



Project Proposal for

Nigeria

January 2025

Component: Revenue

Module: RM I - Revenue administration (MNRW)



PROJECT SUMMARY

COUNTRY:	Nigeria	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26/27	
FUNDING PROGRAM TITLE:	Nigeria - GPFP Revenue Module I&II	
PROJECT MANAGERS:	Bernard Sanya- (Revenue administration (MNRW))	
ESTIMATED BUDGET	\$190,662	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
AMENDMENT 1	To include ongoing CD in Revenue administration of extractive industries previously funded by MNRW.	January 2025

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I. PROJECT PURPOSE

The oil and gas sectors are significant to Nigeria's economy, accounting for approximately 80 percent of the country's exports and nearly 50 percent of government revenue. The industry has experienced a decline in crude oil production by almost 50 percent since its peak in 2005 due to aging infrastructure, oil theft, pipeline vandalism, and higher offshore production costs. Increasing crude oil production above current levels of 1.5 million barrels per day will require significant new investment. A 650,000 barrels per day (bpd), Dangote oil refinery began operations in January 2024 and is expected to boost activity in sector, meeting Nigeria's domestic demand while also exporting surplus refined products. Nigeria's Medium-Term Economic Framework outlines reforms to improve domestic revenue mobilization and diversify the economy. However, the oil sector will continue to be a significant contributor to Nigeria's economy over the medium-term. The have requested continued assistance to improve the administration of the sector.

The Nigerian Federal Inland Revenue Service (FIRS) has targeted increasing the tax to Gross Domestic Product (GDP) ratio from 10.8 percent to 18 percent within three years by implementing a robust compliance risk management (CRM) strategy. Since 2020, FAD has been working with the FIRS to address capacity in revenue administration of the oil and gas sector.¹ The support is focused on assisting the FIRS in addressing industry knowledge and the skills and specialization required to administer the sector, including developing and operationalizing a compliance improvement plan (CIP) for the oil and gas sector. The project adopted an iterative approach to addressing capacity by alternating knowledge and skill development training and compliance risk analysis over several visits, including remote assistance. This approach, though effective, led to a slower pace of developing the CIP amidst competing priorities. Risk matrices for the upstream, midstream, and downstream petroleum segments have been completed which is a significant milestone, and arguably the most difficult step in the process of developing a CIP for the sector. Further work is needed to refine the matrices, continue addressing industry knowledge and audit capacity and advance the development and operationalization of a CIP for the sector.

The objectives and outcomes for this amendment are already included in the current GPFP project under Module II. The estimated budget for this two-year project is **USD 190,662**, covered within the total budget endorsement request for Nigeria of USD 2,732,326 through FY27.

¹ Due to COVID-19 travel related restrictions, CD was initially provided remotely. The first in-country visit occurred in January 2023 to re-establish the project.

