MAXIMISING THE IMPACT OF THE NEW PENSION SCHEME IN NIGERIA: ISSUES, PROSPECTS AND CHALLENGES

By

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ABSTRACT

The paper serializes the Nigerian Pension Reform Act 2004 and discusses the likely impact on the Nigerian employees. The paper submitted that the reform pose a demographic challenge in moving from the defined benefit to defined contribution. It opined that the new system has winners and losers. The paper identified the challenges for the future success to include: social implications from employees, higher life expectancy and lower fertility, increase population of pensioners and possibility of lower pensions compared to higher cost of living, etc. The paper concludes that the success of the scheme depends on the effective partnership between members, trustees, employer and professional advisers (PFAs). Post-retirement success in the new dispensation rests on the employers in terms of equipping the employees on effective management of personal finances.

INTRODUCTION

Pensions are increasingly becoming high on the policy agenda of many countries today. This reflects the challenges that demographic changes are creating for pension systems, whether pay-as-you-go (PAYG), unfunded or funded. The broad directions of that demographic change are common, but the precise nature of the pension policy challenge in most developing countries reflects two main factors: the severity of demographic change and the pension systems with which countries start. In some countries, relatively modest adjustments to existing pension systems can ensure their sustainability, while in others, more radical change is required.

All pension systems, Defined Benefits (DB) or Defined Contribution (DC) such as PAYG, involve the transfer of resources to pensioners (who consume but do not produce) from workers (who produce more than they consume). As a result, in a funded system a change in the ratio of pensioners to workers must affect rates of return and asset prices. If people attempt to finance a longer retirement by saving at a higher rate, that will tend to generate a higher capital output ratio and therefore come at the expense of lower returns on capital. If a high-saving generation is followed by a generation smaller in number, asset prices must tend to fall as the first generation attempts to sell its accumulated assets. It should be noted that there are some basic difference between a DB and DC pension systems which is focused by the table below:

<table>
<thead>
<tr>
<th>Defined Benefit</th>
<th>Defined Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Contributions</td>
<td>Volatile</td>
</tr>
<tr>
<td>Employee Pensions</td>
<td>Fixed</td>
</tr>
</tbody>
</table>

Both types of systems, as may be rightly argued, are ultimately challenged by changing demography of working age bracket, and many of the proposed advantages of funded systems can be achieved within a PYSG environment. If an increase in the national saving rate is appropriate, adjustments to PAYG contribution rates can achieve that as easily as compulsory savings, and under both systems the increase is attainable only if someone sacrifices current consumption. PAYG systems can be made more robust (as was done in Sweden) in the face of uncertainty over both future longevity and future national fertility rates. The risk of unexpected future changes in longevity can be shifted from the government to individuals by moving to a notional defined contribution approach, where the state credits each individual's compulsory contributions to an account whose value increases with defined rate of return and delivers a capital sum at retirement age that it converts into an annuity.

Within the Federal Republic of Nigeria, the Pension Reform Act 2004 established a contributory pension scheme for payment of retirement benefits of employees in the public and private sector. The new Act migrate Nigeria’s Pension from Defined Benefits to Defined Contribution Pension System. The underlying reason for the change was the inefficient and dysfunctional administration of the old pension

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scheme. At the global level, many governments are creating management systems that release the state resources and energy of their people for crystallizing growth and sustainable development. The need to secure more financial resources to finance human and technological development requires that Nigeria needs to shift from administrative systems that carry heavy and avoidable overheads.

Studies have shown that Defined Benefit Pension schemes are too risky to management of employers' liquidity and solvency and therefore many employers are moving away from it. Also, the cash contribution for pension funding is governed by laws described in the New Pension Reform Act 2004, which determines minimum amounts that must be contributed to the plan and the maximum tax-deductible contribution amount.

Employers prefund their pension obligations for a variety of reasons. Apart from the fact that prefunding is required by the Pension Act, pre-funding attempts to equitably allocate to each year the cost of the pension benefits. Also, benefit security is increased when pension benefits are pre-funded, investment earnings on assets held in a qualified pension plan's trust are tax free and contributions up to the maximum generate a tax deduction. Other reason why employers pre-fund their pension plan is that benefits earned under the plan are not taxed until they are paid to participants.

Nigeria as a country and Nigerians would benefit from the new DB Pension Plan. In the first instance, the new scheme addresses the huge public debt of pension liability of yesteryears by stemming its further growth and provides a platform for addressing the liability. Since the individuals owned the contribution, the pensioner is not at the mercy of government or other employer thereby assuring the regular payment of retirement benefits. Monitoring is possible for employees as he or she has current information on his retirement savings account. The scheme allows the contributor the freedom to choose who administers his retirement benefits account and this promotes competition among the Pension Fund Administrators (PFA).

A major benefit of the scheme to the worker is that the individual account is portable and as such, the worker is able to change employment and still maintain the same account. He is merely required to provide the details of his account to the new employer.

The Scheme imposes fiscal discipline on the nation and it's a solid foundation for economic development. There is an expansion of convertible funds, creation of huge pool of long-term funds and enhanced accountability. The Scheme introduced clear, legal and administrative sanctions and there is a separation of investment, administration and custody of assets. Transparency is also ensured by the requirements for published rate of returns, regular statement of contributions and earnings and annual audited accounts. As a result, the choice of a balance between PAYG and funded elements of the system, and thus the appropriate generosity of the PAYG system, needs to reflect a country's political culture and fiscal situation and in particular, the sufficiency of pension liabilities and compulsory contribution.

The rest of the paper is divided into five sections. Section two discusses an overview of the pension system in Nigeria while section three renders the main highlights of the new pension reform act. Section four discusses the expected impact and expectations of the new scheme while section five outlines the future challenges. Section six highlights the prospects, recommendation and conclusion.

2.0 OVERVIEW OF THE PENSION SYSTEM IN NIGERIA

Since independence, the pension scheme in Nigeria had been non-contributory, fully funded by only the employer and operated same. Usually, it forms part of the current expenditure of the organization charged against the current income. There was direct relationship between the current incomes and meeting the obligations of the pension liabilities. This feature had caused the problems of under-funding, irregular payments of pension and build-up of arrears, social suffering to pensioners and fiscal unsustainability.

The Nigerian public service operates an unfunded Defined Benefits Scheme and the payment of retirement benefits are budgeted annually. The annual budgetary allocation for pension has been one of the most vulnerable items in the Nigerian budget implementation in the light of resource constraints. Indeed, even where budgetary provisions are made, inadequate and untimely release of funds results in delays and accumulation of arrears. However, current arrears of the pension payments are only the symptom of a much deeper crisis. As the scheme is unfunded, there is no opportunity for the accumulation of investible funds. Even where funds were accumulated under some parastatals' schemes, restrictive investment policies and practices sometimes limited the capacity of such funds to grow.

Political instability and unstable labour policies in the past had endangered massive premature retirements thus creating an unstable pensioner-to-active-worker ratio. In addition, poor administration, inadequate delivery structures for payment and lack of a database of pensioners have resulted in delayed payments of benefits and consequent destitution of pensioners, adverse publicity in the media and portrayal of society and government as uncaring to the plight of its senior citizens. Such inherent problems of the current pension scheme in the country have given rise to insecurity and appeared to have encouraged corruption in the active workforce.

With an estimated outstanding pension liabilities nation-wide of about N2 trillion, the Defined Benefits pension scheme cannot be sustained. The Nigerian Railway Corporation is a classic case of unsustainable relationship between the income generating salary earners. The corporation generate N30 million every month. It pays N250 million to pensioners and N200 million to its regular workers. Then, there is the accumulated teachers' pension, itself a consequence of the same skewed pension policy. Another graphic example is the armed forces,
which have more officers and men on the pension roll than those in active service. Many of the retirees were retired in their thirties and forties. This means that they are at the mercy of budgetary constraints for at least thirty years. It is therefore not surprising that the pension crisis in Nigeria has manifested most dramatically and tragically in the Nigerian Armed Forces, the Railway and the Teaching Services. This is also explain, in part, why the existing pension scheme collapsed.

Also, a fiscal snapshot of the Nigerian pension system before the new reform revealed the volatility of its management. Since government is the dominant employer, the domination is reflected in its fiscal operation over the years. Fiscal outlay on pensions and gratuities by various tiers of government is given in Table 1. The table revealed that the Federal, State and local Governments, spends averages of N50.06, N31.9, N8.44 billion yearly respectively on pensions and gratuities. Reviewing pension commitments against some selected fiscal indicators revealed interesting developments for policy. Pension outlay as a percentage of total government expenditure which stood at 6.1 per cent in 2001 rose to 12.1 in 2004. When viewed in relation to GDP, it recorded huge levels of 814.4 and 1155.2 percent in 2003 and 2004 respectively against normal trends of 20 percent worldwide. Also, pension expenditure as a percentage of total revenue of governments in Nigeria stood at 27.5 in 2000 declined to 14.04 percent in 2004 due to corruption and fraud which infested the old pension management system.

The foregoing scenario, among others, necessitated a policy reform for pension administration in Nigeria. Furthermore, as typical worldwide, the Pay As You Go Defined Benefit Scheme that was hitherto operated in Nigeria was burdened with a lot of problems and therefore became increasingly unsustainable. Against the backdrop of an estimated N2 trillion deficit, arbitrary increases in salaries and pensions as well as poor administrative structures, the need for pension reform is glaring. Accordingly, the government initiated a pension reform in order to address and eliminate the problems associated with the pension schemes.

### 3.0 HIGHLIGHTS OF THE NEW PENSION REFORM ACT 2004

Before discussing the main highlights of the new Pension Act of 2004, we should look at the main objectives of the reform which gave birth to the new Act. The main objectives of the reform are to:

- Ensure that every person who has worked in either the public or private sector receives his retirement benefits as and when due;
- Assist improvident individuals by ensuring that they save to cater for their livelihood during old age and thereby reducing old age poverty;
- Ensure that pensioners are not subjected to untold suffering due to inefficient and cumbersome process of pension payment;
- Establish a set of standard rules and regulation for the administration and payment of retirement benefits in the public and private sectors; and
- Stem the growth of outstanding pension liabilities.

The reform process was governed by the key principles of sustainability, safety and security of benefits, transparency, accountability, equity, flexibility, uniformity and practicality.

#### 3.1 Other Elements of the New Contributory Pension Scheme

The key objectives of the new scheme are:

##### 3.1.1 Contribution Mode and System

The new pension scheme will be contributory, fully funded, based on individual accounts that are privately managed by Pension Fund Administrators with the pension funds assets held by Pension Assets Custodians.

Under this system, the employees contribute a minimum of 7.5 per cent of their Basic Salary, Housing and Transport Allowances and 2.5 per cent for the Military. Employers shall contribute 7.5 per cent in the case of the Public Sector and 12.5 per cent in the case of the military. Employers and employees in the private sector will contribute a minimum of 7.5 per cent each. An Employer may elect to contribute on behalf of the employees such that the total contribution shall not be less than 15 per cent of the Basic Salary, Housing and Transport allowances of the employees. An Employer is obliged to deduct and remit contributions to a Custodian within 7 days from the day the employee is paid his salary while the Custodian shall notify the PFA within 24 hours of the receipt of contribution. Contribution and retirement benefits are tax exempt.

#### 3.1.2 Fully Funded Pension Fund

The contributions are deducted monthly from the salary of the employee and transferred to the relevant retirement savings account operated with the chosen pension fund administrator. By so doing, the pension funds become available from the onset and payments will be made as at when due by the pension funds custodian through the pension funds administrator.

#### 3.1.3 Individual Accounts

The employee opens an account to be known as a 'Retirement Savings Account’ in his name with a Pension Fund Administrator of his choice. This individual account belongs to the employee and will remain with him through life. He may change employers or pension fund administrators but the account remains the same. The employee may only withdraw from this account at the age of 50 or upon retirement thereafter. This withdrawal may take the form of:

(i) A programmed monthly or quarterly withdrawal;

(ii) A purchase of annuity for life through a licensed life insurance company with monthly or quarterly payments; and
### 3.1.4 Life Insurance Policy

Every employer shall maintain life insurance policy in favour of an employee for a minimum of three times the annual total emolument of the employee.

### 3.1.5 Privately-Managed Pension Fund Administrators and Pension Assets Custodians

The new scheme requires pension funds to be privately managed by Pension Fund Administrator (PFAs) and Pension Assets Custodians (PACs). The PFAs are duly licensed to open retirement savings accounts for employees, invest and manage the pension funds in fixed income securities as approved by the National Pension Commission (NPC). The PACs shall be responsible for the warehousing of the pension fund assets. The employer sends the contributions directly to the Custodian, who notifies the PFA of the receipt of the contribution and the PFA subsequently credits the retirement savings account of the employee. The Custodian will execute transactions and undertake activities relating to the administration of pension fund investments upon instructions by the PFA.

### 3.1.6 The National Pension Commission (NPC)

The Scheme approved the establishment of a National Pension Commission (NPC), to regulate, supervise and ensure the effective administration of pension matters in Nigeria. The law empowers the NPC to receive and investigate any complaint of impropriety leveled against any Pension Fund administrator, Custodian or employer or any of their staff or agents.

#### 3.1.7 Eligibility for the scheme

The Scheme is compulsory for all workers in the Nigerian Public and the private sector where the total number of employees is at least five. The categories of exempt individuals are: existing pensioners, workers that have 3 years or less to retire as well as people specified under Section 291 of the Nigerian Constitution who are given the option to join voluntarily.

#### 3.1.8 Transitional Provisions for the Public and Private Sector

There shall be established Pension Departments under the Scheme to countinue to administer the affairs of existing pensioners under the supervision of the NPC until the death of the last pensioner. The responsibilities, funds, and assets of the relevant existing pension boards or offices shall be transferred to the respective departments.

The Government shall issue Retirement Benefit Bond to those who are currently in employment of the public service where the schemes were unfunded, who are not exempted from the new scheme but have worked for a specified number of years, in recognition of their accrued rights under the defunct pension scheme. This bond recognizes government indebtedness to them, which is due and payable when they retire. This reduces the huge transition cost to government.

A Retirement Benefits Bond Redemption Fund shall be established and maintained by the Central Bank of Nigeria. The Federal Government shall pay an amount equal to 5 percent of the total monthly wage bill payable to employees in the public service of the Federation and Federal Capital Territory. The total amount in this Fund shall be used to redeem any retirement benefit bond issued and payments into this fund shall cease after all retirement benefit bonds have been redeemed.

In the private sector, viable pension schemes shall continue to exist where it is already in existence provided that they can demonstrate that they are fully funded at all times with any shortfall made-up within 90 days; the assets of the company are fully segregated from the pension fund assets; the pension fund assets held by a custodian; and the company has the requisite capacity for the management of pension fund assets.

### 4.0 Expected Impact and Expectations of the New Scheme

The implications for countries with PAYG state pension systems (where contributions from current workers fund payments to current beneficiaries) is that some combination of three adjustments will be unavoidable: higher levels of tax or of compulsory contributions to pay for state pensions, lower pensions relative to society-wide average earnings, or higher pensionable ages. It is important to note that moving to a funded private pension system (where workers save a part of their wages and draw on the accumulated funds after retirement) does not provide a complete and certain escape from this demographic challenge.

All pension systems, PAYG or funded, involve the transfer of resources to pensioners (who consume but do not produce) from workers (who produce more than they consume). As a result, in a funded system a change in the ratio of pensioners to workers must affect rates of return and asset prices. If people attempt to finance a longer retirement by saving at a higher rate, that will tend to generate a higher capital output ratio and therefore come at the expense of lower returns on capital. If a high-saving generation is followed by a generation smaller in number, asset prices must tend to fall (relative to a higher fertility scenario) as the first
generation attempts to sell its accumulated assets. The theoretical magnitude of these demographic effects on returns and asset prices is extensively debated: the empirical analysis of correlations is hampered by the limited availability of data and multiple other factors. In a global market, it is demography that matters to the economics of the PYSG systems.

Faced with these demographic challenges, many countries have adopted significant changes to pension policy or undertake entire pension reform while others have introduced a greater element of funding in the overall system. A common element that is discernible and which eventually emerges into common policy choice is the gradual rise in retirement ages. The issues of fertility and immigration directly affect the adequacy or otherwise of average earnings of pensioners compared to levels needed to live above minimum standards of poverty index. If demographic factors of the economy work well such that it increases longevity, there would be no fundamental problem of pension policy design. If longevity increases, but fertility stays stable, a proportional rise in pensionable ages (that is, a rise that keeps stable the proportions of adult life spent working and in retirement) will balance a PAYG system, with no need for either higher contribution rates or lower pension relative to average earnings.

It is vital that the employees fully understand and appreciate the value of the benefits provided by their new pension scheme. Proper communication of the scheme and its benefits can be an effective aid in assisting in the recruitment and retention of key employees. There is need for the pension fund administrators to provide assistance to employers and scheme trustees in pension communications to ensure that their scheme provides clear and concise member booklets, annual benefits statements that illustrate the value of existing and future benefits, group presentations addressing investment performance/scheme benefits/legislative changes, addressing individual members queries, internet and intranet communication with members.

On the whole, there should be opportunity by the Pension Fund Administrator (PFA) to provide a unique service to employers and scheme trustees whereby the PFA independently review and report on the administration of the company's occupational pension scheme.

2.0 CHALLENGES FOR THE FUTURE

There are many challenges that will likely face the effective implementation of the new Pension Scheme in Nigeria. The current and future challenges could be seen from discussion of the reasons why many employers are moving away from DB scheme to DC and what can be done to manage pension costs on a sustainable basis.

Judging from various economies that have successfully moved from DB to DC, it is no doubt that there are social difficulties associated with dismantling a DB pension system. There are usual misconception from the labour union and other pressure groups who find it difficult to understand why the current DB cannot be sustained despite its fiscal inadequacies.

There is the demographic challenge in view of the fact that longer lives and lower fertility rates are dramatically increasing the proportion above the ages we typically associate with retirement (Table 2).

Table 2: Aging structure of population in selected regions (ratio of people over 65 to those aged 20-65, in per cent)

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>0.12</td>
<td>0.43</td>
</tr>
<tr>
<td>Italy</td>
<td>0.33</td>
<td>0.75</td>
</tr>
<tr>
<td>Japan</td>
<td>0.32</td>
<td>0.78</td>
</tr>
<tr>
<td>Korea</td>
<td>0.16</td>
<td>0.70</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.27</td>
<td>0.47</td>
</tr>
<tr>
<td>United States</td>
<td>0.21</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Source: Adapted from Adair Turner (2006): Pension Challenges in an aging World; Finance and Development International Monetary Fund, Sept. 2006
The implication for a country such as Nigeria with PAYG state funded dominated pension system where contributions from the current workers fund payments to current beneficiaries, is that some economic challenges may be unavoidable: lower pensions relative society-wide average earnings, or higher pensionable ages or higher levels of tax. Even transition from DB to DC does not provide a complete avoidance of these challenges. This situation gives rise the need for protection of baby boomers within the economy because if its demographic implications.

The immediate challenge of the DC system is that comparison should be made of equivalent benefits and costs to the economy. In transiting to DC, we need to consider costs and benefits in terms of winners and losers as relevant stakeholders within the economy. The winners include terminated employees, younger employees and those that would benefit if the current economic environment brings good financial investment returns. Losers include those forced to retire early, career employees and if investment returns are currently low.

Another challenge is how to manage pension costs effectively to reduce investment risk within the economy and increase employee contributions over time.

### 2.0 Prospects, Recommendation and Conclusion

The success of any pension scheme rests on an effective partnership between members, trustees, employer and professional advisers. That partnership is strengthened through the trust and confidence built on strong individual relationships. It is desirable that the PFA that provides the ongoing administration service is involved from initial stage with take on and set-up, and will remain involved throughout.

Through close liaison with human resource and payroll departments, the teams maintain the various procedures and processes necessary for the ongoing success of the relationship. One way of fostering this is to continue to share cost with employees and retirees by adjusting contributions and indexing. Related to this is the recommendation that early retirement incentives may be replaced with flexible working arrangements, such as phased retirement. A total compensation package with more pension and less salary may be more attractive to workers.

In conclusion, employees need sustainable support and education; particularly on how much to contribute, where to open an account, who keeps the funds and what to do after retirement. As many employees may not be able to efficiently manage capital, the risk of litigation increases and more fiduciary responsibility rests on the employers.

### References


Table 1: Selected Fiscal Sector Indicators on Nigeria’s Pensions & Gratuities

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDERAL GOVERNMENT RETAINED REVENUE</td>
<td>662.58</td>
<td>597.28</td>
<td>797.00</td>
<td>716.80</td>
<td>1,023.20</td>
<td>1,253.60</td>
<td>1,660.70</td>
</tr>
<tr>
<td>FGN TOTAL GROSS REVENUE (NBILLION)</td>
<td>949.19</td>
<td>1,906.20</td>
<td>2,231.60</td>
<td>1,731.80</td>
<td>2,575.10</td>
<td>3,901.40</td>
<td>5,547.50</td>
</tr>
<tr>
<td>GROSS DOMESTIC PRODUCT (CURR MKT PRICES)</td>
<td>4,799.97</td>
<td>6,850.23</td>
<td>7,055.30</td>
<td>7,984.40</td>
<td>10,136.40</td>
<td>11,673.60</td>
<td>14,894.50</td>
</tr>
<tr>
<td>TOTAL FGN CAPITAL EXPENDITURE (Nb)</td>
<td>498.03</td>
<td>438.70</td>
<td>321.40</td>
<td>241.70</td>
<td>351.30</td>
<td>315.30</td>
<td>519.50</td>
</tr>
<tr>
<td>RECURRENT EXPENDITURE* (Nbillion) By:</td>
<td>-</td>
<td>369,796.50</td>
<td>592,016.90</td>
<td>912,976.90</td>
<td>904,429.10</td>
<td>960,194.30</td>
<td>1,179,833.00</td>
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<tr>
<td>Administration</td>
<td>-</td>
<td>121,299.10</td>
<td>180,810.00</td>
<td>331,736.00</td>
<td>307,848.50</td>
<td>306,842.80</td>
<td>434,671.80</td>
</tr>
<tr>
<td>Economic Services</td>
<td>-</td>
<td>29,816.30</td>
<td>53,011.10</td>
<td>65,901.90</td>
<td>96,031.80</td>
<td>58,781.60</td>
<td>64,308.60</td>
</tr>
<tr>
<td>Social &amp; Community Services</td>
<td>-</td>
<td>58,802.40</td>
<td>79,674.40</td>
<td>189,431.60</td>
<td>102,566.00</td>
<td>154,380.70</td>
<td>151,046.60</td>
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<tr>
<td>STATE GOVERNMENT ON:</td>
<td>-</td>
<td>159,876.70</td>
<td>278,521.40</td>
<td>325,907.40</td>
<td>397,982.80</td>
<td>460,179.20</td>
<td>529,206.00</td>
</tr>
<tr>
<td>Administration</td>
<td>-</td>
<td>42,888.60</td>
<td>61,264.20</td>
<td>102,921.60</td>
<td>116,193.80</td>
<td>170,895.00</td>
<td>196,329.30</td>
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<tr>
<td>Economic Services</td>
<td>-</td>
<td>58,687.00</td>
<td>55,139.70</td>
<td>60,600.10</td>
<td>63,978.10</td>
<td>80,500.50</td>
<td>92,375.50</td>
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<tr>
<td>Social &amp; Community Services</td>
<td>-</td>
<td>58,301.10</td>
<td>162,117.50</td>
<td>241,791.90</td>
<td>241,791.90</td>
<td>208,783.70</td>
<td>240,301.20</td>
</tr>
<tr>
<td>AGGREGATE GOVERNMENT EXPEND ON:</td>
<td>-</td>
<td>369,794.30</td>
<td>592,016.90</td>
<td>912,976.90</td>
<td>904,429.10</td>
<td>960,194.30</td>
<td>1,179,833.00</td>
</tr>
<tr>
<td>Administration</td>
<td>-</td>
<td>164,187.70</td>
<td>242,074.20</td>
<td>434,657.60</td>
<td>424,042.30</td>
<td>477,737.80</td>
<td>631,201.10</td>
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<tr>
<td>Economic Services</td>
<td>-</td>
<td>88,503.30</td>
<td>108,150.80</td>
<td>126,502.00</td>
<td>160,009.90</td>
<td>139,282.10</td>
<td>156,884.10</td>
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<tr>
<td>Social &amp; Community Services</td>
<td>-</td>
<td>117,103.50</td>
<td>241,791.90</td>
<td>351,817.30</td>
<td>320,376.90</td>
<td>345,174.40</td>
<td>391,747.80</td>
</tr>
<tr>
<td>TRANSFER PAYMENTS ON PENSIONS &amp; GRATUITIES (Nm):</td>
<td>72.19</td>
<td>101,560.50</td>
<td>38,427.70</td>
<td>94,253.92</td>
<td>82,549.50</td>
<td>134,857.30</td>
<td>83,028.70</td>
</tr>
<tr>
<td>By Federal Government</td>
<td>25.19</td>
<td>42,947.60</td>
<td>71,052.90</td>
<td>71,052.90</td>
<td>71,052.90</td>
<td>71,052.90</td>
<td>8,425.00</td>
</tr>
<tr>
<td>By State Government</td>
<td>-</td>
<td>51,831.10</td>
<td>6,309.60</td>
<td>21,823.30</td>
<td>34,848.90</td>
<td>44,387.60</td>
<td>51,045.60</td>
</tr>
<tr>
<td>By Local Governments</td>
<td>-</td>
<td>7,881.80</td>
<td>2,071.70</td>
<td>1,377.72</td>
<td>11,550.40</td>
<td>16,268.80</td>
<td>23,578.10</td>
</tr>
</tbody>
</table>

Pension & Gratuities as a per cent of:

- GDP | 1,462.39 | 549.66 | 1,180.48 | 814.39 | 1,155.23 | 557.65 |
- Capital Expenditure | 42,614.07 | 8,759.45 | 29,326.05 | 14,153.70 | 36,380.07 | 15,982.43 |
- Total Government Revenue | 27.46 | 6.49 | 10.32 | 9.11 | 14.04 | 7.04 |

Source: Central Bank of Nigeria Annual Reports