

Introductory Chapter ¹

Background to the Joint Evaluation Debt Relief Nigeria

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Country profile – basic facts

The Federal Republic of Nigeria is located in West Africa. It comprises of thirty-six states and a Federal Capital Territory, located in Abuja. Nigeria is bounded in the south by the Atlantic Ocean on the Gulf of Guinea; it shares land borders with the Republic of Benin in the west, Chad and Cameroon in the east, and Niger in the north. With an estimated 152.6 million population growing at an annual rate of 2.6%, projected to rise to 285 million people by the year 2050 (Population Reference Bureau, 2009), Nigeria is, by far, the most populated of Africa's countries. The country takes its name from its chief river, the River Niger. Until 1991, Lagos, on the southwestern coast, undoubtedly the largest city and Nigeria's economic and cultural center, was the federal capital. Abuja, in the country's interior, planned and built during the 1970s and 1980s, is today the federal capital. Movement of the federal capital from Lagos to Abuja was predicated on the need to create a national capital where no ethnic group would be dominant.

Timeline

Although British Imperial rule began in different parts of Nigeria at different times, Nigeria was however divided into three: Lagos, northern, and southern protectorates in the late 19th century. In 1914, these three different but mutually related administrative divisions were amalgamated into a single state called the **Colony and Protectorate of Nigeria**. After experimenting with many and different colonially-mediated constitutions; Nigeria gained its independence in 1960. By 1963, it had become a Republic and by 1966, the Alhaji Tafawa Balewa-led democratically elected independent government was overthrown in a military *coup d'état*. Military autocracy

¹ Editor's note: This text was finalised on 26 April 2010.

held sway in Nigeria until 1979, when General Olusegun Obasanjo voluntarily handed over power to a democratically elected government of Alhaji Shehu Shagari. In December 1983, the democratic experience of the second republic was cut short by the military putsch of the duo - General Muhammad Buhari and General Tunde Idiagbon. Their regime lasted just over one and half years, but was largely noted for their effort to undertake repayment of some national foreign debts that accumulated under former President Shagari. But the duo were largely criticized for poor human rights records and their dictatorial rule was checkmated in August 1985 by General Ibrahim Babangida. Babangida remained largely in charge till August 1993 when he had to step aside for Chief Shonekan's interim national government (ING). In a space of three months, the ING was pushed aside by General Abacha, who continued military dictatorship for another five years. Upon the death of General Abacha, General Abubakar took over the mantle of leadership. After wracking up some more debts in 16 years of military rule, Nigeria returned, again, to democratic rule under a new constitution and a democratically elected government, led by President Olusegun Obasanjo, was sworn-in in May 1999. Under the 1999 constitution, Nigeria is to remain a federal republic with a democratically elected government made of independent executive, legislative, and judicial branches. The constitution guarantees Nigerians' freedom of expression and religion, and prohibits discrimination based on ethnicity, religion, sex, or place of origin.

Military rule

For thirty-three out of Nigeria's fifty years of statehood, the nation was ruled by the military but for a brief break between 1979 and 83 under President Shehu Shagari. Beside the Civil War of 1967-1970, military rule affected Nigeria in many different ways. Crude-oil exploration and its associated wealth, weaned unbridled greed, corruption, coups and, oftentimes, counter coups². Political developments, most especially disputes over the 1962 and 1963 population censuses, simmering regional and ethnic tensions, and the arrest, trial, and imprisonment of leading opposition politicians, whom Prime Minister Balewa accused of treason, prepared the stage for an avoidable four year civil war.

Aiding the restoration of peace and reintegration of the Igbo into Nigerian life was a booming crude-oil trade, as Nigeria, by the mid-1970s, was the fifth largest producer of petroleum in the world. However, along with rapid growth came shortages of key commodities, crippling congestion in the ports, and demands for redistribution of wealth³. During the crude-oil boom,

² See "The Price of Oil" at http://www.hrw.org/legacy/reports/1999/nigeria/Nigew991-03.htm#P331_73513

³ Sarah Ahmad Khan, *Nigeria: The Political Economy of Oil*, Oxford: Oxford Institute for Energy Studies, 1994.

Nigeria generated billions of dollars from crude-oil production. However, most of these earnings were squandered through corruption and graft. The northern military clique benefited immensely from the crude-oil boom. Crude-oil revenues soon fuelled the rise of federal subventions to states and precariously to individuals. In addition, the Federal Government soon became the centre of political struggle and the centre became the threshold of power.

Originally, Nigeria was an agro-allied based economy, but as crude-oil production, and therefore revenue accruable from crude-oil, rose; the country became increasingly dependent on crude-oil revenues for budgetary and economic concerns. When General Obasanjo transferred power to Alhaji Shehu Shagari in 1979, the country's political class was not only viewed as corrupt, the economy it was presiding over was in tatters. After the regime's re-election in 1983, it was overthrown by the military coup of Mohammad Buhari. Although Buhari embarked on major economic reforms, his government was not popular due to crackdown on criticisms and dissent; the regime was overthrown by General Babangida in 1985.

General Babangida's tenure was marked by a flurry of economic and political activity: he adopted the International Monetary Fund's Structural Adjustment Program (SAP) as a major route to stir Nigeria's economic recovery. Besides inflaming religious tensions in the nation, most especially in the south by enrolling Nigeria in the Organization of the Islamic Conference, Babangida also aborted the 1993 Presidential election believed to have been won by Chief M. K. O. Abiola. Babangida's regime is regarded as the apogee of corruption in the history of Nigeria, as it was during his time that corruption became "officially" widespread in Nigeria.

General Sanni Abacha shoved aside Chief Ernest Shonekan, head of the Babangida-founded Interim National Government, instituted the most brutal military rule and employed repression on a wide scale never known in Nigeria to contain continuing civilian unrest. The regime came to an abrupt end in 1998 when the dictator was found dead amid dubious circumstances. In 1998, monies, running into three billion dollars⁴, were unearthed in foreign accounts traced to him. The death of General Sanni Abacha in 1998 served to usher in fresh hopes and opportunity for Nigeria's return to democratic rule. Prior to his demise, Nigeria was at the brink of structural collapse, as civil protests, assassinations, and state-sponsored terrorism dominated the landscape. Consequently, Nigeria became a pariah state.

⁴ Abacha's total loot is unknown. The British Broadcasting Corporation (BBC) puts the loot at 3 billion, while Reverend David Ugolor estimated the loot to between twelve to sixteen billion dollars. See http://news.bbc.co.uk/2/hi/africa/country_profiles/1067695.stm; and <http://www.odiousdebts.org/odiousdebts/index.cfm?DSP=content&ContentID=7140>

1999 Olusegun Obasanjo

Major General Abdulsalam Abubakar, who succeeded General Abacha, wasted no time in allowing the establishment of political parties and freeing political prisoners arrested by Abacha, including former president Olusegun Obasanjo. Nigeria, between February and March 1999, held legislative and presidential elections and Obasanjo was elected president. The military administration handed over power to Nigeria's new civilian government in May, and the country adopted a new constitution. Consequent upon the development, the Commonwealth of Nations and others who have suspended Nigeria lifted the suspension. Former military Head of State – Olusegun Obasanjo - was elected on the platform of the People's Democratic Party, and he was sworn-in for his first term of office on May 29, 1999.

President Olusegun Obasanjo was re-elected in 2003 and the election process was criticized by local and international observers as un-free and un-fair⁵: Nigeria, nevertheless, has shown marked improvements in all areas of the economy under Obasanjo. Besides implementing an economic recovery framework, NEEDS, the government would be remembered for its bold attempts at privatizing some government enterprises, most especially telecommunication, crude-oil and gas. In addition, Obasanjo also demonstrated seriousness in tackling corruption, especially in public service, and to hasten development. However, many Nigerians considered Obasanjo himself, as being corrupt. In April 2003, Obasanjo was re-elected to another four year term, winning the election by a wide margin. Local and international observers have criticized the election as grossly flawed, as widespread electoral fraud and violence were reported in most states.

The adoption of stricter forms of Sharia by northern states and religious riots, most especially in Northern Nigeria and ethnic undertones of violence over crude-oil and gas production in the Niger-Delta region are some of the recurrent issues that dominated Obasanjo's rule.

One big plus for the Obasanjo-led government was the successful negotiation of debt cancellation for Nigeria. This was obtained through the Paris Club and other major international Financial Institutions (IFI's) notably: World Bank and International Monetary Fund (IMF). At the time of debt cancellation, Dr. Mrs. Okonjo –Iweala was the Minister of Finance, who until then was based in Washington DC as a Director of the World Bank.

⁵ Final Report of EU Election Observation Mission Nigeria 2007. Available at http://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/nigeriapressrelease/nigeriapressreleaseen.pdf

2007 Umaru Yar'Adua

Although Obasanjo was accused of planning to rule Nigeria indefinitely, he nevertheless handed over power to Sheu Musa Umaru Yar'Adua, also of the People's Democratic Party, in yet another controversial general election in 2007. The election, which Obasanjo had earlier described as a 'do or die affair' for his political party, was condemned by Nigerians and the international community as being massively flawed. The election is still a subject of litigation.

Musa Yar'Adua's election may be controversial, but it was not as controversial as his health. For three unbroken months between 2009 and 2010, the president was hospitalized in a Saudi Hospital without transmitting state responsibilities to the Vice-President as required by the nation's constitution. The secrecy associated with the president's health not only stalled the administration of the country, it also truncated the Amnesty Deal, which was orchestrated in 2009 by the administration as a stop-gap measure to end militancy, terrorism, and kidnapping in the Niger-Delta region.⁶

Relations Federal Government – States

Nigerian constitution provides for a federal republic, where both the federal government and the states cooperate in resource generation and disbursement. In practice, Nigeria remains a unitary state, as states depend on the federal government for monthly allocation and direction. Resources, even when they are generated within the states, accrue only to the federal government. This development can be traced back, on the one hand, to the end of the Nigerian Civil War and, on the other hand, to military rule. While General Gowon, under whom the Civil War was prosecuted, created states to break General Odumegwu Ojukwu's hold on the defunct Eastern Region, the successive military governments that rule Nigeria ensured that state remain dependent on the center in line with military command ethics.

As presently constituted, the federal government is stronger than the federating units of states. States, as earlier noted, depend on the government at the center for monthly allocation, direction, especially over essential issues, and policy focus. Under President Olusegun Obasanjo, Governor Bola Tinubu of Lagos State, backed by the State Assembly, attempted to create local government councils as allowed by the constitution, but he was prevented from doing so by the federal government.

⁶ In May 2010 President Yar'Adua died. He was succeeded by Vice-President Goodluck Jonathan. The next presidential elections are planned for April 2011. (footnote added by the editor).

Institutional context

Although Nigeria's constitution is modeled after the United States, with executive power exercised by the president, it is however laced with overtones of the Westminster System model, especially in the composition and management of the upper and lower houses of the bicameral legislature. The government comprises of separate executive, legislative, and judicial arms. The president, who is elected by popular vote to a maximum of two four-year terms, presides over the executive arm of government as both Chief of State and Head of Government. However, the president's power is checked by a legislative arm that comprises of a Senate and a House of Representatives, which combined in a bicameral body is called the National Assembly. The president is the head of the executive arm of government, and Commander-in-Chief of the Federal Republic of Nigeria.

The Senate is a 109-seat body with three members from each state and one from the capital territory, Abuja; members are elected by popular vote to a four-year term. The House of Representative contains 360 seats and the number of seats per state is determined by population. Mr. David Mark is the current Senate President while Mr. Oladimeji Bankole is the Speaker of the House of Representative.

Nigeria's highest court of appeal is the Supreme Court, which comprises of a Chief Justice and up to 15 associate justices. Below the Supreme Court is a Federal Court of Appeal. Each state has a High Court, with judges appointed by the federal government. The Federal Capital Territory, Abuja and states with large Islamic populations have the right to establish Sharia Courts of Appeal to administer Islamic civil law. There are four distinct systems of law in Nigeria: (i) English law which is derived from its colonial past with Britain; (ii) Common law, a development of its post colonial independence; (iii) Customary law, which is derived from indigenous traditional norms and practice, including the dispute resolution meetings of pre-colonial Yorubaland secret societies and the Ekpe and Okonko of Igboland and Ibibioland; and (iv) Sharia law, used only in the predominantly Muslim northern part of the country. The highest court in Nigeria is the Supreme Court.

Nigeria is divided into 36 states and the Federal Capital Territory. State governments consist of an elected governor, a deputy governor chosen by the governor, and a directly elected state assembly. The governor also nominates commissioners, who must be confirmed by the state assembly. Unlike the states, the Federal Capital Territory is headed by a minister, who is appointed by the president.

Political culture

Nigeria's political culture is underwritten by a host of factors, which includes ethnicity, religion, and class. Individually and collectively, these factors have played (and are still playing) visible roles in Nigerian politics even after fifty years of political independence. While Herbert Macaulay, who pioneered party formation in Nigeria, had a truly national party; Obafemi Awolowo, Nnamidi Azikiwe and Tafawa Balewa presided over ethnically-specific and parochial parties. The Awolowo-led Action Group dominated Western Region, while Azikiwe-led NCNC and Balewa-led NPC dominated Eastern and Northern regions respectively. The divide and rule tactics associated with British Imperial rule has been blamed for this development, but, fifty years after independence, kin-selective altruism still dominates Nigerian politics. In its crudest manifestations, Federal power has been concentrated in a particular region, the North, and the region has since considered ruling Nigeria as its birthright⁷. The desire by other groups to wrestle power from the North, among other things, culminated into the Nigerian Civil War. It has also made secessionist movements such as Movement for the Actualization for the Sovereign State of Biafra (MASSOB), nationalist movements such as Oodua Peoples Congress (OPC), Movement for the Emancipation of the Niger Delta (MEND) active⁸.

The major political parties include the ruling People's Democratic Party, (PDP) and opposition parties such as the All Nigeria People's Party (ANPP), Action Congress (AC) and about twenty other registered political parties. In the main, these political parties are ethno-national and religious in character.

Rigging and electoral malpractices have rare ugly heads in Nigeria's democratic process. Safe for the aborted 1993 presidential election, no free and fair election has since been held. Beside the immediate past president, Olusegun Obasanjo, the incumbent president, Shehu Musa Yar'Adua, has also openly acknowledged fraud and other electoral "lapses" associated with Nigerian politics. At his inauguration, he not only declared the processes as flawed, but has also condemned the results of other elections. In a televised national broadcast, Olusegun Obasanjo however noted that if Nigerians did not like the victory of Musa Yar'Adua, they would have an opportunity to vote again in 2011.

⁷ Oyeniyi, Bukola Adeyemi, 'Nigeria and the Organization of Islamic Conference' in Adekunle O. Julius (ed.), *Religion in Politics: Secularism and National Integration in Nigeria*, USA: Africa World Press, Inc. 2009.

⁸ Oyeniyi, Bukola Adeyemi, 'A Historical Overview of Domestic Terrorism in Nigeria' in Okumu Wafula and Botha Anneli (eds.) *Domestic Terrorism in Africa: Defining, Addressing and Understanding Its Impact on Human Security*, Pretoria, South Africa: Institute for Security Study, 2009.

Prebendal politics as postulated by Richard- political actions are often dominated by self-interest and money -, corruption and brazen display of power continue to dictate political directions in Nigeria, as vote rigging, electoral violence, and other forms of coercion are practiced by all major parties in order to remain competitive and in power⁹.

1999 return to civilian rule

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Obasanjo's first four year rule was characterized by religious and communal violence. Most of these clashes were orchestrated by local political disputes, sometimes masquerading as religious conflicts. Thousands of Nigerians have been killed in these clashes. Thousands more have been displaced since 1999. In April 2003, Obasanjo was re-elected to another four year term, winning the election by a wide margin.

2000 adoption of Islamic, or Sharia, law

The Sharia, an Islamic law, has been instituted as a main body of civil and criminal law in most states in northern Nigeria. Although the Sharia has always been a vexed issue in post-independent Nigeria constitutional development, its resurgence in 2000 was orchestrated by the then Zamfara State governor, Alhaji Ahmad Rufai Yerima Sanni. Today, Sharia is practiced in 12 states in Nigeria.

Public attention was first drawn to the Sharia issue by the Christians, who emphasized the secular nature of the nation and also the fact that enthroning the Sharia in any part of Nigeria

⁹ Joseph, Richard A., *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*, Cambridge University Press, 1987.

fundamentally breached the rights of other non-Muslim population in Nigeria. However, negative light was brought to the Sharia in 2002 when one Amina Lawal, a single mother in Katsina State, was accused of adultery and a state Sharia court subsequently sentenced her to death by stoning for conceiving a child out of wedlock. Ironically, Amina's male partner and father of her child was released without conviction for lack of evidence. The conviction provoked outrage both in southern Nigeria and the West, with many national and international NGOs lobbying the federal government to overturn the conviction. In 2004, the conviction was overturned by the Sharia court of appeal, and Lawal returned to private life.

Before Amina Lawal, Safiya Hussaini, also found guilty of adultery, had her sentence overturned in March 2002 on her first appeal. The affairs, beside exposing civil and religious tensions between the Christian and Muslim, it also caused widespread outrage in the West, as a number of campaigns were launched to persuade Nigerian government to overturn the sentence. As part of an orchestrated action to persuade Nigerian government on the matter, several contestants of the 2002 Miss World beauty contest held in Nigeria, pulled out of the contest to protest against Amina Lawal's treatment. Oprah Winfrey, a notable African American show icon, had a special report on Amina Lawal where she garnered over 1.2 million protest e-mails against Amina Lawal's treatment.

The following states operate Sharia law in Nigeria: Zamfara, Kano, Sokoto, Katsina, Bauchi, Borno, Jigawa, Kebbi, Yobe, Kaduna, Niger and Gombe.

Next elections

Constitutional provision mandates that another general election be held in 2011, but socio-political realities in Nigeria and public agitation, which have made a constitutional review inevitable, have shown that elections may be held before the end of 2010 or in the first quarter of 2011. Earlier in the life of the present government, President Sheu Musa Yar'Adua inaugurated the Electoral Reform Committee (ERC). The committee, headed by Justice Muhammadu Uwais, recommended that, among other things, elections be held six months to the swearing in of elected officials, and that the Independent National Electoral Commission, the body in charge of elections and the electoral processes in Nigeria, is to be unbundled and fragmented into three independent bodies, whose membership should be determined by the National Assembly, etc.

After a long wait, the National Assembly, as at 25 March, 2010, amended the nation's

constitution. By the amendment, general elections would hold in Nigeria not earlier than 150 days before May 29 handover date and not later than 90 days before the handover date. In addition, the amendment strengthened the electoral commission by allowing it to regulate itself without recourse to the President. The amended Section 81 (3) reads: "The amount standing to the credit of the Independent National Electoral Commission, National Assembly and the Judiciary in the Consolidated Revenue Fund of the Federation shall be paid directly to the said bodies respectively; in the case of the Judiciary, such amount shall be paid to the National Judicial Council for disbursement to the heads of the courts established for the federation and the states under Section 6 of this Constitution". Invariably, the amendment to the constitution now empowers the electoral body to regulate its own procedure, which shall not be subject to the approval or control of the President.

On the tenure of office for President and Governor, the amended constitution, most notably sections 135 and 180, now holds that the President or Governors do not spend above their four-year tenure, especially after having spent part of the tenure before winning a re-run election. Other areas where the new amendment impacts on the next elections include qualification for offices, which for President, Vice-President, Governors, Deputy Governors, and members of National Assembly have been restricted to possession of a first degree from any recognized tertiary institution. Besides allowing for independent candidates, the amended constitution also stipulates that state and federal law makers could dump their parties for other parties of their choice for as many times as they like within their tenure of office.¹⁰

However, the spate of political assassinations and in-fighting within the political parties has left no one in doubt that the coming elections may not be totally different from the past ones. In Ogun State, Mr. 'Dipo Dina, governorship aspirant under the Action Congress political party, was assassinated in January 2010¹¹. In February, two other aspirants were also murdered in Oyo State¹². Similar occurrences have also been reported in other states of the federation.

The violence and power game that characterized the governorship rerun election in Ekiti in 2009 portends serious danger for the 2011 general election. Although brazen thuggery, vandalism, and large scale violence dominated the election; the outcome of the governorship election in Anambra State however shows that all hope is not lost. The ruling PDP audaciously foisted Professor Charles Chukwuma Soludo on the party and mustered all state powers to influence

¹⁰ 'Constitution Amendment: Senate takes Bull by the Horn', *Sunday Sun*, vol. 6. No. 366, p. 11.

¹¹ 'PDP Chairman Murdered in Oyo' in *The Nation*, *ibid.* p.6.

¹² 'PDP Chairman Murdered in Oyo', *The Nation*, vol. 5, No. 1326, March 8, 2009, p. 6.

the election results; nevertheless, the Anambra State people not only returned the incumbent, they also defended their mandates to the end.

Macro-economic overview

Prior to large-scale commercial exploration of crude-oil and gas in Nigeria, the nation's economy was based on agriculture and trade. It, however, changed profoundly under the military, as Nigeria neglected its strong agricultural and light manufacturing bases in favour of an unhealthy dependence on crude-oil since the crude-oil boom of the 1970s. In the 1960s and 1970s, the petroleum industry developed, prompting great increase in export earnings and allowing massive investments in industry, agriculture, infrastructure, and social services. However, many of these large investments, often joint ventures with private corporations, failed. As the first crude-oil shock led to unavoidable drop in national revenue, the inexperienced political class did not curtail their spending habits on avoidable imports. There was unrelenting spending of the dwindling foreign currency reserves. Letters of Credits issued from Nigeria were no longer being honored – an inexperienced Minister of Commerce was appointed from northern Nigeria on the basis of a flawed quota system, and he indiscriminately issued out import licenses to NPN cronies to facilitate insatiable desire for importing luxury good items. Also at this time, state governors embarked on independent sourcing of funds for gargantuan development projects, and the Nigerian national government was used as guarantor of loans, many times over. When states defaulted on repayments, state debts automatically became that of the guarantor. Thus state debts became national debts. At this time in the mid-1980s, external obligations of Nigeria was estimated at \$5 billion; over a couple of decades, additional loans and interests accruing from the loans, raised Nigeria's debt profile to about \$30 billion, despite some level of loans repayment.

In 2002, crude-oil and gas exports accounted for more than 98% of export earnings and about 83% of federal government revenue. In 2004, Nigeria's gross domestic product (GDP) was \$72 billion. The GDP has since varied widely, depending on the crude-oil market: \$81 billion in 1985, \$33.2 billion in 1994, and \$40.5 billion in 1995. By 2002 Nigeria's per capita income had plunged to about one-quarter of its mid-1970s high, below the level at independence¹³.

Nigeria's former military rulers failed to diversify the economy. Consequently, the poor have been especially hard hit by Nigeria's economic problems, notably by devaluating the currency,

¹³ Dr. Abraham Nwanko, DMO Director General, 'Nigeria's Debt Stands at 3.8 Trillion Naira At December 2009' in *Sunday Tribune*, February 14, 2010, p. 7.

which make basic imported goods, such as food, more expensive. Cutbacks in services, a general increase in fees for services, and a 15 percent average annual rate of inflation make the economy prostrate. The new crude-oil wealth, the concurrent decline of other economic sectors, and a lurch toward a statist economic model fueled massive migration to the cities and led to increasingly widespread poverty, especially in rural areas. A collapse of basic infrastructure and social services since the early 1980s accompanied this trend. Along with the endemic malaise of Nigeria's non-crude-oil sectors, the economy continues to witness massive growth of 'informal sector' economic activities, estimated by some to be as high as 75% of the total economy.

Recent economic situation

Nigeria's mono-cultural economy, long bedeviled by political instability, corruption, and poor macroeconomic management, is recently undergoing substantial economic reform under the new civilian administration. Between 2003 and 2007, President Obasanjo launched the National Economic Empowerment Development Strategy (NEEDS), whose sole purpose is to raise the country's standard of living through a variety of reforms, including macroeconomic stability, deregulation, liberalization, privatization, transparency, and accountability. Undoubtedly, the NEEDS addresses basic deficiencies in the country, such as the lack of freshwater for household use and irrigation, unreliable power supplies, decaying infrastructure, impediments to private enterprise, and corruption¹⁴. It is hoped that the programme will create 7 million new jobs, diversify the economy, boost non-energy exports, increase industrial capacity utilization, and improve agricultural productivity. To ensure that the programme achieves the desired results, a related initiative was introduced at the state level, the State Economic Empowerment Development Strategy (SEEDS).

In addition to the above, a United Nations-sponsored, longer-term poverty alleviation program, the National Millennium Goals for Nigeria, was also launched in 2000, which is expected to last till 2015. Under these programmes, Nigeria hopes to achieve radical changes such as poverty reduction, education, gender equality, provision of health, safe environment, and international development cooperation. In 2004, the United Nations Organization announced that Nigeria was making progress toward achieving several of these goals, such as provision of universal primary education, protecting the environment, and developing a global development partnership, although lagging behind on eliminating extreme poverty and hunger, reducing child and maternal mortality, and combating diseases such as HIV/AIDS and malaria¹⁵.

¹⁴ Dr. Nwanko, *ibid* p. 7.

¹⁵ Oscarline Onwuemenyi, 'Nigeria can only achieve three MDGs targets – UN' in *The Punch Newspaper*, Monday, 21 Jul 2008.

Efforts at arresting endemic corruption in Nigeria have weaned the establishment of the Independent Corrupt Practices and Related Offences Commission (ICPC) and Economic and Financial Crimes Commission (EFCC). These organizations recorded unprecedented successes under Olusegun Obasanjo and won support, even of the World Bank. At their zenith, some political office holders and government officials were arrested, arraigned and jailed for corrupt enrichment, financial impropriety, abuse of office, and gross misdeeds. Efforts, with the assistance of the World Bank, were also made to recover General Abacha's stolen funds, estimated to have reached \$3 billion in total. While they lasted, these efforts yielded positive dividends for Nigeria, as the nation, earlier ranked as the most corrupt nation on earth, improved dramatically on the international surveys of corruption. Transparency International, as at 2007, ranked Nigeria 108 out of 175 countries in the World Bank's 2006 Ease of Doing Business Index.

Vital economic statistics

Today, the nation's GDP is composed of the following sectors: agriculture, industry, and services. The table below shows the trend of GDP of Nigeria at market prices estimated by the International Monetary Fund with figures in millions of Naira¹⁶.

Year	Gross Domestic Product	US Dollar Exchange	Inflation Index (2000=100)	Per Capita Income (as % of USA)
1980	50,849	0.78 Naira	1.30	7.22
1985	98,619	2.83 Naira	3.20	1.87
1990	286,374	8.94 Naira	8.10	1.49
1995	1,928,642	54.36 Naira	56	1.28
2000	4,676,394	102.24 Naira	100	1.11
2005	14,894,454	131.01 Naira	207	1.96

Although figures for 2010 are not available yet, it must, however, be noted that about 67 percent of Nigerian population lives on less than US\$1 per day; average wages, since 2007, hover around \$4-5 per day, and per capita GDP remains lower than in 1960 when Nigeria became independent. Subsistence agriculture, which used to provide about 75% of employments in 1960 and 54% in 1980, has suffered from years of mismanagement,

¹⁶ Available at IMF website at <http://www.imf.org/external/pubs/ft/weo/2006/01/data/dbcseim.cfm?G=2001>

inconsistent and poorly conceived government policies, and the lack of basic infrastructure. Nevertheless, the sector still accounts for over 26.8% of GDP and two-thirds of employment. Consequently, food production has failed to keep up with rapid population growth, and Nigeria, once a large net exporter of food, now imports some of its food products.

In 2005 Nigeria had a labor force of 57.2 million. In 2003 the unemployment rate was 10.8 percent overall; urban unemployment of 12.3 percent exceeded rural unemployment of 7.4 percent. According to the latest available information from 1999, labor force employment by sector was as follows: 70 percent in agriculture, 20 percent in services, and 10 percent in industry. In 2005, Nigeria's central government expenditures rose to US\$13.54 billion while revenues were as high as US\$12.86 billion, resulting in a budget deficit of 5 percent. There has been no remarkable improvement since.

Informal sector

Among other things, a Structural Adjustment Program (SAP), orchestrated by the IMF and World Bank and implemented in late 1980s by General Babangida, led to a flowering of informal sector operators in Nigeria. SAP, which describes policy changes and conditions for getting new loans or for obtaining lower interest rates on existing loans, is created with the goal of reducing developing countries' borrowing and fiscal imbalances. They are designed to promote economic growth, generate income, and pay off already accumulated debt¹⁷.

Integral to attaining SAP's main objectives are free market fundamentals such as cutting down on government's social or welfare expenditures, focusing economic output on direct export and resource extraction, devaluation of currencies, trade liberalization, lifting import and export restrictions, increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets), balancing budgets, removing price controls and state subsidies, privatization, enhancing the rights of foreign investors vis-à-vis national laws, improving governance and fighting corruption. The implementation of SAP invariably led to situations whereby governmental institutions, multinational corporations, and privately-owned firms outsourced labour through a myriad of small-scale informal operators. Job outsourcing and job-losses served to wean private sector operation in contemporary Nigeria.

Officially, it is believed that 6 out of every 10 Nigerians work in the informal sector¹⁸.

¹⁷ Kidane, Mengisteab & Ikubolajeh, B. Logan (eds.) *Beyond Economic Liberalization in Africa: Structural Adjustment and the Alternatives*, South Africa: Zeb Books, 1995.

¹⁸ Kidane, Mengisteab & Ikubolajeh, B. Logan (eds.) *ibid.* p. 35.

Investment climate – potential but absence of enabling conditions

Nigeria's socio-economic and political climate may be bedeviled by plethora of problems - insecurity, violent conflicts, decaying infrastructure, poor regulatory environment, etc; the country, however, possesses many positive attributes, which, if carefully harnessed, could expand investment and turn Nigeria into a truly regional and international market player. Agriculture, energy, telecommunication, mining, manufacturing, etc offer profitable niches to investors.

Electricity generation, which stood at 15.59 billion kWh in 2003, remain a largely unexploited investment area in Nigeria. Currently, Nigeria's main sources of electricity production are fossil fuel and hydrothermal, which contribute 61.69% and 38.31% respectively. Electricity consumption in the same year stood at 14.46 billion kWh with export capacity of 40 million kWh. With 150 million people, Nigeria electricity generation could hardly cater for 20% of its population, hence, President Musa Yar'Adua promised earlier in 2009 that the nation's power generation would hit 6000 kWh by December of 2009. The nation's power generation has since nose-dived and there appears no hope in sight. The situation is so bad that the nation's manufacturers' union – Manufacturers' Association of Nigeria (MAN) announced that more than 50 companies are quitting operations in Nigeria monthly for neighbouring Ghana on account of inadequate power generation. Wind and solar opportunities, which the nation has in abundance, remain largely untapped.

Investors interested in long-term investment and joint ventures, especially those that use local raw materials, would find opportunities in Nigeria's large market. The developments in telecommunication industry have shown that a largely untapped market abound in Nigeria. Etisalat, a recent addition to GSM providers in Nigeria, recently announced that its subscribers have passed a million. Others like MTN, Globacom, Zain, Multilinks, Starcomms, etc have tens of million subscribers. The market, as National Communications Commission claims, is still at its infancy. Beside the above, other investment opportunities abound in Nigeria.

For business to succeed, potential investors must understand local conditions and business practices in Nigeria. In addition, they must establish local presence and choose their partners carefully. On its part, Nigerian Government must understand that sustaining democratic principles, enhancing security for life and property, and rebuilding and maintaining infrastructure are crucial to attracting foreign investment.

2010 budget

Originally put at 4.079 trillion Naira (approximately €20 billion), the 2010 Budget has been raised to 4.279 trillion Naira between December 17th and February 24th 2010.¹⁹ The additional allocations covered the Office of the Secretary to the Government of the Federation, Consolidated Revenue Fund Charges, Federal College of Education, Gombe, State House, Ministry of Environment, Ministry of Agriculture, Ministry of Commerce and Industry, Ministry of Works, Ministry of Defence, Ministry of Aviation, Ministry of Information and Communication, Ministry of Justice, Ministry of Power, Ministry of Niger-Delta, Ministry of Police Affairs, Ministry of Foreign Affairs, Ministry of Aviation, Ministry of Labour, and Ministry of Education. Although passages of Appropriation Bills in Nigeria have never been smooth and timely, however, the National Assembly has blamed the delay in passing the 2010 Appropriation Bill on the numerous adjustments currently being made to the Appropriation Bill by the Executive.

Initially, the Executive was faced with the problem of getting President Musa Yar'Adua, who took ill and was hurriedly spirited out of the country to a Saudi Hospital, to sign the proposed 2010 Budget. The proposed budget was later taken to Saudi Arabia for the President signature before it was submitted to the joint session of the National Assembly. Contrary to constitutional provisions, President Musa Yar'Adua departed Nigeria for Saudi Arabia on medical ground without handing over power to the Vice-President Goodluck Jonathan. Beside the proposed 2010 Budget, many other administrative and political processes were hampered by the President's absence and refusal to hand over state functions officially to the Vice-President.

As at 27th March 2010, the National Assembly passed the 2010 Appropriation Bill of 4.608 trillion naira. The table below shows the breakdown as released by the legislative house.²⁰

MDA	Recurrent	Capital	MDA	Recurrent	Capital
Presidency	75 billion	49.5 billion	Education	198 billion	97 billion
National Assembly	138 billion	15.19billion	Power	4.7 billion	189.7 billion
Health	12.7billion	67billion	Defence	217.3billion	74.3billion
Niger-Delta	2.9billion	90.9billion	Works & Housing	38.8billion	211.2billion
Agric	34.5billion	149.9billion	NSA Office	41.4billion	65.6billion

¹⁹ The Punch, Vol. 17, No. 20, 561 of Tuesday, March 09, 2010, p. 45.

²⁰ "National Assembly Passes 4.6 Trillion Budget for 2010" The Nation, vol. 17, No. 20574, 25th March, 2010. p. 1, 2.

Aviation	7.9billion	71.3billion			
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Other details as released by the National Assembly include:

1. Net Retained Revenue: 3.086 trillion
2. Recurrent: 2.077 trillion
3. Capital Expenditure: 1.085 trillion
4. Statutory Transfer: 180.2 trillion
5. Deficit: 1.521 trillion
6. Debt Servicing: 4.097 billion
7. Pensions and Gratuities: 177.6 billion

KEY ASSUMPTIONS

1. Benchmark Crude-oil Price: USD 67 per barrel.
2. Crude-oil Production: 2,350 million bpd.
3. JV Cash Call: 7 million Dollars
4. GDP: 5.47%
5. Inflation Rate: 11.2%
6. Exchange Rate: 150 USD = 1 naira.

Public debt and debt management

Historically, the first effort at tackling debt overhang in Nigeria took place during General Muhammad Buhari regime. Beside reporting monthly how much was paid, the government also instituted accountability and transparency by making public federal, state and local government allocations. It could be argued that the relative shortness of Buhari regime truncated this first attempt.

In 1999, Nigeria's official foreign debt stood at about \$28.5 billion. About 75% of this debt, comprising of interests on loans and payment arrears, was owed to Paris Club countries. In August 2000, Nigeria signed a one-year Stand-by Arrangement (SBA) with the International Monetary Fund (IMF), which invariably led to a debt rescheduling agreement between Nigeria and its Paris Club creditors.

Prior to 1999, diffusion of responsibilities across a multitude of agencies characterized debt management and administration in Nigeria. At the beginning of 2000, responsibilities for debt servicing were split across External Finance Department of the Ministry of Finance; Multilateral Institutions Department of the Ministry of Finance; African and Bilateral economic Relations Department of the Ministry of Finance; Home Finance Department of the Ministry of Finance; Treasury Department of the Accountant General's Office; Debt management department of the Central Bank; Debt Conversion Committee Secretariat of the Central Bank; and Public Debt

Office of the Central Bank. Weak and poor information flow, coupled with difficulties arising from cooperation and collaboration among these different agencies, were some of the problems facing debt management during this period. Weighed down by debt overhang and faced with inefficient debt management system, the Federal Government set-up the Debt Management Office (DMO) in September 2000 to, among other things, rationalize and streamline the management of the country's debt with a view to sharpening strategic focus and achieving operational efficiency.

The DMO has played major roles in facilitating debt rescheduling negotiations between Nigeria and the London and Paris Club of creditors, and in securing debt relief. It has also provided important input into macroeconomic management, particularly in crafting an overall debt strategy that addresses issues relating to future borrowing and debt restructuring operations. Since inception, the DMO has also made considerable progress in auditing the country's loan portfolio, updating and computerizing the debt database, and reconciliation of figures. The debt deal with the Paris Club had three components: First, Nigeria paid its arrears amounting to US \$ 6 billion. Subsequently, the Paris Club members cancelled US \$ 18 billion worth of debt, and, finally, Nigeria bought the remaining US \$ 8 billion debt back at a discount (debt buy back transaction which amounted to US \$ 6 billion). Therefore, in total Nigeria paid US 12 billion and had US \$ 18 billion debt cancelled.

According to the DMO, Nigeria's total public debts stand at \$3.62 billion at the end of 2009. This development cannot be divorced from debt cancellation, most especially by both Paris and London Club of countries, and efficient debt management practices.

Natural resource management

In Nigeria, as in most of Africa, land constitutes one of the greatest natural resources, as most Nigerians derive their daily sustenance from land. Soil fertility, however, varies considerably in different parts of Nigeria. Although Nigeria's land is generally poor, fertile soils abound where there are alluvial deposition, mostly in river valley areas. Most of the nation's land is, however, overused and eroded, with just 33% under cultivation. Trees, which serve as wind-breakers and also help in preventing erosion, are often used for fuel, lumber, material for tools, fodder for animals, and herbal medicines. Consequently, the landscape is increasingly becoming barren of trees, especially in densely populated areas and near larger cities.

Land use and management in Nigeria is convoluted. Two different land tenure systems exist,

indigenous and western. The indigenous system describes the pre-colonial land tenure practices, which vested ownership of land in the family. Under this system, land is regarded as a communal family property that could not be sold or transferred. The family head holds all land in trust for the living, the dead and the yet-unborn members of the family. The western model, historically, took its root from colonial land use and management practices in the 1890s, which vested ownership and control of land in the government. The Land Use Act, formerly known as Decree No. 6 of 1978, aims at, among other things, streamlining and simplifying the management and ownership of land, to bring under control the use of land, to assist citizens and investing public in realizing their ambitions and aspirations of owning land, and to remove bitter controversies that land use and management has generated over the years. To achieve these, the Act vests all land comprised in the territory of each State (except land vested in the Federal Government or its agencies) solely in the Governor of the State, who would hold such land in trust for the people and would henceforth be responsible for allocation of land in all urban areas to individuals resident in the State and to organizations for residential, agricultural, commercial and other purposes while similar powers with respect to non-urban areas are conferred on Local Governments²¹.

From the above, management of land is constitutionally vested in the government. More often than not, individuals and families still retain 'social rights' to land. These social rights, unrecognized by the laws, play divisive role in land management in Nigeria. Cases abound in Nigeria whereby individuals have obtain justice in courts, but could not own, access and control land without the social rights that comes only from the land-owning families.

Petroleum and natural gas, the source of most of Nigeria's export earnings, are two other important natural resources that are abundantly available in Nigeria. Petroleum and natural gas abound in larger quantity in Nigeria's Niger Delta, offshore and in scattered locations in the coastal region. Other available resources include iron ore, lignite, tin, columbite, limestone, gold, uranium, etc.

Like land, management and use of most natural resources are controlled by the government.

Mining sector

Of all Nigeria's natural resources, crude-oil and gas is receiving most of the attention. Petroleum dominates Nigerian economy, as about 95% of the nation's export earnings and about four-fifths

²¹ Olakanmi & Co., *The Land Use Act: Cases and Materials*, Abuja, Nigeria: Lawlords Publishers, n.a.

of government revenues are derived from it. Nigeria, by mid-1970s, was the fifth largest producer of petroleum in the world. Nigeria, today, ranks as the 12th largest producer of petroleum in the world and the 8th largest exporter, and has the 10th largest proven reserves. Petroleum, which accounts for 40% of national GDP and 80% of Government earnings, plays an important role in the Nigerian economy. Undermining this role is the continual agitation for better resource control in the Niger Delta, Nigeria's main crude-oil producing region. More often than not, these agitations disrupt crude-oil production and, therefore, are currently preventing the country from exporting at 100% capacity²².

Nigeria's crude-oil reserves are estimated to be 35 billion barrels (5.6×10^9 m³); natural gas reserves are well over 100 trillion ft³ (2,800 km³). Nigeria's crude-oil daily production, which comprised of Bonny Light oil, Forcados oil, Qua Ibo oil and Brass River oil, was averaging around 2.2 million barrels (350,000 m³) between 2005 and 2009²³.

Crude-oil production has declined considerably as a result of incessant conflicts, kidnapping, hostage-taking and crude-oil pipe line vandalization in the Niger-Delta areas²⁴. Although efforts have been made to reverse these troubles, little has been achieved. It is hoped that the establishment of the Niger Delta Development Commission (NDDC), and the Ministry of the Niger-Delta would help catalyze economic and social development in the region²⁵.

Although there are considerable fluctuations in Nigeria's crude-oil production, the country ranks as the fifth-largest source of imported crude-oil to the U.S and supplies 10% of America's overall crude-oil imports.

In addition to its oil wealth, Nigeria has an estimated 104.7 trillion cubic feet (tcf) of proven natural gas reserves, the tenth largest reserves in the world. As noted by the Human Right Watch, Nigeria's natural gas reserves may in fact be as high as 300 tcf.²⁶ At full capacity, the project is expected to process 5.2 million metric tonnes per year (mmt/y) of LNG. Nigeria LNG Ltd, a consortium jointly owned by NNPC (owns 49 percent), Shell (owns 25.6 percent), Elf (owns 15 percent), and Agip (owns 10.4 percent), planned that "non-associated" gas, from gas reserves, will be used to supply the facility initially, but "associated" gas, produced as a by-

²² Alao Abiodun, *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, Rochester, USA: University of Rochester Press, 2005.

²³ See Nigeria's profile on the Library of Congress Country Studies project. Available at www.countrystudies.gov.ng/

²⁴ Oyeniyi, Bukola Adeyemi, 'A Historical Overview of Domestic Terrorism in Nigeria' op. cit. p. 43.

²⁵ On the Niger Delta Development Commission (NDDC) see <http://www.nddc.gov.ng/>

²⁶ Human Right Watch, *The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil Producing Communities*, 1999, 32-33.

product of oil extraction, will comprise 65 percent of supply by 2010.

Despite efforts to develop natural gas markets, including investment in gas-fired electrical installations, a liquefied natural gas (LNG) plant, and fertilizer and chemical ventures—about three-quarters of Nigeria's gas production is wasted through flaring rather than diverted for use²⁷. In addition to the above, the project has been enmeshed in controversies relating to bribery and corruption in the past years. An alleged bribes of \$180 million was paid by the TSKJ consortium of engineering companies to Nigerian government officials in order to facilitate four contracts to build and expand the Nigeria LNG terminal. Haliburton's KBR pleaded guilty to the offence in February 2009.²⁸

Although new coal fields, especially at Lafia and Obi in Benue State, are being opened to boost production, coal production, which, together with cocoa, cotton and groundnuts, formed the core of Nigeria's economy at independence, has declined precipitously to about 64,000 metric tons. Similar trend is noticeable in tin and columbite, iron ore, limestone, gypsum, barite, and kaolin²⁹.

Ecological issues

²⁷ Lewis, Peter, *Growing Apart: Oil, Politics, and Economic Change in Indonesia and Nigeria*, Michigan, USA: University of Michigan Press, 2007, p. 168.

²⁸ "Haliburton and Nigeria: A chronology of key events" in '234 Next Newspaper (2009); see also Ronald Lansdell (2006). "Coping with security challenges of natural gas markets". IEA Gas Security Workshop. Paris: International Energy Agency. Available at http://www.iea.org/work/2006/gas_security/Lansdell.pdf.

²⁹ Alao Abiodun, *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, Rochester, USA: University of Rochester Press, 2005.

Crude-oil exploration, mining and manufacturing have left, at their wakes, serious environmental problems, including crude-oil spillage and gas flaring, in Nigeria. These problems, coupled with lack luster waste management system, deforestation, soil degradation, climate change and global warming have turned most parts of Nigeria, including the crude-oil-producing areas, into war zones.

While waste management has presented itself as a daunting problem for government planners in cities like Ibadan, Lagos, Calabar, Kano and other major Nigerian cities which are linked with economic development, and population growth; crude-oil spillages and environmental degradation have dis-empowered many in Niger-Delta, Northern Nigeria, Adamawa, Jos and, even, Yorubaland. In major cities, haphazard industrial planning, urbanization, poverty and lack of competence of the municipal government underwrite waste pollution³⁰. Archaic land tenure practices, substandard equipments, non-adherence to minimum benchmarks and gross neglect of local sensibilities and peculiarities by multinational corporations are some of the reasons for incessant crises in Niger-Delta, Northern Nigeria, etc.

Africa's contribution to global carbon emission, a paltry one metric ton of carbon dioxide per person per year, is the lowest in the world³¹. Yet, Africa, among others, bears the greatest brunt of environmental problems and climate change³². Experts have cautioned that if increasing deforestation, desert encroachment and other climate-related problems do not precipitate violence over access and control of water-ways, decreasing arable land and pasture; food insecurity would. The on-going violent conflicts in Jos, Plateau State and nomad-indigene conflicts in Oyo State are eloquent testimonies to the effects of climate change in Africa. It is feared that conflicts and wars would increase, especially in the northern, semi-arid Sahel region of the country, as climate change precipitate more dry periods.

³⁰ D. N. Ogbonna, I. K. E. Ekweozor, F. U. Igwe, "Waste Management: A Tool for Environmental Protection in Nigeria." *A Journal of the Human Environment*, 31, (1) (February 2002).

³¹ Watts Michael, *State, Oil and Agriculture in Nigeria*, Berkeley, USA: University of Berkeley Press, 1987.

³² Rashid, Khadijat K. "Ethnicity and Sub-Nationalism in Nigeria: Movement for a Mid-West State/Ethnic Politics in Kenya and Nigeria/Federalism and Ethnic Conflict in Nigeria", in *African Studies Review*, September, 2003.

Industrial logging

According to the Food and Agriculture Organization of the United Nations (FAO), Nigeria has the world's highest deforestation rate of primary forests.³³ Primary forests, described as forests with no visible signs of past or present human activities, decrease tremendously in Nigeria. Between 2000 and 2005, the nation lost 35.7% of its primary forests to industrial logging, subsistence agriculture, and the collection of firewood.

The development signposts not just desert encroachment, which invariably would pave the way for food and nutrition insecurity, but also loss of habitat for floras and faunas. More than 50% of Nigeria's population live in the rural areas and are directly or indirectly dependent on forest resources - especially wood - to meet their domestic energy needs³⁴. Chopping of oil palms and of mango, cashew, cocoa and cola-nut trees is controlled, however, through by-laws because of the economic value of such trees. Enforcement of available laws, however, remains a challenge. The legal environment has, invariably, given fillip to illegal commercial logging, and therefore the destruction of forest cover. Reporting on loss of forest cover, FAO noted that between 2000 and 2005, Nigeria lost 35.7% of its forest cover. This loss of forest cover has been predominant in central and northern Nigeria, and has opened the door for soil erosion and desertification. Annually, Nigeria lost 350,000 hectares of land to desertification. In the absence of effective measures to safeguard Nigeria's forestry resources, this number would certainly increase.

Hydroelectric capacity & potential

Nigeria is blessed with abundant hydroelectric power resources. Its rivers, Niger, Benue, Cross River and Kano and their tributaries along with some smaller rivers, provide an enviable potential for the exploitation of hydroelectrical energy. Mountains and hilly terrains with high river slopes, particularly in the Jos/Bauchi and Mambilla Plateau regions abound, and have very good sites for building reservoirs and diverting flows for power production.

With an average annual precipitation, approximately 1080 mm, and a total mean annual precipitation volume of approximately 998 km³, of which the total runoff is estimated to be 230 km³, Nigeria's rivers are characterized by high water discharges during the rainy season and very low discharges during the dry season³⁵. However, the River Niger, regulated by the Kainji

³³ <http://www.fao.org/newsroom/en/news/2008/1000776/index.html>

³⁴ Osaghae E., *The Crippled Giant: Nigeria Since Independence*, Indiana, USA: Indiana University Press, 1998.

³⁵ Philip M. Mobbs, *The Mineral Industry Of Nigeria*, U.S. Geological Survey Minerals Yearbook—2000, Nigeria Ministry of Solid Minerals Development, 1996, Solid minerals development in Nigeria: Abuja, Nigeria, Ministry

reservoir, has a more reliable and stable flow. The country's per capita domestic water consumption is estimated at 30 liters per day, approximately 11m³ per year.

In all, there are 63 large dams, operated by not less than 12 river basin development authorities or state water boards/corporations/utilities responsible for the country's 30 states and the capital, Abuja, in Nigeria. The national authority responsible for water resources is the Federal Ministry of Water Resources and Rural Development.

There are 41 small hydroelectric stations, with a total capacity of 32MW in Nigeria. In a detailed examination of Nigeria's hydropower potential, commissioned by the Power Holding Corporation of Nigeria (PHCN), it was revealed³⁶ that approximately 32 sites with potential for hydropower development, 15 of which are classified as possible small-hydroelectric stations, exist in Nigeria.

In 1999, Nigeria's total electrical consumption stood at 12625 GWh, of which 41%, 5250 GWh, came from hydroelectric power. The country's total installed capacity, as at 1997, equaled 5881MW, of which 2341MW was installed in hydroelectric projects. Notwithstanding its potentials, the nation's power demand is high, although actual generation is well below demand. At the close of 2009, the nation's power generation decreased substantially by about 40% of its capacity in 1999. As a result, the country experiences acute energy supply crisis. It has been argued that the solution to this crisis, in the short and long term, is further development of the country's small-hydroelectric capacity.

Agriculture and food security

Before the 1970s, agriculture, including farming and herding, contributed more than 75% of Nigeria's export earnings. Today, its contributions to total GDP stand at 17%. In addition, a little less than 70% of Nigeria's economically active population is into agriculture.³⁷ Since the commercial production of crude-oil, agriculture has stagnated. Some of the factors underwriting stagnation include government neglect, most notably poor and lack luster investment; ecological factors, most especially drought, crop diseases, and reduction in soil fertility; etc. Major crops in Nigeria include palms, cocoa, rubber, cotton, maize, cassava, sorghum, millet, yams, and cassava, etc. All of these crops are used as food and are widely sold for cash.

of Solid Minerals Development, 34 p.; Shaw Timothy, The State of Nigeria: Oil Prices, Power Bases, and Foreign Policy' in the *Canadian Journal of African Studies*, Vol. 18, no 2, 1984.

³⁶ Cited in Ismaila Haliru Zama, 'Hydro Power Resources in Nigeria', being text of a position paper presented at 2nd Hydro Power for Today Conference, International Centre on Small Hydro Power (IC-SHP), Hangzhou, China 2006. Mr. Zama is a Scientific Officer at the Energy Commission Of Nigeria.

³⁷ Library of Congress, 2008 Country Profile: Nigeria, Federal Research Division, 2009, p. 12.

The great majority of Nigeria's farm production comes from smallholders who use hoes and similar basic tools. In less crowded areas, crops are typically planted in rotations that let soil lie fallow and recharge. In more crowded areas, for example near large Hausa cities and in the Igbo heartland, cropland is typically under constant cultivation.

In the last twenty years, government has invested into increasing farm output through irrigation projects, rural infrastructure, and introduction of modern seed varieties and chemicals. This investment, like similar attempts in the mid-1980s, yielded little dividends, as structural problems exist in the sector. Although large-scale, machine-based farming has increased substantially in recent times, it accounts for only a fraction of total production.

The livestock sector is dominated by Fulani pastoralists, who use mostly traditional forms of production. State and federal governments have tried periodically to encourage the Fulani to form large-scale cattle ranches, but with little success. In March 2010, more than 300 people in ten villages in Oyo State were murdered by Fulani herders over pasture. However, modern poultry and fish farming, geared to meeting urban demands, have increased substantially since 2005.

Ecological issues

Desert encroachment, worsened by massive water impoundment and irrigation schemes, is a major problem in Nigeria. Uncontrolled grazing and livestock migration put tremendous pressure on the environment in some areas. Other environmental threats, which have precipitated violence, include poaching and settlement within protected areas, brushfires, increasing demand for firewood and timber, road expansion, and crude-oil extraction activities.

Although Nigeria has organized nature preserves, forests, game reserves, and national parks; enforcement of available laws poses serious threat to prevention of abuses of protected land. Notwithstanding this, Nigeria cooperates with Cameroon, Chad, and Niger to jointly manage wildlife at the Lake Chad Basin. In addition, the nation also participates in the African Convention on the Conservation of Nature and Natural Resources.

Right groups, community-based organizations (CBOs) and several other Nigerian groups have campaigned actively to compel both the government and crude-oil producing companies to introduce environmental safeguards. The campaigns, however, yielded positive result in 1988 when government established the Federal Environmental Protection Agency (FEPA). FEPA's

main objectives are to address problems of desertification, crude-oil pollution, and land degradation.

Justice and Human rights

Legislation, Enforcement, Implementation, and Awareness are some of the basic measures of Justice and Human Rights administration in Nigeria. Legislation, which describes the existence of enabling laws and statutes touching on human and persons' rights are not lacking. In fact, chapter four of Nigeria's Constitution is dedicated entirely to Human Rights. Beside, there are also sundry legislations that are made pursuant to some other laws, such as fundamental rights enforcement rules; establishment of statutory bodies, such as the Human Rights Commission, that are vested with the promotion and enforcement of human rights. In term of contents, Nigeria's laws are pro-person. In practical terms, enforcement and implementation of laws and provisions are generally defective or lacking in Nigeria. Reasons for this relate very importantly to Nigeria's colonial orientation, lack of political will, ignorance and illiteracy, and low level of legal education.

Most Nigerians are unaware, even of the laws made to protect them. Fundamentally, awareness level amongst Nigerians is abysmally low. An average Nigerian knows little or nothing about his/her right to dignity.

In the 1990s, there was the proliferation of Human Rights organizations, which was occasioned by the need to engage the military dictators of the time. Since 1999 and up till now, majority of these organizations have either gone into oblivion or misdirected their energies into politicking.

Rule of Law

It can be argued that the political elite that took over the reins of power at independence inherited recourse to force, rather than the rule of law, from the erstwhile colonial administrators. Nevertheless, it can be argued that the rule of law, which emphasizes the supremacy of law in private and public matters, was adopted even by these political leaders. It was in 1966 that the rule of law was forcibly replaced, as the nation witnessed a military take-over. The constitution was suspended, legislative authorities in the regions were replaced by army councils and public and private matters were subjected to military decrees. Consequently, the rule of law became encumbered and democratic practices suffered.

At its apogee, military rule not only frowned at oppositions, it also ensured that oppositions were

crushed. Nigerians were brutalized and dehumanized. Fundamental rights were denied and many Nigerians were tortured, jailed without trials, or killed. Legitimacy and regime protection were obtained through either outright bribery or intimidation. Corrupt practices became rife, just as mediocrity gained ascendancy. Actions of both the ruling class and their hanger-on were neither guided nor restrained in ways that benefit the society. The ruling class and a few of their close associates not only constituted laws unto themselves, but also considered the nation as their personal fiefs. Chaos and anarchy, rather than peace, resulted.

Whether in private or in public, all acts must be in accordance with the laws to be valid. Government, corporate organizations and individuals' activities must be conducted within a framework of defined rules and regulations and disputes, which are inevitable in any society, must be decided by courts that are independent of the interferences either from individuals or from government.

Military rule, as examples have shown, abhors court ruling, especially when it is considered unfavourable to it. Judges were compromised and, 'recalcitrant' judges were punished, dismissed or killed. Since 1999, a semblance of rule of law is appearing, as a number of steps were taking by government to ensure strict adherence to the rule of law. Notable examples include the Due Process Commission, which stipulates that government businesses must be transparent and comply with some basic rules. Despite this, President Olusegun Obasanjo who orchestrated this development has also refused to comply with court injunctions on a number of occasions.

Yar'Adua administration stated, at its inception, that this government would adhere strictly to the rule of law; however, the government's stance on the rights of Lagos State to create local government councils and his refusal to hand-over power to Vice-President Goodluck Jonathan before and ever since his departure for medical treatment in Saudi Arabia leaves much to be desired.

Criminality

A complex web of crime and criminality is spun thick in Nigeria. More often than not, crime and criminality in Nigeria derive, on the one hand, from the leaders' abhorrence of the rule of law and, on the other hand, the parlous state of the economy. Abuse of office, graft, embezzlement, corrupt enrichment, diversion of public funds and, more recently, cyber-related crimes are among some of the known criminal activities in Nigeria. The culture of impunity associated with government's handling of crimes and criminality, especially where such involve public office holders has served as an inducement to crime and criminality. Most Nigerians would argue that only petty crimes are punished.

In June 2003, the Institute for Development Research, at the Ahmadu Bello University, Zaria, ranked the following organizations and agencies as most corrupt in Nigeria: Nigerian Police, Political Parties, National and State Assemblies, Local and Municipal Governments, Federal and State Executive Councils, Traffic police and Federal Road Safety Commission, and the Power Holding Corporation of Nigeria.

There is the preponderance of economic and financial crimes like Advance Fee Fraud (known, in Nigerian parlance, as 419), Money Laundering, etc in Nigeria. These have had severe and untoward negative consequences for Nigeria, including decreased Foreign Direct Investment and tainting Nigeria's national image.

Since 1999, various measures have been put in place to curb crime and criminality in Nigeria. Commissions, such as the ICPC, EFCC, etc have been set up to investigate and try offenders. The international community's support has also been sought in repatriating Nigeria's fund stashed away in foreign banks. Major high profile arrests and trials have since been made and effected as governors, ministers and political office holders have either been removed or sacked for various crimes and criminality. In 2000, two years after General Sani Abacha's death, about 3 billion dollars allegedly stolen and kept in various accounts throughout Europe have been repatriated back to Nigeria.

Corruption (economic, financial, etc.)

The menace of these crimes and the recognition of the magnitude and gravity of the situation led to the establishment of the Economic and Financial Crimes Commission (EFCC). According to its founding legal instrument, the EFCC (Establishment) Act 2002, the body is mandated to combat financial and economic crimes and also to prevent, investigate, prosecute and penalize

economic and financial crimes and it is charged with the responsibilities of enforcing the provisions of other laws and regulations relating to economic and financial crimes. These include the Money Laundering Act 1995, the Money Laundering (Prohibition) Act 2004, the Advance Fee Fraud and Other Related Offences Act 1995, the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994, the Banks and other Financial Institutions Act 1991, and the Miscellaneous Offences Act. In addition to these, the EFCC is also saddled with the responsibility of combating terrorism.

Beside the EFCC, the Independent and Corrupt Practices and Other Related Offences Commission (ICPC) was also established in 2000. By its constitutive act, the ICPC, currently headed by Honourable Justice Emmanuel O. Ayoola, aims at employing all available legal means to rid Nigeria of greed, avarice and all vestiges of corruption and thus promote transparency, probity, accountability, and integrity in the public and private sphere. Although corruption is a global malaise, the extent of its reach in Nigeria is tragically stupendous, as it pervades all private and public institutions and overwhelms all levels of government.

Beside economic and financial corruption, political corruption, manifesting as the use of official resources for personal enrichment, also exists in Nigeria. The rise of public administration and the discovery of crude-oil and natural gas are two major events seen to have led to a litany of ignoble corrupt practices in the country. Chief Obafemi Awolowo, former Premier of Western Region and one of the founding fathers of Nigeria, noted that since independence, governance has been a matter of 'a few holding the cow for the strongest and most cunning to milk. Under such circumstance, it must be conceded, everybody runs over everybody to make good at the expense of others'³⁸.

Nothing illustrates Chief Awolowo's position on corruption in Nigeria like the Ajaokuta Steel Complex Limited (ASCL). The dream of making Nigeria steel giant, nurtured by President Shehu Shagari, has been truncated by fraud. In 1999, two ministers under General Abacha, Minister for Power and Steel, Alhaji Bashir Delhatu, and Finance Minister, Mr. Anthony Ani, were investigated over bed buyback involving the ASCL. Although initially denied, the two ministers later surrendered the sum of 58 million U.S. dollars and 30 million Deutsch Marks to the government.

After some initial setbacks, the government of Chief Obasanjo entered into concession

³⁸ *Africa*, London, April 1979, p 25.

agreement with an American company, SOLGAS ENERGY LTD, to manage and operate the ASCL. SOLGAS ENERGY chairman, Mr. Thomas Russell, started trading with Nigeria in 1992 importing electric generating sets. His company has no experience in steel production either in Nigeria or anywhere in the world.

Freedom of the Press, Internet, Speech, Association

Unlike the military era, when gag-rule in the nature of Decree 4 of 1994 that stifle freedom of the press, free speech, freedom of association, etc exists; since 1999, freedom of the press, free speech and freedom of association exist in Nigeria. Although cases of closure of media houses, arrest and trial of media practitioners, etc that were the hallmarks of military rule, had disappeared, it must however be noted that we have witnessed occasions where media houses were closed down by government without recourse to the laws. Harassments of media practitioners, especially by politicians, have nevertheless continued unabated. The fate of journalists, members of the civil society and independent observers at the electoral rerun of 2009 in Ekiti State are eloquent testimonies to the fact that not much has changed on freedom of the press, free speech, etc.

Internet usage, in Nigeria, is low compared to other countries, even in Africa. Some of the factors underlying this relate to epileptic power supply, which has raised the cost of doing business. Another important factor is the cost of internet access itself. It must however be noted that since the advent of GSM; internet usage has increased tremendously, as most of the GSM providers have also rolled out data services, although at a rather exorbitant cost.

Conflict

Conflict, even of and within its different parts, is not strange in Nigeria. Intra and inter group conflicts of varying magnitude had occurred in Nigeria, even before the colonial rule. Shortly after independence, Nigeria witnessed an avoidable Civil War that lasted for about four years. From east to west, north to south; conflicts and wars, with their attendant deaths, displacements, and socio-economic and political dislocations, lacerate Nigeria's landscape. Prior to 1999, military rule and its characteristic opposition to dissent have been cited as one of the reasons underwriting conflicts and wars in Nigeria. It was argued that only the institution of representative and responsible democracy rule can ameliorate the development.

The numerous incidences of conflicts and wars in different parts of Nigeria have since challenged the above position. Frederich Ebert Stiffung, in a report published in 2006, noted that

in 2004 alone, more than 250 cases of violent conflicts occurred in Nigeria³⁹. The figure for the following year, as claimed by the Nigerian Police, is more damning. While it can be argued that the inherent characteristic of democracy i.e. the tendencies to allow for public expression of pent-up anger and frustration, especially after many years of military rule, could serve as reason for this dense climate of conflicts and wars in Nigeria; more than ten years on, the wheel of conflicts and wars appear to be turning with reckless abandon.

Between January and March 2010, violent conflicts and wars, with thousands of lives and incalculable number of property lost, have been reported in Jos, Plateau State alone. The situation in the Niger-Delta is far from being over. Violence dominated the January 2010 governorship election in Anambra State. With the general elections approaching, in-party fighting and disputes have increased geometrically. It appears as if everything is set for a major cataclysm in Nigeria.

Ethnic violence

The first occurrence of ethnic violence in Nigeria culminated into the Nigeria Civil War. Hausas in northern Nigeria killed many Igbo traders in the north as reprisals for the killing of northern political leaders during the first coup. The development led to many Igbo and Yoruba people fleeing from northern Nigeria to their hometowns in the Eastern and Western regions. The circumstances were badly managed by the Nigerian state that, few months later, the Civil War, where approximately one million Nigerians lost their lives, became inevitable.

Since 1999, cases of ethnic violence have increased tremendously. Violent confrontations between the Hausa and Igbo, Hausa and Yoruba, Berom and Hausa-Fulani have occurred in Nigeria. As a fall-out of the adoption of Sharia legal system in Northern Nigeria, Hausa-Fulani engaged the Igbo in Kano, Kaduna, and in other Sharia states. In South western city of Sagamu, Yoruba people engaged the Hausa in one of the fiercest ethnic conflicts in Western Nigeria since independence. Similar occurrences have also occurred in Oko-Oba, Agege and some other locations in Lagos.

Christians vs Muslims

While skirmishes of ethnic-related conflicts have also occurred during the military era, a near genocide occurred in Jos between Muslims and Christians in the ancient city of Jos, Plateau State in 2001. The 2001 Jos riots were riots involving Christians and Muslims over the

³⁹ Fredrich Ebert Foundation, *Report on Violent Conflicts in Nigeria*, Lagos, Nigeria: Fredrich Ebert Foundation, 2006.

appointment of a Muslim politician, Alhaji Muktar Mohammed, as local coordinator of the federal poverty alleviation program. The clashes, which started on September 7 and ended on September 17, led to the death of over 1000 people. In addition, many houses, motor vehicles, mosques and churches were damaged, destroyed or burned.

While official sources have linked the conflict to religious intolerance by the two religious groups, reports from the people indicated a more deep-seating and historical factors. However, the conflicts, after the initial military intervention, curfew and emergency administration, have since resurged twice in 2008 and 2010.

Beside the Jos conflict, it must be noted that the introduction of Sharia legal system in some northern states also sparked religious conflicts especially in Kano and Kaduna. The most pernicious religious conflict in recent times remains the *Boko Haram* incidence. *Boko Haram*, which literally means 'Western education is a sin', is a militant Islamist group that seeks the imposition of Sharia law throughout Nigeria. The group, founded in 2002 by Ustaz Mohammed Yusuf, is hostile to democracy and the secular education system. In 2004, Yusuf moved the group from Maiduguri to Kanamma, Yobe State, where it set up a base called "Afghanistan".

Membership of the group comprises of Nigerians and nationals from neighbouring Chad. *Boko Haram* opposes not just Western education, but also Western culture and modern science. Yusuf, in a 2009 BBC interview, stated that the world is not spherical and that Islam rejects the scientific explanation that rain comes from water evaporated by the sun⁴⁰. Following reports that the group was arming itself, the Nigerian police started investigating the group and many of its leaders were arrested in Bauchi. The development, which irked the group, sparked deadly confrontation between the group and the Nigerian security forces. At the end of the confrontation, an estimated 1000 people were killed while tens of thousands were displaced.

Yusuf was reported to have committed suicide in police custody.

Crude-oil related – Niger Delta, MEND

Conflict in the Niger Delta is essentially as a result of socio-economic and environmental problems associated with crude-oil and gas exploration. Although overt violence began as early as in the 1990s between the Izon, the Ogonis ethnic groups and the multinational corporations

⁴⁰ For full text of the interview, see 'Nigeria's 'Taliban' enigma' on BBC News. Available at <http://news.bbc.co.uk/2/low/africa/8172270.stm>.

over environmental impacts of crude-oil and gas exploration, the Nigerian political class has not been able to find a sustainable solution to the problem. Military rule, ethnic and political unrest, etc have since added different dimensions to the conflicts in the Niger-Delta region. Transition from military to civil rule has also done little to solving this problem. Today, competition for crude-oil wealth among the various groups in the Niger-Delta has not only fueled violence, it has also led to increasing militarization of the entire region by militia groups and the Nigerian state. The Niger-Delta People's Volunteer Force (NDPVF) and Movement for the Emancipation of the Niger-Delta (MEND) are two of the numerous groups orchestrating violence in the area today⁴¹.

Comprising mainly of the Izon, the NDPVF was founded in 2004 by Alhaji Mujahid Asari-Dokubo. Although the group had supported agitation for independence of the Delta region, its main focus is to agitate for more control over petroleum resources, particularly in Delta State. Its pan-Izon agenda has pitched it not only against the Nigerian state, but also against other ethnic groups in the Niger-Delta region.

In 2003, the group merged with Ateke Tom's Niger Delta Vigilante (NDV) and, together, they fomented troubles in Warri and other outlying communities outside Portharcourt. NDPFV is notable for crude-oil 'bunkering'. The group specializes in bursting crude-oil pipeline and illegally siphoning crude-oil into barges for sale in destinations along the West African coast. Although bunkering is illegal, the militias in the Niger-Delta justified it on the basis that the state is exploiting them and by stealing the product, they are taking what justly belong to them.

MEND, one of the largest militant groups in the region, seeks to expose how government in Nigeria and multinational corporations have exploited and oppressed people of the Niger-Delta as well as the devastation crude-oil exploration has caused the natural environment in the Niger Delta. In its bids to localize control of Nigeria's crude-oil and to secure reparations for pollution caused by the crude-oil industry, MEND has been attacking foreign-owned petroleum companies, sabotaging their activities, stealing, vandalizing, and kidnapping people.

As noted by one of the group's leaders, Major-General Godswill Tamuno, whose real name has not been made public, MEND is fighting for 'total control of the Niger-Delta's crude-oil wealth, as the local people had not gained from the riches under the ground, creeks and swamps⁴².' Since its inception, MEND has portrayed itself as political organization seeking for a greater share of

⁴¹ Oyeniyi Bukola Adeyemi, 'A Historical Overview of Domestic Terrorism in Nigeria' *ibid.* 2009.

⁴² For full text of Godswill Tamuno interview, see 'Nigeria's shadowy Oil rebels' at <http://news.bbc.co.uk/2/hi/africa/4732210.stm>

Nigeria's crude-oil revenues. Today, it has evolved into an umbrella organization for several armed groups. In 2006, MEND warned crude-oil industry workers that 'the Nigerian government cannot protect your workers or assets. Leave our land while you can or die in it. Our aim is to totally destroy the capacity of the Nigerian government to export crude-oil⁴³.' The warning came at the heels of the arrest and detention of two Izon leaders, Mujahid Asari-Dokubo, who was charged with treason, and Diepreye Alamiyeseigha, former governor of Bayelsa State, who was charged with corruption. President Musa Yar'Adua released the duo in 2007.

MEND, NDPFV and a plethora of others renounced violence, crime and criminality in October 2009 when the government brokered an Amnesty Deal with all the militia groups as part of measures to find peace in the region.

International relations

Since independence, Nigerian foreign policy has been characterized by a focus on Africa and by attachment to several fundamental principles: African unity and independence; peaceful settlement of disputes; nonalignment and non-intentional interference in the internal affairs of other nations; and regional economic cooperation and development. In carrying out these principles, Nigeria participated in the Organization of African Unity (OAU) now known as the African Union (AU), the Economic Community of West African States (ECOWAS), the Non-Aligned Movement, the Commonwealth, and the United Nations.

Nigeria is also a member of the following international organizations: United Nations and several of its special and related agencies, Organization of Petroleum Exporting Countries (OPEC), Organization of African Trade Union Unity (OATUU), Organization of the Islamic Conference (OIC), and several other West African bodies.

Regional role (West Africa), Bakassi peninsula

Nigeria, as a dominant power in West Africa, was instrumental to the establishment of the Economic Community of West Africa, ECOWAS, in 1975 and the ECOWAS Peacekeeping Monitoring Group, ECOMOG, in 1989. Nigerian peacekeeping troops, currently in Darfur, have also served in Liberia, Sierra Leone, Sudan, Sao Tome, and Cote d'Ivoire. On the wider African stage, Nigeria midwived the New African Partnership for Development, NEPAD, the AU's flagship development blueprint in 2005/06.

⁴³ Ibid., <http://news.bbc.co.uk/2/hi/africa/4732210.stm>

Nigeria's age-old territorial dispute with Cameroon over Bakassi Peninsula, their common border, was finally resolved in October 2002 when the International Court of Justice, ICJ, ruled in favour of Cameroon. In the key judgment, the peninsula was awarded to Cameroon, although pragmatic provisions were made for Nigeria's ownership of some crude-oil fields in the maritime sector. After an initial delay, modalities of the transfer of Bakassi and some other villages along the common borders were worked out in a Mixed Commission under the aegis of the UN. Nigerian troops finally withdrew from Bakassi in August 2006.

Traditional partners (UK, EU, US, World Bank/IMF...)

Nigeria's bilateral relationship with the United Kingdom, United States of America, the European Union and the Breton Wood Institutions, most notably the World Bank and the International Monetary Fund, was strong. Beside being Nigeria's former colonial overlord, the UK has been a leading supporter of Nigeria since the return to civilian rule and was a key advocate of debt relief for Nigeria.

There is a steady flow of high-level visits in both directions, including a visit by HM The Queen and The Duke of Edinburgh in December 2003, and the Prince of Wales in 2006. Other high-ranking British Officers that have visited Nigeria since the return to civil rule include Kim Howells (October 2007), Shriti Vadera (August 2007), Baroness Royall (May 2007), Baroness Amos, Leader, House of Lords (August 2006 and April 2007), Lord Triesman, Minister for Africa (February 2007), HRH Prince Charles (November 2006), The All Party Parliamentary Group on Nigeria (November 2006), HM The Queen and The Duke of Edinburgh (December 2003), Prime Minister (December 2003, February 2002), Jack Straw, Secretary of State for Foreign Affairs (February 2006), and Hilary Benn, Secretary of State for International Development (May 2006, September 2004, December 2004)⁴⁴.

Although the ailing President Musa Yar'Adua has not visited the UK since assumption of office, his predecessor, Chief Olusegun Obasanjo visited the UK seven times between May 2002 and November 2004. Vice President Atiku Abubakar, Obasanjo's second-in-command, also visited the UK in July 2004 while Nigeria's incumbent Foreign Affairs Minister, Mr. Ojo Maduekwe, was in UK in October of 2007. There is a large Nigerian community in the UK, estimated to be between 800,000 and 3 million, while up to 4,000 Britons live in Nigeria.

Nigeria's relation with the United States fractured as a result of the annulment of the

⁴⁴ See among others: *Nigerian Tribune* September 4th 2006; *Punch*, 3rd May 2006; *The Nation* December 10th 2006; *Guardian*, May 3rd 2006.

Presidential elections of June 12, 1993; the relation was restored to normalcy after civil rule was installed in 1999. United States and Nigeria have since improved considerably, and the two nations have cooperated on many foreign policy goals, such as regional peacekeeping, counter-terrorism efforts, etc. 40% of Nigeria's crude-oil, which constitutes 10% of US total crude import, is sold to the US annually⁴⁵.

Since the end of the Sani Abacha military regime and restoration of civil rule in Nigeria, cooperation between Nigeria and the EU has gained more visibility, with deeper and more regular political dialogue. Areas for cooperation now include matters central to the economic and institutional reforms, NEEDS, introduced under President Olusegun Obasanjo. The EU has provided counter-part funding for the execution of the following: the 2006 national census, the fight against corruption (EFCC) the 1999, 2003 and 2007 general elections, thousands of grassroots micro-projects in the Niger-Delta, strengthening of selected federal institutions (ministry of finance, central bank, statistics office, the Nigerian Parliament and the national planning commission), the SEEDS process (strategies for the economic empowerment of Nigeria's autonomous states) and reform of governance and public finance management in Anambra, Cross River, Jigawa, Kano, Osun and Yobe states, water supply and sanitation of small towns, polio eradication and routine immunization, demarcation of the Nigeria-Cameroon border and support for many civil society organizations and non-state actors.

In its current round of development funding for developing countries, which would last until 2015, the EU has earmarked € 580 million for Nigeria.

China

Nigeria and China established formal diplomatic relations on February 10, 1971; relations between the two nations have since grown. Nigeria remains an important source of crude-oil and petroleum for China's rapidly-growing economy. China, in return, has provided extensive economic, military and political support for Nigeria⁴⁶. First in 2004, later in 2006, Chinese President, Hu Jintao, visited Nigeria and addressed a joint session of the National Assembly of Nigeria. The visit has since yielded a memorandum of understanding on establishing strategic partnership between the two countries. China not only supported Nigeria's bid for a seat in the U.N. Security Council, it also provided military aid, such as arms, equipment, training and

⁴⁵ Shaw Timothy, *ibid.*

⁴⁶ Chibundu, Victor Nwaozichi, *Nigeria-China Foreign Relations (1990-1999)*, Ibadan, Nigeria: Spectrum, 2005.

technology, etc to Nigeria in the fight against insurgents in the Niger-Delta.⁴⁷ China, beside helping Nigeria to develop and launch its communications satellite (NigComSat-1)⁴⁸ in 2007, both nations also signed a USD 311 million agreement to develop cooperation in communications and space programs and also to expand cellular and internet networks in Central Africa. Bilateral trade between Nigeria and China, up from USD 384 million in 1998, reached USD 3 billion in 2006. To raise Chinese investment in Nigeria further, China, in 2006, got four crude-oil drilling licenses and agreed to invest \$4 billion in crude-oil and infrastructure development projects in Nigeria. The two nations also agreed to a four-point plan to improve bilateral relations in agriculture, telecommunications, energy and infrastructure development. In addition, China bought a controlling stake in the Kaduna crude-oil refinery⁴⁹.

Nigeria got a \$1 billion loan from China to upgrade and modernize the nation's railway networks in 2005. Earlier in 2005, Nigeria agreed to supply PetroChina with 30,000 barrels a day of crude-oil for \$800 million. In addition to this, CNOOC purchased a share of Nigeria crude-oil block for \$2.3 billion.

Nigerian markets are today saturated with cheap Chinese goods, a development that has unsettled many Nigerians as it adversely affected domestic industries, especially in textiles. In the last ten years, 65 textile mills have closed down, causing the lay-off of 150,000 textile workers.

⁴⁷ "Nigeria turns to China for defence aid". Financial Times. <http://www.ft.com/cms/s/0/ef8dbc30-a7c6-11da-85bc-000779e2340.html>.

⁴⁸ "China launches satellite for Nigeria". MSNBC. <http://www.msnbc.msn.com/id/18654107/>.

⁴⁹ Taylor, Ian, 'Sino-Nigerian Relations: FTZs, Textiles and Oil' in *China Brief*, Jamestown Foundation vol. 7, No.11. Available at: http://www.jamestown.org/china_brief/article.php?articleid=2373438

Decentralization / Federal – State relations

Although Nigeria, by the 1999 constitution, is a federation; the nation, however, has a unitary socio-economic and political outlook. Power, as well as resources, is concentrated in the federal government and both the states and local governments are treated as mere appendages. The absence of true federalism in Nigeria owes to the nature of military rule itself. Socio-economic and political power, under military rule is concentrated in the Head of State and his tiny group of advisers. In concrete terms, real power flows mainly from the Head of State, who appointed advisers and administrators, sometimes called military governors, to advise him and to administer the states. Because these advisers and governors owe their relevance in government and term of office to the whims and caprices of the Head of State, they are subservient to the whims and caprices of the Head of State. Under military rule, therefore, socio-economic and political relations between the federal and state governments follow precisely after the direction the Head of State may intend.

This power structure has since remained a critical component of state structure even under democracy. While state governors, assembly members, and local government office-holders now owe their tenure and rights to rule to both the constitution and the electorates, power relations between the federal government and the states remained unchanged.

Monthly allocation of funds from the federation accounts has since turned most states and local government office-holders to mere stooges of the executive at the federal level. It also accounts for corruption and violence associated with politics in Nigeria, as the center is regarded as where the money is.

Context and rationale

Power structure and resource control are two important areas deserving urgent reform in Nigeria. In a true federalism, federating units contribute certain percentages of resources from their localities to the central government and are, in no way, subservient to it.

Only the enthronement of true federalism can help Nigeria confront her development problems. Before independence, the three regions were allowed to retain the resources derivable from their respective regions. The regions were able to develop at their own pace and according to their respective capabilities. Cocoa, coffee, and cotton were the mainstay of Western Region's economy and these resources helped the region to develop a very strong agricultural base that was used to fund education and other socio-cultural projects. The Eastern region was notable

for its palm oil production while the north was notable for its groundnuts and other resources.

It is believed that the concentration of resources and power at the center today has been Nigeria's greatest undoing. It underlies the current little or no development at the grassroots.

Economic viability of States & tax issues

With the exemption of states like Lagos State, most states in Nigeria are economically unviable. While abundant mineral wealth is available in almost all states of the federation, emphasis, even at the state level, is placed on monthly subventions and allocations from the federation account. Over-dependence on federal allocations has, therefore, reduced the states' capacity to stimulate development.

By far the most important direct tax is the petroleum profits tax. The rate on taxable profits of petroleum companies since 1975 has been 85%, but a guaranteed profit of \$2.30 per barrel was established in 1986. With the restoration of democracy, most state and local governments have found it necessary to introduce their own local levies in the face of dwindling revenues from the Federation Account to the State and Local Governments.

Despite the heavy dependence on petroleum and mining revenues, other direct taxes remain relatively high. The corporate tax rate was 30% in 2002. A reduced rate of 20% is available for companies engaged in manufacturing, agricultural production or mining solid minerals, and for wholly export-oriented enterprises. A withholding tax of 10% is applied to dividends but with exemptions for export-oriented businesses and small manufacturers. Also dividends paid in script or company shares are not taxable. However, income from the export of Nigerian goods by foreign companies was not subject to the tax. There was also a capital gains tax of 10% and a tax of 10% on dividends. Taxpayers are subject to a 10% capital gains tax on the disposal of assets inside or outside of Nigeria, although as of 1 January 1998 capital gains from the sale of stocks and share is exempt. Companies are liable for an education tax of 2% of taxable profits. The tax on companies engaged in upstream (exploration and production) activities in the petroleum sector is 85% of chargeable profits.

Under the Personal Income Tax Act, both Nigerian and foreign residents in Nigeria are subject to tax on their worldwide income. Personal income tax rates range from 5% to 30% on taxable incomes. Property taxes are assessed by state governments.

In 1993, the Value-added Tax Decree (VAT Act) abolished the 1986 Sales Tax Decree of 1986, establishing a VAT with a standard rate of 5% chargeable on most goods and services. Exempted goods include medical and pharmaceutical products, basic foodstuffs, books and educational materials, baby products, locally manufactured fertilizers, all exports, plants and machinery used in export processing zones (EPZs). Of the proceeds collected, 50% goes to state government, 35% to local governments, and 15% to the administrative costs of the tax. States are also authorized to impose a tax on goods and services rendered in the state. Excise duties on beer, tobacco, textiles, and other goods are also levied.

Challenges

Owing to its mono-cultural economy, Nigeria depends primarily on crude-oil and gas for its revenue. Consequently, the nation faces structural challenges that are increasingly made worse by upward and downward swings of global commodity prices. The challenges facing Nigeria today includes decentralization, true federalism and diversification of its economy.

Concentration of resources and power at the center has invariably made competition for political offices fierce and violent. In addition, it has given fillip to corrupt enrichment, as the nation and its resources are generally regarded as 'national cake', which must be shared by all. In addition, it has given room for claims (whether real or imagined) of marginalization, ethnic rivalry and, some times, conflicts.

Administration

After thirty three years of military rule that was broken briefly between 1979 and 1983, Nigeria again witnessed democratic rule in 1999 when General Abubakar Abdulsalam handed over power to Chief Olusegun Obasanjo. Obasanjo, after two terms of four years, handed over power to the incumbent, Shehu Musa Yar'Adua after a general election. Notwithstanding its failing, democracy appears to be taken roots in Nigeria. Contestants who were dissatisfied with the results of the elections have taken the constitutional route of appealing to the courts for judgments.

In a rare show of courage, the courts have upturned many fraudulently obtained electoral victories. In some cases, oppositions have been installed a true victors while fresh elections have been ordered in others. In 2009, for instance, the electoral tribunal ordered a rerun election in ten of the wards in Ekiti State. Although violence of varying magnitude was reported at the rerun election, the two contenders, Mr. 'Segun Oni of the ruling Peoples' Democratic

Party (PDP) and Dr. 'Segun Fayemi of the Action Congress (AC), have since returned to the courts. Similar scenarios have occurred in different parts of Nigeria.

In yet another show of courage, people of Ekiti staged street protests in support of Dr. Fayemi, claiming, among other things, that the election was rigged and that Fayemi was the people's choice. Similar situation has since occurred in Anambra State.

Although grey areas still exist, there are also indications that the administration of Nigeria is witnessing tremendous changes and that it is no longer business as usual.

Persistence

Recurring cases of intra and inter-party violence, death and assassinations associated with Nigerian politics is however worrisome. Between 1st March and 15th March 2010, more than three cases of political assassinations have been reported in Southern Nigeria alone. In addition, the campaign office of Mr. Ayodele Fayose, former governor of Ekiti State, was set ablaze by suspected thugs. Although the Nigerian Police are still investigating these political killings and arson, they are no doubt connected with the coming general elections.

Disillusioned personnel

A popular slogan among public service personnel in Nigeria is "*My take-home pay cannot take me home*". This slogan eloquently describes public service personnel in Nigeria. To say the least, they are disillusioned, disoriented and grossly unmotivated. Salaries and wages, until fairly recently, are paid in arrears. Pensioners are the worst hit. Pensions and gratuities are owed, sometimes for more than three or four years. The development, which started under the military, could be adduced to many factors, ranging from colonial legacies, military rule, bogus and over bloated personnel and economic recession.

Consequent upon these and many other problems, many resort to unwholesome practices like demanding and collecting bribes before rendering services, trading in the office and other practices that have made public service a hell in Nigeria. While the development is potentially inimical to development, the fact that it was allowed to fester for too long constitutes the greatest danger to Nigeria's development.

Since the enthronement of democracy in 1999, efforts have been made to revamp the system. Salaries and wages have been raised while conditions of service have been revised.

Notwithstanding these changes, a lot still need to be done to give public service personnel a new outlook, even amongst Nigerians.

Dysfuntionalities

Public service in Nigeria is bedeviled by many problems, including ethnicity. Appointment and promotion, even in the Nigerian Army, follows along the lines of ethnicity. Educational opportunities, although open to all, also follows along the lines of ethnicity. To ensure equal representation of the ethnic groups, the constitution allows for a Federal Character Principles which makes for quota along ethnic lines in admission, appointment and promotion. In educational and socio-economic and political matters, the use of Federal Character principles has proved to be anti-development, as preference is given to equal representation rather than merit.

When the federal character principle was first introduced, it was aimed at ensuring that minority groups are incorporated into the administration of Nigeria. Today, adherence to the federal character principles has proved antithetical to development, as it, among other things, allows for over-bloated and inefficient bureaucracy, as well as a dysfunctional civil service system that does no one any good. Appointments, even to the federal executive, are made in ways every group is represented in the cabinet. Hence, many office-holders are employed to fill state or ethnic quota and not because their services are indeed needed.

In the educational sphere, eminently qualified candidates are roaming about the streets, as the quota for their states and ethnic groups has been exhausted, while less qualified are admitted in the name of ethnic representation.

At all levels of government in Nigeria, this practice has proved to be detrimental to real progress. Former military Head of State, General Ibrahim Babangida, vilified quota and federal character principles as anti-development in a recent at the conferment of a fellowship award held at the Auchu Polytechnic, Edo State⁵⁰. He therefore canvassed that effort should be made to discard the practice.

Reform

Through public sector reform, government attempts to implement economic reform and,

⁵⁰ Read full report of Babangida's comments at <http://www.arisenigeria.org/latest-news/again-ibb-opposes-federal-character.php>.

therefore, introduced several policies and programmes to enhance the operations of the Center for Management Development (CMD), the Administrative Staff College of Nigeria (ASCON), the Industrial Training Fund (ITF), and other major institutions responsible for managing and training public service personnel since the early 1970s. Some of the measures taken include revamping employment policies to make them more transparent, setting up of administrative review commissions to improve management of public and private enterprises, and improving inter and intra departmental communication. In addition, ministry headquarters were also centralized to make controlling system easy.

Under this reform regime, the government is to improve labour quality, resolve, to certain level, unemployment issues, and enhance public service capacity. Although much is still desired in different areas, the reform has reduced performance deficits, as noted by the Secretary to the Federal Government early 2010.

Civil society

Globally, civic society organizing has become a force for social change. The Nigerian Bar Association, Nigerian Medical Association, Human Right Group of Nigeria, and National Association of Nigerian Students, the Nigerian Labour Congress (NLC), the Academic Staff Union of Nigerian Universities (ASUU), the Senior Staff Association of Statutory Corporations and Government Owned Companies (SSASCGOC), the Nigerian Association of Small Industries (NASI), etc are some of the notable civil society organizations in Nigeria. While Nigeria witnessed a flowering of civil society organizations during the military rule, recent political developments, most notably the return to civil rule, has since slowed down civil society organizing. However, the sudden disappearance of President Shehu Musa Yar'Adua, the refusal of his handlers to allow access to him, and his refusal to hand over state affairs to Vice-President Goodluck Jonathan appear to have woken civil societies up from slumber.

Civil society groups have functioned in many different ways over the past five years. They have, at different times, been vanguards for improved working condition for workers, debt relief, and as agitators for reduced cost in the pump price of petroleum products. Recently, spurred into action by Professor 'Wole Soyinka, they compelled the National Assembly to empower Vice-President Goodluck Jonathan to serve as Acting President pending the recovery of President Musa Yar'Adua.

Ranging from issue-specific to profession-specific, civil society groups have been integral part of

social change in contemporary Nigeria. Some of the issues agitating attentions of most groups today include constitutional review, electoral reform, and concerted campaign against corruption.

Grassroots associations

Grassroots associations abound in Nigeria. Essentially, the focus of many of these organizations relates to major developmental challenges facing the different societies where they are located. These organizations can therefore, be described as collective organizational expressions of the wishes of people at the grassroots.

Grassroots organizations have been important component of Nigeria society, since the colonial period. In the post colonial period, most especially under military rule, grassroots associations were encouraged, as they served as conduits through which resources were channeled from government to the masses. Most government initiatives, during this period, directed toward empowering the people were channeled through these organizations. This trend has since continued even after the enthronement of civilian democracy in 1999. Contemporary grassroots organizations target issues of gender, healthcare and youth development.

Local & international NGOs

Local and international non-governmental organizations also abound in Nigeria. While these organizations concentrate, in most cases, in the urban areas, a number is also found in the rural areas. Like grassroots associations, most NGOs focus primarily on issues of gender, healthcare and youth development. Other areas of concern of most local and international NGOs include governance, democracy and development.

In recent times, international and local NGOs have indicted the electoral processes in Nigeria as flawed and many of them have mounted vigorous campaign for electoral reforms, especially before the next general election in Nigeria.

Religion & development

The place of religion in national development cannot be overemphasized. While socialization and maintenance of peace are indisputable values inherent in every religion, the place of religion in Nigeria's development has been queried⁵¹. Recurring religious conflicts, especially following the adoption of Sharia, in northern Nigeria and the on-going pogrom in Jos, Plateau

⁵¹ Adekunle, 2009.

State, have since challenged the place of religion in Nigeria's national development.

Beside needless loss of lives and property, displacement and social disharmony that religious conflicts have caused, incessant conflict is a disincentive to peace and development. Peace is a *sine qua non* to development; hence no nation can survive, politically, socially and economically, without peace.

Diaspora

Nigeria's Diaspora is made up of four core categories: (i.) those who left the shores of the country a long time ago and never returned prior to the onset of the 1982 Shagari austerity measures; (ii) those who went to study because their parents were wealthy or because they won scholarship from the state, community, or a foreign agency; (iii) those with professional skills such as teachers, doctors, nurses, engineers, and so on, who migrated, as a result of the economic hardship in the country; and (iv) those who were forced to leave for political reason, principally the annulled June 12, 1993 presidential election.

Although no dependable statistics exist on the volume of Nigeria's Diaspora, it indisputable that of the 330 million Black people in the Diaspora, Nigeria constitutes the largest African immigrants⁵². In addition to the above, three major realities about the Nigerian Diaspora are: (i) they are well trained, highly skilled and competent and they are doing well abroad; (ii) a large number of them are very patriotic and proud of their country in spite of the leadership challenges facing Nigeria; and (iii) as a corollary to the foregoing, a lot of them are keen to help their country in any way they can, if the conducive atmosphere exists.

In 2009, Western union announced that remittances from Nigeria's Diaspora via Western Union to Nigeria averaged about \$4 billion per annum for the past seven years. A conservative estimate of annual Diaspora remittances total approximately between \$6 and \$8 billion per annum. Compared to Nigeria's 2004 estimated GDP of \$72.1 billion and foreign reserves of \$19.59 billion (January, 2005), it is evident that Nigeria's diaspora financial contributions are significant.

⁵² See homepage of the Nigerian Diaspora Organization at <http://www.nigeriandiaspora.com/diaspora.htm>

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