



Good Governance in Nigeria

A Study in Political
Economy and Donor Support



Foto: Fredrik Naumann

Norwegian Agency for Development Cooperation

P.O. Box 8034 Dep, NO-0030 OSLO
Ruseløkkveien 26, Oslo, Norway
Phone: +47 22 24 20 30
Fax: +47 22 24 20 31

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Responsibility for the contents and presentation of findings and recommendations rests with the study team.
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Inge Amundsen
Chr. Michelsen Institute

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This report presents a political economy analysis of Nigeria, a synthesis of donor support to good governance and anti-corruption in Nigeria (by Norway in particular, and a few other donors), and recommendations for Norway.

The study team consisted of Dr *Inge Amundsen* (CMI, political scientist, project leader and main author), Professor *L. Adele Jinadu* (Professor of Political Science at the *University of Lagos*) and Dr *Tina Søreide* (CMI, economist, currently at the *World Bank*, Washington).

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The usual disclaimer applies; this report does not reflect the policies or views of Norad, the Norwegian Ministry of Foreign Affairs, the Embassy in Abuja or any particular donor. The opinions expressed are those of the authors alone. Furthermore, the responsibility for its contents and any errors rests entirely with the study team.

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Inge Amundsen
Chr. Michelsen Institute

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List of Acronyms and Abbreviations

ACE	Alliance for Credible Elections (Nigeria)
AD	Alliance for Democracy
AfDB	African Development Bank
ALF	Africa Leadership Forum
ANEEJ	African Network for Environment and Economic Justice
ANPP	All Nigeria Peoples Party
bpd	barrels per day
bn	billion
CBOs	Community Based Organisations
CCB	Code of Conduct Bureau (Nigeria)
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CDD	Centre for Democracy and Development (Nigeria)
CEEDS	Community Economic Empowerment and Development Strategy
CGP	Capacity for Governance Programme (of the UNDP)
CIDA	Canadian International Development Agency (Canada)
CIRDDOC	Civil Resource Development and Documentation Center (Nigeria)
CMI	Chr. Michelsen Institute (Norway)
CGA	Country Governance Analysis
CPI	Corruption Perceptions Index (of TI)
CPIA	Country Policy and Institutional Assessment (WB)
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (of the OECD)
DFID	Department for International Development (UK)
DIMS	Democratic Indicators and Measurement Survey
DoC	Drivers of Change (analysis)
DPR	Department of Petroleum Resources (Nigeria)
EC	European Commission (EU)
ECOWAS	Economic Community of West African States
EFCC	Economic & Financial Crimes Commission
EDF	European Development Fund
EDR	Election Dispute Resolution
EGP	Economic Governance Programme (of the UNDP)
EITI	Extractive Industries Transparency Initiative
EU	European Union
FCT	Federal Capital Territory (Abuja)
FIDA	International Federation of Women Lawyers (Nigeria)
FGoN	Federal Government of Nigeria
FRN	Federal Republic of Nigeria
GAC	Governance and Anti-Corruption
DGI	Gender-related Development Index
GGFR	Global Gas Flaring Reduction Partnership
GFI	Global Financial Integrity
GOs	Governmental Organisations
GSDRC	Governance and Social Development Resource Centre
HSE	Health, Safety and Environment
IBRD	International Bank for Reconstruction and Development (World Bank)
ICPC	Independent Corrupt Practices and Related Offences Commission
IDBs	International Development Banks
IDEA	International Institute for Democracy and Electoral Assistance (Sweden)

IFES	International Foundation for Electoral Systems (USA)
IGOs	Intergovernmental/International Governmental Organisations
INEC	Independent National Election Commission (Nigeria)
INGOs	International Non-Governmental Organisations
IPCR	Institute for Peace and Conflict Resolution (Nigeria)
IRI	International Republican Institute (USA)
LGAs	Local Government Areas (Nigeria)
N	Nigerian Naira
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
NDI	National Democratic Institute for International Affairs (USA)
Norad	Norwegian Agency for International Development (Norway)
NIS	National Integrity System (analysis)
NGOs	Non-Governmental Organisations
NOCs	National Oil Companies
NPD	Norwegian Petroleum Directorate
MAN	Manufacturers Association of Nigeria
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs (Norway)
MEND	Movement for the Emancipation of the Niger Delta
MinBuZa	Ministry of Foreign Affairs (the Netherlands)
NAPIMS	National Petroleum Investment Management Services (Nigeria)
NJC	National Judicial Council (Nigeria)
NDP	National Democratic Party
NEEDS	National Economic Empowerment Development Strategy (Nigeria)
NEITI	Nigerian Extractive Industries Transparency Initiative
NIMD	Netherlands Institute for Multiparty Democracy (the Netherlands)
NNPC	Nigerian National Petroleum Corporation
ODI	Overseas Development Institute (UK)
OECD	Organisation for Economic Co-operation and Development
OfD	Oil for Development (Norway)
OGC	Oslo Governance Centre
OSIWA	Open Society Initiative for West Africa
PBA	Programme based approaches
PDP	Peoples' Democratic Party
PEA	Political Economy Analysis
PIB	Petroleum Industry Bill (Nigeria)
PRSP	Poverty Reduction Strategy Paper
PSCs	Production Sharing Contracts
PSDP	Private Sector Development Programme (of the UNDP)
PWYP	Publish What You Pay
SADC	Southern Africa Development Community
SCA	Strategic Conflict Assessments
SEEDS	State Economic Empowerment Development Strategy (Nigeria)
SGACA	Strategic Governance and Corruption Assessment
Sida	Swedish International Development Cooperation Agency
SIECs	State Independent Electoral Commissions (Nigeria)
SMEs	Small and Medium Enterprises
SRMP	Sustainability and Risk Management Programme (UNDP)
TI	Transparency International
ToR	Terms of Reference
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS

UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNPF	United Nations Population Fund
UNPP	United Nigeria People's Party
USAid	United States Agency for International Development (USA)
WGI	Worldwide Governance Indicators
ZCC	Zero Corruption Coalition (Nigeria)

Executive Summary

Nigeria is heavily affected by the so-called ‘resource curse’: despite an estimated USD 400 billion in oil income since independence in 1960, the country has experienced five military coups, one civil war, a very poor economic development, and it has a population more impoverished now than it was 50 years ago.

Today, petroleum accounts for 40 percent of GDP, 95 percent of foreign exchange earnings, and about 65 percent of government revenues.

The macro-economic fundamentals for growth in Nigeria are better today than they have ever been in the past 20 years. Economic growth has averaged about 6 per cent per annum over the last years, budget balances are under control, inflation has declined to single digits, and exchange rate stability has been achieved.

There are also signs that the economic growth in Nigeria is moving beyond petroleum exports (and the oil-dependent state administration) into manufacturing and industrial production, trade, and services. It is estimated that the so-called middle class constitutes roughly 30 percent of the population in Lagos, and that the proportion is increasing.

The high levels of poverty have not been tackled, however. Despite various reform efforts, it is unlikely that Nigeria will achieve any of the *Millennium Development Goals* (MDGs) by 2015.

In political terms, the dominance of oil and gas in the Nigerian economy has led to a narrow revenue base that has lent itself to rent-seeking and ‘elite capture’, and it has developed a ruling elite in control of the state apparatus (‘political class’ in Nigerian parlance). The lack of a diversified economy has stunted the development of a private sector based ‘national bourgeoisie’ or middle class, and thus the development of independent civic institutions.

Nigeria has been ruled by military regimes for almost 30 of its 50 years of independence, with several coups and counter-coups. The Biafra secessionist war lasted from 1967 to 1970 and claimed more than one million lives through violence, starvation, and disease.

Only in 1999 did Nigeria return to civilian rule. Elections installed retired General Obasanjo as the first president of Nigeria’s Fourth Republic in 1999, and Nigeria has since held two presidential and parliamentary elections. The quality of the elections has deteriorated over the years, however, to the extent that the elected government is hardly legitimate (in terms of ‘expressing the popular will’).

Nigeria is deeply divided by regional, religious, ethnic, economic and political rifts. Besides, the military coups, the dictatorships, the chaotic civil administrations, corruption, and the constant pushing and pulling from oil and big money have weakened Nigerians’ sense of law, trust in each other, and trust in government.

The Niger Delta has been the main area of petroleum extraction for more than half a century, now producing about 90 percent of the country’s oil. At the same time, the Niger Delta is densely populated and a nightmare in terms of civil strife, pollution and ecologic degradation, abductions, and production stoppages by local protesters and criminal gangs.

Corruption pervades all levels of government in Nigeria, and the country is infamous for its high levels of corruption, and for the international effects of organised financial crime originating in the

country. Allegedly, Nigeria lost some USD 380 billion to corruption between independence in 1960 and the end of military rule in 1999, and lost more money through illegal outflows than any country in the world.

The oil resources have given the ruling elite both the incentives for controlling the state apparatus (and thus the income), and the means to retain control of the state. The questions of political reform, democratisation and good governance is to a large extent a question of the degree to which the institutions of checks and balances can withstand and reduce the patrimonial and rent-seeking pressures of the 'oil curse'.

Political power in the Republic of Nigeria has been highly centralised, with the presidency playing a prominent role in politics. In most African states, political power became centralised shortly after independence, but in Nigeria, this process was intensified by military rule and the need for controlling the oil revenues.

President Obasanjo recruited a team of technocrats to clean up some of Nigeria's decades-long mess. However, even this reform team came to understand that it could not take on the most prominent members of the 'political class', and the reforms and anti-corruption actions seemed to be limited and rather 'selective'. Favouritist practices continued for instance in the granting of oil concessions to companies owned by people close to Obasanjo.

Obasanjo's successor, President Yar'Adua was also a reformist, at least in terms of his speeches, but he was far more restrained and discreet, less powerful and severely inhibited by his bad health. Today, there are again coming many positive signals from President Goodluck Jonathan, who took over as President of the Republic following Yar'Adua's death in 2010.

Some observers say that the ultimate test of Jonathan's reform-will is whether or not he will stand for president in the 2011 presidential election. If he chooses to stand, he will, to become elected, have to resort to all the mechanisms of power politics, clientelism and patronage, and reforms will have to wait. If he chooses not to stand, he can use his presidential powers to hold free and fair elections.

The National Assembly has broad oversight functions, and is empowered to establish committees to scrutinise bills and the conduct of government officials. The Assembly is said to be in a 'learning process' that has witnessed the election and removal of several Presidents of the Senate, allegations of corruption, the passage of private member's bills, and the creation of various committees of oversight and control. At the same time, the institution is bloated in size and remunerations.

The judiciary is formally independent, and increasingly acting as a check against arbitrary acts at the political level. The courts have managed remarkably well to self-improve despite a challenging political environment. Empowered by the Constitution, the judiciary has ruled against the Government in some landmark cases, and judges regularly adjudicate in citizens' disputes with government.

Nigeria has a unique and complicated form of federalism, which enjoys wide legitimacy as a form of power-sharing arrangement between the different groups in this divided country. The sub-division into ever more federal states was initially a 'divide and rule' strategy, but the State Governments have now become to enjoy a significant degree of independence from the federal level, and has become a major check on presidential power. There are intense frictions between the demands of states for autonomy and self-rule and the federal centre for control.

The states are responsible for about half of all government spending (some estimates say up to 60 percent). However, the transfer of funds to the states is probably a main source of corruption in the country. The Federal Government has taken some small steps towards political and economic reform, but federal officials have tolerated and often encouraged the rampant power abuse at the state level.

The bigger Nigerian political parties are basically ‘political machines’, i.e. permanent but undisciplined political organisations with an authoritarian boss or small group of commanders who manage the support of a corps of supporters (usually campaign workers and ‘militants’), who receive rewards for their efforts. As political machines, the political parties rely on patronage and spoils, in particular on public resources. Incumbency is the primary source of financial strength.

Nigeria maintains, like any other ‘modern’ state, institutions of restraint and control like the ombudsman, parliamentary commissions, the Auditor General, the Attorney General, etc. All these are exercising some political and economic control. However, Nigeria has also established a number of institutions of specialised control, geared to the petroleum economy and petroleum-related problems, namely oil regulation, transparency, elections, and corruption. However, these institutions are all, more or less, subject to the political elite’s control of the state.

The *Independent National Electoral Commission* (INEC) is a permanent body constitutionally empowered to organise, undertake and supervise all elections. As all previous elections organised by INEC were increasingly chaotic and fraudulent, the main criticism of the institution is its lack of independence. INEC is, however, on the new president Jonathan’s reform agenda.

The *Nigeria Extractive Industries Transparency Initiative* (NEITI) has for some time been regarded as a flagship of EITI. Since its launch in February 2004, NEITI has enjoyed a strong political backing, and it has been relatively successful in collecting and publishing detailed data on the petroleum sector, but the implementation of the EITI principles have been slow over the last years. However, hopes are high for a new political ‘push’ for NEITI under the new President Jonathan.

The elections held in Nigeria in 1999, 2003 and 2007 (plus a large number of by-elections) have all been portrayed by words such as irregularities, intolerance, manipulations, godfathers, fraud, moneybags, violence, hoodlums, thugs, and armed gangs. However, a number of reforms have been incorporated into the proposed new *Electoral Law*.

Civil society is relatively strong and vibrant in Nigeria. Trade unions, student groups, professional associations and human rights NGOs played an important role in opposition to military rule, but their role was somewhat reduced with the advent of civilian rule, because the transition was managed by the political elite rather than civil society. Besides, some CSOs previously active in opposing military rule lost their political focus and saw their leaders moving into the state administration and politics.

The independent media increasingly criticise the government and its policies, and allows for robust public debate. However, there are some limitations on political issues in the state media, there is some self-imposed censorship in the private media, and the quality of coverage and analysis in newspapers varies considerably. Besides, journalists are still subject to intimidation and violence when reporting on issues implicating the political and economic elite.

There is consensus among observers and activists in Nigeria that the first priority should be to get the next elections right. This includes reconciliation and violence prevention, as well as proper procedures for free and fair elections. The next elections are scheduled to take place in April 2011.

The second priority is to reduce the resource curse, in both the economic and political spheres. This is the long-term task, which has to be made on all fronts at the same time. In the political realm, it is a question of assisting Nigeria's institutions of checks and balances, accountability and control. An appropriate political response to the resource curse would be reduction of political monopolism and institutionalisation of control mechanisms.

Aid to Nigeria has been low and sharply falling since its peak in 2006. The downscaling is justified by the high levels of government revenue.

USAid remains the largest bilateral donor in Nigeria, and is most probably the largest provider of aid to governance and anti-corruption in the country. The second biggest donor is DFID, and their most important governance and democracy project is the jointly funded *Deepening Democracy* programme. This programme aims to strengthen the democratic character of Nigerian political processes and outcomes through support for government administration, elections, free flow of information, human rights, civil society, and women's rights, etc.

The Norwegian support for good governance and anti-corruption in Nigeria has recently focused on human trafficking, women and health, governance, and the problems of the Niger Delta. Norway's multilateral and basket projects (mainly run by the UNDP and the UNFPA) have addressed anti-corruption and transparency. ECOWAS and its peace initiative are also supported by Norway.

Of particular interest in the Nigerian context is the *Oil for Development* (OfD) initiative of Norad and partners, launched in 2005. The OfD initiative aims at "assisting developing countries with petroleum resources (or potential) in their efforts to manage these resources in a way that generates economic growth and promotes the welfare of the population in general, and in a way that is environmentally sustainable". The OfD initiative has recently enhanced the focus on good governance, transparency and anti-corruption.

Norway has a number of comparative advantages and resources to draw upon in its support of good governance in Nigeria. One is Norway's range of qualified and experienced institutions of control of the oil sector, the government's oil income and the use of the funds. Besides, Norway has the knowledge, experience and commitment for assisting petroleum resource management in other countries through the *Oil for Development* programme and the *Petrad* training programmes. Furthermore, Norway is present in Nigeria's oil sector through *Statoil* and some service companies.

Other advantages include Norway's commitment to international co-operation and multilateralism and long-term support for the UN system. Besides, some international organisations are located in Norway, which are or can be valuable for good governance and resource management in Nigeria. These include the UNDP *Oslo Governance Centre*, the *EITI secretariat*, and the *Publish What You Pay* secretariat.

Thus, Norway should keep a clear focus on the management of the petroleum revenue in its long-term assistance to Nigeria, and give top priority to the income side of the national budget (revenues, 'upstream'). This implies a stronger Norwegian focus on issues like the EITI process and income side watchdogs and institutions.

The Norwegian Embassy should be a centre for information, communication, knowledge and advice on transparency in the petroleum industry, the EITI process in Nigeria, and the EITI/PWYP secretariats and expertise in Norway.

1. Political Economy and the Resource Curse

1.1 Introduction

Nigeria is heavily affected by the so-called ‘resource curse’: despite an estimated USD 400 billion in oil income since independence in 1960, the country has experienced five military coups, one civil war, a very poor economic development, and it has a population more impoverished now than it was 50 years ago.

How can Norwegian aid assist in overcoming this situation? This analysis will focus on governance challenges related to Norwegian aid to Nigeria. The study will focus on possible Norwegian support to the management of oil resources, including the use of oil revenues, and Norwegian support to good governance and democratisation in the country.

The study consists of four parts. The first is an outline of the analytical tools and conceptualisations; political economy analysis and resource curse theory. The second is an analysis of the political economy of Nigeria. This part highlights the governance and corruption problems of the country through an analysis of the structural factors (economic, political, social, historical, and institutional) that are shaping politics in Nigeria, plus an institutional assessment of various institutions of governance and institutions of checks and balances.

The third part is an outline of donor support to good governance (in general terms), of donor support to good governance in Nigeria, and of Norwegian support to good governance in Nigeria. This section also describes the background, rationale, and policies of the donors’ support for good governance in general and in Nigeria in particular.

The fourth and final part presents the recommendations. This section considers Norwegian support to good governance in Nigeria (as described in part three) in the light of the needs, opportunities, openings and obstacles (as analysed in part two).

1.2 Political Economy: an Analytical Tool

In broad terms, governance refers to the rules that regulate the public realm. In narrow terms, governance refers to the policy outputs (decisions and policies made), i.e. the economic, institutional, and social programmes pursued and implemented. Good governance, on the other hand, is (usually) understood as including some form of democratic government. Governance will have to include a minimum level of democracy to be ‘good’.

Good governance thus requires the existence of checks and balances (horizontal accountability), participation and elections (vertical accountability), and respect for basic human rights (which include political rights). In what form and to what degree these criteria will have to be satisfied for a system of governance to be ‘good’ is a moot point. It is for instance possible that authoritarian governments can pursue sound development policies, especially when defined as economic growth (with China being the prime example), and foreign policy makers and donors can sometimes play down the issue of democratisation for political reasons.

Although good governance is a broad concept with unclear boundaries and a loosely defined normative content, there is strong consensus among donor agencies and researchers alike that governance is important to development, and that governance is likely to have an impact on how well and effectively aid is being used. Most governance assessments, like the *World Governance Indicators* (WGI), are based on surveys and panels of experts (OECD/DAC 2008:4).¹ There is controversy about their use, however. Perception data cannot determine country-specific

¹ OECD’s Development Co-operation Directorate (DAC) has made a *Survey of Donor Approaches to Governance Assessment* (OECD/DAC 2008). For a comprehensive list of governance indicators, see UNDP’s *Government Assessment Portal* (GAP) at www.gaportal.org, and UNDP’s *Government Indicators – A Users’ Guide* (UNDP 2007).

causal linkages or specific pathways for improving governance, or identify what dimensions and institutions of governance would matter more for different policy outcomes (poverty alleviation, development-oriented economic policies, etc.).

Peoples' perceptions are profoundly affected by the opinion of others, by rumours and prejudice, by what they think the survey wants ('yeah-saying'), by media coverage and court cases, and by the way the questions are formulated. Perceptions are fluid, and opinions are not the same as actual performance.

Therefore, *political economy analysis* (PEA) has enjoyed a recent resurgence in development thinking. The World Bank, individual donor agencies, as well as the OECD/DAC have developed various PEA analytical tools and have to a varying degree adopted these to better understand the political factors that shape development challenges and outcomes, and the underlying causes of poor governance.²

The OECD/DAC defines political economy analysis as concerned with the interaction of political and economic processes in a society; as the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time.³ Political economy analysis is now used to understand the relationship between economic and political power within states, political elites and authoritarian governments, and to unravel informal and customary political systems, patrimonialism and patronage.

This study will apply an eclectic political-economy method and a pragmatic approach. The basic assumption in our analysis is that there are two-way effects between economic resources and political power. To some degree, the economy can explain politics; i.e. political behaviour can be understood in terms of contestation and bargaining between interest groups with competing claims over rights and resources. Besides, political economy is embedded in the interaction between institutions and human behaviour; formal and informal institutions are shaping choices, and choices are changing institutions.

1.3 The Oil Curse: A Conceptual Lens

Oil has profoundly influenced the political economy Nigeria, and most observers claim Nigeria is 'oil-cursed'. This is due to Nigeria's a very poor economic development, very low *Human Development Index* (HDI), and persistent governance problems including unfathomable corruption and societal strife, despite substantial oil incomes over many years (Sachs & Warner 2001:828; Karl 2003:9; Mehlum et al. 2006:1117; Humphreys et al. 2007:94).

A growing literature is discussing the empirical robustness and modalities of this 'paradox of plenty' or 'resource curse theory', and is searching for possible explanations. Among the stronger economic explanations is that an increase in revenues from natural resources appreciates the exchange rate and makes other sectors less competitive, and that the volatility of commodity prices are disruptive. This is the so-called 'Dutch disease'. In particular, the negative price effect and a decline in investments 'crowds out' manufacturing and agriculture.

In addition to economics, there is an increasing emphasis on political and institutional explanations to the curse. It is argued that the main difference between success and failure is in the quality of institutions (Mehlum et al. 2006). Basically, rents generated from minerals (and other easily accessible resources) can either be channelled into the productive economy, or be captured by the ruling elite for personal enrichment and power purposes. Whether the rents from mineral extraction are spent to stimulate production and national economic development, or spent on

² For instance, Sida has developed a *power analysis* (Bjuremalm 2006), the Dutch Foreign Ministry has developed a *Strategic Governance and Corruption Assessment* (SGACA) framework, and DFID has developed a *Country Governance Analysis* (CGA) and a *Strategic Conflict Assessments* (SCA). A more well-tested political economy analysis is the DFID-initiated *Drivers of Change* (DoC) analyses (see www.gsdrc.org/index.cfm?objectid=597A76DB-14C2-620A-2770D688963DF944). Transparency International (TI) has also developed and promoted their version of a political economy analysis, the *National Integrity System* (NIS, www.transparency.org/policy_research/nis).

³ See: www.oecd.org/dac/governance/politiceconomy.

consumption, capital flight, waste and non-productive investments, is largely a question of institutional quality.

Rich resources can lead to institutional decay when politicians are obstructing, manipulating, rising above, and/or dismantling the rule of law and the state institutions of control and redistribution, in order to extract the rents and use them for private purposes. In particular, when the state institutions are weak at the outset (when the oil boom sets in), the institutions are not able to withstand the kleptocratic pressures. States with weak institutional capacity are unable to hinder group conflict over access to the resource rents, and unable to hinder (economically unproductive) investments in lobbying for protection, subsidies and preferential policies.

Particularly harmful is the struggle for the rents controlled by the state, and thus the struggle for control of the state, by for instance political insiders, top-level bureaucrats, military officials, robber barons, and warlords. The presence of natural resource abundance has thus led to much conflict and even civil wars. The civil war in Angola, the wars of the Congos and the Sudan, and also the Biafra war have been explained as a conflict over access to natural resources, with an ensuing decay of the state apparatus (Collier and Hoeffler 1998; Collier 2003:4).

1.3.1 Economic Characteristics

Petro-states (usually defined as oil exporters generating more than 50 percent of their foreign earnings from petroleum resources) have some economic characteristics in common. Being dependent on oil exports, they suffer from macroeconomic instability because world oil prices are notoriously volatile (they can swing from USD 20 to almost 100 per barrel and back within a few years). Petro-states are often hard hit by the booms-and-busts nature of the oil market, because few make any long-term planning for price stabilisation. The booms are creating incomes beyond absorption capacity and leads to over-heating and rampant inflation, whereas the busts lead to economic standstill because the cash disappears.

Another attribute of petro-states is the appreciation of the local currency, with ensuing inflation. This again is an incentive for imports (as imported goods become cheaper) and a disincentive for local production (as local goods become more expensive). In particular, agriculture and manufacture will suffer from this. At the same time the oil industry (which is capital- and technology intensive and dominated by foreign companies) creates very few jobs locally. In other words, oil is stunting the development of a diversified, private sector economy.

A third attribute of the petro-states is the debt burden. Even when the absorption capacity is low, the interest rates high (and rising with the political instability of the borrowing regime), and warnings are voiced by international agencies, petro-states keep borrowing with future oil income as a collateral (Soares de Oliveira 2007:34-35). In fact, they are borrowing their own money at onerous interest rates, and they are doing so for political (not economic) reasons.

Lastly, oil cursed states have lower economic growth than comparable non-oil dependent countries, and they foster increasing social and economic inequalities, which is an important source of conflict. In particular in on-shore production areas, and certainly in enclaves (remote production areas in terms of geography, ethnicity, or history), there can be severe environmental degradation and violent social protests. The Cabinda enclave in Angola and the Delta region in Nigeria are cases in point (where the latter has given the name to the phenomenon; the 'Niger Delta Syndrome').

1.3.2 Political Characteristics

The political consequences of oil wealth have been equally negative for many petro-states, and most important is the impact on institutions and the quality of governance (Soares de Oliveira 2007:35). Statistically, economies relying heavily on exports of natural resources score particularly low on a wide array of governance indicators. It has been demonstrated that oil dependency tends to hinder democracy (Mehlum et al. 2006:1119-1120).

For one thing, the petro-states are 'rentier states'. A rentier state derives all or a substantial proportion of its national revenues from the rent of indigenous resources (that is the difference in value of the resource on the international market and the cost of extracting it; also called 'easy' or 'un-earned' money). The rent usually stems from natural resources such as petroleum, but can also derive from other strategic resources such as uranium, military bases, or development aid.

Thus, a rentier state is relatively independent of extracting revenue from domestic taxation, as the resource wealth precludes the need to extract income from their citizenry. Because governments in petro-states have their own guaranteed source of income, they have revenue autonomy from their subjects, an unusual degree of independence, and the power to decide who gets what from the oil rents.

The creation of rents in the economy leads to rent-seeking and a 'rentier mentality'. A state freed from the burden of taxing the domestic economy will fail to develop politically because, in the absence of taxes, citizens have less incentive to place pressure on the government to become responsive to their needs. Instead, the government can 'bribe' the citizenry with social welfare programmes and subsidies, and buy political support by allocating advantages strategically. Moreover, because control of the rent-producing resources is concentrated in the hands of the authorities, it may be used to alternately coerce or co-opt the population, and the distinction between public service and private interest becomes increasingly blurred.

With the state as the sole and definitive end-point for oil revenues, it is to the state edifice that political actors coalesce for access to funds. Given the rentier economy, the centrality of the state, and the lack of alternatives (the rest of the economy being underdeveloped, state controlled and/or dominated by foreign companies), ambitious individuals will seek to get hold of a 'piece of the cake' by striving for a position within the core of the state apparatus.

Typically, this gives origin to an inner circle of main beneficiaries chosen on a religious, ethnic, family or political basis that profits disproportionately from the opportunities created by oil wealth. On an outer ring lie more indirect beneficiaries of state largesse [typically] in the form of a grossly expanded, largely useless civil service (Soares de Oliveira 2007:33).

The use of the petro-dollars also follows a fairly predictable pattern; buying off powerful groups and individuals so that they do not become a threat (co-optations); permitting some degree of trickle-down (for legitimacy purposes); and building powerful coercive apparatuses to ensure compliance by subjects (Humphreys et al. 2007:264). Typically, there will be a build-up of the coercive apparatus (militaries, police, as well as private military firms (PMF) and security companies) for suppression of discontent and opposition. These patterns have a very harmful impact on state structures.

Over time, oil-cursed petro-states will suffer from at least three types of institutional deficits.⁴ First is the 'information deficit', arising from the opacity and confidentiality of the oil industry itself and the centrality and secrecy of the government management of the industry. Thus, citizens have virtually no way of assessing the government income and expenditures. Second is the 'monitoring deficit', originating from the over-centralization of power within the executive and from the lack of checks and balances. Thus, the incentives for government and for the industry to comply with regulations will be lacking. Third is the 'participation deficit', stemming from the weak connection between the state and its citizens. Thus, there will be a lack of citizen ownership and a rentier culture develops.

Together, these three deficits effectively remove any effective form of fiscal accountability in oil-exporting countries. They also weaken efforts to hold foreign and national energy corporations accountable for their activities inside petro-states, most especially with regard to environmental damage and impacts on local communities (Humphreys et al. 2007:265).

⁴ These 'deficits' are described in Humphreys et al. 2007:264-265.

In other words, the political consequences of oil wealth have been an excessive centralisation of power, authoritarianism, a disregard for agriculture and manufacture, the non-pursuit of internal taxation, and the development of pervasive patronage and rent-seeking cultures (Soares de Oliveira 2007:65). The oil resources give the ruling elites both the incentives for controlling the state apparatus (and thus the income), and the means to retain control of the state.

2. The Political Economy of Nigeria

The oil revenues and the ensuing resource curse have also profoundly affected on the political economy of Nigeria, both in economic and political terms. The Nigerian oil income has led to deteriorating social services, increased poverty, military coups and maladministration, and weak institutions. Although a wide range of economic and political reforms have been formulated and implemented, most of them with popular support and some with donor support, the deep structural problems of the resource curse have hindered their efficient implementation and produced few tangible outcomes.

2.1 Brief Economic History: *Booms and Busts*

It was only in the mid-1960s that Nigerians, the government included, realised that the oil industry and oil incomes had become significant.

In Nigeria, oil crept into politics unannounced, years after it had become an important economic factor; until then, political life had gone past it, oblivious to the underground wealth. [...] The sudden realisation of it struck the country like a storm. In no time, political feelings about petroleum changed from apathy to euphoria (Soares de Oliveira 2007:69).

Oil exploration started in Nigeria as early as in 1907, but the first crude export took place only in 1958. After independence, oil output was slowly rising but only a modest source of income for the government (Soares de Oliveira 2007:171-172). The oil boom took off for Nigeria only in the early 1970s, with oil revenues increasing by 350 percent between 1973 and 1974. During the oil boom years of the 1970s, Nigeria joined OPEC and billions of dollars generated by production in the oil-rich Niger Delta flowed into the coffers of the Nigerian state.

The 1980s were, however, a bleaker period for Nigeria, in economic terms. Nigeria's manufacturing sector declined sharply in the 1980s (Humphreys et al. 2007:242), and the country, once a large net exporter of food, now imports many of its food products. From 1973 to 1987 employment in all sectors contracted, the only exception being the service sector, which includes government employment (Robinson et al. 2005:464).

When the oil prices soared again in the early 1990s due to the invasion of Kuwait by Iraq, and with un-accountable military leaders at the helm, Nigeria's oil production reached its peak. Today, petroleum still plays a large role in the Nigerian economy, accounting for 40 percent of GDP, 95 percent of foreign exchange earnings, and about 65 percent of government revenues (Soares de Oliveira 2007:221). However, despite the billions in oil profits generated for the country over the years, there are few signs of multiplier effects from the oil industry.

Instead, the growth of poverty has been catastrophic. The proportion of households living below the United Nation's absolute poverty line of USD 1 per day has grown from 27 percent in 1980 to 71 percent by 2005. 92 per cent of the Nigerian population survives on less than USD 2 daily. In fact, real per capita income has plummeted to 1960 levels. Nigeria moved from a per capita GDP of USD 1,200 in 1981, to about USD 300 in 2000 (UNESCO 2010:307).⁵

Besides, the income disparities are grave. Among those who live below the 1 USD per day poverty line, over 65 percent are women. Between 1970 and 2000, Nigeria's *Gini coefficient* jumped by about one-third, and the richest ten percent controls 40 percent of the country's wealth and its poorest 20 per cent has a share of just 4.4 percent (Humphreys et al. 2007:242; Karl 2003:9).

⁵ The figures are slightly better according to the *National Bureau of Statistics*, which reported that in 1980 28% of Nigerians were poor; in 1985 the poverty ratio grew to 46%, dropped to 42% in 1992, increased again to 65.6% in 1996 and to 70% in 2004, and fell to 54.4% in 2004. (*Daily Trust*, 11 January 2010).

Furthermore, Nigeria has some of the poorest human development indicators in the world. One in five children dies before the age of five and almost 40 percent - or 8 million - of primary school-aged children are not in school. Almost 3 million people are living with HIV/AIDS - the second largest number in any country in the world. Some states in northern Nigeria have among the worst maternal mortality and girls' primary school enrolment rates in the world.

The prevailing economic conditions are characterised by a rural economy in extreme poverty, and the absence of basic infrastructure and services (power, water and sanitation, roads, rails, primary education, primary health care).

In the early 2000s, with President Obasanjo and the civilian administration of the fourth republic, Nigeria started some substantial economic reforms. A variety of measures have been undertaken, including macroeconomic stability, deregulation, liberalization, privatisation, transparency, and anti-corruption.

Obasanjo started the reforms by arresting officials accused of misdeeds, and in 2005 Nigeria began the slow process of recovering millions of illicit funds that had been deposited in Swiss banks by the late military dictator Sani Abacha. In 2006, Nigeria also cleared the bulk of its debts owed to the Paris Club, and all of its bilateral external debt was later repaid. The country now has a current account surplus and is building up reserves.

Besides, the country has made some landmark legislation on procurement reform (the *Public Procurement Act* of 2007 and the establishment of a *Bureau of Public Procurement*, BPP) and increased fiscal responsibility (the *Fiscal Responsibility Bill* of 2007). It has also adopted an oil price-based fiscal rule,⁶ created an excess crude account (to be turned into a savings fund), and some institutional efforts has been taken to curb corruption and the misuse of public funds (in particular by the establishment of the ICAC, EFCC, and CCB, see below). Furthermore, there are some signs of governance reform spreading to the States.

Although all of this has been done off and on, and with some apparent limitations, it has stimulated economic growth and created stability. Economic growth has averaged about 6 per cent per annum over the last years, budget balances are under control, inflation has declined to single digits, and exchange rate stability has been achieved (UNDP 2008:2). In sum, the macro-economic fundamentals for growth in Nigeria are better today than they have ever been in the past 20 years.

There are also signs that the economic growth in Nigeria is moving beyond petroleum exports (and the oil-dependent state administration) into manufacturing and industrial production, trade, and services. It is estimated that the so-called middle class constitutes roughly 30 percent of the population in Lagos, and that the proportion is increasing. In particular, in areas like Abuja and Lagos the proportion of middle class Nigerians is visible, and increasingly influential.

The high levels of poverty have not been tackled, however. In 2003 the Federal Government of Nigeria (FGoN) launched a home-grown poverty eradication framework.⁷ This was no success, however, and the strategy lost momentum. More symbolic action was taken in 2008 with the so-called *Nigeria Vision 2020*, which is a magnificent vision (or rather delusion) envisaging that "by 2020 Nigeria will be one of the 20 largest economies in the world, able to consolidate its leadership role in Africa and establish itself as a significant player in the global economic and political arena".⁸ Despite these efforts, it is unlikely that Nigeria will achieve any of the *Millennium Development Goals* (MDGs) by 2015.

⁶ This rule's objective is to constrain spending by transferring oil revenues to the budget in accordance with a reference price, together with a ceiling on the non-oil deficit. The Fiscal Responsibility Bill, signed by President Umaru Yar'Adua in November 2007, enshrined the oil-price-based fiscal rule into law.

⁷ These are known as the *National Economic Development Strategy* (NEEDS, which is the equivalent of a PRSP), which includes *State Economic Empowerment and Development Strategies*, SEEDS, in all 36 states, as well as the *Community Economic Empowerment and Development Strategies*, CEEDS, in all (about 8288) communities in Nigeria. CEEDS was "expected to strip off poverty from the homes of 30 million Nigerians by the year 2011", by consuming some N 248 billion in four years. See: www.npc.gov.ng/ceeds.

⁸ Furthermore, "by 2020 the country will be peaceful, harmonious and a stable democracy" with a "sound, stable and globally competitive economy with a GDP of not less than \$900 billion and a per capita income of not less than \$4000 per annum". The NV2020 has established a National Council, which is "the apex of the operational & institutional

2.2 Brief Political History: *Dem-All-Crazy*

In political terms, the dominance of oil and gas in the Nigerian economy has led to a narrow revenue base that has lent itself to rent-seeking and ‘elite capture’, and it has developed a ruling elite in control of the state apparatus (‘political class’ in Nigerian parlance; see Jinadu 2010a:6, 10). The political, administrative, and military elites dominate this ‘political class’. The lack of a diversified economy has stunted the development of a private sector based ‘national bourgeoisie’ or middle class, and thus the development of independent civic institutions, which are normally associated with ‘liberal’ politics and checks on state powers.⁹

Nigeria has been ruled by military regimes for almost 30 of its 50 years of independence, with several coups and counter-coups.¹⁰ The putative democracy at independence in 1960 lasted only until 1966 when the first military coup took place. The military retained power from 1966 until 1979, but this was not a period of stability or peace.

The Biafra secessionist war lasted from 1967 to 1970 and claimed more than one million lives through violence, starvation, and disease. This war of secession was led by the Igbo (of south-eastern Nigeria, including the Delta) due to economic, ethnic, cultural and religious tensions. While not at the root of the attempted secession, the prospect of oil wealth (or the prospect of losing it, as seen from the federal government viewpoint) exacerbated the conflict.

After the civil war ended in 1970, Nigeria’s ruling military continued to be afflicted by violent power struggles. The country saw one head of state ousted in a coup and another murdered in an attempted coup before the discredited military returned power to civilian hands in 1979.

The civilian government of the Second Republic from 1979 to 1983 was, however, but a tragic interlude. This civilian regime of Shehu Shagari launched huge industrial and infrastructure projects that quickly proved to be unsustainable and economically irrational (‘white elephants’). This was a civilian government with rapidly declining economic discipline, reckless spending (civilian rulers and politicians doling out contracts and favours to siphon off profits and to build political alliances), and growing foreign debts.

It did not take long before virtually all sectors of Nigerian society viewed the Shagari government as thoroughly corrupt and incompetent: ‘Dem-All-Crazy’.¹¹ When Shagari was overthrown by a military coup shortly after his fraudulent re-election in 1983, it was generally viewed as a positive development. As in 1966, the coup-plotters defended their actions by pointing to the chaotic and illegitimate 1983 elections along with massive corruption and the government’s failure to meet its basic responsibilities towards ordinary Nigerians.

From 1983 until 1993 the military dictator General Ibrahim Babangida (IBB for short) governed Nigeria, but also this period proved disastrous as Babangida only further entrenched the patterns of corruption and human rights abuse. Babangida was widely accused of institutionalising corruption as a tool of political control and as much as USD 12.2 billion in oil revenues simply ‘disappeared’ (HRW 2007:13).¹²

arrangement for Nigeria’s V2020” with the President of the Federal Republic of Nigeria is the Chairman. See the official *Nigeria Vision 2020* website at: www.nv2020.org, which has a lot of information on the committees established, but nothing (yet?) on the budget or the national development plans.

⁹ Barrington Moore (1966:418) summarised this theorem in his famous words “No bourgeoisie, no democracy” in his groundbreaking work *Social Origins of Dictatorship and Democracy*. Although much discussed, this theorem is still considered valid in contemporary development theory.

¹⁰ Civilian from independence in 1960 to 1966 (First Republic under President Nnamdi Azikiwe), military regimes from 1966 to 1979 (Major-General Johnson Aguiyi-Ironsi, General Yakubu Gowon, General Murtala Mohammed, and General Olusegun Obasanjo); civilian from 1979 to 1983 (Second Republic under elected President Shehu Shagari); military regimes from 1983 to 1999 (General Muhammadu Buhari, Major-General Ibrahim Babangida, General Sani Abacha and General Abdulsalami Abubakar); and civilian from 1999 (Fourth Republic under elected President Olusegun Obasanjo, President Umaru Yar’Adua, and now President Goodluck Jonathan).

¹¹ “Dem-All-Crazy” was the label that the singer Fela Kuti put on the “all up for grabs” dispensation of the Second Republic under President Shagari: “Demo-Crazy”, “Demon-Crazy”, and finally “Dem-All-Crazy” (Shaxson 2007:22-23).

¹² And now Babangida has announced he will stand for the 2011 presidential elections. In one of the many political blogs in Nigeria (www.NigeriaVillageSquare.com), one can read: “Show me a single individual following Babangida any time

However, Babangida organised elections in 1993 that were slated to pass power back into civilian hands, but annulled the results of the presidential poll and imprisoned the winning candidate Moshood Abiola.¹³ The ensuing political crisis led to General Sani Abacha seizing power.

Some Nigerians said that the reign of General Babangida from 1985 to 1993 was the most corrupt of all to date. [But] he was followed by the brutal dictator, Sani Abacha, who was even more reviled until his death in 1998 (Shaxson 2007:23-24).

Only in 1999 did Nigeria return to civilian rule again. By then, the excesses of the Abacha years had thoroughly discredited the military's claim on power and led to popular and international pressure for a return to civilian rule. Abacha's successor, General Abdulsalami Abubakar, soon organised elections that ushered the military out of power and installed retired General Olusegun Obasanjo as the first president of Nigeria's Fourth Republic in May 1999 (Falola and Heaton 2008:234-235).

Nigeria has since held two presidential and parliamentary elections, in 2003 and in 2007. The first-ever handover of power from one elected civilian president to another took place in 2007. The quality of the elections has deteriorated over the years, however, to the extent that the elected government is hardly legitimate (in terms of 'expressing the popular will'). The outcome of election rigging and fraud has been a subversion of the democratic process, rather than its consolidation (Ibrahim and Garuba 2008:15).

2.3 The Political Landscape: *Things Fall Apart*

Things have been falling apart in Nigeria for a long time.¹⁴ The country is deeply divided by regional, religious, ethnic, economic and political rifts. Besides, the military coups, the dictatorships, the chaotic civil administrations, corruption, and the constant pushing and pulling from oil and big money have weakened Nigerian's sense of law, trust in each other, and trust in government.

2.3.1 The Cleavage Structure: *Beyond Biafra*

Nigeria is sharply divided across several overlapping and crosscutting cleavages. One of the most significant, historically and politically, is the north-south divide, mainly based on the historic and religious divide between the Muslims of the north and the Christians and animists of the south. In colonial times, Nigeria was divided in the north and south protectorates and the Lagos colony, and at independence Northern and Southern Nigeria became two federal regions.

Northern Nigeria is more arid and less densely populated than the south; the people are largely Muslim, and the majority is Hausa-Fulani.¹⁵ The south is predominantly Christian, with a large number of ethnic groups, of which the Yoruba in the southwest and the Igbo in the southeast are the biggest. These three groups (the 'ethnic triumvirate') account for about 70 percent of the population.

and singing his praises on housetops and I will show you a man motivated by raw greed striving to get his own slice of the fabled Babangida billions."

¹³ This election of 1993 was declared Nigeria's freest and fairest presidential election by national and international observers, with Abiola even winning in his Northern opponent's home state together with the national capital, Abuja, the military polling stations, and over two-thirds of Nigerian states. Abiola has been referred to as one of Nigeria's greatest statesman, but he remained in custody until his death in 1998 (Falola and Heaton 2008:227).

¹⁴ The expression "*Things Fall Apart*" refers to the 1958 novel with this title by the Nigerian writer Chinua Achebe; the single best known African novel around the globe, translated into at least 45 languages.

¹⁵ The following 19 States comprise Northern Nigeria; Adamawa, Bauchi, Borno, Gombe, Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, Yobe, Zamfara, Plateau, Benue, Nasarawa, Kogi, Kwara, Niger, and Taraba.

In the south, Western education and the development of a modern economy proceeded more rapidly than in the north, with deep consequences for Nigeria's political life ever since. The Muslim-Christian divide has been tense at the local level, with recurrent conflicts, as demonstrated most recently in the clashes in Jos at the beginning of 2010, which left many dead. It has also been tense at the level of high politics. The first government of independent Nigeria was for instance a coalition of two conservative parties: the *Nigerian People's Congress* (NPC), dominated by Northerners and those of the Islamic faith, and the Igbo and Christian dominated *National Council of Nigeria and the Cameroons* (NCNC). Today, there is still an informal understanding that the president and the vice president will alternate between the north and the south.¹⁶

Eastern Nigeria was the origin of the Biafra war. The Eastern Region became one of Nigeria's federal divisions when the colony of Southern Nigeria was split up in 1954, and by then a strong sense of Igbo identity had developed. This division and certain conflicts with other Nigerian groups led to the Igbo-dominant Eastern Nigeria seceding from Nigeria to create the independent *Republic of Biafra*. The Biafra war lasted from July 1967 to January 1970, when Nigerian federal military forces overwhelmed and reabsorbed the province.

Nigeria has more than 200 ethnic groups, with varying languages and customs, creating a country of rich ethnic diversity. This religious and ethnic diversity has fuelled much tension, however, beyond the north/south or Muslim/Christian divide. One example is the conflicts between those who are indigenes and those who are not. The indigenes of a place are those who can trace their roots back to the community of people who originally settled there. Everyone else, no matter how long they or their families have lived in a place, is and will always be considered a non-indigene.

These cleavages have been used and abused in local politics, and twisted beyond recognition by state and local officials. At times, political tensions are also high between the government and excluded groups like the youth, women, and local populations in the on-shore oil producing areas. With oil revenues flowing to a state apparatus controlled mostly by senior male politicians (the so-called 'political class'), and the popular dissatisfaction with the lack of a broad-based distribution of the oil wealth, conflicts run deep between the 'haves' and the 'have-nots'.

The generational divide

For one thing, there is a clear generational divide in Nigerian politics. The formal political scene is dominated by those of more mature years, and the role of youths is usually limited to that of campaigning foot soldiers, hired muscle or political thugs.¹⁷

Although politics everywhere tends to be dominated by the more experienced, the exclusion of youth (who constitute more than 50 percent of the population) is potentially dangerous. Take for instance the words of Ibrahim Babangida (former military ruler of Nigeria from 1985 to 1993), who has announced that he will run in the 2011 Nigerian presidential elections, claiming "a country like Nigeria cannot be ruled by people without experience".

Those who feel they have no legitimate political voice become radicalised and turn to other solutions, as evident from the multiplying youth 'cults' and armed militias who are no longer accountable to traditional elders or other systems of authority.

¹⁶ This was demonstrated recently in the scuffles over the president and vice president post after the death of President Yar'Adua. The 'northerners' were not happy about losing the presidency, they argued that the new president should be a northerner to fulfil 'their' term in office, and the new President Jonathan 'had' to find a northerner for vice president.

¹⁷ "Youth" is understood in Nigeria in particular as all these young men (under 40) who are hard hit by rising living costs (and expectations), left outside of clientelist networks as well as the formal labour market, unable to attain the financial means to give them full adulthood, marriage, etc. (Shaxson 2007:132).

Gender Imbalances

Nigeria's women are largely disadvantaged and marginalized, economically, socially, culturally and politically. Despite Nigeria's adoption of the *African Union Solemn Declaration on Gender Equality in Africa* and its commitment to the *Convention on the Elimination of All Forms of Discrimination against Women* (CEDAW), the quality of its application at national and state level has been limited and often weak. This is exemplified in certain sections of the constitution that discriminate against women (for instance in terms of residence rights, property and inheritance, and the adoption of the *Shari'a* criminal legal system with rules of evidence that weigh against women (HRW 2010:3)).

The prevailing socio-cultural norm is that the role of the woman lies in the family sphere, where strong patriarchal bonds hinder their development. This cultural norm is widely and repeatedly rationalising and legitimising the exclusion of women from the public sphere. This is particularly evident in the Northern states.¹⁸

Women are for instance less literate than male counterparts (41 percent compared to 58 percent for men), and more impeded by legal and religious practices (especially nomadic women, and in general women in rural areas who lack the socialisation that promotes self-confidence and voice to participate meaningfully in public spaces). Thus, in the political field, studies have demonstrated how women are systematically disadvantaged in political parties, in elections, and in office.¹⁹ For those women not elevated to public prominence as the spouse or dependent of a powerful male politician, structures remain prejudiced and opportunities for women to enter politics remain limited.²⁰

Female candidates are usually lacking the financial resources needed to stand for election in Nigeria's highly commercialised political system. Women have problems of being taken seriously as candidates by the party screening committees, in winning the party primaries, and in raising the finances needed to campaign. The EU election observation report of 2007 also reported on the practice of 'substitution' (women who find their name on the party list 'replaced' by a male counterpart), and on various forms of pressure to withdraw (to cede their candidatures and elected positions to men (EU 2007:26).

In the 2007 elections, women were largely absent from the election process. On the elections day, only 2 percent of the political agents in the polling stations were women (according to international observers), and women voted 10 percent less than men (across all age groups).

However, violence remains a serious deterrent to women's participation in political life. The lower turn out on election day can, at least in part, be attributed to violence during the polls, and in many states women reported to EU observers that fear of intimidation, violence and harassment by young people recruited by the political parties were major factors in deterring them from voting (EU 2007:27).

The election results revealed a particularly striking absence of women from major positions of power and decision-making. The election results show that Nigeria's *National Assembly* is comprised of only 7.5 percent female members (compared to the 18.2 percent regional average for Africa), and there is not one single female State Governor.

This notwithstanding, certain women have managed to reach prominent and visible positions of political influence, and become role models for other women (despite the very low number of women in top political positions). Two of these are the former Minister of Finance, Ngozi Okonjo-Iweala, and the journalist and editor Christina Anyanwu.

¹⁸ One recent story is telling; the recent wedding between a Senator and a girl purported to be only 13 years old has sparked a heated debate, as the case is not isolated (child marriages remain popular in many parts of the country).

¹⁹ See for instance Ibrahim and Salihu 2004; Oby Nwankwo in Ibrahim and Ibeany (eds) 2009:51-72; and EU 2007.

²⁰ This is what has been called the "First Lady Syndrome" in Nigeria; although prominent and active First Ladies have opened doors for women that had previously been closed, the phenomenon has created a dynamic in which political space is being appropriated and used by the wives of the men in power, for their personal aggrandisement, rather than for furthering the interests of women in general.

On the positive side of gender relations is also the fact that women in Nigeria have increasingly become agricultural producers (partly due to the exodus of men into urban areas and the emigration of male workers), and on the positive side is an increasing economic role of women in import trade and an increasing women activism in CSOs and professional associations (Falola and Heaton 2008:125-126).

2.3.2 The Niger Delta: *Flaring, Bunkering, Abductions*

The Niger Delta²¹ has been the main area of Nigeria's petroleum extraction for more than half a century, now producing about 90 percent of the country's oil. At the same time, the Niger Delta is densely populated and a nightmare for the oil companies; the last decade has brought about a remarkable degree of civil strife, international condemnation, and production stoppages by local protesters and criminal gangs (Soares de Oliveira 2007:243).

The endemic poverty and corruption of the region, whose physical environment has also been devastated by oil leaks and gas flaring, have created widespread discontent among the minority groups who live there. In Rivers State, for instance, which is Nigeria's largest oil producer and the wealthiest state in the nation, federal and local governments have failed to make meaningful improvements in the badly dilapidated primary health and education sectors, despite per capita spending far in excess of many West African countries at the state level alone. The unprecedented influx of revenue into state and local government coffers has been squandered or stolen. At the same time, the rising financial stakes have helped push struggles over political office to become more violent. The 2007 elections in Rivers surpassed even the dismal nationwide norm in their brazen rigging by government officials (HRW 2007:32).

The discontent in the Delta, which is compounded by the lack of jobs or economic opportunity, has repeatedly spurred violent protest. The best-known protest and violent repression took place in Ogoniland in the 1990s. Ogoniland is a small region in the southeast of the Niger Delta, where oil was discovered in 1957, with Royal Dutch Shell and Chevron Corporation setting up shop throughout the next two decades. Some Ogonis, a minority ethnic group of about half a million people, and other ethnic groups in the region, were forced to abandon their land to oil companies without consultation, and offered negligible compensation. Soldiers and policemen appeared in Ogoni villages and people were brutally murdered. The author and environmental activist Ken Saro-Wiwa was arrested in connection with the killings and ensuing riots, and was with eight other Ogoni activists sentenced to death and hanged in 1995 by a specially convened tribunal hand-selected by General Sani Abacha (Falola and Heaton 2008:232-233).

In recent years the protests have taken the form of attacks on pipelines and other oil facilities, as well as the abduction of employees of foreign oil companies, mostly by militants associated with the *Movement for the Emancipation of the Niger Delta* (MEND). In addition to the violent protests, there is also a more quiet form of sabotage going on, the so-called 'oil bunkering'. This is the stealing of oil from pipelines and smuggling it out, which is a source of income for the militants (as it is for the military, police and personnel of private security companies, organised criminals, customs officials and a range of other officials, and even oil company employees in the Delta). The result of the violence and the bunkering, distortions and company pullbacks, has been reductions in oil production, the loss of billions of dollars in lost revenue to the government, as well as growing concern in the government and in the West.

An early ceasefire agreement worked out in 2005 between the government of President Obasanjo and MEND broke down after just over a year, and hostilities resumed. In 2009, President Yar'Adua proposed a new programme that offered militants a three-staged amnesty that included promises of cash, training and eventually jobs for those militants who turned in their arms. While

²¹ Historically and cartographically, the Delta region is the present day states of Bayelsa, Delta, and Rivers States. In 2000, however, Obasanjo's regime included Abia, Akwa-Ibom, Cross River, Edo, Imo and Ondo States in the region. Some 31 million people of more than 40 ethnic groups live in the Delta.

the programme got off to a strong start, it lost momentum as the president's health deteriorated and he was unable to push it further.

Current President Jonathan grew up in the Delta and is a member of the same Ijaw ethnic group that dominates MEND. This fact has given him some credibility and some leeway in the process. According to media reports, Jonathan has endorsed the amnesty programme and stressed that follow-through by his government is 'a top priority' (*This Day*, 12 April 2010).

However, in February 2010, MEND announced it was ending the ceasefire and in March they claimed responsibility for two bombings in Warri. Hostilities have not yet gone into the same full-blown attacks, but most analysts believe the amnesty remains salvageable only if President Jonathan acts quickly to get it back on track, and delivers the promises.

2.3.3 Corruption: *Extraction, Power Preservation, and 419 Scams*

Corruption pervades all levels of government in Nigeria, and the country is infamous for its high levels of corruption, and for the international effects of organised financial crime originating in the country.²²

By some accounts, the military dictator Abacha was responsible for the theft of as much as USD 3 billion, which made him among the world's top five embezzlers in modern history (Humphreys et al. 2007:11; Shaxson 2007:150). In 2006 the head of Nigeria's *Economic and Financial Crimes Commission*, Nuhu Ribadu, estimated that Nigeria lost some USD 380 billion to corruption between independence in 1960 and the end of military rule in 1999. A recent report by *Global Financial Integrity* (GFI, an international illicit financial outflow watchdog), estimates that Nigerian leaders from 1970 to 2008 stole more than USD 89.5 billion from the national purse, and that Nigeria lost more money through illegal outflows than any country in the world during the period.²³ Some western diplomats estimate that Nigeria lost a minimum average of USD 4 billion to USD 8 billion per year to corruption over the eight years of the Obasanjo administration (HRW 2007:31-32).²⁴

Corruption in Nigeria is caused by several deep-rooted factors. First and foremost is the 'resource curse'. During years of authoritarian rule, the ruling elite captured the oil income for personal enrichment and power purposes. Nigerian military power-holders were economically and politically independent of their subjects, and could obstruct and dismantle the rule of law and the state institutions in order to extract the rents and use them for private purposes.

Second is the political character of corruption in Nigeria. Political corruption is two-sided; on the one hand, it is the accumulation or extraction that occurs when government officials use and abuse their hold on power to extract from the private sector, from government revenues, and from the economy at large (and in the case of Nigeria: from the petroleum sector).²⁵ On the other hand, it is the process whereby extracted resources (and public money) are used for power preservation and power extension purposes, which usually takes the form of favouritism and patronage politics (Amundsen 2006:3-4). Corruption in both forms is entrenched in Nigeria, extractive corruption and corruption for power preservation purposes.

In Nigeria, extractive political corruption takes place in awarding upstream licenses. During military rule, most licenses were awarded on a discretionary basis by the head of state. Although

²² Nigeria ranked at the top of Transparency International's *CPI* for several years. '419' refers to the well-known 'Advance Fee Fraud' and other practices covered by section 419 of the Criminal Code of Nigeria.

²³ The top five are Nigeria (USD 89.5 billion), Egypt (70.5 billion), Algeria (25.7 billion), Morocco (25 billion), and South Africa (24.9 billion). See: http://www.gfip.org/index.php?option=com_content&task=view&id=300&Itemid=75.

²⁴ To put those numbers in perspective, a loss of 5% of GDP to corruption in 2006 would have translated into NOK 113 billion in stolen funds of the Norwegian economy or GBP 57 billion in the United Kingdom.

²⁵ These processes of accumulation have alternatively been called extraction, embezzlement, rent-seeking, plunder and even kleptocracy ('rule by thieves'), depending on the extent and context.

Obasanjo set out to make Nigeria's oil block bid rounds more competitive (and held bid rounds in 2000, 2005, 2006, and 2007), they had serious shortcomings.²⁶ Besides,

Nigeria's Petroleum Act gives the Minister of Petroleum full authority over the allocation of licenses for the exploration, prospecting, and mining of oil. There are, therefore, no legally mandated processes or oversight mechanisms for the allocation of blocks (Gillies 2009:2).

In Nigeria, corruption also takes place in the awarding of contracts.²⁷ Large-scale contracts, primarily to oil service companies, are leveraged by the Nigerian government, and have been infested by corruption. Aspiring contractors have used fake consultancy firms to channel payments to government, manipulated their own company's financial systems to acquire extra cash, and distributed payments to representatives designated by those at the highest levels of government (Gillies 2009:3).

In addition, government officials benefit from procedures that favour companies in which they have a financial stake. For instance, senior political leaders reportedly manipulated tenders to benefit a large logistics company for their private gain, and officials have given preference to companies owned by their political and economic allies (Gillies 2009:3).

Political corruption for power preservation purposes takes place in Nigeria at several levels. Favouritism and politically motivated distribution of financial and material inducements, advantages, and spoils are common. Power-holders are also paying off rivals and opposition, and buying parliamentary majorities. Private companies are 'asked' to contribute to ruling party campaign funds, and governmental institutions of checks and control are bought off to stop investigations and audits. Judicial impunity has been bought. Furthermore, loyal decisions from election commissions are secured, and votes bought to secure re-election (Falola and Heaton 2008:271; HRW 2007:31-35; interviews).

In addition to the deep structural factors that make Nigeria 'oil cursed' and corrupt, there are a number of formal, institutional and legal factors that makes corruption a preponderant problem in Nigeria. The extent to which these factors are deliberately created and sustained in order for the political elite to pillage and plunder is a question of debate, but there seems to be much agreement that these factors are exacerbating the corruption problem.

One of these is the transfer of funds from the federal government to the states. About 25 percent of the federal state budget is directly handed over to the 36 states,²⁸ but the control of the funds differs greatly between the different states. Some have a relatively good institutional control and are reform oriented (Lagos, Kaduna, Cross River, and Bayelsa has been mentioned); some are 'black holes' with extremely weak control mechanisms.

A second factor is the 'structural adjustment policies' of the Babangida regime. Babangida's effort to restore balance to the economy (after the civilian Buhari administration's spending and borrowing spree) was devastating to the average Nigerian. Public sector staff was laid off and unemployment levels rose, incomes declined and public sector pay was reduced dramatically, forcing people into 'alternative' ways of making a living (Falola and Heaton 2008:218-219).

²⁶ Some companies have been forced into partnerships without explanation; signature bonus deadlines are unevenly enforced, and bid round qualification standards inconsistently applied, all to the advantage of certain companies (like private Nigerian companies owned by Nigerian dignitaries). Some of the more egregious violations involve the award of preferential "first refusal" rights to companies, which promised to make power sector investments (Gillies 2009:2).

²⁷ About 70 percent of Nigeria's oil production is carried out by joint ventures and another 25 percent under production sharing contracts (PSCs).

²⁸ Since 2003 the 'Revenue Allocation Formula' has been: federal government 52.68 percent, states 26.72 per cent, and local governments 20.60 percent. The distribution to the states and local governments is based on population, and (to a very limited extent) need and derivation.

Another factor is the seemingly broad acceptance of corruption, at least acceptance of corruption in the form of bureaucratic corruption and fraud. With the legitimacy of the state apparatus at low ebb, people do not feel guilty about cheating or defrauding the state; embezzlement is sometimes seen as a heroic act of resistance.²⁹

2.4 Institutional Assessment: *Ring-fencing?*

The Nigerian constitution of 1999 is modelled after that of the United States, with executive power exercised by the *President of the Republic*, legislative powers vested in the *National Assembly* (a bicameral assembly with a *Senate* and a *House of Representatives*, with overtones of the Westminster model in the composition and management of these upper and lower houses). The judicial branch is presided over by a *Supreme Court* with judicial review powers.

In formal terms, the constitution provides for a number of (potentially) efficient institutional checks and balances into the Nigerian political process; the Nigerian constitution adheres to the doctrine of the separation of powers. Each branch of the government can (potentially) check on the actions of the others. Moreover, the federal system grants considerable autonomy to the States, both through direct elections of State Governors, internal self-rule and economic independence.

Furthermore, Nigeria is bestowed with a number of special institutions of control or restraint, which can (potentially) strengthen the accountability functions within the political system. There are special institutions both of corruption control and revenue control. Vertical accountability is also secured through elections (constitutionally guaranteed to be multiparty, free and fair), and through the legal guarantees of freedom of information, organisation and speech.

In informal terms, all of these checks and balances, institutional controls and accountability mechanisms are counteracted and restricted in their efficiency by the politically dominant ‘political class’ or ruling elite, which to a varying degree is in control of both the executive branch, the parliament, and the courts, as well as the special institutions of control, the political parties, and the electoral process. The political consequences of oil wealth in Nigeria have been a centralisation of power and the development of a neo-patrimonial system of governance³⁰ with pervasive patronage and a rent-seeking culture (Jinadu 2010a:9).

The oil resources have given the ruling elites both the incentives for controlling the state apparatus (and thus the income), and the means to retain control of the state. The questions of political reform, democratisation and good governance is to a large extent a question of the degree to which the institutions of checks and balances can withstand and reduce the patrimonial and rent-seeking pressures of the ‘oil curse’.

2.4.1 The Presidency: *Good Luck, Jonathan!*

Political power in the Republic of Nigeria has been, and still is, highly centralised, and the presidency plays a prominent role in politics. In most African states, political power became centralised shortly after independence, but in Nigeria, this process was intensified by military rule and the need for controlling the oil revenues, creating what has been called an ‘imperial presidency’, a ‘personal rulership’, and the ‘King in the Villa’.

²⁹ Opinion expressed in several interviews.

³⁰ Neo-patrimonialism is a term used for patrons using state resources in order to secure the loyalty of clients in the general population, and is indicative of informal patron-client relationships that can reach from very high up in state structures down to individuals in the smallest villages. Neo-patrimonialism supplants the bureaucratic structure of the state in that personal connection is the basis of real power, not formal position. This undermines political institutions and the rule of law, and is a corrupt (but not always illegal) practice. Neo-patrimonialism, defined by Christopher Clapham in *The Nature of the Third World State*, is a “form of organisation in which relationships of a broadly patrimonial type pervade a political and administrative system which is formally constructed on rational-legal lines.” It is a system in which a public office is used for personal gain, as opposed to a strict Weberian division of the private and public spheres.

The first military rulers, and in particular General Gowon, centralised most government functions into the hands of the president. Also General Babangida, whose regime started out as a more collegiate military oligarchy, developed the presidency into a more personal dictatorship, by for instance moving the Central Bank from the Ministry of Finance into the presidency. The height of power concentration was nevertheless reached under General Abacha (1993-1998), who also took control of the entire oil sector by giving the presidency full control of the national oil company (the *Nigerian National Petroleum Corporation*, NNPC) and all oil trading. The president and minister of oil awarded oil blocks on a discretionary basis. Fees for the blocks were usually negotiated, secret, up-front and completely open to usurpation and corruption.

The Obasanjo administration decided to introduce an open competitive bidding system in 2000, but also Obasanjo, in his second term as elected president from 1999, remained his own oil minister for six years, micro-managing the petroleum sector from the presidency (Soares de Oliveira 2007:135, 136). Still, the Nigerian president is not only President of the Republic, Head of Government, and Chief Commander of the Armed Forces, he also has a more or less detailed, personal, day-to-day command of all political affairs. All strands of the state and the economy are tied to the presidency, the oil sector in particular.

The Constitution confers upon the Presidency a vast array of powers of appointment in the executive, judicial, and coercive apparatuses (see Annex 3 for details).³¹ These appointments run into several hundreds. In some cases the appointments are subject to advice by another public authority or institution, and/or confirmation by the Senate; in other cases they are not subject to any advice or confirmation. In some cases, the president can remove such appointees at will; in others his power of removal is subject to confirmation or consultation with another public authority or institution.

There has been much misuse of presidential appointment powers. Typically, senior officers in the public service with confirmed tenure until retirement can nonetheless be dismissed. This practice has taken place also under civilian rule, although many such dismissals and forced retirements have recently been challenged in court, sometimes successfully.³² However, where reinstatement has been ordered, the concerned officers can be marginalised and given nothing to do, or the reinstatement is tardy, or new grounds were found to terminate services again.

Perhaps was President Obasanjo's military background and his experience as military ruler from 1966 to 1969 the qualifications needed for him to embark on a reform process as elected president of the fourth republic from 1999. This, together with the pressures from the external world, the economic necessities (debt crisis, US government restrictions on interaction with Nigeria, economic sanctions) and internal pro-democracy pressure after years of despotism, made Obasanjo embark on a reform process that is still going on.

Obasanjo recruited a truly impressive and impeccable team of technocrats (energetic young technocrats that he referred to as his 'apostles') to clean up some of Nigeria's decades-long mess. These included the Finance Minister Ngozi Okonjo-Iweala, the Minister of Solid Minerals Obi Ezekwesili, Governor of the Central Bank Charles Soludo, and the Chairman of the Economic and Financial Crimes Commission Nuhu Ribadu (Shaxson 2007:150). Anti-corruption and political/administrative reforms were high on the agenda.

However, even this reform team came to understand that it could not take on the most prominent members of the 'political class', and the reforms and anti-corruption actions seemed to be limited and rather 'selective'. Some opponents and rivals were subjected to surveillance, investigation and imprisonment, whilst other people and some institutions and practices seemed to be left out of the anti-corruption and clean government zeal. This included former president Babangida and certain State governors, oil theft by well-connected crime syndicates and military

³¹ This is line with other African countries and a core element of neo-patrimonialism; the list of nominations lists the people personally dependent on presidential favours, as he can dismiss them (almost) at will at any time.

³² It is estimated that the federal *Public Complaints Commission* is considering about 80 cases of appeal against arbitrary dismissal or termination by aggrieved civil servants in the federal civil service.

officials, and big spending on the elections and electoral fraud (necessary for Obasanjo and the party to win the 2003 and 2007 elections) (Falola and Heaton 2008:271-275; Shaxson 2007:151).

Besides, favouritist practices continued for instance in the granting of oil concessions to companies owned by people close to Obasanjo. 'Power politics' continued for instance in the bullying of a large tract of São Tomé and Príncipe's continental shelf into a 'Joint Development Zone', and in the removal of the reformist Minister of Finance, Ngozi Okonjo-Iweala. (When she had done the job of cleaning up the debt burden, she was "eased out of government", according to Shaxson 2007:151). Later, also the Chairman of the EFCC, Nuhu Ribadu, was 'temporarily removed' from his position.

These examples demonstrate the limits of Obasanjo's reforms. Anti-corruption can well be a means to deal with rivals and enemies (and to win friends in the West), some governance reforms can be necessary to clean up the house (and to win friends in the West), and better accounting can give access to new loans. However, the vested interests of the ruling elite or 'political class' in controlling the oil state were not meant to be challenged.

Obasanjo's successor, President Umaru Musa Yar'Adua was also a reformist, at least in terms of his speeches, but he was far more restrained and discreet, less powerful and severely inhibited by his bad health. The expressed will to push reforms forward was there, through for instance his declaration of assets and a seven-point agenda for reform, but Yar'Adua seemed to be lacking the muscle required to back it up. He was also more of a 'governors' man', surrounded by reform-opposed politicians able to block many of the more important reform processes.

Today, there are again coming many positive signals from the 'king in the Villa'. President Goodluck Jonathan, who took over as Acting President in February 2010 and as President of the Republic following Yar'Adua's death in May 2010,³³ has already signalled a number of good action priorities for his administration:

Our domestic focus must be on electoral reforms, delivering peace dividends to the Niger Delta and the rest of the country and standing strong on our resolve against corruption (*This Day*, 12 April 2010).

Born in 1957 in the oil-rich Niger Delta region, Mr Jonathan is a Christian from the small Ijaw ethnic group. Elected deputy governor in 1999 for his home state, Bayelsa, and later Governor, he was serving his time without particular distinction. He was handpicked by former President Obasanjo to run on the ruling PDP ticket as vice-presidential candidate in 2007. It has been suggested that Nigeria's 'political class' of power-brokers agreed to let him become Vice President and Acting President only because he was not seen as a threat, but the speed and relative smoothness of his assumption of power may suggest more resolve and ambition.

Anyway, Jonathan's political will for true reforms will be seen in his actions. It has been argued that his willpower for reform will be seen in his nominations together with his resolve to ensure the elections of 2011 are free and fair. Regarding nominations, the nomination of Alhaji Namadi Sambo as Vice-President can be seen both as a concession to the powerful group of governors and senators (Sambo was the governors' recommended choice), a concession to the zoning principle (Sambo is a northerner), as well as a step in the direction of reforms (Sambo was a relatively progressive Governor of Kaduna State).

The recent appointment of Alhaji Shehu Ladan as the Group Managing Director of the NNPC is a step in the direction of speeding up the restructuring of the company ('to clean up the place and put the finances in order') and the oil industry through the *Petroleum Industry Bill* (PIB),

³³ President Umaru Yar'Adua went to Saudi Arabia for treatment of *pericarditis* (a heart problem) in November 2009, and he was not seen in public again until he died on 5 May 2010 at the Aso Rock presidential villa in Abuja.

expected to be passed into law by the National Assembly soon (*This Day*, 18 May 2010).³⁴ It can also be seen as a step in the direction of executive control of the industry itself.

The ultimate test of Jonathan's reform will be, however, his coming decision on whether or not to stand for president in the 2011 presidentials. If he chooses to stand, he will have to resort to all the mechanisms of power politics, clientelism and patronage, and reforms will have to wait. If he chooses not to stand, he can spend his presidential powers on holding free and fair elections.

2.4.2 The Parliament: *Pork Barrel Politics*

The National Assembly of Nigeria has two chambers: the *House of Representatives* with 360 members, and the *Senate* with 109 members. Both houses of the Parliament are elected for a four-year term in single-seat constituencies.

In formal terms, the Assembly has broad oversight functions, and is empowered to establish committees to scrutinise bills and the conduct of government officials. Since the restoration of democratic rule in 1999, the Assembly has been said to be in a 'learning process' that has witnessed the election and removal of several Presidents of the Senate, allegations of corruption, the passage of private member's bills, and the creation of various committees of oversight and control.

However, the Assembly has allowed a small circle of Members to assume *de facto* authority within the institution, partly because of weak party control and partly because of its sheer size. Furthermore, the creation of ever more committees has led to ineffective committees put in place primarily to satisfy the members' interests. The committee systems in the Senate and the House are bloated, fragmented, and have absorbed a large part of the Assembly's resources with relatively meagre results. Currently, the Senate has 55 standing committees and the House 74, plus numerous *ad hoc* committees created to deal with single issues.³⁵

Also, many political actors seem to regard the use of public funds to trade favours for personal financial gain as a respectable way of doing business, and Nigerian legislators' preoccupation with personal gains has constantly fuelled legislative instability. The National Assembly has approved huge budgetary allocations to the legislature, topped with generous sums for lawmakers' own remuneration and allowances.³⁶

Although the ruling party PDP has more than a two-thirds majority and (potentially) a strong control of the Assembly, at the same time as the PDP holds the presidency, there is no longer a uniform identity of executive and legislative authority. The distinction between executive and legislative power is becoming more respected as the Assembly takes up more functions and increases its self-esteem. For example, budget analyses and negotiations among peers in the Assembly by Senate and House Appropriations Committees have been considerable in view of the small number of expert staff in these committees, and the Public Accounts Committees have devoted serious attention to investigating public expenditures.

While the Assembly has made strong and often popular efforts to assert its authority and independence vis-à-vis the executive, it is still viewed generally in a negative light by the media and the Nigerian people. This disrespect is largely due to the 'pork barrel' politics of the two houses. Given the electoral system of plurality single-seat constituencies, the members of parliament are to

³⁴ The new *Petroleum Industry Bill* is currently under consideration in the National Assembly. It aims to replace all existing legislation on oil and gas sector issues and fundamentally revamps the institutional setup in the industry, with the break-up of the powerful NNPC as a major proposition.

³⁵ To give one example, the current Senate and the House each have committees on the army, the navy, and the air force, as well as committees on defense.

³⁶ Presently, the legally approved basic salary of a Senator and a Member of the House is N 30 million and N 24 million respectively, per annum (about USD 200,000 and 160,000). In addition, there are generous benefits and allowances, which amounts to at least 2.5 times the basic salary (vehicles, entertainment, utilities, wardrobe, personal assistant, domestic staff, etc.) (*Punch*, 11 February 2010; <http://odili.net/news/source/2009/feb/11/407.html>). This is in line with the remuneration of government ministers and Supreme Court judges. Besides, increases have recently been approved, which (it is reason to believe) is to meet the coming campaign expenses (*Daily Independent*, Lagos, 18 June 2010; <http://allafrica.com/stories/201006210385.html>).

a large degree regarded (and regard themselves) as representatives of their electoral districts rather than representatives of a party or an ideology.

Thus, territory, locality, and the image of the ‘big man’ enter into the equation, and politics becomes a question of re-election by bringing money (and projects) to the representative’s district.³⁷ The links to regional and ethnic power structures are strong, and these exert substantial control over public resources, to the detriment of the aggregating forces and the ‘national interest’.

2.4.3 The Judiciary: *Slow but Assertive*

In Nigeria, the regular court system consists of federal and state trial courts, state appeal courts, the *Federal Court of Appeal*, and the *Supreme Court*.³⁸ In addition to this, there are military courts (which try military personnel only) and the *Sharia courts*, which are now in use in 12 (northern) states for civil and criminal law. While Sharia courts have been in operation throughout the north for centuries, in 2000 Sharia courts were empowered to hear criminal cases and pass sentences based on the Sharia penal code, which outlines offences and punishments that include caning, death by stoning, and amputation.³⁹

Although the constitution and laws of Nigeria provide for an independent judiciary, the judicial branch is susceptible to executive pressure, particularly at the state and local levels. Judges frequently fail to appear for trials, often because they were pursuing other sources of income and sometimes because of threats against them. Besides, understaffing, under-funding, inefficiency, and corruption also prevent the judiciary from functioning satisfactorily. Court officials often lack the proper equipment, training, and motivation to perform their duties, with lack of motivation primarily due to inadequate compensation (US Dept. of State 2010). Nigerian legal services are expensive, and judicial processes very slow.

There is indeed a positive element in the increasing use of the judiciary as a check against arbitrary acts at the political level. Nigerian judges are appointed to a relative secure tenure from among experienced legal practitioners,⁴⁰ and the Judicial Council often disciplines erring judges. The courts are relatively independent and have managed remarkably well to self-improve despite a challenging political environment. Empowered by the Constitution, the judiciary has ruled against the Government in some landmark cases, judges regularly adjudicate in citizens’ disputes with government (Gboyega et al. 2010:32).

The judiciary has, for example, supported a state when it had not received the funding from the federal level, and it has reacted against the executive’s misuse of the power to allocate and re-allocate political positions. When the federal level demanded that states make returns of expenditure of local funds to a federal agency, the judiciary nullified the arrangement (Gboyega et al. 2010:32).

There have also been numerous calls for a more independent judiciary over the last years, both from outside of the judiciary itself, and from inside. In 2009, some prominent Supreme Court judges called for an even more independent judiciary (US Dept. of State 2010).

2.4.4 The Federal States: *Dividing the Cake*

Nigeria has a unique and complicated form of federalism, which enjoys wide legitimacy as a form of power-sharing arrangement between the different groups in this divided country.

³⁷ Many MPs will forgo all legitimate approaches and rely on patronage and informal networks to secure constituency projects and gain financially by skimming funds from contracts awarded to theirs or their associates’ districts, or by demanding kickbacks from contractors.

³⁸ The Nigerian Constitution also recognises customary courts in matters relating to marriages, inheritance and other civil proceedings involving questions of customary law. The constitution also provides for the establishment of a *Final Court of Appeal* and a federal *Sharia Court of Appeal*, but these courts are not established.

³⁹ However, only a few states in the North have Sharia laws with jurisdiction also over non-Muslims. Defendants have the right to challenge the constitutionality of Sharia courts and sentences, and to appeal through the common law appellate courts, but no challenges have yet reached the common law appellate system.

⁴⁰ The 1999 Constitution establishes a *National Judicial Council* (NJC) is a clearinghouse for the appointment of judges.

At the advent of independence, the three regions Eastern, Northern and Western were given regional legislatures, and independent Nigeria became a federation of these three regions. The three regions became four in 1963, and in 1967 the military rulers turned the regions into twelve federal states.⁴¹ In 1976, the military rulers created an additional seven states, and in 1987, 1991 and 1998 various military governments continued adding new states until the current number of 36 states (plus the *Federal Capital Territory* of Abuja, FCT).

This sub-division into federal states was partly a 'divide and rule' strategy, and partly the accommodation of pressure from sub-state groups, often ethnic or tribal interest groups, which accused the state governments of subverting or ignoring their interests and claims.⁴²

Since 1999, the State Governments have enjoyed a significant degree of independence from the federal level, and the federal structure with relatively strong states and elected state governors and state assemblies, is a major check on presidential power. However, the Fourth Republic has witnessed intense frictions between the demands of states for autonomy and self-rule and the federal centre for control.⁴³ Governors have tried to express their newly acquired autonomy in a democratic context, whereas the presidents (Obasanjo in particular) have tried to re-enact the old model of governors as 'prefects': as implementers of federal policies.

This led to a number of severe strains in the relations between the President and State governors. Examples are issues like the minimum wage for federal and state public servants, the *Universal Basic Education* programme, the president's *Poverty Alleviation Programme* (PAP) (later the *National Poverty Eradication Programme* (NAPEP), and the *Nigeria Police Force* (NPF).

The challenges of the Nigerian federation today are at least three-fold. One is the centralisation/decentralisation issue, second is the equality/homogenisation issue, and third is the democracy and checks and balances issue. These are inter-related and sometimes in conflict; it is difficult to gain on one issue without losing out on another.

The centralisation issue is a question of authority, and the distribution of power and policy responsibilities between the federal and the state governments. Today the Nigerian federation is quite centralised, as expected after 30 years of military rule, and the 'executive list' of issues which are of a 'federal' character and the sole responsibility of the federal government is long (and overloaded), including defence, the police, agriculture, water, tourism, mining, power generation and distribution, etc. However, the states are granted some autonomy by the constitution, and they are increasingly gaining experience and asserting their autonomy.

The equality issue is a question of resource distribution and how to give Nigerians (relatively) equal government services, at the same time as the states are free to protect their local cultures and identities. The differences in state size and populations are considerable, varying from small states like Bayelsa and Nassarawa with less than 2 million people on less than 1,000 square kilometres, to Kano and Lagos with around 10 million each, and the big Niger and Borno states with 75 and 70,000 sq.

Likewise, the discrepancies are huge and growing between the richer and the poorer states. Some states are relatively well off, like Lagos with its industrial and services sectors (and a growing

⁴¹ This was partly an (unsuccessful) attempt to defuse the Biafra crisis by dividing Biafra/Eastern Nigeria into three states (East-Central, Rivers, and South-Eastern State), each with considerable autonomy.

⁴² This process has gone too far in some respects, and there is now a return to larger sub-national units for different practical and political purposes. The six so-called 'geo-political zones' have for instance gained political relevance in the allocation of federal positions, and the 'zoning' principle is increasingly called upon as a political principle (the six zones are the *North-Central* (Benue, Kogi, Kwara, Nasarawa, Niger, Plateau, and FCT), *North-Eastern* (Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe), *North-Western* (Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara), *South-Eastern* (Abia, Anambra, Ebonyi, Enugu, and Imo), *South-South* (Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers) and *South-Western* regions (Ekiti, Lagos, Ogun, Ondo, Osun and Oyo).

⁴³ Today, many Nigerians believe that a centralized Nigerian federation is good for the country. They believe a 'loose federation' could lead to another civil war, and that the centre should be strong politically and financially for purposes of equality, security, and development. The opposite school of thought believes there should be strong states in order to prevent and restrict the centre. Their emphasis is on greater autonomy for states, with good intergovernmental relations for the purpose of equal and efficient delivery of services.

middle class), the oil producing states (the Delta states⁴⁴) and some states with solid minerals and hydropower resources. Other states are arid like in the northern zone. With signs that the economic growth is moving beyond petroleum exports into the private sector, some states (like Lagos) are in a better position to reap the fruits of this development, with a growing middle class.

The democracy issue is a question of decentralised government, with elections and elected authority granted to the states, upholding the principle of government closer to the people without duplication and waste.

The states are responsible for about half of all government spending (some estimates say up to 60 percent). However, with regard to the adequacy of fiscal or tax powers, all tiers of government have been complacent about generating needed revenues. The over-dependence on the federal accounts by the states is not conducive to the fiscal autonomy and accountability of the constituent governments of the Nigerian federation.

Besides, the transfer of funds to the states is probably also a main source of corruption in the country. Governments at the federal level has seen limited steps towards political and economic reform, but federal officials have tolerated and often encouraged the rampant power abuse at the state and local levels.

The differences in governance are remarkable. State governments can design and implement their economic development policies using different budget regimes and expenditure patterns independent of the federal government. In this practice, some are relatively well administered with elections held without much violence or fraud, while others are run more like medieval fiefdoms without much accountability.⁴⁵

The challenge is the possible spillover effect. The relatively prosperous and well-governed states can possibly be regarded as role models for the other states of the federation, leading to competition and a positive learning process.

2.4.5 The Political Parties: *Political Machines and the Godfathers*

There are now 59 registered political parties in Nigeria, but only three parties have a significant number of elected Members of Parliament (House of Representatives and Senators) and State Governors.⁴⁶ These are the ruling *People's Democratic Party* (PDP), the *All Nigeria Peoples Party* (ANPP) and the *Alliance for Democracy* (AD). Seven other political parties (UNPP, NDP, APGA, PRP, APGA, PPA and AC) are represented with only one or two members of the House of Representatives or one or two Governors.⁴⁷

The *People's Democratic Party* is not only the ruling party in Nigeria; it is also a dominant party. It has garnered more than 50 percent of the vote in all three elections since the end of military rule, and held the presidency and an absolute majority in both houses of parliament since 1999. Provided the 2011 elections are really free and fair, however, there is a real chance that the PDP will not regain such a comfortable majority, it might even lose its majority position altogether.

The bigger Nigerian parties are basically 'political machines', that is, permanent but undisciplined political organisations with an authoritarian boss or small group of commanders who manage the support of a corps of supporters (usually campaign workers and 'militants'), who receive rewards for their efforts.

As political machines, the political parties rely on patronage and spoils, in particular on public resources. Incumbency is the primary source of financial strength. As presently constituted,

⁴⁴ Oil and gas production is concentrated in nine out of 36 states in Nigeria (Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers), with the five core states accounting for more than two-thirds of the entire production (Gboyega et al. 2010:6).

⁴⁵ This is why academics and liberals have called for the removal of the state electoral commissions (SIECs) (Ibrahim and Garuba 2008:119).

⁴⁶ According to INEC (www.inecnigeria.org/index.php?cateid=3&contid=93).

⁴⁷ Please note that these were the original election results; a number of results have been challenged in court, and a few have lead to MPs and Governors being replaced.

the party system is at the centre of a vast centralised oligarchic spoils system, which sustains and reinforces patron-client political relationships, denies autonomy to local party organisations, appears as an alien imposition to local party members and their communities, and stifles local initiatives and self-development, usurps their sovereignty (Jinadu 2010a:17).

Particularly important in Nigeria are the political ‘godfathers’ (NDI 2003:12). The political ‘godfather’ is not in the business of philanthropy. In fact, it is the intention of the godfather to rule by proxy. Sometimes, godfathers are not qualified to hold office as prescribed by the law, and therefore they install a ‘godson’, a protégé. The relationship between godfather and godson is not free-floating; the contract is sometimes written and often sealed spiritually with an oath. It is a patron-client relationship because of the symbiosis (Ayoade in Adetula 2008:89). The godfather gives financial support to install the godson, sometimes by paying the campaign bill only, sometimes by bribing party structures, election officials, and police units, and sometimes by financing and mobilising violent ‘militants’.

The ‘godson’, when having taken office, returns the gestures manifold. He will protect the interests of the godfather in many ways; he will provide government services, appointments, policy decisions, and (in particular) grant contracts for the godfather’s companies. The initial support given by the godfather is an investment with substantial returns (if not, the godfather will choose another protégé).

Party finance is a very murky business in Nigeria. Although INEC has the legal responsibility to audit the accounts of the political parties on an annual basis, it has not been fulfilling this duty. Besides, legal restrictions on contributions and electoral spending are unrealistic, meaning that almost all parties break the law in this respect. Disagreements between powerful ‘godfathers’ and party candidates have led to destructive political crises in various parties.

Furthermore, internal democracy of political parties is not institutionalised. The current situation in Nigeria is that internal party primaries are frequently decided through bribery, thuggery, and subversions of procedure. Local government and state-level congresses of the parties have seen numerous cases of rigging of internal votes using methods as varied and crude as preferential distribution of party membership cards and the holding of duplicate polls. The more powerful the party, the more intense the competition for positions becomes, and there have been cases of assassinations of candidates aspiring for positions in the local structures of the nationally ruling party.

Political parties therefore do not require popularity through members and supporters; what they require are state power, arms, thugs and money (Ibrahim and Garuba 2008:27).

Besides, the parties are linked to regional and ethnic networks, and have not, therefore, developed distinguishable issue-based positions or promoted debates on ideological and national issues (like alleviating poverty or facilitating economic growth). Debates are rarely along party lines, and party members rarely vote *en bloc*. The selection of candidates is, to a large extent, a market process that filters out the individuals who would be motivated to serve the national interest. Once elected, representatives will have to return the financial rewards given to them by the patrons and godfathers.

It can be argued that the weak party structures reinforce the tendencies among elected representatives to act primarily in their own (or their patrons’) personal interest. Weak political parties reinforce informal networks. Representatives secure nominations through a market process linked to the financial interests of regional and ethnic power structures and power brokers, and once elected they are expected to direct financial benefits back to the political “godfathers” and their networks.⁴⁸

⁴⁸ In the words of one source, “*people don’t stand on issues here, they stand on money*” and “*the question is how much I can get paid to support you*” (NDI 2003:12).

2.4.6 The Special Institutions of Restraint: *Nuhu Ribadu*

Nigeria maintains, like any other ‘modern’ state, the ‘normal’ institutions of checks and balances such as parliament and courts. These include their dependent associated institutions of restraint like the ombudsman,⁴⁹ parliamentary commissions, directorates, etc., and institutions like the *Auditor General*, the *Attorney General*, the *Central Bank*, and the police force. All these are playing some role in exercising political and economic control. However, Nigeria has also established a number of institutions of specialised control, geared to the petroleum economy and petroleum-related problems, namely oil regulation, transparency, elections, and corruption.

Code of Conduct Bureau (CCB)

One Nigerian government watchdog with a mandate to fight corruption is the *Code of Conduct Bureau (CCB)*. This institution has a constitutional mandate to receive and check the compulsory financial and interest declarations of public officers. The Bureau is expected to ensure that all public officers declare their assets at the beginning and at the end of their tenure in office, as well as every four years while in office. The purpose of assets declaration for public officials is to disclose cases of misconduct and corruption. The Bureau receives complaints and petitions, and can if necessary make investigations and prosecute fraudulent activities and corrupt public officers through its own *Code of Conduct Tribunal*.⁵⁰

Although the CCB was put in place under General Babangida in 1988, it took time before it actually started working. Today, there is substantial compliance with the requirement for declaration of assets by public officials, as about 90 percent of the relevant public officials go through the process (TI 2004:65). The CCB has also brought forward some important cases that demonstrate its strengths.

However, the assets declarations are not publicly available, making it impossible for the media, whistleblowers and civil society organisations to monitor and check (for instance for false declarations, which happens in other countries like Uganda which also has compulsory assets declarations for public officials). The veracity of the declaration cannot always be independently confirmed due to the lack of human and material resources in the Bureau.

Therefore, the CCB has recently been ‘reconstituted’ by President Jonathan, who declared “the government would have to go tough with corrupt officials” (*NBF News*, 1 May 2010). The true effect of this reconstitution remains to be seen.

Independent Corrupt Practices and Related Offences Commission (ICPC)

The ICPC is another anti-corruption body, established in 2000 by President Obasanjo. Its mandate is to receive and investigate reports of corruption and in appropriate cases prosecute the offenders, to examine, review and enforce the correction of corruption prone systems and procedures of public bodies. The *Corrupt Practices and other Related Offences Act* of 2000 governs the committee’s activities. The Commission currently maintains a staff of about 300.

Initially, shortly after the commission took on its first corruption case in 2001, the ICPC was paralysed in its activities because of a National Assembly act that questioned the constitutionality of ICPC’s authority. Following a Supreme Court verdict that upheld the validity of the commission, the ICPC restarted its operations only in late 2003.

At present, the ICPC has taken on some politically sensitive cases, and thus demonstrated some courage and independence. The ICPC was for instance in May 2010 prosecuting the National

⁴⁹ In Nigeria the *Public Complaints Commission*, an autonomous body with powers to investigate citizens’ complaints against any governmental or private body.

⁵⁰ The CCB can bar public officials from holding office for up to 10 years if convicted by the bureau’s tribunal, for not submitting or for submitting false declarations.

Chairman of the ruling party PDP for allegedly defrauding the federal government of over N 200 million.

Economic and Financial Crimes Commission (EFCC)

The *Economic and Financial Crimes Commission* (EFCC) is the third of Nigeria's anti-corruption agencies, set up in 2003 by presidential decree partially in response to the blockade of the ICPC and partly because of sustained pressure from the international *Financial Action Task Force on Money Laundering* (FATF), which named Nigeria as one of 23 non-cooperative countries. The EFCC is a specialized body set up to end the country's reputation as one of the most corrupt on earth.

The first EFCC chairman, Nuhu Ribadu, was one of former President Obasanjo's reformist technocrats, and he was named Nigeria's anti-graft 'Czar' by the media. The EFCC clearly demonstrates the importance of strong and committed political backing for an anti-corruption agency to work properly. This is the experience also from other countries.⁵¹ A strong political will to curb corruption, preferably expressed and pursued by the president of the republic, is necessary for anti-corruption commissions to perform effectively.

The EFCC has been hailed for both making some high-profile arrests and decried as a tool for attacking the government's political enemies. The main criticism of the EFCC has nevertheless been that it has functioned as a political tool for the president in getting rid of rivals, and that the commission has been politically biased (US Dept. of State 2010). Ribadu's critics also accused him of being a political hatchet man, of only pursuing cases against Obasanjo's enemies and leaving his friends untouched.

According to one prominent report, "the EFCC reportedly singled out political opponents in its arrests and detentions of state, local, and federal government officials on corruption charges" (US Dep. of State 2010). The report claims that the EFCC's anti-corruption efforts were largely targeted at individuals who were out of favour with the government while those that were in favour continued their activities with impunity.⁵² Thus, the EFCC's anti-corruption efforts were deemed ineffectual. For instance, of the 10 former state governors facing corruption charges, none of the cases had moved forward, and the 170 counts of illegal activity against former Delta state governor James Ibori were dismissed by the court (US Dept. of State 2010).⁵³

It has also been claimed that the EFCC sought to bar a long list of candidates from standing in the 2007 elections by cooperating in government efforts to issue so-called 'indictments' on charges of corruption that made no pretence of adhering to basic standards of due process. Almost all of those on the EFCC's now-infamous 'list' were members of the opposition or well-known opponents of Obasanjo within the PDP. At the same time, prominent and notoriously corrupt members of the PDP have been left untouched by any sort of EFCC investigation (HRW 2007:49).

One of the EFCC's greatest and most unprecedented successes came when securing the conviction of former Inspector General of Police Tafa Balogun on charges of corruption in 2005. However, the first chairman of the commission Ribadu is a man who continues to divide Nigerian public opinion two years after the anti-corruption campaigner was forced from his job. His supporters portray him as a relentless pursuer of the thieves in high places who have kept most residents of this oil-rich country mired in poverty. He even sent his own boss, the Inspector General of Police, to prison. He brought more than 1,000 cases to court, and secured 270 convictions.

Ribadu remembers one extraordinary bribery attempt of him:

One of them gave me \$15 million in cash. Raw cash. American dollars. I got my people to take it to Central Bank of Nigeria and deposit it there. We used it as an exhibit in the trial

⁵¹ See for instance Doig, Watt & Williams 2005.

⁵² "In the months leading up to the 2007 elections the Obasanjo government manipulated the EFCC into selectively pursuing opposition politicians and opponents of President Obasanjo within the PDP"

⁵³ Ibori later fled the country, has been arrested in Dubai, where he is fighting extradition and has allegedly applied for asylum.

against the individual. We got him locked up for about two or three months in jail while I was in office (Ribadu cited by BBC 2009).

Ribadu left the country in controversial circumstances in 2008 following his removal as EFCC chairman by President Yar'Adua.⁵⁴ The current Chairman of the EFCC, Farida Waziri, has kept a far lower profile, and certain individuals seem (still) to be protected from prosecution.

One example is the *Halliburton* bribery scandal. An interim report,⁵⁵ was sent to President Umaru Yar'Adua in May 2009, which listed 80 persons, foreigners and Nigerians, among them four former Heads of State and two of their wives, as well as former Governors, and Ministers. These people were indicted in the United States for taking part in the N 27 billion bribe Halliburton gave to win contracts in the Niger Delta. Though the report was submitted in 2009, it was never made public and is shrouded in secrecy, and no legal action is taken against them (*Daily Independent*, 18 April 2010).

Independent National Electoral Commission (INEC)

The *Independent National Electoral Commission* (INEC) is a permanent body constitutionally empowered to organise, undertake and supervise all elections for federal and state offices, to register political parties and compile voters' lists, as well as to disburse subventions to political parties and monitor them and their use of the funds. INEC is established in all the 36 states, the FCT as well as in the 774 LGAs of Nigeria.⁵⁶

INEC is an indispensable tool for free and fair election in Nigeria. INEC organised the elections of 1999, 2003, 2007, and will organise the up-coming (spring 2011) presidential, parliamentary, and governorship/state assemblies elections. All previous elections organised by INEC were, however, increasingly chaotic and fraudulent, and the main criticism of the institution is its lack of independence.

INEC is one of several 'federal executive bodies' established under the constitution. It has constitutionally guaranteed powers to appoint, promote and discipline its own staff. Its independence has been questioned because it is a 'federal executive body', by which the chairman is a presidential nominee and its finances are subject to control by the executive (the parliament is only approving its operational budget). It has been argued that this situation compromises the independence of INEC, and some critics have suggested that the operational costs of INEC should be a first charge on the consolidated revenue of the federation.

INEC's predicament is not only that it is used and misused for political ends, it is also inadequately staffed and funded. For instance, the inadequacy of staff and the failure to maintain a regular/permanent list of volunteers for electoral duties, leads to a reliance on *ad hoc* staff, who are poorly trained for electoral duties and who are recruited mainly from state civil service or local government councils, and whose allegiance generally tends to be to the party controlling state and local governments (Jinadu 2010b:9).

INEC is now on the new president Jonathan's reform agenda. Already as Acting President, Jonathan told Nigerians and the international community to expect changes in INEC before the 2011 elections. "I promised myself that the elections I will supervise in 2011 will be credible", he

⁵⁴ One indication of the political game behind Ribadu's dismissal is the fact that James Ibori, a former governor of the oil-rich Delta state and key backer of President Umaru Yar'Adua, was charged for corruption by the EFCC but later freed on bail (and his case has since languished in the courts), and soon after this Mr Ribadu was removed from his post. However, Ribadu's dismissal is now nullified.

⁵⁵ Called the *Okiro Report* after the investigation headed by former Inspector General of Police, Mike Okiro.

⁵⁶ INEC was established in 1998 by the administration of General Abubacar, preceded by the now defunct ECN, FEC, FEDECO, NECON, and NEC. State and local elections are organised by the State IECs (SIECs), although they are obliged to use the central INEC voters register.

told the media, and added that any future election which result is not declared at the polling booth would be cancelled (*This Day*, 13 April 2010).⁵⁷

In late April, Jonathan ordered the immediate sacking of the Chairman of INEC, Professor Maurice Iwu. Mr Iwu presided over the last election in 2007, which was widely seen as chaotic and fraudulent (although debate over the legality of this dismissal was raised in the public discourse afterwards).⁵⁸ In June 2010, Professor Attahiru Mohammed Jega was appointed Chairman of the INEC. Jega was a key player in the Uwais led *Committee on Electoral Reforms*, and is considered a reformist.

The Oil Sector Regulators

Nigeria is well bestowed with petroleum sector regulators, as there is both the national oil company *Nigerian National Petroleum Corporation* (NNPC, that is serving a multitude of purposes), the *Department of Petroleum Resources* (DPR, that is serving as the technical arm of the ministry), as well as the *Federal Ministry of Energy* (Petroleum Resources, Power and Steel).⁵⁹

Besides, the *Nigeria Extractive Industries Transparency Initiative* (NEITI), which is the national branch of the global initiative *Extractive Industries Transparency Initiative* (EITI), should be regarded as a petroleum sector regulator, as well as a mining sector regulator (although this function is weak and a latecomer in Nigeria).

The NNPC is the national oil company of Nigeria, established in 1977 as a sector regulator, tax-gathering agent and a vehicle for joint operations with the multinational oil companies. The NNPC controls a large range of upstream and downstream activities. It has over 9,000 employees and its expansive functions include the operation of 12 subsidiaries, among them refineries, petrochemical plants, and oil trading companies. The most crucial subsidiary is the *National Petroleum Investment Management Services* (NAPIMS), which acts as the industry's concessionaire, entering into contracts with oil companies on behalf of government (Gillies 2009:2).

NNPC (...) is by far the biggest and most chaotic of all the NOCs. (...) It is also a mess: a conventional business analysis would effortlessly rank NNPC as one of the world's top mismanaged firms (Soares de Oliveira 2007:93).⁶⁰

Also former President Yar'Adua admitted that the NNPC "has not been transparent, and it is one of the most difficult agencies of government to tackle because of vested interests of very powerful people in the country".⁶¹ At the same time, the NNPC is serving its political purpose; it is a vehicle for personal enrichment, embezzlement and corruption.

For instance, NNPC allocates contracts which "do not always follow advertised criteria or guarantee competitive pricing", and it handles the crude sales and remittances of proceeds without always remitting all revenues, an accusation supported by relevant national legislative committees as well as the 2008 NEITI report (Gboyega et al. 2010:10).

⁵⁷ Available online at: <http://allafrica.com/stories/201004130009.html>.

⁵⁸ "This removal is very welcome because it is good riddance to bad rubbish. But this removal must be a stepping stone to a thoroughgoing electoral reform in order to save democratic rule in Nigeria. 2011 is a litmus test that the political process in Nigeria must pass, otherwise civil rule may come to grief. Without a credible electoral system, people like Iwu are still likely to be found to do a terrible job. It is a certainly a positive development. It means that despite the unfavourable condition the Acting President is facing, he would try to make the 2011 general elections at least tolerable". Quotation from an anonymous blogger on one of the many political blogs in Nigeria.

⁵⁹ See: www.nnpcgroup.com, www.ppra-nigeria.org, www.dprnigeria.com.

⁶⁰ Soares de Oliveira continues: "It has failed to keep up with its joint venture obligations, maintain a fully functioning downstream sector, and account for billions of dollars on a yearly basis. More recently, with Nigeria's diversification into international fraud, NNPC has figures prominently in a string of "419" scams that are evidently run or abetted by senior employees of the company" (ibid.).

⁶¹ *This Day*, 15 December 2007.

The *Department of Petroleum Resources* (DPR) is supposed to be an independent regulator, but it has not been able to play this role in practice. Its mandate includes supervising all petroleum industry operations in the country; enforcing environmental and safety regulations; keeping accurate records on operations (reserves, production and exports of products); processing applications for licenses, ensuring timely and adequate payments of all rents and royalties and monitoring the 'local content' policy.

In practice, DPR has been treated just like another arm of the NNPC subject to directives from the NNPC, the Ministry and the Presidency. It is also hampered by human and financial capacity constraints. As a result, DPR often fails to discharge its functions effectively. Besides, the DPR (like NAPIMS) is subject to pressures from the IOCs, the NNPC, government officials and politicians chasing contracts (Gboyega et al. 2010).

The *Extractive Industries Transparency Initiative* (EITI) is a global initiative that seeks to promote transparency in company payments and government revenues from oil, gas and mining. EITI is a voluntary initiative that country governments sign up to (companies do not sign up though they can be official supporters).⁶² As of May 2010, 30 mineral-rich countries including Nigeria are 'candidate' countries implementing EITI. This means they have met four sign-up indicators, but they have all been delayed in the final validation process.⁶³

The *Nigeria Extractive Industries Transparency Initiative* (NEITI) has for some time been regarded as a flagship of EITI.⁶⁴ Since its launch in February 2004, NEITI enjoyed a strong political backing (at least under the Obasanjo presidency), it has established a secretariat in Abuja with 17 staff members (which will be increased to 56 in the near future), and it has been relatively successful in collecting and publishing detailed data on the petroleum sector.⁶⁵

Most observers and most donors tend to see NEITI as a potentially useful (necessary but insufficient) entry point into the difficult area of resource governance in Nigeria.⁶⁶ Nigeria signed on to the global EITI Initiative as one of the first countries in 2004, and one of NEITI's first steps was the commissioning of comprehensive audits (comprising financial, physical, and process) of the oil and gas industry. The first audit for the period 1999-2004 was finalised in 2006, and followed the EITI standards. A second audit for the year 2005 was released in 2009, and audits for the years 2006-2008 have been commissioned.

Several of the remedial actions envisaged under the action plan of the 2006 report touch on very sensitive issues in the industry and are expected to meet significant obstacles if tackled. The best example might be the issue of metering. The audits point out that Nigeria lacks an up-to-date metering system, with metering only taking place at the export terminal. The flip side of this assertion is that losses due to bunkering and pipeline vandalism are not quantifiable at present due to the lack of proper metering. Any attempt to change this situation would touch on vested interests in the sector and would thus need very strong political support to succeed (Gboyega et al. 2010:31).

EITI implementation in Nigeria has been slow over the last years. The reasons for this can be found in bureaucratic delays and in a lack of political leadership and backing. In particular under President Yar'Adua this was evident, but hopes are high for a new political 'push' for NEITI under the new President Jonathan.

⁶² The global EITI process, launched in 2002, has attracted significant media attention worldwide and has been widely praised. The UN General Assembly adopted a resolution in September 2008 backing the EITI, numerous supportive statements have emerged from the G8 and others, and the EITI process is supported financially and practically by a number of bilateral and multilateral donors. The EITI secretariat is situated in Oslo, hosted by the Government of Norway.

⁶³ Only two candidate countries, Azerbaijan and Liberia, have fulfilled the more stringent *validation* process and become EITI's first 'compliant' countries. A number of other countries are close to obtaining validation, including Nigeria.

⁶⁴ This section is based on interviews in Abuja and on Shaxson 2009.

⁶⁵ Some sceptics/cynics see NEITI as a rather meaningless façade at best, at worst as a cover-up for the 'real' world of extraction, embezzlement, and personal enrichment, and as a reputational tool for companies, governments and donor agencies.

⁶⁶ This is also the conclusion of the independent and sound report about Nigeria's implementation of the EITI process by Nicholas Shaxson 2009.

2.4.7 Elections: *Magomago, Wuruwuru, Chuwachuwa*

Nigeria has a presidential system in which the President of the Republic is elected in direct elections every four years. The two houses of the National Assembly (House of Representatives and Senate) as well as State Governors (and State Houses of Assembly) are also elected for four years. These three elections take place at the same time, which makes the four-yearly general elections in Nigeria a particularly important political watershed event.⁶⁷

The presidential elections are direct, simple majority elections (with the requirement that the leading candidate secure not less than one-third of the votes cast in each of at least two-thirds of the states of the federation, failing which there will be a run-off election involving the two candidates who garnered most votes). All candidates are party representatives, nominated through the different parties' primaries (which will normally end up with the party president as presidential candidate of the party). The House of Representatives and the Senate is elected in single-seat constituencies using the plurality (or first-past-the-post) system. Each of the 36 states is divided into 3 senatorial districts (plus the Federal Capital Territory, which is represented by one) so that each State (except the FCT) is represented by three senators.

Although the parties have some influence vis-à-vis its representatives because all candidates are chosen on a party list and therefore will have to be nominated by a political party (independent candidates are not allowed), the single-member constituencies and the system of the state representatives of the Senate makes them representatives of their constituencies rather than their parties when elected.

However, the 'democratic' elections held in Nigeria in 1999, 2003 and 2007 (plus a large number of by-elections⁶⁸) have all been portrayed by words such as irregularities, intolerance, manipulations, godfathers, fraud, moneybags, violence, hoodlums, thugs, and armed gangs ('cheating', in the local lingo; *magomago, wuruwuru, and chuwachuwa*).⁶⁹

The 1999 elections brought Nigeria back to 'democracy' with the election of Olusegun Obasanjo, the former military head of state, as the new President. This ended almost thirty three-years of military rule. However, both international and national observers condemned the 1999 elections as not free and not fair (Ibrahim and Ibeanu 2009:1).

Most observers also condemned the elections in 2003, which brought Obasanjo and the ruling party PDP back to power. These elections were almost as contentious as those of 1983, both being marred by irregularities, outright fraud and violence aimed at keeping the ruling party in power. Nigerian observers reported numerous cases of fraud across the country; the EU observers described widespread malpractices in a number of states, including ballot box stuffing, inflation of votes, and intimidation and violence (EU 2007:1). Nevertheless, despite the widespread irregularities, Nigerians believed the democratic project had entered the crucial phase of consolidation, and they therefore accepted the questionable results of 2003 (Ibrahim and Ibeanu 2009:1).

The outcome of the 2007 elections was the re-election of the ruling party, but the elections were largely judged by Nigerians as the worst in the history of electioneering in the country (Ibrahim and Garuba 2008:18; Jinadu 2010b:8). The elections brought Umaru Musa Yar'Adua of the ruling PDP to the presidency for a four-year term, and the PDP took 70 percent of seats in the national legislature and 75 percent of the state governorships.⁷⁰

⁶⁷ That is, by-elections are held rather often, in particular because some Governors have lost their mandate in court cases, so all states are not following the same electoral cycle any longer.

⁶⁸ In Nigeria often spelled "bye-election", also known as "special elections", elections held to fill a political office that has become vacant (for any reason) between regularly scheduled elections (in single member district plurality systems like Nigeria; in proportional party list systems a vacancy is usually filled by the next person on the original party list).

⁶⁹ All English expressions taken from ERC 2008 and local expressions from CDD 2007.

⁷⁰ Numerous election tribunals, which continued to hear complaints brought by losing parties at all levels for years after the election, have nullified several state and local elections, but in December 2008 the Supreme Court rejected the appeals of two major opposition presidential candidates and upheld the election of President Yar'Adua.

The 2007 elections exhibited all the ‘classic’ forms of rigging, like the late or non-supply of election materials in opposition strongholds, delay in opening polling stations, stuffing of ballot boxes, under-age voting, multiple voting, the inducement of voters with food and money, and threats of violence and the use of violence.

The 2007 elections also included a couple of new forms of electoral fraud; in Bayelsa and Cross River states no election took place at all, but fake election results were announced; and systematic delays in the judicial resolutions of petitions to the effect that the challenged incumbents were allowed to remain in office for years (Ibrahim and Ibeanu 2009:40-43).

These rigging and violent practices have been very destructive to Nigeria’s democratic culture, and there has been a continuous pressure from both inside and outside of Nigeria for thorough election reform. To that end, the Yar’Adua government established a 22-member *Electoral Reform Committee* (ERF).⁷¹ The so-called *Uwais Report* (former Chief Justice Uwais led the ERF) was released in late 2008 with several well-founded reform recommendations, including the provision for independent candidates, political and financial independence of the INEC, and the security of tenure for its commissioners.

One of the largest obstacles to electoral reform has been the *Council of State*, the committee commissioned to write the White Paper on electoral reform. The council is comprised of all 36 governors and all ministers in Nigeria, which is the political elite that has profited the most from fraudulent electoral practices. Their White Paper outlined the recommendations from the executive branch’s perspective, and removed certain points that would lessen their control of the electoral process. In particular, they removed the proposition to dissolve the *State Independent Electoral Commissions* (SIECs, which conduct the election at the local level) and replace them with the federal commission INEC. Underlying this move was the desire to retain control over the states through gubernatorial appointments of SIEC commissioners and their staff. They were able to justify this by arguing that the provision went against federalism (IFES 2009).

However, a number of other recommendations have been incorporated into the proposed new *Electoral Law*, which has been approved by the Senate, while awaiting approval by the House of Representatives. These legislative proceedings are very slow and piecemeal. The outcome depends much on the political will of President Jonathan to push the reform agenda forward.⁷²

2.4.8 Civil Society and the Media: *Carpe per Diem!*

In addition to elections, civil society and the media are usually counted as parts of the vertical accountability mechanisms in a liberal democracy. Civil society organisations (which includes professional associations, trade unions, faith based organisations and NGOs) may for instance raise a range of social accountability practices, such as participatory budgeting, independent budget analysis, participatory monitoring of public expenditure, and citizen evaluation of public services. The media has been called the ‘fourth estate’ and its democratic role is to serve as a channel for information and debate (protecting the freedom of information), as a watchdog, as guardian of the public interest, and as a link between the governors and the governed.

Civil Society

Civil society is relatively strong and vibrant in Nigeria, but vulnerable. Trade unions, student groups, professional associations and human rights NGOs played an important role in opposition to military rule, but their role was somewhat reduced with the advent of civilian rule, because the

⁷¹ The EU, UNDP, DFID, SCSS and CIDA supported the committee financially, and the committee was composed of prominent individuals from both the public and private sector, and the process was transparent and inclusive.

⁷² Already as Acting President, Jonathan promised to ensure the 2011 election would be credible (*This Day*, 13 April 2010), and one oft-mentioned litmus test of the new president’s determination is whether he will stand for the 2011 presidential elections. If his reform will is genuine, he will prioritise his tenure on getting the 2011 elections right; if he opts for the presidency he will have to play the rough power game to win, and the institutions and procedures will suffer.

transition was managed by the political elite rather than civil society. Besides, some CSOs previously active in opposing military rule lost their political focus and saw their leaders moving into the state administration and politics.

However, the CSOs have played a constructive role in deepening the country's democracy; they have for instance been engaged in constitutional and electoral law amendments, and been instrumental in blocking the attempt at making constitutional amendment to allow a third term for the President and the Governors. Civil society organisations have also devoted considerable attention to electoral procedure and election violence. Prior to the 2007 elections, eight organisations coalesced under the umbrella *Domestic Election Observation Groups*, and were able to deploy 50,000 election observers countrywide and to uncover widespread mismanagement and fraud in the elections.⁷³

However, reports vary about civil society organisations' involvement in civic and voter education. Their ability to reach out to local populations and to implement country-wide programmes using CBOs is often grossly exaggerated in order to get hold of donor money, as is the claim that certain coalitions enjoy the backing of hundreds of organisations.⁷⁴

Some divisions or tensions are visible. One division within civil society is that between rural and urban groups. Whereas the majority of civil society groups are rural-based, many urban organisations have maintained higher profiles and have been more successful in accessing funds and influencing policy.⁷⁵ This tension runs through civil society organisations between members and leaders, and is reflected among development professionals.

Another tension concerns the increasing number of international NGOs that have established offices in Nigeria after 1999. During the military era, many NGOs operated from abroad, using domestic groups as entry points. With the return to civilian rule they established bases in Nigeria, using their resources and international profile whereas many domestic organisations were curtailed by lack of resources and exposure. Still, the tensions are felt between international and domestic organisations, which are prone to disagree on policy focus and issues, and compete for the same resources.

One weakness of most urban-based domestic and international NGOs is their donor dependence. Some NGOs are 100 percent externally financed. This leads to a lack of financial sustainability, a questionable dependency and accountability relationship, and an unsound competition for donor grants (making organisations change profiles and strategies overnight to position themselves). Some NGOs are simply vehicles for income generation;⁷⁶ others are springboards for individual political ambition. It has been argued that donor money can have some

⁷³ The organisations were: Transition Monitoring Group, Federation of Muslim Women Association of Nigeria, Labour Monitoring Team, Women Environmental Programme, Muslim League for Accountability, Centre for Democracy and Development (CDD), Civil Liberties Organisation and Alliance for Credible Elections - Nigeria. Other observer groups included the *Nigerian Bar Association* as well as the faith based *Justice, Development and Peace Commission* (JDPC, which reportedly deployed 30,000 observers), *Christian Association of Nigeria*, *Nigerian Supreme Council for Islamic Affairs* and the *Pentecostal Fellowship of Nigeria*.

⁷⁴ UNDOC lists 112 NGOs in Nigeria, of which 43 works with anti-corruption, 26 on anti-human trafficking, etc. (UNDOC's NGO list to be found at: www.unodc.org/ngo/list.jsp). Some coalitions that boasts of large number of 'member organisations' and 'affiliates' are the *Freedom of Information Coalition* which consists of about 150 organisations, the anti-corruption coalition ZCC and the women network CIRDDOC each claims to have more than 100 institutional affiliates. We believe these are more 'sign up' organisations than real member organisations ('if you sign up on my list, I will sign yours').

⁷⁵ The question is to what extent urban-based groups can articulate and promote the interests of agriculture based, rural poor people. The criticism has been both on the 'middle class' as advocates of the interests of poor people, and on the notion that the centre of any pro-poor strategy has to be rural.

⁷⁶ The inclination of many NGO activists to accept any invitation for seminars, conferences and the like stems from the coverage of travel and subsistence expenses, as well as sitting allowances. '*Carpe per diem*' is sometimes the main incentive for attendance.

of the same detrimental effects on people as oil money (both being 'un-earned' money or 'rents' as it is called by economists).⁷⁷

The trade unions have been some of the most important domestic CSOs, from the years of military rule to the present. Nigeria has a long history of trade unionism, and the trade unions and particularly the Nigerian Labour Congress (NLC) became highly politicised during military years, setting them on an often unproductively confrontational path with government (and at times with NGOs).

At the same time as the conflict with military governments made them prime targets of infiltration and fabricated factionalism, they also struggled with ethnic, regional and religious division that undermined their nation-wide impact. This problem remains. Like within the political parties, conflicts within unions are often personal and ethnic, having little to do with fundamental values or issues. There is also a tendency of bureaucratisation and elite capture of the trade unions; the current structure strengthens the hands of the leaders to the detriment of the rank and file workers or union members.

A new emerging issue concerns the gap between an ageing leadership and a youthful membership. This is reported as a growing source of tension that requires shifts in the management and leadership of unions. But union finances are tenuous. For example, hardly any union has a strike fund or investments to provide for difficult times or support members during protracted industrial action.

On recent occasions the unions have mobilised effectively and demonstrated their potential influence, especially around bread and butter issues like government's repeated attempt to increase commodity prices. However, the government has managed to repress union action and has even detained a number of union leaders in recent years, and the unions have been unable to develop an effective counter response (Heymans and Pycroft 2003:21).

Nigerian business associations, and in particular those promoting better conditions for non oil-related businesses like the *Manufacturers Association of Nigeria* (MAN) and the *Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture* (NACCIMA), are important. Despite structural impediments (like the dominance of government in the economy, inadequate infrastructures, a severely bureaucratised regulatory environment, and rent-seeking and clientelist structures giving preferences to businesses of the well-connected), these organisations and others have been active in advocacy, in influencing government policies and lobbying, as well as in coordinating different business associations.

Faith-based organisations and churches are both controversial and influential in a country with a population that is 50 percent Muslim, 45 percent Christian and 5 percent 'traditional believers'. In concrete terms, faith-based organisations provide certain services and safety nets, often affecting poor people. Religion has also become a mechanism to overcome exclusion from established patronage networks, to protest against them, or to create new patronage systems. It has also exacerbated polarisation. The weaknesses and authoritarianism in the state apparatus has created a vacuum increasingly occupied by Islam in the north and evangelical Christian churches in the south, providing opportunity for political elites to exploit religious differences and fuel conflict. Many churches are hierarchical and patrimonial, with little accountability (Heymans and Pycroft 2003:21).

Moreover, there have been significant expressions of religious intolerance. In Nigeria there are for instance several 'crusades' every year, involving millions of Christians in anti-Muslim rallies. Religious violence between Christians and Muslim groupings is not uncommon, and the

⁷⁷ "Some Nigerians say that foreign aid money has had a hand in the degradation, making activists shift their attention away from real issues toward competing for donors' cash, in an effect echoing what Nigeria's oil does to its politicians. 'In the past we had social movements, a lot of networking; their strength lay in their power of organizing,' said Otive Igbuzor, Action Aid's country director in Nigeria. 'Donor money has had a lot of negative impact on organizing. They used to meet in classrooms; now they meet in five-star hotels, and their motives for organizing are the per diems'". (Shaxson 2007:25).

introduction of Shari'a law in some states has intensified the conflict, which is also manipulated by elites for political ends.⁷⁸

Although these unions, churches and NGOs demonstrate high levels of diversity and activity in Nigerian civil society, this has not yet been translated into pluralist strength. Many organisations are still rebuilding after the repressive military years, and several are moving inside the web of patronage that permeates the political economy. Nigerian civil society has the potential but it is not yet a powerful agent (Heymans and Pycroft 2003:22).

The Media

The media continued to challenge the military regimes, although they were subjected to severe repression. The military dominance in politics over three decades curbed serious analytical debate on policy issues. The return to elected government in 1999 was expected to re-introduce press freedom, but the policy environment remains *ad hoc*. There are some limitations on effective debate on political issues in the state media, there is some self-imposed censorship in the private media (privately owned media will not criticise their owners), and the quality of coverage and analysis in newspapers varies considerably. Besides, journalists are still subject to intimidation and violence when reporting on issues implicating the political and economic elite.⁷⁹

Outside the cities of Lagos, Abuja and Port Harcourt, newspaper sales are low and few Nigerians are able to access anything other than the state-run media. Despite the entry of more independent and global broadcasters, the state-run *National Television Authority* (NTA) provides the only nationally networked television service. Most newspapers are privately owned, and rather than leading to pluralist debate, this has tended to promote the interests of the wealthy private individuals or business groups who own them (Heymans and Pycroft 2003:24).

The potential and positive developments are seen mainly in the growing independence of ownership and editorial policy. The 1999 liberalisation of radio and television led to a significant proliferation of privately owned, commercially driven radio and television stations, and also to a greater penetration by global broadcasters.⁸⁰ A small number of newspapers, e.g. *The Guardian* and *This Day*, provide increasing coverage of topics like HIV/AIDS, electoral irregularities, privatisation, corruption and service provision in social and infrastructure sectors. Indeed, the independent press increasingly criticise the government and its policies, and allows for robust public debate (Heymans and Pycroft 2003:24).

Informal Leaders

In Nigeria, academics and intellectuals tended to be classified as supporters or opponents of military rule, and the military dominance in politics curtailed serious analytical policy debate. Academics were co-opted with appointments into specialised agencies or presidential advisory councils from where they mostly rationalised the regime's position.

Military rule drastically subverted traditional values of public administration. The military looted state assets, tarnished civil servants' career prospects through patronage, arbitrary dismissal, low salaries, disregard for staff rules, and marginalized public officials from policy processes.

⁷⁸ The introduction of *Shari'a* in the north was a response by northern politicians who felt they had lost out in the wake of the 1999 power shift to the South and election of a Pentecostal Christian (Obasanjo) as President (Heymans and Pycroft 2003:22).

⁷⁹ In 2009 the deputy political editor of *The Guardian* (one of Nigeria's largest newspapers) was gunned down at the entrance to his home. During the recent by-elections in Ekiti State, PDP members reportedly detained and assaulted three journalists inside the state government headquarters. Journalists working for local media outlets generally enjoy considerably less freedom than their national counterparts and are more often subjected to harassment by government officials (US Dept. of State 2010).

⁸⁰ Nigeria provides the *BBC World Service* with its biggest single audience through its Hausa and English-language services.

Military administrations rendered under-funding chronic, allowing standards and services to decline. With declining services, the legitimacy of the state apparatus reached rock bottom.

The general public and particularly the poor have neither the power nor the incentives to hold the government to account; for them the government is largely irrelevant. Because the vast oil revenues have obviated the need for the state to undertake efficient tax collection, people do not pay taxes, make few demands, and the state provides few services in return. The lack of a 'fiscal contract' has eroded formal accountability mechanisms. The values of strongly hierarchical traditional and religious systems have added to this legacy, as has the traditional systems of patronage.

The return to elected government in 1999 introduced a more consultative base of decision-making, however, which enriched analysis and debate. Within various government programmes, there are now several advisory and technical groups and committees with academic presence.

A number of government-funded institutes and think tanks are also active, such as the *National Institute for Social and Economic Research*, the *National Council on Intergovernmental Relations*, the *Nigeria Institute for Advanced Legal Studies* and the *Institute for Peace and Conflict Resolution*. In addition, function-specific agencies like the *Central Bank* and the *Bureau for Public Enterprises* have in-house research capability.

Think tanks also exist outside of the government structure. Some of the larger NGOs should rather be considered think tanks than membership organisations, e.g. the *Centre for Democracy and Development* (CDD) and the *Open Society Initiative for West Africa* (OSIWA).⁸¹ These are NGOs actively involved in policy issues through applied research, analysis and advocacy work. Groups like the *Nigeria Economic Summit Group*, the *Good Governance Group* and *Concerned Professionals* are also active in critical analysis, debate and networking across sectors and institutions.

The 'reformists' within the power structure are important opinion leaders, who at times inspires far beyond their formal mandate. Reformists like (former) Finance Minister Okonjo-Iweala, Minister of Solid Minerals Ezekwesili, Central Bank Governor Soludo, and EFCC Chairman Ribadu brought about a far more positive view on governance and politics, when in tenure. Their position is always vulnerable, however, as they can be (and have been) dismissed at a short notice.

Despite structural impediments, local chiefs and traditional leaders (both locally and traditionally selected and those who are nominated representatives of the government as provincial administrators) have been important opinion leaders in some circumstances. Teachers and elders, and (for young people) musicians, TV personalities, sport heroes and others have also been change agents under certain conditions.

The picture is nevertheless rather ambiguous. Take for instance religious leaders in the Muslim areas in the North. Traditionally, these were co-opted by the state and positioned firmly within the state apparatus and politics, at the same time as religion was used as a vehicle for political elites to exploit religious sentiments and create a following. Islam is traditionally hierarchical and patrimonial.

At the same time, an increasing number of Muslim leaders are raising their voices against this capture, especially the younger, more internationally exposed Muslims, and in particular the radical strand of fundamentalist Islam. These younger elements consider traditional Islam to be watered-down, syncretistic, and politically subservient, and they call for more fundamentalist interpretations, practices, and organisations.

Private sector individuals have also been important opinion leaders at times. Private sector activity has continued despite the severe limitations imposed by the political environment (the 'resource curse') and the lack of state support. Despite their basic interest in making money, successful businessmen (and a few women) feature prominently in the (gossip and lifestyle) weekly press and in business newspapers as figures of admiration and envy, and sometimes as opinion leaders on social, economic and political issues.

⁸¹ See: www.cddwestafrica.org and www.osiwa.org.

2.5 Conclusion: Institutionalisation

In conclusion, the development potential of Nigeria rests with the capability of Nigeria's public as well as private institutions to control and withstand the pressures for extraction ('privatisation' and usurpation of the oil wealth and public money) and favouritism (clientelism, patronage, elitism). The solution to the resource curse lies in particular within the institutionalisation of public control mechanisms and in the 'ring-fencing' of informal practices. That is, the solution will have to include institutional checks and balances, free and fair elections, human rights, and horizontal and vertical accountability mechanisms.

Nigeria is no longer a military dictatorship; the democratic practices and institutions are slowly consolidating. The institutions of restraint and checks and balances are growing in influence, experience and democratic substance. Thus, a further long-term and build-up of institutions and control mechanisms is the best option for the future. Civil society, media, reformers and other individual actors cannot be a substitute to this development, but should support it by all means available.

This institutional 'ring-fencing' will take time, however. It will be met with resistance from those with vested interests in the *status quo*, and it will face setbacks. Although it is impossible to determine what institutions to build and in what sequence (the answer is probably in striking the right balance and sequence), there seems to be some agreement that the first priority for Nigeria should be to get the next elections right. Besides, there seems to be some agreement also that Nigerians themselves should drive the reform process (from within, by reformists and reform oriented state institutions, and from below, by NGOs, CSOs, the media, and various activists). External assistance can only be a strategic addition.

3. Donor Support to Good Governance in Nigeria

Donor support to good governance has taken many forms over the years. This chapter describes the way in which donor support to good governance in Nigeria has developed over the last few years, including the main actors and their co-operation efforts. It also looks at Norwegian support for democratisation and good governance in Nigeria.

3.1 History of Donor Support to Nigeria

Aid to Nigeria has been low and sharply falling since its peak in 2006. Net ODA was roughly USD 11 billion in 2006 (basically for debt relief), 2 bn in 2007 (an election year), and less than 1 bn in 2008. Half of this was for health and population projects/programmes, and one-quarter for debt relief.⁸² The figures for ODA to governance in Nigeria is only a fraction of this, broken-down figures indicate roughly USD 17 million in 2006, 5 million in 2007 and 8 million in 2008.⁸³

The downscaling of traditional development aid to Nigeria was for most donors justified by the high levels of government revenue. Nigeria is not a poor country; it features as a lower-middle income country according to the World Bank classification. Besides, high levels of corruption and persistent problems of resource management have contributed to the decline of aid flows. At the same time, the level of poverty is high, both in the urban slums and in most rural areas. Thus, poverty in Nigeria is not a question of lack of resources; it is a question of the appropriate use of available resources.

The ideal of democracy, including popular participation, accountability and transparency, rule of law, and respect for human rights, has expressly been at the heart of donor assistance over the past two decades, and it seems that support for democratisation and governance in Nigeria is increasing lately. This is probably due to better framework conditions for foreign aid to the country, and openings in terms of Nigerian political will for reform.

In general, involvement with political core institutions like parliaments and political parties has been at a low level despite the two institution's lacklustre performance after the re-installation of formal multiparty democracy. Only the USAid/DFID has a small joint project component on the parliaments (run by the NDI), and there are no records of support for political parties, which is perceived as an overtly political field into which donors fear to tread.

Donors have not hesitated to get involved in elections, however. Election-related projects have been the principal channel of aid for governance and democratisation in Nigeria since the early 1990s. But the approach has been largely technocratic, i.e. providing technical and financial assistance to election management bodies, voters' registration, and scores of election observers. Although this narrow 'electoralist' approach is giving way to a broader *Electoral Cycle Approach*, in which issues such as legal reform, voter education, media monitoring, and electoral dispute resolution are included, the electoral emphasis has neglected other key facets of a democratic system.

While shying away from politics in the disbursement of aid, the donor community has embraced CSOs and NGOs engaged in advocacy. These CSOs have typically championed single

⁸² Net ODA from OECD countries, according to the OECD (www.oecd.org/dataoecd/23/55/1882649.gif). In comparison, the inflow of workers' remittances (from Nigerians abroad) is estimated to be more than USD 3 bn annually, which is 2–3 times more than the ODA inflows; oil exports generated USD 55.7 bn in 2006 and 51.0 bn in 2007, which is at least 25 times more (OECD, *African Economic Outlook*; www.africaneconomicoutlook.org/en/countries/west-africa/nigeria/#/statistics_table).

⁸³ Net ODA from OECD countries to the sectors Economic & development policy/planning (sector 15110), Public sector financial management (15120), Legal and judicial development (15130), Government administration (15140), Elections (15161), Human rights (15162), and Free flow of information (15163). Civil society and women organisations are not included here (OECD QUIDS dataset query, March 2010).

issues or clusters of issues, be it health, education, human rights, women participation or governance in broad terms. The donor community has also had a ‘technocratic’ approach to democratisation, with emphasis on efficiency in governmental service delivery (health, education, electricity, water). Only recently have the special institutions of oversight and restraint been addressed, and support rendered to the agencies such as the EFCC, ICPC, and NEITI.

3.2 Donors in Nigeria

Both multilateral agencies and bilateral donors have been active in supporting good governance and democratisation in Nigeria. Among the multilateral donors, the UN system stands out, in particular the UNDP, which has been running a number of projects essentially funded by bilaterals.

In Nigeria, some of the bilateral agencies are far bigger and far bolder than others; some also have a slight leverage on Nigerian politics. The USAid is the largest and allegedly the most influential of the donors, followed by DFID. The European Commission is too divided by national home-country concerns to have any significant policy influence. There are a number of smaller bilateral agencies, including the Norwegian Embassy, which are mainly co-financing basket-funded projects and selected professional international NGOs and some of the (more or less competent) local CSOs and NGOs.

3.2.1 Multilateral Donors

The multilateral donors engaged in good governance in Nigeria comprise the usual multilateral donors and a development bank. In many cases, these agencies are conduits of resources from bilateral donors, coordinators of basket funds, or executing agencies on behalf of consortia of funders in conjunction with recipient institutions. However, some multilaterals also contribute from their own sources.

The most important multilateral donors in terms of funding size are the UN organisations, principally the UNDP, the World Bank and the European Union. The UNDP seems to emerge as the main conduit or implementer of basket funding, not least through the *Capacity for Governance Programme* (CGP). The regional development banks appear also to be entering the field of governance assistance, as do some regional inter-governmental organisations like ECOWAS.

The World Bank has been present in Nigeria for many years. Although Nigeria’s debt to the Bank is largely repaid, the Bank has increased its portfolio in Nigeria over the last years,⁸⁴ mainly in infrastructure, energy, and health.

The active projects on good governance are limited to support for EITI implementation; the *Lagos Metropolitan Development and Governance Project* (supporting public finance and budget reforms and the information systems for policy making and performance management in Lagos State); the *State Governance and Capacity Building Project* (seeking to enhance the efficiency and accountability within the management of financial and human resources of the participating states (Bauchi, Cross River, and Kaduna)); the *Sustainable Management of Mineral Resources Project* (seeking to increase the government’s long-term capacity to manage Nigeria’s mineral resources in a sustainable way, with a small component on strengthened governance and transparency in mining); and the long-running *Nigeria Economic Reform and Governance Project* (including components on public sector governance, administrative and civil service reform and public expenditure, financial management and procurement reform).⁸⁵

The European Commission implements aid programmes in Nigeria through its delegation and with help from *EuropeAid*. It administers programmes from the *European Development Fund* (EDF) and the EU’s general budget. The EDF programme for Nigeria for the period 2008-2013

⁸⁴ The portfolio of the bank in various projects in Nigeria reached USD 4.2 billion in 2010 ([Daily Trust](#), 14 April 2010).

⁸⁵ The total spending of the EC/EDF is USD 837 mn for the period 2008 - 2013. Source of WB *active project* database at: <http://web.worldbank.org/external/default/main?menuPK=368929&pagePK=141143&piPK=141103&theSitePK=368896>.

funds programmes and projects in three focal areas: peace and security; governance and human rights; and trade and regional integration. The biggest part of the cooperation is support to governance reforms at all three levels of government, the fight against corruption and support to electoral reform (the 2011-2015 electoral cycle) as well as encouraging the improved oversight and monitoring capacity of non-state actors and mass media.⁸⁶ The EU supports the EFCC.

The UNDP has been operating in Nigeria since shortly after independence, providing the country with technical assistance for economic and social development. UNDP's current *Country Programme 2009 - 2012* (the seventh) has four main components: the *Capacity for Governance Programme* (CGP); the *Economic Governance Programme* (EGP); the *Sustainability and Risk Management Programme* (SRMP); and the *Private Sector Development Programme* (PSDP).⁸⁷

The *Capacity for Governance Programme* (CGP) is the most important in the context of good governance and anti-corruption. The CGP is about accountability and oversight in resource management, and is designed to strengthen government accountability, increase public participation in governance, and strengthen the electoral processes. The programme is delivered through three sub-components: electoral reform and deepening of democracy; public accountability; and local governance. The programme aims to increase the ability of national and state independent electoral commissions; to make public institutions more open and responsive and increase citizen engagement in the political process (political parties and legislatures, groups and actors such as women, youth, civil society and the mass media), and to further integration of anti-corruption measures in the public sector. It will also strengthen local governance.

The strategies for achieving these outcomes include customised training, platforms for citizen participation (especially women and youth), and advice, assistance, and coordination of the development partners. In this respect, the UNDP is working with some international and a number of Nigerian NGOs.

The *Economic Governance Programme* (EGP) aims to support the government's fiscal planning through three sub-components: development planning and statistics; fiscal policy reform; and aid coordination. At both federal and state levels the programme aims to strengthen the development planning system; to implement fiscal responsibility and prudent use of public resources; to provide accessible and timely data for policy and planning; and to institutionalise a system for aid coordination in line with the *Paris Declaration* and the *Accra Agenda for Action*.

The *Sustainability and Risk Management Programme* (SRMP) is about protection and development of the people and natural resources, with a focus on the environment, gender and the Niger Delta. The *Private Sector Development Programme* (PSDP) is about expanding the non-oil resource base and promoting inclusive markets, with a focus on affordable and renewable energy, SMEs and CSR.

The African Development Bank (AfDB) has joined a common country partnership with the World Bank and DFID. Its strategy focuses on governance issues, service delivery, private sector development and investment.

The Economic Community of West African States (ECOWAS) is a regional group of fifteen countries, founded in 1975. ECOWAS has over the years developed into cooperation across an array of topics and has established a large number of specialised structures, with the aim of becoming West Africa's 'European Union'. Nigeria is not only a member; it is ECOWAS' biggest and most influential member, to the extent that critics have argued that ECOWAS is an instrument of Nigerian regional domination. ECOWAS' main activity and where it has achieved most success is in peacekeeping operations.

ECOWAS' mission is to promote economic integration in "all fields of economic activity", but the organisation has also taken up the governance question, with one of its basic principles

⁸⁶ Source: European Commission website at: http://ec.europa.eu/development/geographical/regionscountries/countries/country_profile.cfm?cid=NG&type=short&lng=en.

⁸⁷ Source: interviews and the UNDP Nigeria website at: <http://web.ng.undp.org> (which contains a detailed project list as well as programme descriptions).

being “promotion and consolidation of a democratic system of governance in each Member State” (a fundamental principle in the ECOWAS treaty).

3.2.2 Bilateral Donors

The *USAid* remains the largest bilateral donor in Nigeria, currently disbursing approximately USD 250 million a year, with a sharp increase over the last few years. It focuses on four areas in a selected number of states, namely strengthened foundations for democratic governance, livelihoods, social sector services, and HIV/AIDS.

In terms of governance and democracy, the biggest *USAid* programme is the *Strengthened Foundations for Democratic Governance Program*. Its goals are to build capacity of civil society and legislative bodies, strengthen the judicial processes, support efforts to respond to and manage conflict, and address the need for professionalism and transparency in the future elections. This will be achieved through improving civil society advocacy, policy and legislative reforms within selected government institutions, transparent and credible elections, and the strengthening of both civil society and government for conflict mitigation. The programme includes elements of election assistance and National Assembly strengthening.

The *Department for International Development* (DFID, now *UKAid*) has also sharply increased its allocation in recent years, from an annual disbursement of USD 43 million in 2004 to about 150 million in 2007. This is projected to rise to 200 million by 2010. About 64 percent of the available funds are being allocated to the human development area, mainly to health and HIV/AIDS (51 percent) but also in education (10 percent) and water and sanitation (3 percent). Some 36 percent is being allocated to governance and reform processes at federal and state levels.

DFID’s approach is to assist in tackling the three major constraints to achieving the MDGs in Nigeria, namely the mismanagement of oil revenues, the weakness of formal accountability mechanisms and the lack of development in the non-oil sectors. DFID programmes relate most closely to governance, and cover accountability, continuing work in justice and security as well as in deepening democracy.

DFID funded the IFES programme *Nigeria Election Support 2007*, which sought to strengthen Nigeria’s electoral system by establishing arrangements for the enforcement of campaign finance regulations, monitoring sources of financing for political campaigns, and education of voters.

DFID’s most important ongoing governance and democracy projects include the jointly funded *Deepening Democracy* project (which aims to strengthen the democratic character of Nigerian political processes and outcomes through support for government administration, elections, free flow of information, human rights, civil society, and women), the *Justice for All* programme (which supports Nigerian security and justice reforms, including elections and voter registration technicalities, voter education programmes, and election monitoring), the *State Accountability and Voice* (SAVI) programme (in various states, aiming at efficiency of selected state governments’ use of public resources), the *Strengthening Action against Electoral Violence in Nigeria* project (supporting and empowering stakeholders like people, electoral and security agencies, to organise peaceful elections and avoid electoral violence in Anambara State), and the *Support to Nigerian Extractive Industries Transparency Initiative* (Phase II).⁸⁸

The *Canadian International Development Agency* (CIDA) and the Canadian High Commission have a long-standing presence in Nigeria. CIDA’s current bilateral programme focuses on two high-priority sectors: health and governance. Although Nigeria is not a focus country, it benefits from a number of initiatives funded through regional programming, such as the *West Africa Regional Program* and the *Pan-Africa Program*, as well as direct support.

⁸⁸ See DFID’s current project portfolio at <http://projects.dfid.gov.uk/SearchResults.asp?RecordsPerPage=10&countrySelect=NG%2DNigeria&PageNo=5>.

In terms of good governance, CIDA continues to work with other development partners to support, reinforce, and institutionalise the reform process. This includes working at both the state and local levels to demonstrate improvements in service delivery, along with support to civil society groups monitoring the progress of reform.

The Netherlands (*Royal Embassy of the Netherlands*) has a modest portfolio beyond what the country provides through EC-led programmes, mainly because Nigeria is not a partner country. In terms of direct support, the Netherlands spends about USD 2 million annually, primarily on good governance and anti-corruption programmes. One project example is the *Judicial Sector in Lagos*, another is the local version of *EITI in Bayelsa* state.

Some other bilateral donors are also present in Nigeria, but with little or no activity on good governance and democratisation in the country. For instance, the *Agence Française de Développement* has recently opened an office in Abuja and plans to deliver loans, whereas the *Japan International Cooperation Agency* is active only in the water and sanitation sector. China's role is highly important, however, but rather in terms of oil purchases, sometimes in return for soft credit used to purchase Chinese goods, services, and infrastructure projects (Tjønneland 2006:30).⁸⁹

3.3 Norwegian Support

3.3.1 Norwegian Support for Good Governance

The objective of Norway's development policy is to fight poverty and promote social justice. There is a broad political consensus on Norwegian development aid, including Norwegian support for good governance and anti-corruption as laid down in various government white papers and policy guidelines. The 2009 White Paper on development aid states that

[There are] three elements that the Government believes are fundamental for a positive development; a well-functioning state apparatus, an active civil society, and a sustainable economy. Developing countries will have to make their own choices and priorities when it comes to development and social services, democracy and policies for employment and economic growth. Norway can support these processes financially and technically (Utenriksdepartementet 2009:5-6).⁹⁰

Norwegian development policies are officially supporting the achievement of the UN *Millennium Development Goals* (MDGs),⁹¹ including the goals formulated on human rights, democracy and good governance; and adhering to the *Paris Declaration on Aid Effectiveness*, including the *Accra Agenda for Action*, which states that democracy (and economic growth, social progress, and care for the environment) are prime engines of development in all countries, and that donors will support efforts to increase the capacity of all development actors, including parliaments, central and local governments, CSOs, research institutes, media and the private sector.⁹²

All this means a strong focus in Norwegian aid on good governance and democracy, and in 2008 Norway globally spent about USD 383 million in the area. Development assistance for good governance is provided through all the different channels utilised by Norway, such as bilateral government-to-government assistance, non-governmental organisations and multilateral assistance. Although an increasing share of Norwegian aid to good governance and democracy is managed by

⁸⁹ Good governance and democratisation is *not* on the agenda of the Chinese, and therefore beyond the scope of this study.

⁹⁰ In our translation.

⁹¹ The full text of the UN MDGs can be found at: www.un.org/millenniumgoals/bkgd.shtml.

⁹² See the Accra Agenda for Action/Third high level forum, September 2008 at: www.undp.org/mdtf/docs/Accra-Agenda-for-Action.pdf.

multilateral agencies, first and foremost the World Bank and the UNDP,⁹³ the main agency for direct bilateral Norwegian development assistance is now the *Ministry of Foreign Affairs* (MFA) through its Embassies. Norad is responsible for financial support to Norwegian and international CSOs. As the international aid architecture changed, the aid administration in Norway was reorganised in 2008, and Norad (which used to be an agency tasked with the execution of projects and programmes) was transformed into an advisory body that provides professional guidance to the MFA and the embassies abroad when new projects are being initiated, appraised, reviewed and evaluated.

3.3.2 Norwegian Support for Good Governance in Nigeria

The overall bilateral financial support for Nigeria is roughly USD 1.5 million annually, with a slight expected increase. Norwegian support for good governance and anti-corruption in Nigeria is only a smaller proportion of this, but using different inroads to the issue.

In the area of direct support for good governance and democratisation in Nigeria, Norway supports some UNDP programmes on democratisation, anti-corruption and conflict resolution, as well as improved practice for public acquisition in four states in the Niger Delta.⁹⁴ Norway also supports a training program for young leaders, and a program to strengthen parliamentary organisations by the *African Leadership Forum* (ALF).⁹⁵

In the area of technical assistance to the management of oil resources in Nigeria, there is an institutional agreement between the *Norwegian Oil Directorate* and the *Department of Petroleum Resources* in Nigeria. Furthermore, Norway has rendered support for the development of a new petroleum law, support of a training centre for oil sector workers, support of the *Nigeria Extractive Industries Transparency Initiative* (NEITI), and support of the *African Network for Environment and Economic Justice*.⁹⁶ Of particular interest in this context is the *Oil for Development* (OfD) initiative of Norad and partners, launched in 2005 (see section 3.3.3 below).

Norway also supports a few programmes in which the component on good governance in Nigeria is indirect and rather small, but worth mentioning. One is supporting UNFPA programs to combat violence against women and to strengthen the position of women in general, another is supporting the *International Organization for Migration* to assist and protect victims of human trafficking.

Norway is also contributing financially to a DFID-led programme on maternal, newborn and child health in Northern Nigeria. This is the largest project in Norway's portfolio, and strengthening health sector governance and management at the federal, state, and local government level is a part of this programme.⁹⁷ In addition, support is provided to regional projects undertaken by ECOWAS, and an electoral reform project is envisaged for 2010-2011.

⁹³ Figures according to Norad website at: www.norad.no/Satsingsomr%C3%A5der/Styresett+og+demokrati. The other seven are: Energy, Peace and Conflict, Health and Aids, Climate Change and the Environment, Anti-Corruption, Human Rights, Private Sector Development, and Macroeconomics and Public Administration.

⁹⁴ See: <http://web.ng.undp.org/projects/governance/LDP.shtml>.

⁹⁵ The *Africa Leadership Forum* (ALF) is a not-for-profit organisation founded in Nigeria in 1988 by Nigerian president Obasanjo. The primary focus of ALF is to help improve the current quality of leadership in Africa while at the same time helping to train the next generation of leaders for the continent. ALF provided the first forum where leaders could meet and exchange experiences with the view to improving their performance.

⁹⁶ See section 3.3.3 for details on this NGO.

⁹⁷ See the DFID review report at: <http://www.prrinn-mnch.org/documents/PRRINNAAnnualReviewandMNCHInceptionReviewreport-Feb09.pdf>.

3.3.3 Oil for Development

The OfD initiative aims at “assisting developing countries with petroleum resources (or potential) in their efforts to manage these resources in a way that generates economic growth and promotes the welfare of the population in general, and in a way that is environmentally sustainable”.⁹⁸

The background for this initiative is that petroleum plays an important role in an increasing number of developing countries. Oil and gas hold the promise of becoming a vital resource for economic and social development. It has, however, in many cases proved difficult to translate petroleum resources into improved welfare. The Norwegian Oil for Development initiative aims at assisting countries in their efforts to overcome these challenges.

Several decades of oil and gas experience have given Norway valuable expertise in the field of petroleum sector management. Drawing on this experience, Norway has provided assistance to the oil sector in developing countries since the early 1980s. Norway now cooperates with more than 20 countries, covering capacity building in areas such as legal frameworks, administration and supervision mechanisms, licensing and tendering processes, organisation of public-private interfaces, local content and industrial development, environmental challenges and revenue management issues, including taxation, and petroleum funds. The OfD initiative has recently enhanced the focus on good governance, transparency and anti-corruption.

The Oil for Development initiative has a steering committee consisting of the *Ministry of Foreign Affairs* (Chair), the *Ministry of Petroleum and Energy*, the *Ministry of Finance* and the *Ministry of the Environment*. The secretariat is in Norad, which is responsible for coordination and implementation. Requests for assistance are normally channelled through the embassies, and embassy staff generally appraises proposals for cooperation.

Support is provided to governments and government agencies in countries of cooperation. Implementing agencies include the *Norwegian Petroleum Directorate*, *Petrad* (International Programme for Petroleum Management and Administration), the *Norwegian Pollution Control Authority* (SFT) and other governmental agencies, as well as research institutions and consulting companies. National and international NGOs are also involved, and in 2008 more than NOK 18 million was transferred to various NGOs.⁹⁹

In Nigeria, Norway is engaged in long term petroleum related programmes through the OfD. In Nigeria, the OfD cooperation includes institutional cooperation with a major focus on capacity building. Much of the cooperation is software based, with a focus on training through workshops and seminars. Significant emphasis is given to transparency issues, strengthening of civil society and the involvement and ownership of local communities. Moreover, emphasis is placed on capacity-building in the field of resource management, including the development of a data centre at the *Department of Petroleum Resources* (DPR), data collection, production measurement, control/monitoring of production, analysis of training requirements, regulation and exploitation of gas, rules for the licensing process, and environmental and health and safety issues.

In Nigeria, the OfD is increasing its focus on transparency issues, vocational training and local ownership in the Niger Delta. At the federal level, cooperation between the Norwegian Petroleum Directorate (NPD) and the DPR has been established. The *Ministry of Environment, Housing and Urban Development* and the *Ministry of Energy* are potential partners. Other partners include the *Nigerian Extractive Industries Transparency Initiative* (NEITI), *Global Gas Flaring Reduction Partnership* (GGFR), *United Nations Institute for Training and Research* (UNITAR), and the *African Network for Environment and Economic Justice* (ANEJ).¹⁰⁰

⁹⁸ Quotation from the official OfD flyer, available at: www.regjeringen.no/upload/UD/Vedlegg/Utvikling/TheNorwegianOilforDevelopmentInitiative.pdf. See also Norad’s official website for *Oil for Development* at: www.norad.no/en/Thematic+areas/Energy/Oil+for+Development.

⁹⁹ The OfD programme is in the process of being evaluated, and could be changed according to the recommendations of this evaluation, which is not yet available.

¹⁰⁰ Source: OfD website hosted at Norad (www.norad.no/en/Thematic+areas/Energy/Oil+for+Development).

4. Recommendations

Three issues stand out in the political economy analysis: the mismanagement of Nigeria's oil resources, corruption, and the manipulation of elections.

Resource management is at the root of Nigeria's political and economic predicament (read: the resource curse), in particular in shaping a so-called 'political class' that lacks the political will for genuine reform. Nigeria's rulers will not change the *status quo* of resource distribution, which serves them well. Any substantial reform leading to their loss of control of the rents and the political system will be met with resistance. To the ruling elite, any reform policy can be 'window dressing' only, and could possibly be rolled back at any time.

As a part of the ruling elite's control of the political system (and thus its control of the rentier state) is by necessity the manipulation of elections. For one thing, the election procedures are kept deliberately blurred to allow for 'expedient' amendments and manoeuvring.

As the next elections are approaching (scheduled to take place sometime around April 2011), the pressure for making the elections as free as fair as possible becomes pivotal. There is no alternative to elections as a basic democratic control mechanism, as a mechanism of transparency and accountability. There is consensus among observers and activists in Nigeria that the first priority for Nigeria should be to get the next elections right. This includes reconciliation and violence prevention, as well as proper procedures for free and fair elections.

The second priority is reducing the resource curse, in both the economic and political sphere. This is the long-term task, which has to be made on all fronts at the same time. However, some priorities stand out. In the economic realm, it is a question of reducing inequalities by supporting pro-poor policy change. It is also a question of reducing the 'crowding out' effect of the petroleum industry on other economic sectors, primarily agriculture and manufacture, by making the business climate better, by generating new economic activities, and by economic diversification. This can possibly, in the long term, lead to the development of a middle class, which is historically the best guarantee for liberal politics.

In the political realm, it is a question of assisting Nigeria's institutions of checks and balances, accountability and control. The political response to the resource curse is in the reduction of political monopolism and in the institutionalisation of control mechanisms. This should take place at a broad front, and include the traditional institutions of separation of powers (legislature and judiciary), as well as the special institutions of restraint and control (like the anti-corruption agencies) and, of course, elections.

Thus, in the context of Norwegian donor support to good governance in Nigeria, there are some general recommendations to consider (and principles to adhere to), some specific long-term recommendations following from the above, and some specific short-term recommendations following from the above.

4.1 General Recommendations

The general recommendations and principles for high-quality donor support for good governance is that it requires contextualisation, political sensitivity, adherence to the Paris Principles, and institutional learning.

4.1.1 Contextualisation

Many development agencies are engaged in assessing governance by means of governance indicators, and in using governance data to allocate aid. The problem with governance indicators is, among other things, that they mainly refer to the 'rules of the game' rather than the outcome of the

game; to government institutions rather than the interplay between government, politics and the rest of society; and to the formal institutions rather than the interplay between formal and informal institutions.

There is no generic, one-size-fits-all approach to governance. The variety of political systems, party systems, and electoral systems is so great that one must customise approaches to the prevailing conditions. A blueprint approach is not advisable because politics is dynamic. Governance issues are moving targets that require flexibility over time. Contextualisation requires politically sensitive analysis in order to constantly monitor developments and adjust interventions accordingly.

A deep and thorough understanding of political dynamics – based on formal rules as well as informal practices – is inescapable if interventions are to be successful. The present political economy analysis of Nigeria can be but a start.

4.1.2 Political Sensitivity

In Nigeria, support for good governance is inherently political in nature, and very sensitive. Bilateral donor agencies – not only the agencies of former colonial powers but also the major players on the global scene – could easily be suspected of having ulterior motives, e.g. promoting specific models or advancing certain foreign policy positions. Their interventions might be perceived to be politically motivated.

Three recommendations follow from this. The first is that peer advice is generally more acceptable than donor guidance. The involvement of Nigerian, West African and African approaches, organisations, and institutions can be useful. A regional approach to good governance can bring in peer-to-peer knowledge and shared experiences that are more likely to ‘sink in’ than international (read: Western) experiences and standards. For instance, the *African Peer Review Mechanism* should be supported and indeed strengthened by the donor community.¹⁰¹

Second, issue-based approaches can be useful entry points, especially in a hostile political environment like Nigeria. Governance encompasses a broad range of policy areas, and a carefully selected donor approach to substantive issues and particular institutions can defuse some of the political sensitivity problems. Such substantive issues or institutions can be gender parity in political participation and positions, revenue management, parliamentary committees, special institutions of oversight and restraint (ombudsmen, anti-corruption agencies, auditors, etc.), and civil society monitoring (participatory budgeting, independent budget analysis, tracking of public expenditures, and citizen evaluation of public services). Issue-based approaches can build trust and alliances, and pave the way for more substantial or sensitive interventions.

Third, support for good governance through multilateral agencies and basket funding is often seen as less intrusive and non-political than single-donor interventions. Support through the UN system, in particular, and through concerted co-operative multi-donor projects and programmes can be necessary. These programmes cannot easily be criticised for pursuing specific home-country concerns.¹⁰²

4.1.3 The Paris Principles

Donor assistance to good governance will have to be based on the precepts of the 2005 *Paris Declaration on Aid Effectiveness*,¹⁰³ especially the principles of harmonisation, alignment and ownership. Through this, the OECD/DAC countries agreed to coordinate policy, ensure ownership, and contribute to predictable multi-year financing, whereas the developing countries agreed to

¹⁰¹ There is a sense among Africans that the EU in particular has been lukewarm in supporting the APRM and has been trying to undermine it by setting up its own parallel review mechanism on a country-by-country basis.

¹⁰² The down-side of this is that the UN agencies may not be as efficient in their operations as bilateral agencies, and that also basket-funded programmes can become over-coordinated, bureaucratized and inflexible.

¹⁰³ Full text available at: www.oecd.org/dataoecd/11/41/34428351.pdf.

improve governance and financial management and to involve parliaments and civil society more closely in drawing up and implementing development policy. It was also agreed that developing countries and donors would be accountable to each other for their policies.

The ‘principle of ownership’ implies that good governance projects should be demand-led and responsive to the needs of the recipient country. This principle can be difficult to adhere to in the Nigerian context, where the political will for reform may be lacking and reforms can be met with resistance. However, there is sufficient commitment at the top level of Nigerian politics in terms of signing up to international conventions, treaties and principles, and in terms of policy statements and promises, to legitimise almost any good governance project. Besides, ownership can be anchored in different institutions; if met with resistance in certain government departments and institutions, other institutions or organisations could be the owners.

The ‘principle of alignment’ implies that good governance projects should use the (recipient) country’s systems for managing resources (and donors should provide funds in a predictable and timely manner). This is also a difficult principle to apply in Nigeria, where the system for resource management is part of the problem. Budget support is for instance out of the question.

The ‘principle of harmonisation’ implies that good governance projects should be coordinated between the development partners/donors, using common arrangements and procedures, with each partner focussing on its areas of expertise rather than duplicating efforts. At the very least, harmonisation implies that donors begin with a clear map of who is doing what before thinking about how they can best add value.

4.1.4 Institutional Learning

Effectiveness, let alone long-term impact, in terms of better government can only be achieved through patient and painstaking work over the long run. The electoral cycle in Nigeria is for instance four years, and the duration of an intervention over two electoral cycles would be justified, perhaps even three or more.

Continuity of personnel is crucial in the implementation of good governance programmes, because they involve building relationships based on trust, which can only be achieved in the long term. It is a major problem that the turnover of donor personnel is high, which undermines both continuity and institutional memory.

It is a perennial problem in donor agencies – including the MFA and Norad – that the structures and capacity for institutional memory and learning is low. Good governance is no exception. The decentralised nature of project programming and responsibility between Norad and the MFA with its embassies aggravates the problem. There is a need for establishing workable systems of institutional memory, learning and knowledge management.

In this respect, we recommend the establishment of a system of knowledge management to ensure institutional learning and memory regarding governance issues and programmes (procedures and routines for reporting, data filing, and project search and information retrieval). The existing project registration system is inadequate. There is a need for easy access to and quick dissemination of knowledge in the field of good governance to relevant Norwegian project and advisory staff.

4.2 Specific Recommendations

High-quality support by the MFA/Norad for good governance in Nigeria requires both a long-term strategy and a short-term strategy. From the political economy outline above, it is recommended that the long-term strategy should aim at stemming the resource curse in Nigeria, through institution building for increased checks and balances, resource management, accountability and control. It also follows that the short-term strategy should aim at getting the 2011 elections right.

4.2.1 Long Term Priorities

Norway has a number of comparative advantages (read: possible strengths) in its approach to support of good governance in Nigeria.

The obvious point of departure is that whereas Nigeria is cursed by oil, Norway is blessed by it. Although a number of structural background factors can explain this, Norway has a varied range of qualified and experienced institutions of control, control of the oil sector, the government's oil income and the use of the funds.¹⁰⁴ This experience and these institutions are the first and foremost comparative advantages upon which Norwegian support for good governance and petroleum resource management in Nigeria can build.

Another comparative advantage is Norway's long-term support for the UN system. Norway has always had, and will probably have in the future, a commitment to international co-operation and multilateralism. The UN system enjoys strong support in Norwegian aid, and Norwegian aid is highly appreciated in the UN system. This strength can be drawn upon also in terms of Norwegian support for good governance in Nigeria, as it gives Norway some leverage on UN agencies' programme and profile in Nigeria.

A third comparative advantage, or rather strategic resource, is the fact that some international organisations are located in Norway, which are or can be valuable for good governance and resource management in Nigeria. These include the UNDP *Oslo Governance Centre*, the *EITI secretariat*, and the *Publish What You Pay* secretariat. All of them are receiving substantial Norwegian funding, hosting considerable expertise, and could/should be drawn upon for concrete support to good governance and resource management in Nigeria.

A fourth comparative advantage is the knowledge, experience and commitment built up in Norway for assisting petroleum resource management in other recipient countries, in particular through the *Oil for Development* programme and the *Petrad* training programmes. These resources can and should also be drawn upon for support to good governance and resource management projects in Nigeria.

A fifth factor pointing to a focus on petroleum management is the fact that Norway is present in Nigeria's oil sector through the *Statoil* company and smaller service providers for the oil industry. Although Statoil is only operating offshore, the company has a corporate social responsibility policy and appurtenant projects in Nigeria, which should be monitored and harmonised into a Norwegian long-term strategy of good governance and petroleum resource management.

There are, however, some limitations to the Norwegian engagement on this topic in Nigeria. First, the level of ambition is low (Norway is keeping a very low political profile in Nigeria, to the extent that Norway is by and large unknown as a donor).¹⁰⁵ Second, the level of funding is low. Both are probably due to the relatively low level of Norwegian business activities in Nigeria, but also a lack of knowledge about Nigeria in Norway, some prevailing prejudice about the Nigerian predicaments ('hopelessness'), and Nigeria's high government income.

Besides, in view of the closing down of the *Norwegian Centre for Democracy Support* (NDS) last year and its pending reorganisation, we will not recommend any Norwegian focus on party-to-party support, even when party support (for internal democracy, women representation and party finance, for instance) is a highly relevant issue to consider in the Nigerian context.

Against this background of Nigerian needs and Norwegian strengths in terms of governance and petroleum resource management, we will make the following recommendations:

¹⁰⁴ Norway's success is largely attributable to the fact that Norway was democratised *before* the oil boom set in, and therefore had the institutional checks and balances in place to handle the sizeable increase in government revenue (and the following rent-seeking tendencies).

¹⁰⁵ Through our fieldwork interviews in Abuja, we came to understand that Norway is unknown as a donor, both to the broader public as well as to reformists, NGO activists, and the state institutions we talked to, and even more significantly, we were told that Norway had no particular political profile or donor profile in Nigeria to the knowledge of the other multilateral and bilateral agencies.

- Norway should keep a clear focus on petroleum revenue management (and thus the ‘resource curse’) in its long-term assistance to Nigeria, through institution building for increased checks and balances, resource management, horizontal and vertical accountability and control, and anti-corruption.
- Norway should keep a clear focus on the extractive industries, and in particular the petroleum sector and petroleum sector resource management.
- Norway should give top priority to the government income side (revenues, ‘upstream’), and secondly to the government expenditure side (use and distribution of the income, ‘downstream’). This implies a stronger Norwegian focus on issues like the EITI process, income side watchdogs and institutions, and a lesser focus on expenditure side processes like budget process, budget monitoring and corruption in service delivery.

More specifically,

- The Norwegian Embassy should be a centre for information, communication, knowledge and advice on petroleum industry transparency, the EITI process in Nigeria, and the EITI/PWYP secretariats and expertise in Norway. This will require
 - close monitoring of Norwegian oil companies’ transparency and their adherence to the EITI principles, as well as advice and guidance for Norwegian companies. This could imply bringing in expertise from international organisations like EITI, PWYP, *Revenue Watch*, and others to provide information, training, and debate about Norwegian companies operating in the sector in Nigeria.
 - close observation of the EITI process in Nigeria, the NEITI secretariat and its ‘multistakeholder group’. This could imply an evaluation of NEITI and the process in Nigeria, technical support for NEITI staff, and support for the EITI-like initiative taken and project implemented in Bayelsa state by the Netherlands Embassy/MinBuZa.
 - financial and practical support for the PWYP coalition in Nigeria, to the extent this organisation can be reformed and re-established. The purpose will be to institute a watchdog of the watchdog (PWYP or other civil society monitoring of NEITI, which is a government agency) and ensure the core mandate of EITI is fulfilled. This should be a long-term commitment, in co-operation with the PWYP secretariat and EITI secretariat in Oslo, and other international organisations like *Revenue Watch* and OSIWA.
- Norway should ensure that the Norwegian petroleum companies and Norwegian companies in other extractive industries in Nigeria ‘do no harm’ (adding to the curse), and that Norwegian petroleum companies’ CSR policies and projects are aligned to Norwegian (MFA/Norad/Embassy) good governance and resource management policies. This will require a close monitoring of Norwegian companies’ commercial and CSR activities, dialogue, and advice.
- Norway should work closely with the donor working group on good governance in Nigeria, in order to make Norway’s efforts as strategic and complementary as possible. Norway should ensure that the working group is convened regularly, that information is transparent and shared, and that relevant governance issues are discussed and a common stance is agreed upon, whenever possible.
- For the sake of concentration, visibility, and results, Norway should not include any parliamentary support projects or political party support project in its good governance portfolio in Nigeria.

4.2.2 Short Term Priorities

Norway's comparative advantages (read: possible strengths) in short-term assistance to elections in Nigeria are not many. The experience within the MFA and Norad regarding election support is furthermore limited and isolated (except a few embassies with long-term election support through UNDP, IDEA etc.), the expertise at the Norwegian Embassy in Abuja is scant, and the number of Norwegian NGOs working on the issue is also limited. Given the relative dearth of Norwegian organisations and milieus with the required competence and experience, there is a need for developing strategic partnerships beyond Norway.

There is nevertheless some experience in Norway limited to election observation at the *Norwegian Resource Bank for Democracy and Human Rights* (NORDEM). There is also the *International IDEA* (International Institute for Democracy and Electoral Assistance), based in Stockholm and in Africa working in partnership with the AU, with considerable Norwegian financial support. Even though International IDEA is usually not an executing agency of projects, it is an important knowledge base for all aspects of democratisation, including elections, donor support for the electoral process and reform, as well as issues like electoral administration, representation, and democracy and gender.¹⁰⁶

Further afield, the US-based *International Foundation for Electoral Systems* (IFES) is an independent, non-governmental organisation providing professional support to electoral democracy.¹⁰⁷ Through fieldwork, applied research and advocacy, IFES has established itself as a centre of excellence in all matters related to elections, including different electoral systems.¹⁰⁸

In Nigeria, two of the more visible and audacious donor efforts in election support is the 'Deepening Democracy' project, which is both a UNDP-managed basket-funded project with the USAid, DFID, the EU and CIDA as the main contributors; and a joint DFID-USAid project 'Justice for All' that includes voter registration, voter education, and election monitoring. IFES, NDI, IRI, ACE Nigeria and EISA, as well as a number of Nigerian associations and organisations run the latter, and it has some high-level advocacy elements to it, which could be useful for Norway.

Against this background of Nigerian needs and Norwegian strengths in terms of elections and election support, we will make the following recommendations:

- Norway should provide some funding for election process reform in Nigeria through a well functioning and visible partnership. We will recommend the UNDP-led 'Deepening Democracy' programme for the medium term (beyond the upcoming elections) and the joint USAid/DFID *Justice for All* election project for the short term (2011 elections). These programmes include the necessary institutional development components (of INEC and other bodies), reconciliation and anti-violence initiatives, and women participation issues.
- Norway should encourage NORDEM to undertake both a long-term and short-term observation mission for the upcoming 2011 elections preferably in conjunction with the EU, unless there are good reasons for not doing so.
- Norway could consider developing a strategic partnership with IFES with a view to support IFES' work in Nigeria.

¹⁰⁶ See www.idea.int for details.

¹⁰⁷ See www.ifes.org for details.

¹⁰⁸ IFES provided technical assistance and strategic capacity building to INEC and a range of CSOs and coalitions working on electoral issues, prior to the 2007 elections in Nigeria. IFES also strengthened political party participation in the election by giving particular attention to party finances and the transparency and accountability of political parties. Following the problematic elections, IFES monitored the election complaints tribunal process, initiated a conference to determine a plan for moving forward democratically, and assessed the impact of voter education through a national survey.

Annexes

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A2 List of Interviews

Akomane, Emmanuel, Secretary to the Commission, EFCC
Cbagu, Oti, Senior Consultant, Thinking Fellows Consult
DesRoches, Christian, Political Advisor, High Commission of Canada
Dyrbak Jens-Peter, Governance Adviser, DFID
Egwu, Samuel, Governance Team Leader, UNDP
Eitokaph, Bose, Senior Program Manager, USAid Nigeria
Ezeazu, Emma, General Secretary, ACE Nigeria
Ibrahim, Jibrin, Director, CDD
Igbokwe, Nkiru Programme Manager, UNFPA
Igoche, O. Adamu, Senior Governance Advisor, USAid Nigeria
Lawson, Agathe Latre-Gato, Resident Representative, UNFPA
Mwankwo, Oby, Executive Director, CIRDDOC Nigeria
Nwadishi, Faith, Chair, Executive Board, PWYP Nigeria
Okoroafor, Ezinwa, National Coordinator, FIDA
Olaide, Olodayo, Acting Country Director, OSIWA
Oluajo, Babatunde, Programme Manager, ZCC
Otsemaye, Newton, PWYP Nigeria
Sa'eed, Haruna Yunousa, Executive Secretary, NEITI
Schei, Geir Arne, First Secretary, Norwegian Embassy
Sonnemans, Ronald, Second Secretary for Political Affairs, Embassy of the Netherlands
Thomas, Dagmar, Representative and Danilo Campisi, Associate Expert, UNDOC
Væringsåsen, Kristin T., Counsellor, Norwegian Embassy

A3 Presidential Nominations

Executive branch appointments: *Ministers* (subject to confirmation by the Senate, but no limitation to the number of ministerial appointments although the Constitution requires at least one minister to come from each of the 36 states and the FCT. Ministers serve at the pleasure of the President). *Special Advisers* to assist the president in the performance of his duties (their number, remuneration and allowances to be as prescribed by law or resolution of National Assembly. They serve at pleasure of the President). *Members of Federal Executive Bodies* including the Code of Conduct Bureau; Council of State; Federal Character Commission; Federal Civil Service Commission; Federal Judicial Service Commission; Independent National Electoral Commission; National Defence Council; National Economic Council; National Judicial Council; National Population Commission; National Security Council; Nigeria Police Council; Public Service Commission; Revenue Mobilization Allocation and Fiscal Commission (except for ex officio members of these federal executive officers, appointment by the President is subject to confirmation of the Senate. For some appointments the President is required to consult the National Council of State. For some removals there must be inability to discharge the functions of office or misconduct, supported by two-thirds majority of the Senate). Besides, powers to appoint and to remove persons holding the following offices lie with the President: *Secretary to the Government of the Federation*; *Head of the Civil Service of the Federation*; *Ambassadors, High Commissioners*, and other representatives of Nigeria abroad; *Permanent Secretaries* in all ministries and *Heads* of any extra-ministerial department of the FGoN (the appointment of Ambassador, High Commissioners etc. is subject to Senate confirmation). Police and armed forces' appointments: *Inspector-General of Police* (on advice of Nigeria Police Council, from serving members of the Police Force. Removal after consultation with the Nigeria Police Council); *Chief of Defence Staff, Chief of Army Staff, Chief of Naval Staff, Chief of Air Staff*, and heads of any other branches of the armed forces. Judicial branch appointments: *Chief Justice of Nigeria* and *Justices of the Supreme Court* (on the recommendation of the National Judicial Council, subject to confirmation by the Senate); *President of the Court of Appeal*; *Justices of the Court of Appeal*; *Chief Judge of the Federal High Court*; *Chief Judge* of the High Court of the FCT; *Judges* of the Federal High Court; *Judges* of the High Court FCT; *Grand Kadi of the Sharia Court of Appeal* of the FCT; *President, Customary Court of Appeal* of the FCT; *Kadi of the Sharia Court of Appeal* of the FCT, and *Judge* of the Customary Court of Appeal of the FCT (all on the recommendation of the National Judicial Council and subject to Senate confirmation. For the removal of some Judicial Officers there must be inability to discharge the functions of office or misconduct, supported by two-thirds majority of the Senate). The president also appoints the boards and governing councils of Federal Parastatals and Extra-Ministerial Departments, including *federal universities* and other tertiary institutions.

A4 Terms of Reference

Terms of Reference for a Study of Norwegian Support of Good Governance in Nigeria for Chr. Michelsen Institute (CMI)

Written by: Eli Moen, Norad/FLID
 With input from: Lise Stensrud, Norad/ANKOR, Giske Lillehammer, Norad/SAMØK og
 Petter Skjæveland, Norad/SAMØK, Thomas Eid, Norad/OFU
 Approved by: Bjørg Skotnes, Norad/FLID
 Date: 16.03.2010

Background, Purpose and Scope

The Norwegian Embassy in Abuja has requested Norad to assist them in the preparation of an analytical foundation and recommendations for consolidating their strategic approach to support of good governance in Nigeria. The consolidated strategy shall encompass both the development co-operation portfolio and the potential influence of the Embassy through Norwegian actors not directly involved in development co-operation. Premises are the Norwegian political guidelines for co-operation with Nigeria, and Norwegian development policies and foreign policies in general. Norwegian foreign policy interests are also linked to Nigeria as a regional power and regional partner in ECOWAS and African Union.

The analysis shall focus on governance challenges related to the Norwegian ongoing activities in Nigeria. This implies that the study will focus on two major components: (1) support to the management of oil resources, including use of revenues from the oil industry, and the development approach of private companies in the oil industry and related industries, and (2) people's participation and influence in public decision-making through civil society organisations and democratic elections. These major components shall, however, not be considered as separate parts; they will to some extent be linked. An example is the debate of the national budget as a channel for people's influence on public decision-making. The scope may also be extended to include related issues, as appropriate.

The study shall consider political and economic cleavages in the population and will, consequently, discuss different geographic cleavages (ethnic, religious, urban-rural, centre-periphery). However, it will have a main focus on the state level. Recommendations may target selected states.

Particular challenges to be assessed are (a) how anti-corruption measures can become better integrated into all of the Embassy's activities, both in the civil and public sector, in their relations with private business and among multilateral partners, (b) how a more strategic approach can contribute to gender equality and greater equity in the population, for example, with respect to access to security and public goods, and (c) how Norwegian support to election reform can contribute to a fair and peaceful election in 2011.

Norad is currently undertaking a review of its “Oil for Development”-program in Nigeria. Mutual exchange of information would be beneficial.

The report shall include recommendations based upon which the Embassy can make informed decisions about the consolidation of their governance strategy.

Analytical approach

We foresee starting with a governance assessment based upon a political economy analysis of interest and power relations in state and society combined with a study of relevant dimensions of the legitimacy of the state in the population.¹⁰⁹ Relevant historic as well as formal and informal power relations shall be considered. We do not ask for a countrywide, all-encompassing study of Nigeria. The study shall consider relevant factors that can elucidate the major components (ref. section 1) in a larger context. This part of the study will be a desk-study and will guide the selection of scope for the field visit.

The political economy analysis will in particular be relevant for the exploitation of the oil resources, but it will also be useful to better understand the state of democracy in the country. The analysis of the legitimacy of the state and how this develops in the relations between the state and the society is presumably well suited for illustrating democratic development, but considerations of legitimacy will also help understand resource management and the distribution of the income from the oil industry. Interviews with key persons in Nigeria will be important for the analyses.

The fieldwork will encompass i.a. mapping of the experience and plans for governance support by the Norwegian Embassy and selected bilateral and multilateral donors. The mapping will be undertaken in consultation with the Embassy and Norad. The Embassy will consider co-operation or co-ordination with donors both within and outside the so-called group of likeminded and with multilateral organisations. The purpose of the fieldwork is also to collect information and considerations from resource persons and persons involved in activities supported by Norway or involving Norwegian actors. The report shall present a brief resume of activities undertaken by each donor.

The comparative advantage of Norway and the possible involvement of Norwegian governmental organisations with counterparts in Nigeria shall be considered. Norwegian actors in Nigeria shall be assessed according to their present and potential possibilities to support the consolidation of governance, for example, within anti-corruption or within the institutionalisation of the relations between the state, civil society, and private sector organisations in social and economic policy-making. Possible partners of co-operation in Norway may be consulted for their interests and capacity.

The analysis shall also include brief “do-no-harm”-considerations of Norwegian activities in the oil industry in order to expose any negative effects on governance in the country.

The analyses will help identify which opportunities and obstacles Norway is facing in its support to make governance in Nigeria more responsive to people’s needs and according to their rights. The report shall make conclusions and recommendations about means and objectives for future Norwegian support of governance. The recommendations may have a short or a long perspective dependent on what makes most sense in view of expected

¹⁰⁹ For an example of integration of a legitimacy approach into a political economy governance study, see <http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=134242>.

development in Nigeria. Support in the short term may encompass activities that can contribute to election reform and prevent violence in the period leading to the election in 2011.

Responsibilities

The team leader from CMI shall have the overall responsibility for the planning and implementation of the study and the reporting. He will consult with a working group of Norad advisers, the Embassy and two resource persons, that is, his colleague in CMI designated as his adviser based on her recent experience with political economy analysis in Nigeria and a Nigerian consultant with expertise in the political economy of Nigeria. The responsibilities of the team leader will be as follows:

- Draft the inception report which will explain the analytical approach and areas that will be subject to further investigation and consideration, and indicate the plan for the operationalisation of the study; The inception report will be written in consultation with the responsible adviser in Norad. It is expected that the CMI resource person and the Nigerian resource person will also be consulted. The inception report will include an interview guide (for interviews with Norwegian Embassy and other multilateral and bilateral donors, key actors in Norwegian supported activities, and other resource persons in Nigeria)
- Participate in discussions on the inception report with the working group in Norad and the Embassy and adjust it as agreed,
- Prepare the subsequent political economy analysis combined with a legitimacy analysis according to the inception report, based largely on existing literature, but also on input from the field work as well as advice from the CMI resource person and the Nigerian resource person,
- Administer the input and quality assurance by the CMI resource person and the Nigerian resource person,
- Plan and undertake the fieldwork including the participation and input by the Nigerian resource person,
- Co-operate with and take into consideration input by the Embassy during the fieldwork,
- Ensure that key persons in Nigeria are consulted,
- Prepare the draft and final reports of the analysis and recommendations to the Embassy with input from the two resource persons and in consultation with the Norad working group.
- Participate in telephone conferences with Norad and/or the Embassy as requested.

Norad and the Embassy will assist in providing relevant literature and other information. The team-leader is, however, responsible for making sure that the most relevant written information and resource persons are consulted.

Implementation of the study

The study shall be undertaken in the period March-June 2009 and be based on up to 7 weeks' remuneration. It will include approx. 2 weeks fieldwork in Nigeria. The Nigerian consultant will be remunerated for a consultancy of up to 3 weeks.

We have the following time schedule:

Engagement of Nigerian consultant completed	25.03.2010
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Draft inception report presented to Norad and the Embassy	07.04.2010
Deadline for comments on the inception report by Norad and the Embassy (telephone conference?)	13.04.2010
Presentation of finalised inception report	16.04.2010
Fieldwork	19-30.04.2010
Draft report presented to Norad and the Embassy	14.05.2010
Deadline for comments to the draft report by Norad and the Embassy (telephone conference?)	28.05.2010
Final report	18.06.2010

The team leader shall present the inception report as described above. He shall present a draft report to Norad and the Embassy for comments and finalize it thereafter.

The report shall be written in plain English and not exceed 30 pages. It shall consist of an executive summary (not exceeding three pages), methodology used, major findings, conclusions and recommendations. TOR shall be attached. The report is likely to be publicised.

END
16.03.2010

Norad

Norwegian Agency for Development Cooperation

Postal address:

P.O. Box 8034 Dep, NO-0030 OSLO

Office address:

Ruseløkkveien 26, Oslo, Norway

Tel: +47 22 24 20 30

Fax: +47 22 24 20 31

postmottak@norad.no

www.norad.no

