & SUPPORT SERVICES               | 0.02% | 0.02% | 0.02% | 0.02% |
| 43. PUBLIC ADMINISTRATION                           | 3.69% | 3.57% | 3.61% | 3.63% |
| 44. EDUCATION                                       | 1.53% | 1.53% | 1.59% | 1.65% |
| 45. HUMAN HEALTH AND SOCIAL SERVICES                | 1.03% | 1.01% | 1.01% | 1.02% |
| 46. OTHER SERVICES                                  | 1.66% | 1.62% | 1.66% | 1.68% |
|   |       |       |       |       |

- ii. **Magnitude of revision of 2010 Nominal GDP was 59.5%:** In 2010, therebased nominal GDP represented an increase of 59.5% over the nominal GDP using the old base year, 69.10% in 2011, 75.58% in 2012, and 89.22% in 2013 (forecast).

**Figure 3: Change in Nominal GDP after rebasing / re-benchmarking (2010) by economic activity**

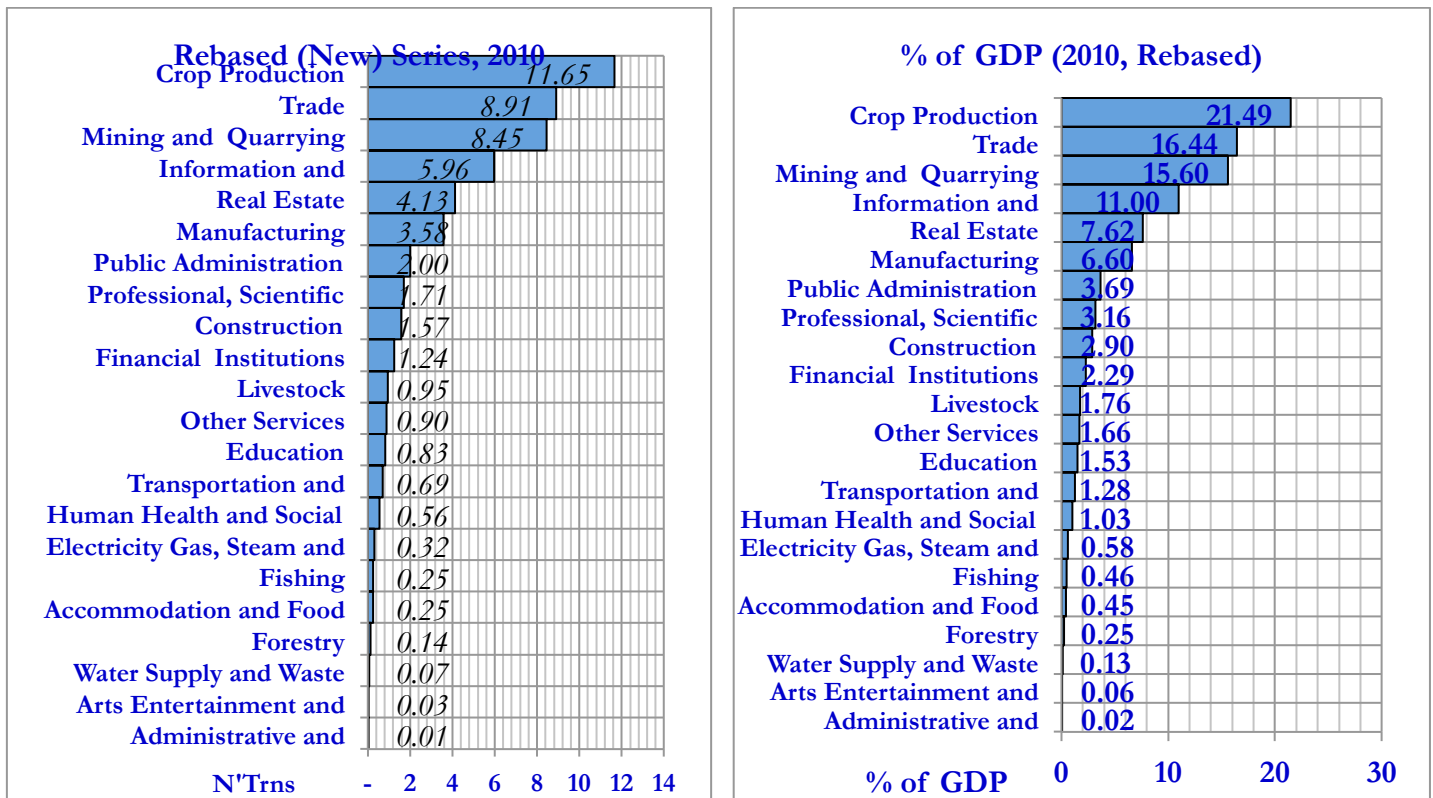


▪ **Emergence of New Giants**

- Crop Production, 21.5% of GDP, and Trade, 16.4%, are now individually now larger than Oil GDP, 15.6%.

- Information and Communication was 11% of GDP in 2010
- Real Estate was 7% of GDP in 2010
- Manufacturing was 6.6% of GDP in 2010
- **New Growth Sectors**
  - Reclassification of production from 33 to 46 reveals many of the new sectors as fast growing, though small.

**Figure 4: Level and Percent change in rebased nominal GPD estimates at 2010**





iii. Real GDP growth post-rebasing is estimated at 5.09% in 2011, 6.66% in 2012, and projected at 7.41% in 2013. Over the period, the economy is expected to grow by an average of 6.39% percent. The Services sector is expected to grow the fastest during this period, increasing by an average of 7.72 percent. This is followed by industry that is expected to grow by 7.19%. The agricultural sector is expected to grow by an average of 2.61 percent during the period.

• **Table 7: Nigeria: Gross Domestic Product at 2010 Constant Basic Price (Nmillion)**

| <b>Gross Domestic Product At 2010 Constant Basic Price (Nmillion)</b> |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| <b>ACTIVITY SECTOR</b>  | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>2013f</b>  |
| <b>AGRICULTURE</b>  | 12,988,809.19 | 13,437,367.04 | 13,808,846.72 | 14,032,549.19 |
| 1. Crop Production  | 11,650,645.93 | 11,914,060.84 | 12,107,582.48 | 12,112,011.50 |
| 2. Livestock  | 952,730.88    | 1,091,453.52  | 1,220,466.46  | 1,383,384.65  |
| 3. Forestry   | 135,720.90    | 152,016.09    | 168,349.55    | 187,685.33    |
| 4. Fishing  | 249,711.48    | 279,836.59    | 312,448.23    | 349,467.71    |
| <b>MINING AND QUARRYING</b>   | 8,454,554.20  | 8,751,190.79  | 8,563,329.10  | 9,017,443.96  |
| 5. Crude Petroleum and Natural Gas                                    | 8,402,676.40  | 8,691,722.05  | 8,496,106.65  | 8,940,850.70  |
| 6. Coal Mining  | 3,218.23      | 3,918.09      | 4,655.59      | 5,602.58      |
| 7. Metal Ores   | 2,354.84      | 2,707.85      | 3,256.94      | 3,833.06      |
| 8. Quarrying and Other Minerals                                       | 46,304.72     | 52,842.80     | 59,309.92     | 67,157.63     |
| <b>MANUFACTURING</b>  | 3,578,641.72  | 3,958,756.11  | 4,503,713.71  | 5,163,495.49  |
| 9. Oil Refining   | 255,160.05    | 286,627.11    | 316,217.59    | 358,333.18    |
| 10. Cement  | 221,087.82    | 247,636.89    | 286,308.63    | 331,652.44    |
| 11. Food, Beverage and Tobacco  | 2,298,522.91  | 2,577,660.22  | 2,989,090.85  | 3,480,692.27  |
| 12. Textile, Apparel and Footwear                                     | 352,543.82    | 349,524.81    | 353,375.23    | 360,111.72    |
| 13. Wood and Wood Products  | 123,384.10    | 135,568.35    | 150,942.01    | 169,930.36    |
| 14. Pulp, Paper and Paper   | 24,355.21     | 27,742.37     | 31,515.81     | 36,491.16     |

| <b>Gross Domestic Product At 2010 Constant Basic Price (Nmillion)</b> |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| <b>ACTIVITY SECTOR</b>  | <b>2010</b>  | <b>2011</b>  | <b>2012</b>   | <b>2013f</b>  |
| Products  |              |              |               |               |
| 15. Chemical and Pharmaceutical Products                              | 25,167.16    | 28,564.61    | 32,511.47     | 37,611.38     |
| 16. Non-Metallic Products   | 59,548.40    | 63,494.54    | 68,232.05     | 74,340.95     |
| 17. Plastic and Rubber products                                       | 33,859.54    | 41,045.80    | 51,418.54     | 63,485.43     |
| 18. Electrical and Electronics  | 2,506.55     | 2,738.87     | 3,040.27      | 3,408.13      |
| 19. Basic metal , Iron and Steel                                      | 44,474.19    | 53,138.42    | 63,823.60     | 76,456.56     |
| 20. Motor vehicles & assembly   | 21,890.75    | 24,525.34    | 27,763.34     | 31,824.28     |
| 21. Other Manufacturing   | 116,141.22   | 120,488.78   | 129,474.33    | 139,157.65    |
| 22. ELECTRICITY, GAS ,STEAM AND AIR CONDITIONING SUPPLY               | 315,302.59   | 441,280.95   | 499,644.22    | 563,740.49    |
| 23. WATER SUPPLY,SEWERAGE, WASTE MANAGEMENT AND REMEDIATION           | 72,966.95    | 81,727.39    | 96,063.15     | 111,151.13    |
| 24. CONSTRUCTION  | 1,570,973.47 | 1,769,662.23 | 2,040,334.31  | 2,366,805.67  |
| 25. TRADE   | 8,910,282.11 | 8,723,126.89 | 10,328,358.92 | 11,133,543.17 |
| 26. ACCOMMODATION AND FOOD SERVICES                                   | 245,760.58   | 267,529.58   | 288,222.12    | 315,090.71    |
| TRANSPORTATION AND STORAGE  | 694,771.81   | 678,644.02   | 699,857.95    | 735,495.06    |
| 27. Road Transport  | 619,136.86   | 602,567.85   | 621,341.05    | 652,290.57    |
| 28. Rail Transport & Pipelines  | 107.77       | 105.01       | 106.89        | 111.53        |
| 29. Water Transport   | 4,225.75     | 4,227.04     | 4,289.71      | 4,526.57      |
| 30. Air Transport   | 32,673.90    | 32,938.78    | 33,831.86     | 36,056.58     |
| 31. Transport Services  | 22,646.26    | 22,255.60    | 22,959.88     | 24,222.73     |
| 32. Post and Courier Services   | 15,981.28    | 16,549.74    | 17,328.56     | 18,287.08     |
| INFORMATION AND COMMUNICATION   | 5,960,944.87 | 6,547,367.40 | 6,884,113.59  | 7,527,847.62  |
| 33. Telecommunications and Information Services                       | 4,931,991.14 | 5,381,152.85 | 5,608,285.50  | 6,058,320.82  |
| 34. Publishing,   | 14,661.08    | 15,619.22    | 15,938.12     | 17,047.29     |
| 34. Motion Pictures, Sound  | 479,194.45   | 597,137.38   | 713,587.17    | 893,299.71    |

| <b>Gross Domestic Product At 2010 Constant Basic Price (Nmillion)</b> |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| <b>ACTIVITY SECTOR</b>  | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>2013f</b>  |
| recording and Music production  |               |               |               |               |
| 36. Broadcasting  | 535,098.20    | 553,457.95    | 546,302.80    | 559,179.80    |
| 37. ARTS, ENTERTAINMENT AND RECREATION                                | 30,934.93     | 39,179.59     | 46,229.87     | 55,313.00     |
| FINANCIAL AND INSURANCE   | 1,242,813.40  | 1,476,383.03  | 1,713,105.54  | 2,072,869.42  |
| 38. Financial Institutions  | 946,032.29    | 1,160,316.65  | 1,384,111.51  | 1,717,509.12  |
| 39. Insurance   | 296,781.11    | 316,066.38    | 328,994.02    | 355,360.30    |
| 40. REAL ESTATE   | 4,127,988.21  | 4,328,366.86  | 4,633,640.71  | 5,038,708.33  |
| 41. PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES                   | 1,711,698.01  | 1,822,468.83  | 1,868,674.45  | 2,002,954.26  |
| 42. ADMINISTRATIVE & SUPPORT SERVICES                                 | 13,140.14     | 13,929.43     | 14,140.91     | 15,048.69     |
| 43. PUBLIC ADMINISTRATION   | 1,998,470.88  | 2,109,536.69  | 2,145,081.82  | 2,279,823.34  |
| 44. EDUCATION   | 826,671.62    | 945,095.84    | 1,000,552.07  | 1,094,620.12  |
| 45. HUMAN HEALTH AND SOCIAL SERVICES                                  | 560,047.59    | 617,772.89    | 636,502.93    | 676,428.71    |
| 46. OTHER SERVICES  | 900,022.87    | 954,681.41    | 984,634.82    | 1,056,527.95  |
|   |               |               |               |               |
| GDP at 2010 constant price  | 54,204,795.12 | 56,964,066.98 | 60,755,046.91 | 65,259,456.29 |
| Net Indirect tax on Products  | 857,086.13    | 660,029.15    | 755,907.50    | 746,291.67    |
| GDP at 2010 constant Market price                                     | 55,061,881.25 | 57,624,096.13 | 61,510,954.41 | 66,005,747.96 |
| Growth at 2010 constant basic prices                                  |               | 5.09          | 6.66          | 7.41          |
| Growth at 2010 Market Prices  |               | 4.65          | 6.75          | 7.31          |

- **NB: 2013f - forecast**

iv. ***Stronger diversification of the Nigerian economy:*** The results indicate that the structure of the Nigerian economy has changed significantly, with the share of nominal GDP attributed to the agricultural sector declining and that of Services rising, indicating stronger diversification of the Nigerian economy than earlier reported. The number of economic activities accounting for 70% of nominal GDP has risen from three to six after

rebasings. In 2013, the six activities would include crop production, trade, crude petroleum and natural gas, telecommunications and information services, real estate as well as food, beverage and tobacco.

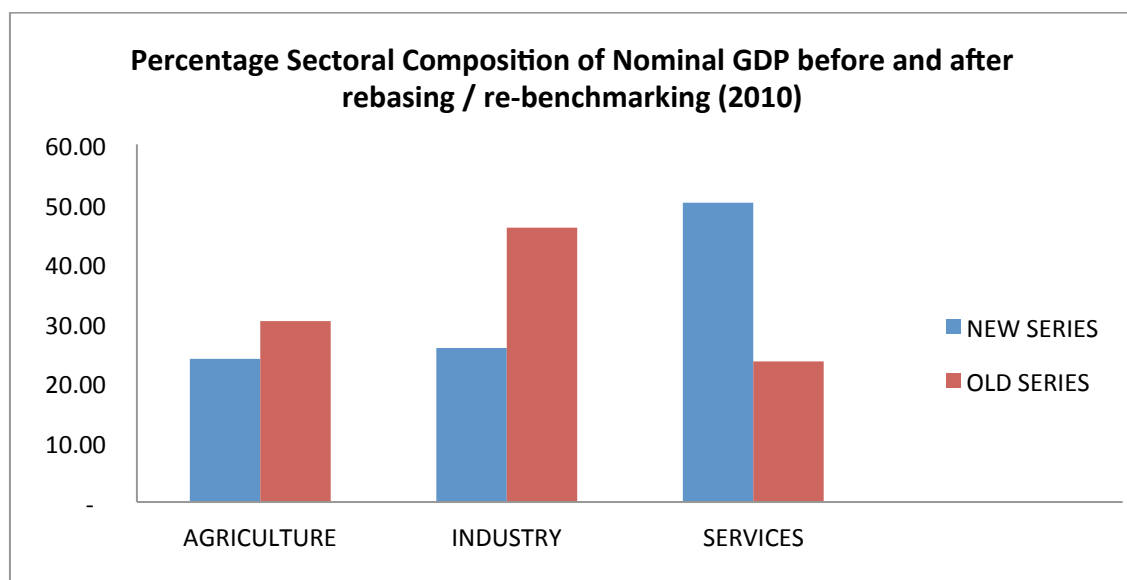
- v. **Better coverage of Services sector:**The economic activities with the most notable changes include human health & social services, information and communication as well as professional, scientific and technical services.
- vi. **Inclusion of new economic activities:** Activities which have been included in the computation framework include entertainment, research, patents and copyrights etc.

**Q13. What was the structure of the Nigerian economy before and after rebasing?**

**Answer:**

There has been a noticeable shift in the share of key industries to the overall country’s GDP. Analysing the 1990nominal series, agriculture contributed 30.3% to the GDP, while industry contributed 46.1% and services contributed 23.6%. According to the rebased 2010 series, the share of agriculture has declined to 24%. The share of industry to the country’s GDP has also declined to 25.8%,while the share of services to the country’s GDP has increased to 50.2%.

**Figure 5: Percentage sectoral composition of 2010 Nominal GDP**

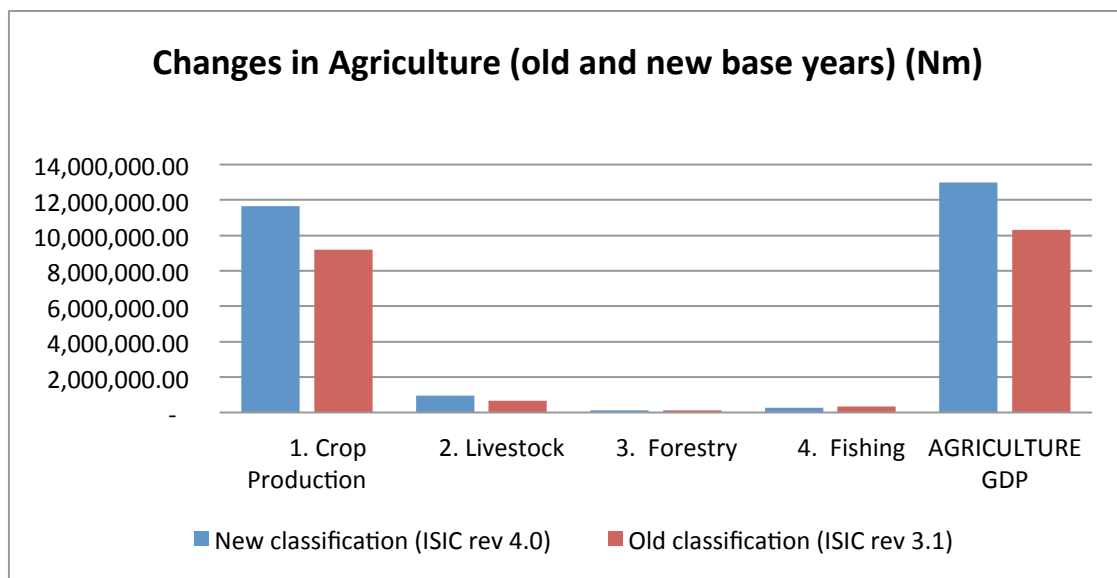


The implication is that Nigeria is moving towards a more services oriented economy as under the new services industry structure information and communication ranks highest next to wholesale and retail trade.

**Agriculture:**

The approach applied to arrive at the value added for crop production and other agricultural statistics before and with the currently rebasing exercise are the same. The only differences are the coverage of more crops for the rebasing exercise, and the imputation of crops estimated for own consumption. The NBS-CBN 2010 Socioeconomic Survey and the Nigerian Exportable Crops Survey for 2010 provided data on quantities, farm gate prices, and input costs of 69 crops. This was larger than crops accounted for by the previous data source used in estimating value added for the agricultural sector.

**Figure 6: Agriculture sector before and after rebasing**



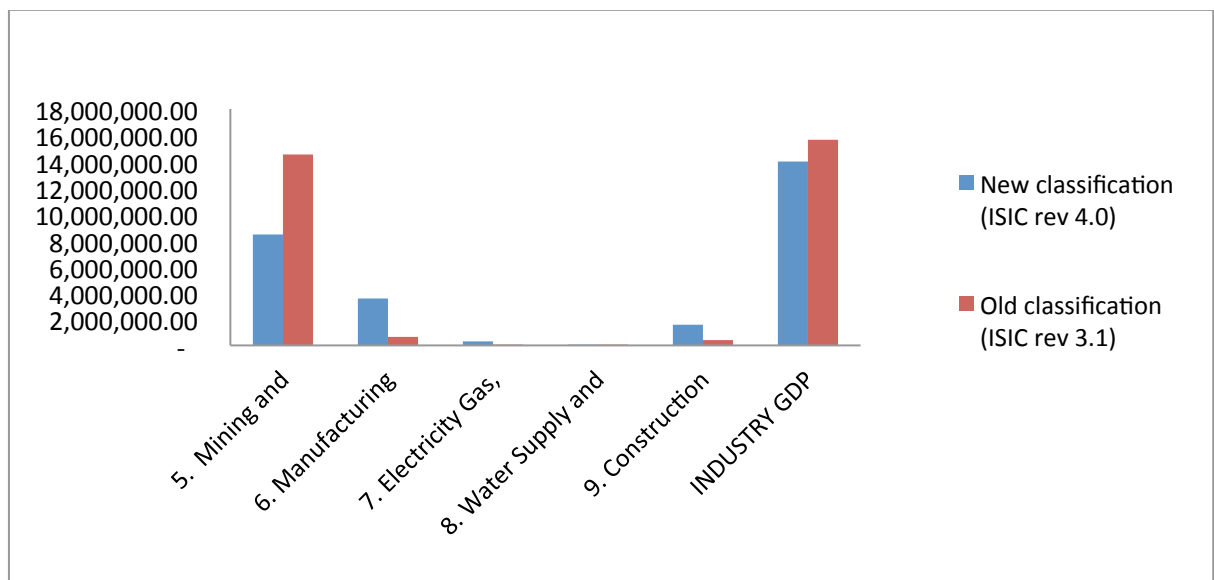
As a result of the change in the source of the data for the agricultural statistics from the NBS National Accounts Quarterly series to the NBS-CBN socio-economic Survey of 2010, there has been a 26.7% increase in the value added on crop

production, a 43.9% increase in the value added of livestock, a 9.2% increase in the value of fishery, and a 23.9 percent decrease in the value of forestry.

**Oil and Gas Production:**

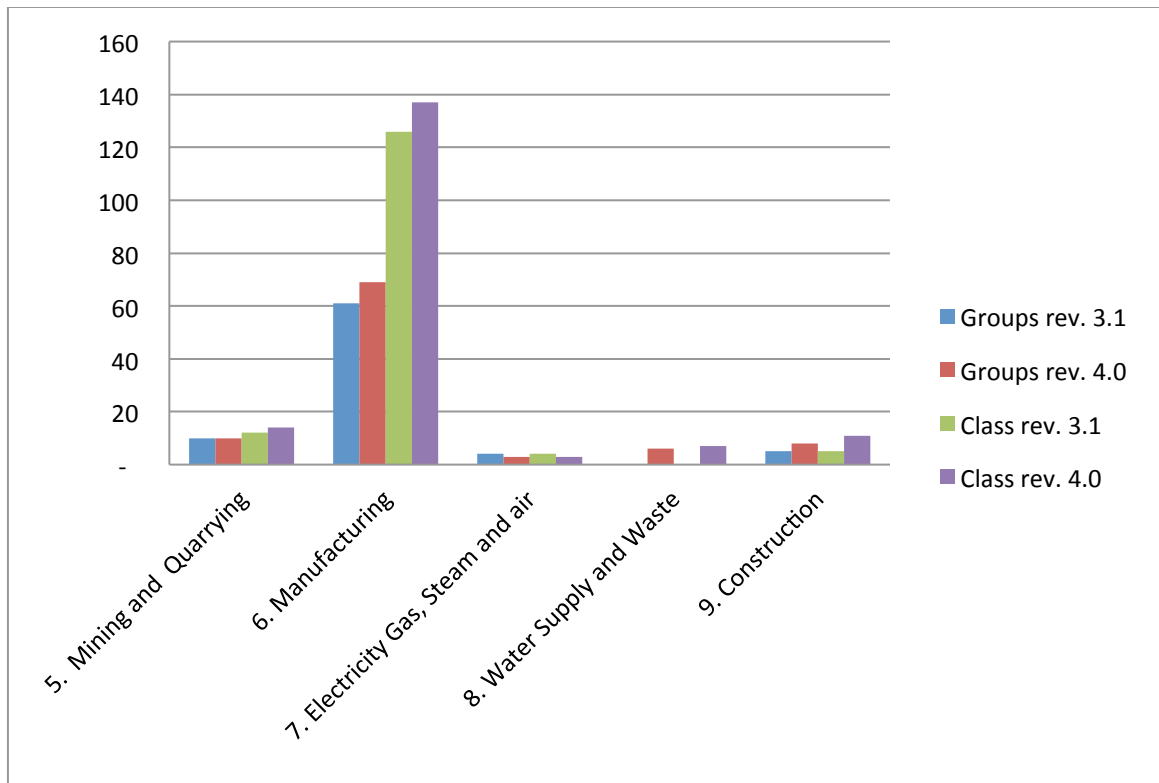
There has been a substantial difference in the estimation procedure of calculating the oil and gas statistics. Before the rebasing project, oil and gas output was compiled using a combination of the annual reports from NNPC, which gave data on the volume of barrels of oil produced, and an estimate of the gas component. The estimation process after the rebasing project still uses the annual reports of NNPC to obtain the data on oil and gas statistics. Intermediate consumption on the other hand is now estimated via annual reports of oil producing companies such as Exxon Mobil Co, Japaul and Oando. Given the change in estimation procedure, there has been a decline in oil and gas value added by 42.1%.

**Figure 7: Composition of Industry (old and new base years) Nm**



As a result of better coverage and use of administrative data, the valued added of the manufacturing sector increased by 456.5% in 2010. Increases were also observed in Electricity, Gas and Steam which increased by 367.6%, Water supply which increased by 2,450.8% and construction has increased by 298.1%.

**Figure 8: Changes in Classification of Groups and Classes ISIC Rev 3.1 vs Rev4**

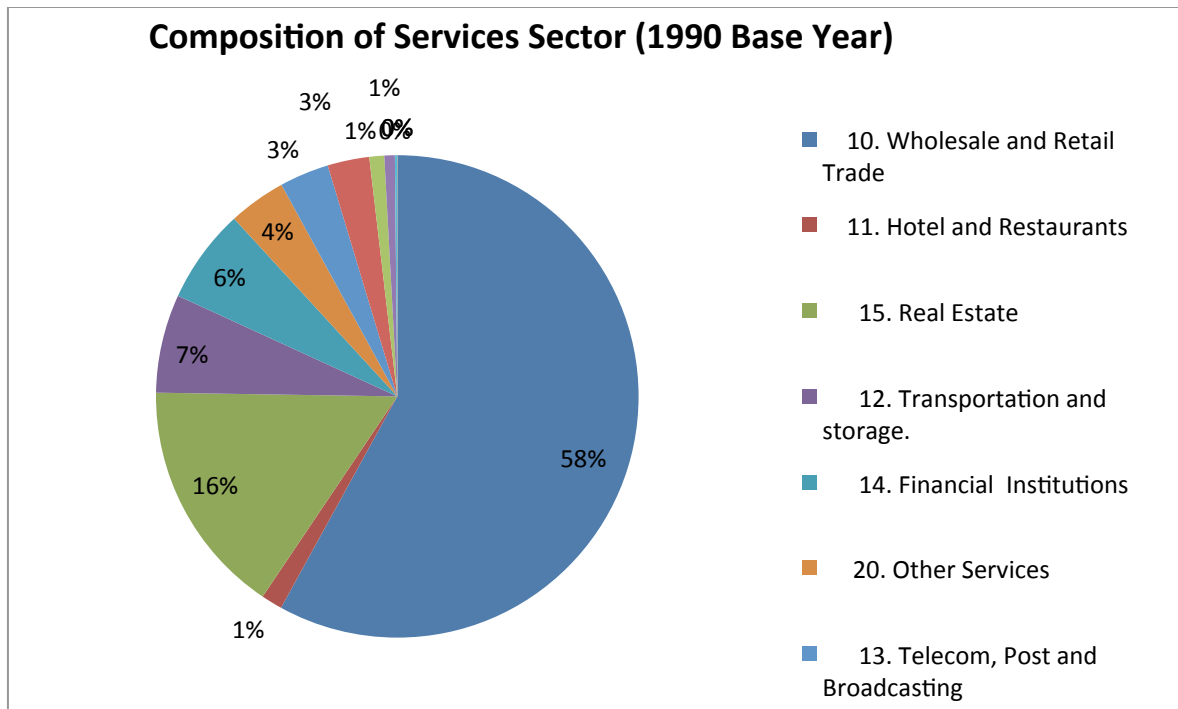


Most noticeably under the Industry classification, the number of manufacturing groups under has increased by 13.1% from ISIC rev 3.1 to rev 4, and the number of classes has increased by 8.7% accordingly (See Figure 7).

### Services:

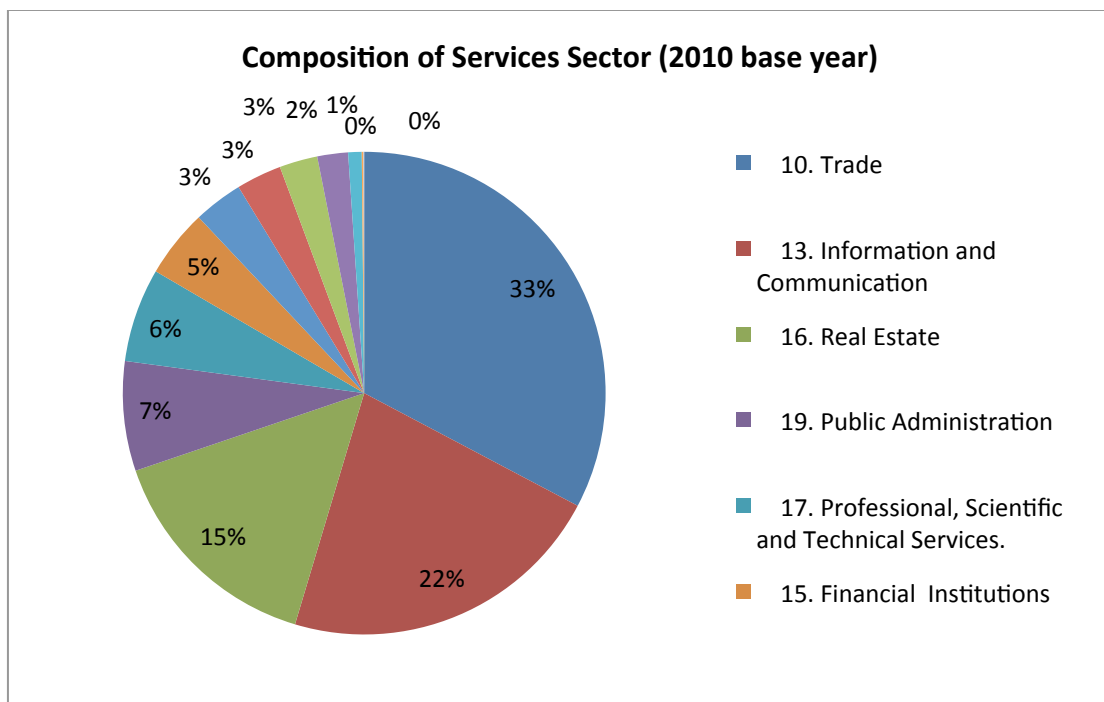
Using the 2010 Nominal GDP estimates at the 1990 base year, analysis of the services sector components indicates that the Wholesale and Retail trade was the largest component of the services sector. Next in rank were Hotel and Restaurants and then Real Estate services sectors.

**Figure 9 a: Composition of Services sector before rebasing**



Using 2010 as the new base year, while Wholesale and Retail trade remains the largest component to the services sector, Information and Communication ranks next, followed by the Real Estate Services

**Figure 9b: Composition of Services sector after rebasing**





The methods of deriving the value added for information and telecommunication services are the same for the previous and rebasing estimates, except that there is more coverage under the rebased estimates. Previously, only turnover and costs on only active lines were captured. The data collected for the rebasing project includes data on SMS, internet services, data bundle, handsets and accessories, e-service. Also, a survey was conducted for smaller market participants in the sector (See figure 9).

**Q13b. What were the main reasons for the changes observed between the old series and the rebased figures?**

**Answer:**

The rebasing exercise has lasted for nearly 3 years, involving enormous data collection activities and resources. Principally, the objective exercise is to ensure that, to the greatest extent possible, Nigeria’s GDP statistics are a good reflection of the size, structure, composition and growth of the Nigerian economy.

To achieve this, NBS has:

- i. Carried out some methodological improvements over what obtained previously
- ii. Increased its coverage of various economic activities in the Nigerian economy
- iii. Expanded its survey frames by a hundred times with a survey listing exercise, to complement existing frames
- iv. Reclassified certain activities in line with current international statistical guidelines for national accounting (applying SNA 2008 and ISIC Rev 4.0 compared to SNA 1993 and ISIC 3.1 previously)
- v. Improved its use of administrative data
- vi. Documented the processes undertaken including the methodological refinements, reclassification of economic activities, etc
- vii. Instituted a process of validation and quality assurance to ensure that the estimates measure up to the highest standards
- viii. Emphasised a highly consultative and transparent process, granting access to both domestic and external experts all through the period of the exercise.

- ix. Published a data release calendar on the NBS website which shows the expected timelines of deliverables, together with a list of activities to be undertaken and concluded in the rebasing exercise. Although the extensive nature of the work as well as the validation processes has caused NBS to miss some of its delivery dates during the exercise, NBS has continued to ensure that the public remains well-informed about the progress of the exercise.

## **F. GDP REBASING AND ITS IMPLICATIONS FOR SOCIAL DEVELOPMENT**

**Q14. Do the new numbers imply that Nigeria is now a richer country?**

**Answer:**

No, rebasing will not change the facts of our economy overnight. It will not make poverty and unemployment disappear overnight but it will give us the tools and the policy ability, to tackle these problems in order to reduce poverty and improve the welfare of our people. The rebased GDP numbers imply that the level of economic activity is much higher than previously reported. It indicates a clearer picture of Nigeria’s economic landscape, and the significant opportunity for growth and wealth creation in the Nigerian economy.

**Q15. Why are poverty and unemployment “high” when the economy is “doing well” as shown by rebased GDP?**

**Answer:**

The rebasing exercise has revealed that the key determinant of the expanding output/GDP growth has been the dominance of capital-intensive rather than labour-intensive activities. This suggests that increasing adoption of technology is leading to an expansion of output without the need to employ more labour. Rebasing does not change the challenges of poverty or unemployment but rather measures the economy more accurately so that policy can be designed to address them.

**Q16. Of what importance is the rebasing exercise to the “common man”?**

**Answer:**

Rebasing the GDP does not correct for inequality (where the benefits of a higher GDP may be concentrated in a few hands) or solve poverty problems; rather it brings the comparison of GDP estimates to the closest picture of reality as possible. Having a better (and more accurate) picture of the economy is crucial to informing policy makers, investors and even consumers on the current economic trends which will help them make better informed decisions regarding their economic choices. For example, policy makers may identify inequality as a factor inhibiting a more inclusive distribution of output / GDP growth and consequently design policies and programmes to address that inequality so that output / GDP growth is shared more equitably. It is in this way, the “common man” will feel the benefits of GDP rebasing exercise.

#### **G. IMPLICATIONS OF GDP REBASING FOR KEY MACROECONOMIC AGGREGATES AND THE NIGERIAN ECONOMY**

**Q17. What is the impact of the rebased numbers on the Nigerian economy?**

**Answer:**

Nigeria’s GDP is expected to be a more accurate reflection of the structure and size of current economic activities in the country, presenting a clearer sectoral distribution and performance. As a result, better investment choices are expected to be made resulting in higher profitability and even higher investments. This will help create jobs and also reduce poverty in Nigeria in the medium to long term.

**Q18. In view of the rebased estimates, does it mean that Nigeria’s GDP for the last 20 years has been inaccurate?**

**Answer:**

The rebased numbers are a better reflection of the true size and structure of the economy. It does not mean the old series are wrong; it means we are capturing more activities and measuring better.

**Q19. What is the implication of the rebased GDP estimates on the real and nominal GDP?**

**Answer:**

Nominal GDP measures the level of economic activity using the current year's price level and quantities to obtain the total value of goods and services. Real GDP measures the level of economic activity by making reference to a pre-selected base year, for the purpose of "cancelling out" price effects in the computation of the value of goods and services (to obtain the "real" value). Thus, at the base year, the nominal and real values of the GDP estimates are equal.

**Q20. What are the implications for the private sector?**

**Answer**

The exercise will provide significant support for the growing pool of investors, especially foreigners and Nigerians in the diaspora, seeking a more accurate view of local conditions. Investors looking for local fixed-income and equity markets investments would be encouraged by both lower aggregate indebtedness as well as the higher purchasing power. The inflow of foreign direct investment (FDI) will improve further to take advantage of the higher domestic spending power while local investment would increase.

**Q21. Does the result of the rebasing exercise mean the country is rich enough and it no longer qualifies to receive concessional donor funds?**

**Answer**

Not necessarily, as there are other criteria that determines whether a country qualifies for concessional lending or not. Further, there are different windows for borrowing apart from concessional lending. It is worthy to note that even before the rebasing exercise, the country was already in the process of transitioning from a low-income economy, covered under the World Bank's International Development Association (IDA), to a lower-middle-income economy under the World Bank's International Bank for Reconstruction and Development (IBRD) programme over the three years to 2016 even without rebasing. While Nigeria still

receives some funding under IDA, most new projects will be under less concessional IBRD terms.

**Q22. How does the rebased estimates affect government revenue base?**

**Answer:**

The rebased series indicate broader classifications and economic activities, revealing opportunities for expanding the tax base. Government efforts at curbing leakages and improving the success of revenue collecting and revenue generating agencies are expected to improve the overall fiscal position of Government.

**Q23. What is the implication of the rebased GDP for government's fiscal position?**

**Answer:**

Rebasing gives us a better sense of economic activity because we know much more about the economy. It complements our tax administration strategies and our abilities to generate more income. Fiscal deficit is a function of government revenue and expenditure and are not directly influenced by the GDP figures. Government also considers other factors apart from fiscal space in determining the level of deficit. Such factors include the effect on "crowding in/out" of the private sector, the size of the national sovereign debt and future debt servicing as well as debt restructuring costs, among others.

**Q24. Does the result of the GDP rebasing exercise validate the effectiveness of government policies?**

**Answer:**

The 2010 Rebasing exercise provides GDP estimates for 2010, 2011, and 2012. To appropriately evaluate the effectiveness of any government policy, a more focussed analytical study is required, which may (not) utilise the results of the GDP rebasing exercise.

**Q25. What government policies have been implemented in recent years, which may have been responsible for these levels and the trend of nominal GDP between 2010 and 2012?**

**Answer:**

It should be noted that the rebasing exercise does not in itself reflect the effectiveness or otherwise of public policy. Rather, it presents a more up-to-date picture of the actual size and structure of the Nigerian economy in nominal terms. In fact, “government policy” has not changed between the “old” GDP series reported and the rebased series being released now. It is just that NBS is measuring more accurately the true state of affairs in each sector than before. A longer period of data (say 3-5 years) may provide more information about the effectiveness of government policies in each sector based on the rebased nominal GDP.

**Q26. What are the implications of the GDP rebasing exercise for monetary policy and monetary variables?**

**Answer:**

An increase in GDP is likely to result in an increase in money supply. The rebasing of GDP is expected to boost Nigeria’s financial market ratings as investors show greater interest in the economy. This will increase both local and foreign investment and therefore shore up financial instruments. Over the medium term, interest rate may increase while the external sector indicators including exchange rate and external reserve could improve as resource outflow subsides and resource inflow improves. Capital market indicators should also improve, but will remain low when compared to the GDP. In that regard, efforts should be intensified to encourage large companies in Nigeria to get listed on the stock exchange.

**Q27. Do the results of the rebasing exercise mean that Nigeria can borrow more?**

**Answer:**

A higher GDP means that the ratio of debt to GDP would be lower, increasing the allowance to borrow. For instance, total debt stock as a percentage of GDP would decline from 19% to 11% in 2012 between the old and the new base years (See table 8).

**Table 8: Public debt as share of GDP (%) 2012**

|                                    | Using old GDP series | Using rebased GDP series |
|------------------------------------|----------------------|--------------------------|
| Public Debt stock, Nmillion (2012) | 7,554,258.00         | 7,554,258.00             |
| Nominal GDP, Nmillion (2012)       | 40,544,099.94        | 71,186,534.89            |
| Total public debt - GDP, % (2012)  | 19%                  | 11%                      |

It is a policy choice however, for fiscal authorities whether to borrow or not to borrow. In any case, government debt policy is based on prudent and conservative debt management strategy.

**Q28. How come GDP is growing while de-industrialization occurs?**

**Answer:**

The 2010 Rebasing Exercise suggests not only that Nigeria’s GDP has increased phenomenally in nominal terms, but also that the share of Agriculture has reduced considerably while Services has increased. Thus, GDP growth can occur while the share of industry reduces as other economic sectors/activities become more prominent.

**Q29. How does one become richer on paper as evidenced by the rebased GDP estimates (per capita basis) without real cash in one’s bank account?**

**Answer:**

GDP is a macroeconomic aggregate that depicts the totality of economic output within a nation’s borders. i.e the total value of goods and services produced within an economy in a given period of time. While it depicts how rich a nation is, this is not necessarily the same as showing how rich the individuals in the nation are, since it is possible that a few individuals are responsible for generating (and owning) a larger portion of such income (output/wealth). This is the challenge of unequal distribution of wealth.

**Q30. Is the rebasing exercise intended to enable Nigeria be the largest economy in Africa?**

**Answer:**

No. The rebasing exercise is a normal statistical activity undertaken to ensure the accuracy and currency of GDP estimates. It is expected to be undertaken every five years by the national statistical office of each country. It is undertaken by each and every country that estimates and reports its national account figures to the international statistical community, which also provides some validation on each country's statistical outputs. As such, it is difficult for any one country to work in such a way as to manipulate its figures for the sole purpose of appearing larger, without international scrutiny and validation.

The observation that Nigeria's economy is the largest African economy is a positive development for Nigeria. But rebasing is an opportunity to boost Nigeria's growth and development, not an end itself. It should inspire us to work harder to make the economy work better for Nigerians.

**Q31. What will Nigeria's international ranking become in terms of Nominal GDP and GDP per capita?**

**Answer:**

Figure 10 shows the relative position of Nigeria with respect to other countries in terms of 2010 GDP in PPP Constant 2005 international dollars. Similar graphs can be shown for 2011 and 2012. The top graph shows all countries and the bottom graph shows countries on the right hand side of the top graph, showing fewer countries so that one can see the specific countries that are just below and above Nigeria. Note that this would change slightly with the new implicit GDP deflators that the NBS is calculating.



**Figure 10: Country rankings by 2010 GDP in Purchasing Power Parity (constant 2005)**

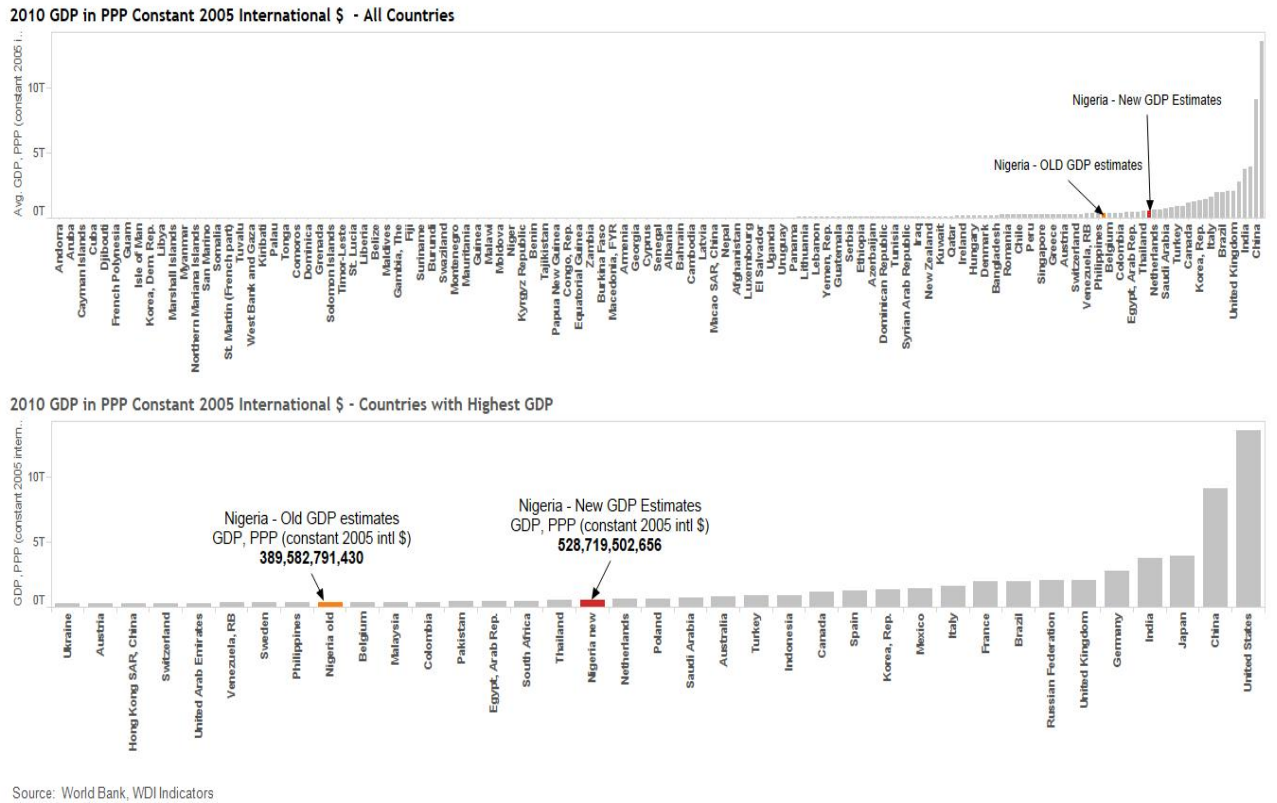


Figure 11 shows the international comparisons for 2010, 2011 and 2012 in current US Dollars. The exchange rate used for Nigeria was sourced from the World Development Indicators (Local Currency Unit LCU per US\$, period average). In 2010 the value was 150.30; in 2011 it was 154.74 and in 2012 it was 156.81.

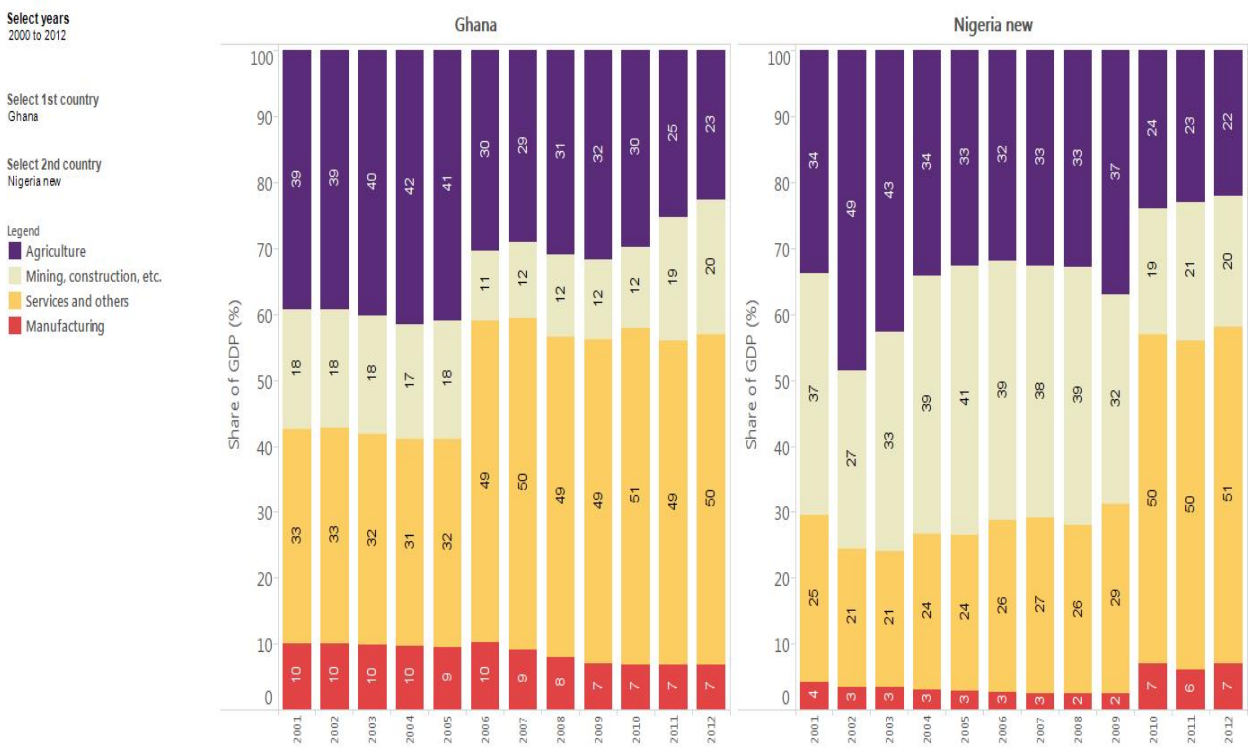




This change in the share of services is not unusual when a rebasing and benchmark revision exercise is carried out. Figure 13 compares the trend over time of Ghana to Nigeria. The figure also shows a sharp increase in the share of services in Ghana after rebasing in 2006.

**Figure 13: Nigeria / Ghana- Comparison of structure of GDP 2000-2012, before and after GDP rebasing.**

Comparison of Structure of GDP



Source: For all but Nigeria new, 2010-2012, WDI Indicators (updated on April 4, 2014)  
For Nigeria new, 2010-2012, Nigeria Bureau of Statistics, April 6, 2014

Finally, the higher share of services in GDP is not unusual for economies around the level of GDP per capita as Nigeria. With higher GDP per capita, the share of services can be higher. Figure 13 compares the structure of GDP of South Africa with the new estimates of GDP for Nigeria.

**Figure 14: Nigeria / South Africa - Comparison of structure of GDP 2001-2012, before and after GDP rebasing**

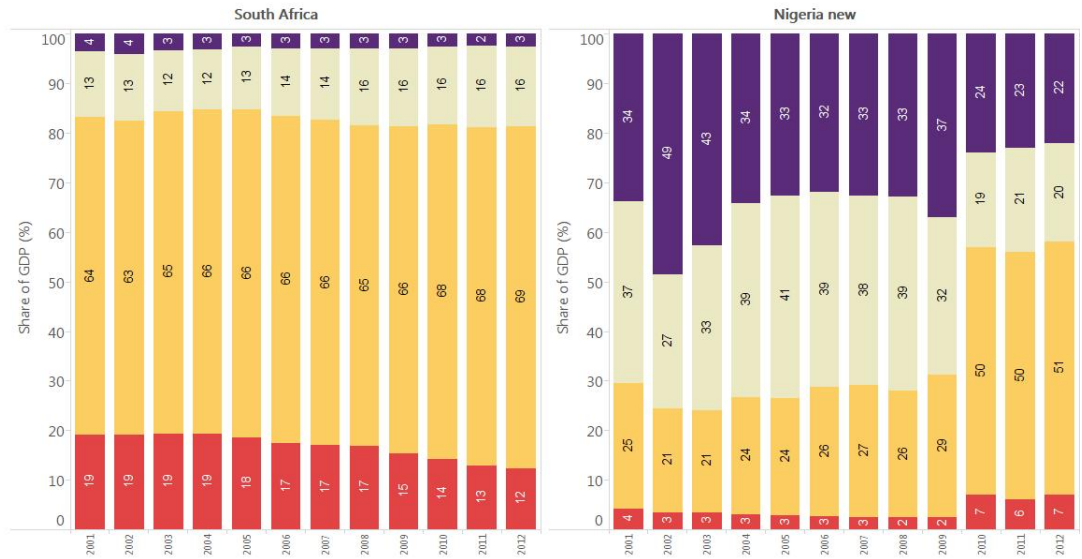
Comparison of Structure of GDP

Select years  
2000 to 2012

Select 1st country  
South Africa

Select 2nd country  
Nigeria new

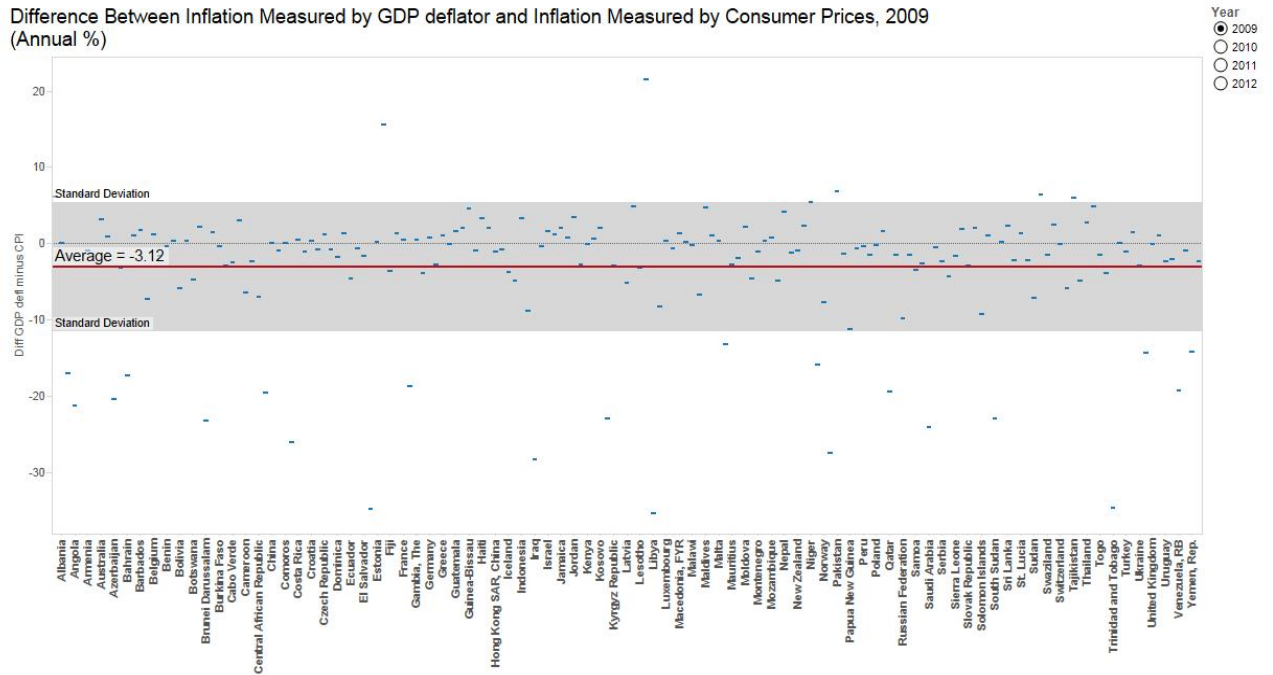
Legend  
 Agriculture  
 Mining, construction, etc.  
 Services and others  
 Manufacturing



Source: For all but Nigeria new, 2010-2012, WDI Indicators (updated on April 4, 2014)  
 For Nigeria new, 2010-2012, Nigeria Bureau of Statistics, April 6, 2014

Figure 15 illustrates the point that it is not uncommon for inflation measured by the GDP deflator to be different from inflation measured by the Consumer Price Index. The graph shows the results for 2009 with all values, along with the average (shown by the red line) and plus and minus 1 standard deviation (shown in the shaded area).

**Figure 15: Differences in measuring inflation by GDP Deflator and Consumer Prices, 2009**



Source: World Bank, World Development Indicators

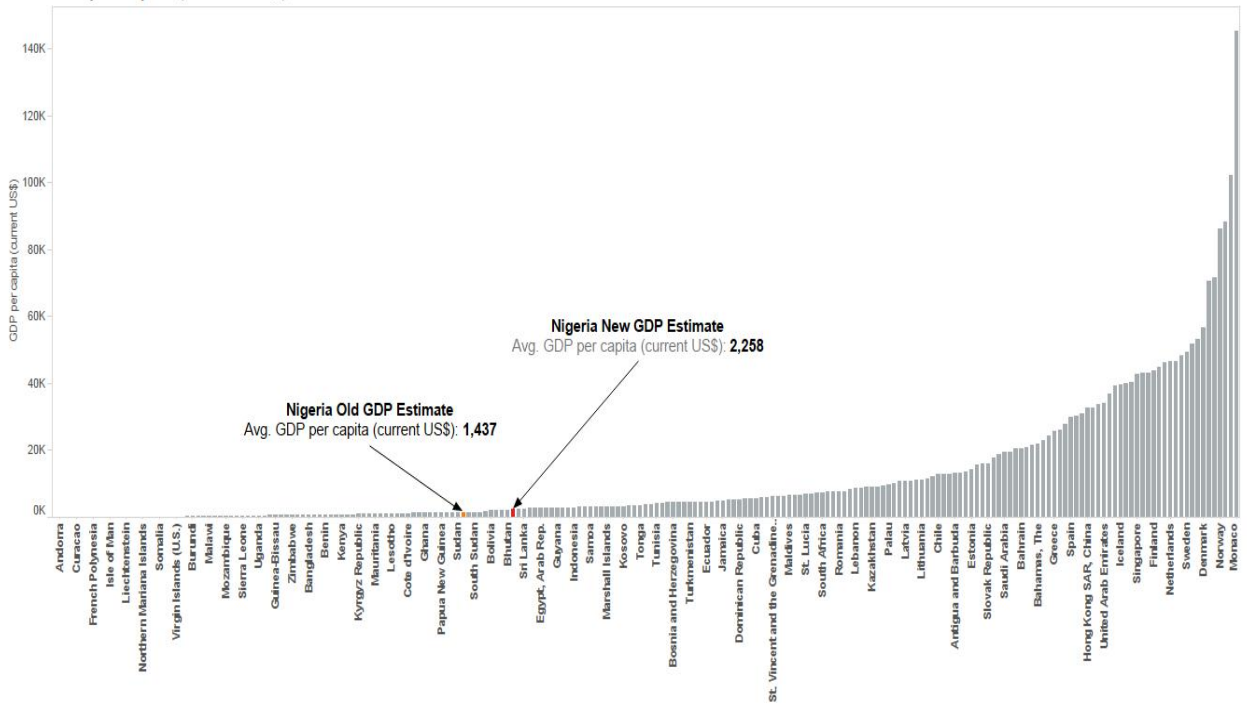
**Q32. Given the rebased nominal GDP estimates, how does Nigeria rank in terms of per capita GDP?**

**Answer:**

Figure 16 shows Nigeria’s GDP per capita (in current US\$) compared with other countries. We show all countries and the set of countries around the value of Nigeria for 2010, 2011 and 2012 with the old and the new GDP estimates. It is also possible to show Nigeria’s position in PPP terms.

**Figure 16: Country rankings of GDP per capita, 2010**

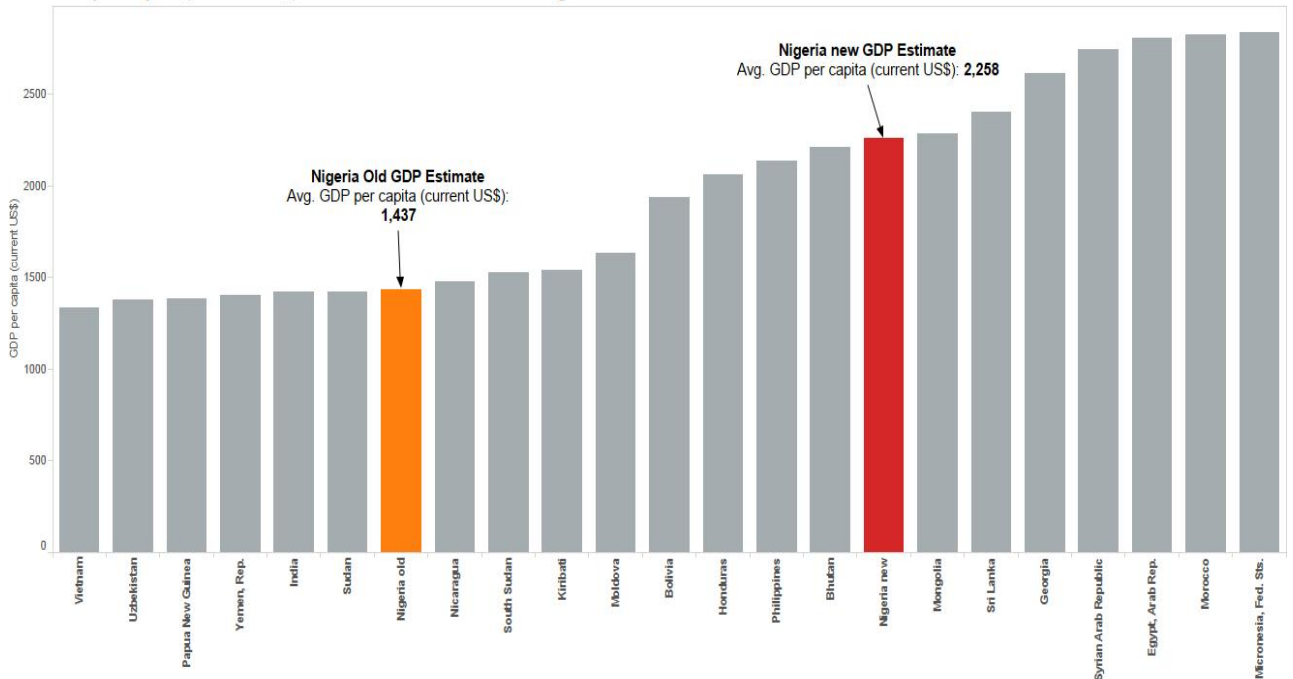
2010 GDP per capita (current US\$) - All countries



Source: All but Nigeria new GDP estimate, World Bank, World Development Indicators, April 4, 2014  
 Nigeria new GDP estimates - Nigeria Bureau of Statistics, April 6, 2014

**Figure 17: Nigeria's relative position in world rankings by GDP per capita, 2010**

2010 GDP per capita (current US\$) - Countries around value of Nigeria

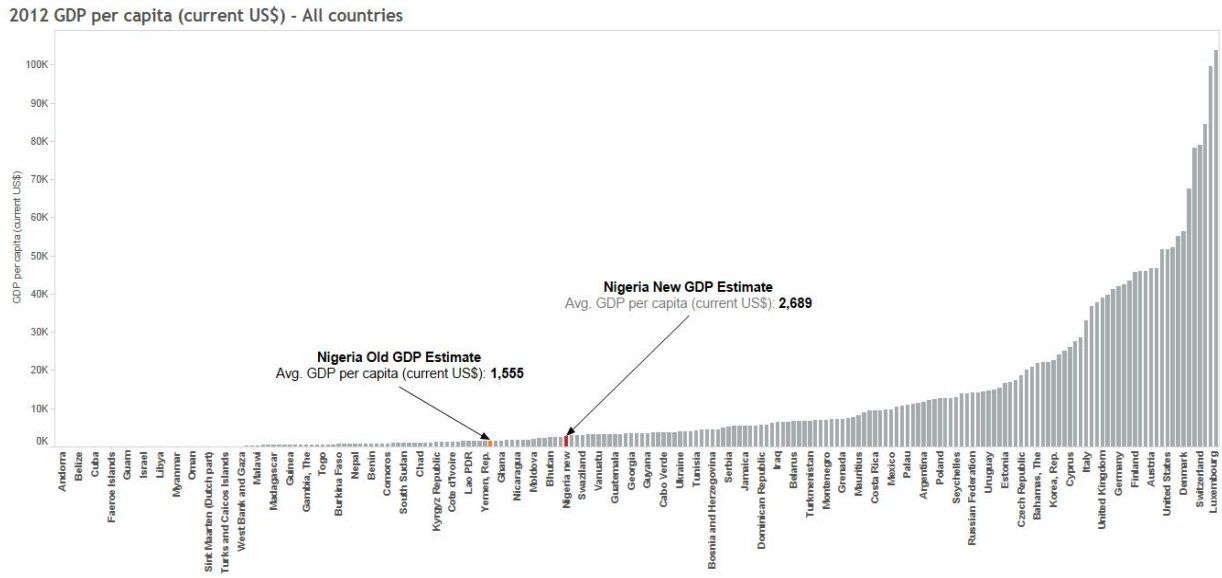


Source: All but Nigeria new GDP estimate, World Bank, World Development Indicators, April 4, 2014  
 Nigeria new GDP estimates - Nigeria Bureau of Statistics, April 6, 2014



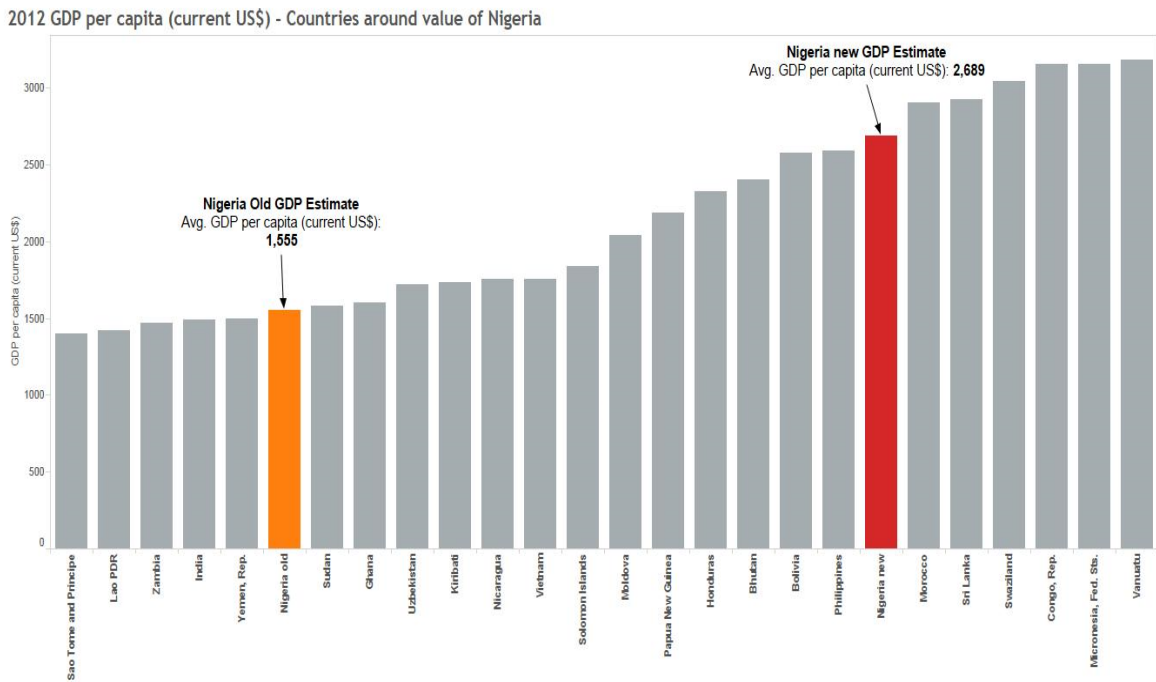


**Figure 20: Country rankings of GDP per capita, 2012**



Source: All but Nigeria new GDP estimate, World Bank, World Development Indicators, April 4, 2014  
 Nigeria new GDP estimates - Nigeria Bureau of Statistics, April 6, 2014

**Figure 21: Nigeria's relative position in world rankings by GDP per capita, 2012**

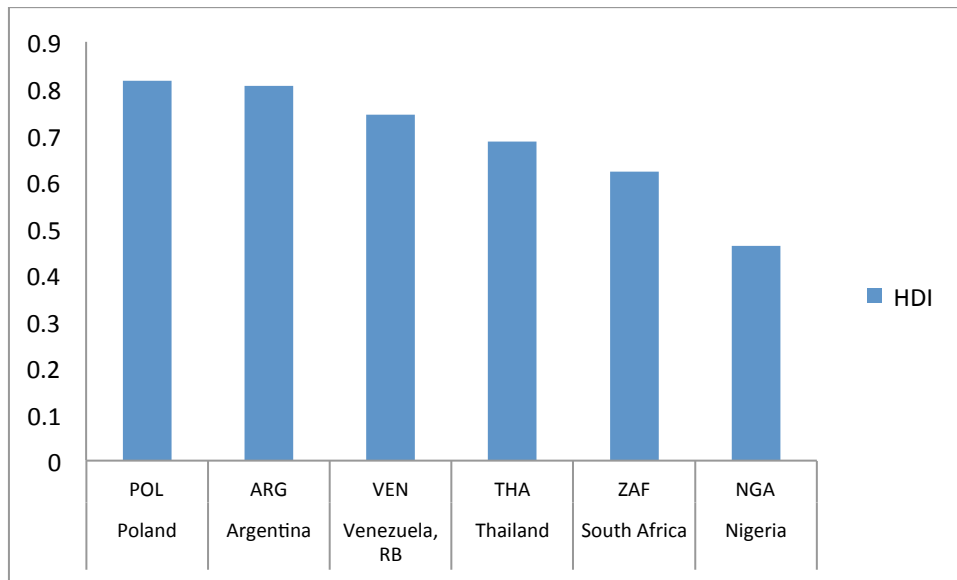


Source: All but Nigeria new GDP estimate, World Bank, World Development Indicators, April 4, 2014  
 Nigeria new GDP estimates - Nigeria Bureau of Statistics, April 6, 2014

**33. Given the rebased nominal estimates, how does Nigeria Rank relative to other countries in its new economic bracket?**

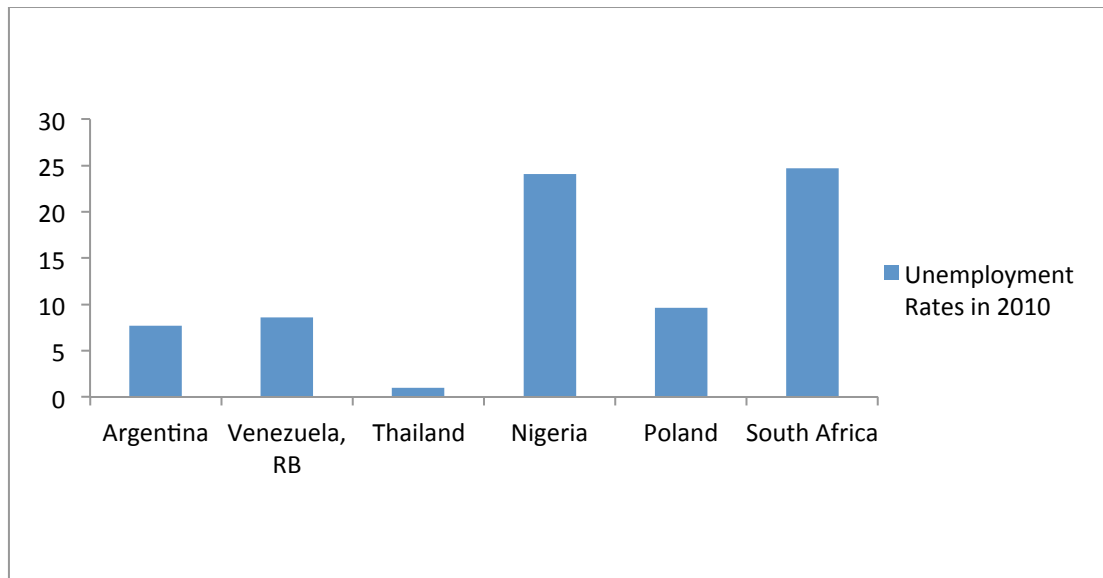
The New 2010 Nominal GDP estimates converted to U.S. Dollars ranks Nigeria as the 26th largest economy in the world, just behind Argentina, Belgium and Poland, but ahead of Austria, South Africa, Venezuela and Colombia.

**Figure 22: Relative Country Ranking in HDI, 2010**



Source: World Bank Database

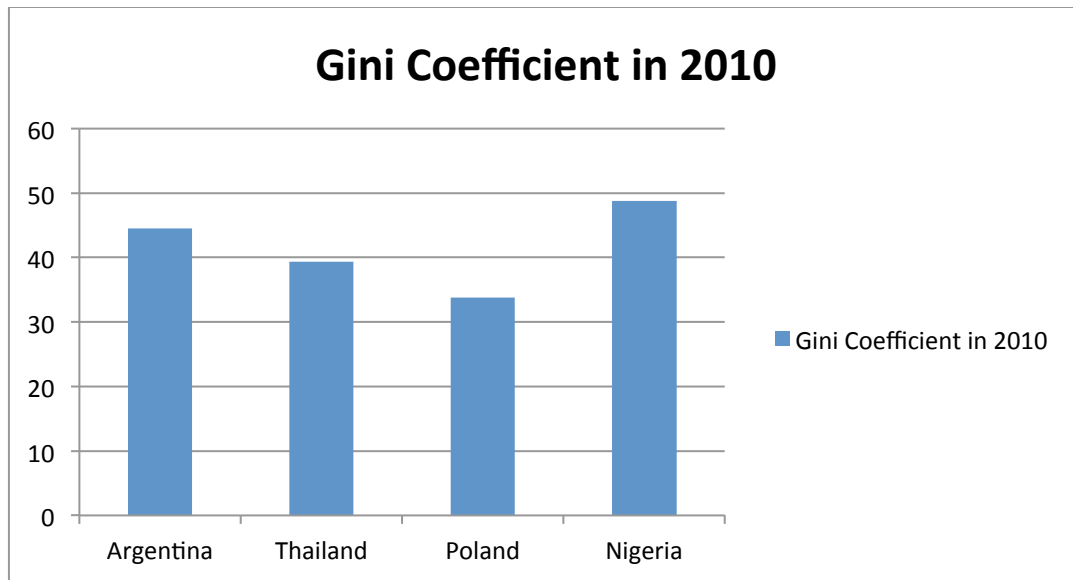
An analysis of countries according to key indicators such as the Human Development Index indicates that Nigeria has much to do in order to match the HDI of its new peers.

**Figure 23: Unemployment Rates in 2010**

Unemployment statistics for 2010 indicate that Nigeria's unemployment challenge needs to be addressed for growth to be meaningful to the majority of the population. It is important to note, however, that unemployment estimation procedures differ by country and the unemployment statistics are not necessarily comparable across countries. For instance, Nigeria defines unemployment as working for less than 40 hours a week, although some other countries define unemployment as working for less than 1 hour a week.

Again, an analysis of statistics on income distribution according to the Gini coefficient also indicates that there are significant income disparities in Nigeria.

**Figure 24: Gini coefficient in 2010**



Amongst its peers, Nigeria’s higher Gini coefficient highlights the need for more equitable distribution of resources and better social protection mechanisms for the most vulnerable in the country.

**Q33. Does the rebasing of the GDP mean more Foreign Direct Investment (FDI)?**

**Answer:**

Partly so. FDI is dependent on the expectation of foreign investors on the risks of investing in an economy as well as the returns from such investment. Therefore, if as a result of the rebased estimates, investors perceive better opportunities for them to invest, then it is likely to result in a higher FDI into the Nigerian economy. A clearer picture of the Nigerian economy as well as new information about the size, structure, composition and growth opportunities as contained in the rebased estimates is more likely to result in greater confidence in the Nigerian economy on the part of investors.

**Q34. What is the implication for the state economies?**

**Answer:**

Currently, Nigeria’s GDP estimates are reported at the macro (national) aggregate level, although efforts are underway to compile GDP estimates for each state. It is expected that the State GDP compilation process will utilise the most recent base year in the computational process. A decomposition of the rebased national estimates to sub-national levels will result in more accurate reporting of economic activity at the State level. The new classification of economic activity will enable States adequately capture and report more activities. The rebased estimates also allow for better computation by states of their debt sustainability analyses.

**H. STAKEHOLDER INVOLVEMENT IN THE REBASING EXERCISE**

**Q35. What agency is responsible for the rebasing exercise?**

**Answer:**

National Bureau of Statistics (NBS) is responsible for computing and reporting the GDP estimates.

**Q36. Which agencies provided data for the exercise?**

**Answer:**

The rebasing exercise involved a consultative and participatory process that involved various data producers, data suppliers and data users. Specifically, several Federal and State Ministries, Departments and Agencies provided sectoral data to facilitate the computation of the GDP estimates. In addition, stakeholder workshops were organised to elicit information and also validate the output of the exercise. For instance, oil and gas data was obtained from NNPC, data on government expenditure was obtained from the Offices of the Accountants General at the Federal and State levels, data on Banking and Insurance were obtained from the Central Bank of Nigeria and the National Insurance Commission. In addition, data was obtained from households and firms during the surveys.

**Q37. Which other key stakeholders were involved in the exercise?**

**Answer:**

The National Economic Management Team, the Economic Management and Implementation Team, National Planning Commission (NPC), development partners including the International Monetary Fund (IMF), the World Bank and the African Development Bank (AfDB).

**Q38. Were States involved in the rebasing exercise?**

**Answer:**

The 36 States and the FCT (particularly the State Statistical Agencies) were actively involved in the rebasing exercise. Stakeholder workshops and meetings on the rebasing exercise were held at different times and states were actively involved. In addition, States supplied NBS with their Accountants General reports, and participated in the surveys conducted for the rebasing exercise.

**Q39. Was there any external validation or peer review of this GDP rebasing exercise?**

**Answer:**

Apart from internal validation, the IMF, World Bank and the African Development bank were involved in the validation processes.

**I. IMPLICATIONS OF THE REBASED ESTIMATES ON THE REALISATION OF THE NV20:2020 AND THE TRANSFORMATION AGENDA**

**Q40. What is the implication of the rebased GDP estimates for the realization of the Transformation Agenda and the Vision 2020?**

**Answer:**

The rebasing exercise is expected to fast-track the achievement of the sector targets of the Transformation Agenda and the Vision 2020, as well as the attainment of at least the 20th position in the world nominal GDP ranking, by enabling policymakers to more accurately design policies to achieve these objectives.

**Q41. How can the new numbers be used to support economic planning in Nigeria?****Answer:**

The results of the rebasing exercise provide a more accurate picture of the structure of the Nigerian economy relative to a base year of 2010, rather than the base year of 1990 that is currently in use. Economic planning requires the most accurate and up to date data in order for planning strategies to be able to achieve the intended targets and outcomes. Thus, with the rebased estimates providing more accurate economic statistics, economic planners are better able to formulate appropriate economic policies and sector strategies to achieve desired development objectives. Moreover, it enables planners to understand the nature and dynamics of structural changes occurring within the economy, and they are better able to address any social / societal challenges that may arise. Lastly, accurate knowledge of the structure of the economy helps in the formulation of revenue mobilisation policies to enable public authorities undertake development planning initiatives.

**J. NEXT STEPS****Q42. What comes next after this exercise?****Answer:**

This release is preliminary and a few refinements are being undertaken, including a more extensive use of the Supply and Use Table (SUT) framework. NBS plans to release the final estimates of the nominal GDP at the end of June 2014.

**Q43. When are we going to rebase our GDP numbers again?****Answer:**

The rebasing exercise is essentially a periodic statistical exercise which is recommended to be undertaken every five years by the national statistical office. Since the new base year is being set as 2010, it is expected that a new base year would be required by 2015. The base year data will be available by 2016 when the actual statistical computation will be undertaken.

**Q44. Where can I obtain a report of this GDP re-basing exercise?**

**Answer:**

A report indicating the rebased GDP series, as well as a comparison with the old GDP series, will be published on the website of the National Bureau of Statistics in April 2014. In addition, a Frequently Asked Question (FAQ) material has been developed by stakeholders to provide clarifications on the implications of the rebasing exercise.

**Q45. What efforts are being made to ensure proper dissemination?**

**Answer:**

NBS and other key stakeholders and partners will circulate the results of the GDP rebasing exercise widely through various channels including the print media, online media and institutional web sites.